Local Politics

‘It is time to step up:’ Gov. Inslee releases details of proposed carbon tax

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Gov. Jay Inslee looks up at the gallery after recognizing relatives during the start of his state of the state speech to a joint session of the Legislature in the Washington State House chambers. (Steve Ringman/The Seattle Times)
Gov. Jay Inslee Tuesday released an ambitious plan to tax fossil-fuel emissions in Washington state. But will the Washington Legislature approve it?

By Hal Bernton and Joseph O'Sullivan

*Seattle Times staff reporters*

OLYMPIA — Gov. Jay Inslee Tuesday urged Washington lawmakers to embrace his ambitious plan to tax fossil-fuel emissions in Washington state.

In his State of the State address, the governor implored legislators to cast aside their reservations and adopt a plan to tackle climate change in this year’s short, 60-day legislative session.
“It is time to step up,” Inslee told lawmakers at the Capitol. The impacts of climate change, he added, “will be carried by our children, our economy, our security and our quality of life.”

But as in recent years, Inslee’s plan faces steep hurdles in Olympia.

Republicans remain adamantly opposed to a carbon tax, and Democrats have been divided over what such a plan should look like.

Inslee’s proposal would levy a $20-a-ton price on carbon emissions, said Reed Schuler, an Inslee policy adviser. That price would rise over time.

The billions of dollars raised would support clean-energy projects, work to improve floodwater management and reduce risks of wildfires, and assistance to offset the tax’s impact on low-income communities.

The state would start collecting the revenue in the 2020 budget year, with $726 million generated that year. The tax would raise a total of $3.3 billion over four years.

The governor first mentioned a carbon tax in the proposed supplemental budget he rolled out last month. In that plan, he said $950 million would go toward replenishing budget reserves he proposed spending on K-12 education, to satisfy the Washington Supreme Court order called the McCleary decision.

prices could increase about 10 percent in 2020,
and gasoline prices could rise between 6 and 9 percent, said Lauren McCloy, a policy adviser for Inslee.

Electricity costs could increase 4 to 5 percent, although it would likely be less for Seattle consumers who are served largely by hydropower.

If approved, Washington would join California and British Columbia in pricing carbon on the West Coast.

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California has adapted a program that sets an ever-lowering cap on emissions, then runs quarterly auctions where the price polluters pay for carbon allowances is set.

This cap-and-trade approach was initially favored by Inslee in a 2014 proposal that he tried unsuccessfully to get through Legislature.

Since then, he has shifted his strategy to favor a tax, which is the approach taken by British Columbia back in 2008. That tax has now reached $30 Canadian dollars per
GOP opposition

A carbon tax has not found support with GOP lawmakers.

Republican Senate Minority Deputy Leader Sharon Brown, of Kennewick, described Inslee’s proposal as “economy-crippling new energy taxes ...”

“The energy tax that the governor proposes would drive up the cost of motor fuel and electricity, imposing a huge burden on struggling families,” Brown said.

Democrats have been more supportive of the idea of a carbon tax, but disagreement remains over how to implement such a plan and where the money would go.

“It’s a diversity of opinions in our caucus,” said House Majority Leader Rep. Pat Sullivan, D-Covington.

Asked whether lawmakers could find agreement, Sullivan said, “It’s a challenge, there’s no question about it ... but, it is possible.”

He said tax revenues “should go to mitigate effects” on communities and industries that are affected.
Sen. Christine Rolfes, D-Bainbridge Island, recently said she is open to the idea of a carbon tax. But Rolfes said she would be concerned about any proposal that “translated into a significant gas tax,” since lawmakers hiked the gas tax in 2015.

Meanwhile, Senate Democratic Majority Leader Sharon Nelson, of Maury Island, has called any carbon legislation “a big lift” this year.

Sen. Reuven Carlyle, D-Seattle, and sponsor of Inslee’s proposal in the Senate, will have to find a way to bring lawmakers on board.

“I’m in Sen. Warren Magnuson mode,” said Carlyle, referring to the late U.S. senator from Seattle known for his environmental accomplishments. “This is about getting the votes.”

Inslee’s plan “is a solid, functioning first draft,” Carlyle said, “and we’re going to take it from here and kick it into high gear.”

The tax is intended to create a price signal that steers consumers — including businesses — away from fossil fuels. It would rise by 3.5 percent each year above the rate of the inflation.

The tax would be levied on businesses that use fossil fuels, including petroleum distributors and others.

Aircraft and agricultural fuels are among the products shielded from the tax. Some trade-exposed, energy-intensive industries also would be exempted.

Utilities also would have an option to invest in projects to reduce carbon emissions has helped the bill gain support from Puget
Sound Energy, the state’s largest private utility.

In a statement, Puget Sound Energy President and CEO Kimberly Harris called Inslee’s proposal “an important step forward ...”

“We look forward to working with the governor, legislators and other interests to make the 2018 session the turning point for Washington state’s energy future,” Harris said.

But the oil industry is wary.

A spokeswoman for the Western States Petroleum Association — which represents Phillips 66, Shell, Andeavor and U.S. Oil — said the organization is concerned about the tax burden that would be passed along to consumers.

**Inslee priority**

While combating climate change has been Inslee’s signature priority, the Legislature and the courts have stifled his ambitions.

In the Legislature’s 2015 session, the governor’s plan to create a carbon cap-and-trade system stalled. Likewise, lawmakers in 2017 took a pass on his proposal for a carbon tax.

A judge last month invalidated parts of the clean-air rule that Inslee created through executive action, which was intended to cut greenhouse-gas emissions.

Nonetheless, with talk of new ballot measure on carbon that could go to voters, lawmakers are talking about carbon pollution more than in recent years.

More than a dozen Democratic House members have signed on to another proposal, HB 2338, that would reduce the carbon content of transportation fuel.

Sen. Kevin Ranker, D-Orcas Island, has sponsored another version of a carbon tax, SB 6096.

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