

SUMMARY OF THE CLIMATE COMMITMENT IMPROVEMENT ACT

PART I - STABILIZING CAP AND INVEST ALLOWANCE PRICES

- Modifies the compliance obligation curve under the Climate Commitment Act so that the annual reduction amounts are "smoothed" between now and 2050. While maintaining the same target cap for 2050, this has the effect of lessening the compliance obligation reduction in the early years but increases the compliance obligation reduction in the latter years compared to the current Department of Ecology rules.
- Makes 5% percent of price containment reserve auction allowances planned for 2031 through 2042 available for entities to meet current compliance obligations.
- Specifies that all biofuels (rather than just ones with a 40% lower carbon intensity) are exempt under the Climate Commitment Act.

PART II - FUEL PRICE TRANSPARENCY AND REVIEW

- Requires the Joint Transportation Committee to convene a work group to examine consumer motor vehicle fuel pricing in Washington and submit a report-with its findings and recommendations by December 1, 2024.
- Specifies that the issues reviewed by the work group must include: (a) previous studies; (b) trends in fuel pricing in Washington state; (c) factors causing fuel prices in Washington state to be higher than the national average and how these factors have changed over time; (d) margins and profits at the fuel production, distribution, and retail levels; (e) state tax policies, environmental protections, and regulatory factors that may impact fuel pricing and make the state's fuel marketplace more or less competitive; (f) supply dynamics affecting the fuel markets in Washington state; and (g) potential reporting and audit requirements that would make fuel pricing more transparent to Washington state consumers.

PART III - IMPLEMENTING THE CCA AGRICULTURE EMISSION EXEMPTIONS

- Creates a remittance program as one method for emissions exemptions under the Climate Commitment Act (CCA) for farm fuel users and businesses transporting agricultural products beginning January 1, 2024.
- Allows farm fuel users and businesses transporting agricultural products with an approved remittance application to receive the remittance amount on a cash basis or in CCA credits that can be traded at a future time.
- Specifies that Ecology must also allow the agriculture exemption to also be implemented via an exemption certificate method and other methods it determines are acceptable (in addition to the newly created remittance program).
- Creates a new CCA Remittance Account to process remittance claims, which will be

funded from auction proceeds.

- Deposits \$25 million in fiscal year 2024 (to cover remittances for the remainder of the year) into the CCA Remittance Account and requires the omnibus appropriations act to specify deposits into the account in future years.
- Establishes a work group to review rules and processes that are developed to implement the CCA emissions exemptions and develop recommendations for changes to laws, rules, policies, and practices to ensure the full use and benefit of the exemptions.

PART IV- VEHICLE FEE REDUCTIONS

- Provides that CCA auction proceed revenues generated beyond the October 2022 Ecology estimate would be used for vehicle fee reductions beginning July 1, 2024.
- Directs the Department of Licensing to lower fees for most on-road motorized vehicles (e.g. passenger cars, motorcycles, motor homes, light duty trucks, and larger commercial vehicles) based on the calculated excess revenue in the previous year's CCA auction.
- Time limits the use of additional CCA revenues for vehicle fee reductions to FY 2025 and FY 2026 only.
- Clarifies that the use of additional CCA revenues for vehicle fee reductions may not reduce the amounts distributed to the Climate Investment Account and the Air Quality and Health Disparities Improvement Account compared to the October 2022 Ecology estimate.
- Requires annual transfers of CCA auction proceeds to backfill transportation funds for the reduced vehicle fee revenues.