



ISSUE BRIEF

Decarbonization and Transportation | “Grand Bargain”

Summary

- The "Grand Bargain" includes many layers of new taxes including a cap and trade program, a low-carbon fuel standard program, a transportation tax and spend plan, and environmental justice implementation.
- [Washington Policy Center](#) estimates an additional cost of 30 to 50 cents per gallon in 2023 should this plan pass.
- The money raised from these decarbonization programs would be distributed among transportation and climate activities through various agencies. There are uncertainties on whether these programs will have an impact on reducing emissions and actually pay for all the items listed in the bills.

The Debate

Climate activists want action to reduce the state's greenhouse gas emissions below [99.6 million metric tons¹](#), which is less than one percent of global emissions. The transportation sector has attributed the greatest portion of emissions at 45 percent, so it is linked to decarbonization efforts. The transportation budget is reliant on fuel taxes and people driving vehicles. The decarbonization efforts intentionally make the cost of driving fossil-fuel vehicles more expensive, thus reducing transportation revenues due to the potential reduction of driving fossil fuel vehicles. Some of the funding generated by the Senate cap and trade bill is directed towards transportation accounts. The linkage is with a transportation tax and spend plan, *not the biennium budget* ([SB 5165](#)).

Some activists do not want revenues from decarbonization taxes or programs to fund roads that will lead to more driving. Instead, they want funds from such programs to go to “climate resiliency” projects. Some environmental justice activists also oppose paying for transportation projects because certain communities are “overburdened” with environmental harm from air pollutants. They want environmental justice panels to direct agency grant and program expenditures toward “overburdened communities” and “vulnerable populations.”

Addressing environmental justice, reducing environmental and health disparities in existing systems, and providing equitable community engagement is also part of the “grand bargain” because it would install environmental justice principles in decision-making of expenditures and regulations for major state agencies.

Key messages

The environmental benefits are highly speculative of their effectiveness at this high cost.

The transportation packages still do not sufficiently address the backlog of preservation projects that need to be completed.

This regressive plan would increase the cost of gas by 30 to 50 cents per gallon by 2035.

Washington voters have overwhelmingly rejected carbon-pricing policies. These policies are contrary to their wishes.

¹ 1990 greenhouse gas emissions were [88.4 million](#) metric tons. Per capita emissions in 2018 were 13.4 vs. 18.2 in 1990.

The legislation

- [SB 5126 \(Bill Brief\)](#)- This is the Climate Commitment Act, which creates a cap on greenhouse gas emissions and allows for trade of credits produced when an entity invests in a carbon reducing activity which is made available for regulated entities that cannot make the reductions within their operations to purchase. *Status: Passed Legislature.*
- [HB 1091 \(Bill Brief\)](#) - This creates the Clean Fuels Program (AKA low carbon fuel standard) which imposes an obligation to reduce the carbon intensity of fossil fuel used in the state. *Status: Passed Legislature.*
- [SB 5141 \(Bill Brief\)](#) - This bill requires the Departments of Health, Ecology, Agriculture, Natural Resources, Commerce, Transportation, and the Puget Sound Partnership to implement environmental justice requirements and assessments throughout the agencies' programs. *Status: Passed Legislature.*

Senate Transportation Forward Washington bills (new revenue and spending plan):

- [SB 5481](#) - This bill authorizes \$5.5 billion in bond issuance for projects in the Forward Washington transportation plan. *Status: Died in Senate Rules Committee.*
- [SB 5482](#) - This bill authorizes \$18 billion in spending on transportation-related projects and programs. *Status: Died in Senate Rules Committee.*
- [SB 5432](#) - This bill imposes many fee increases and taxes that are estimated to generate more than \$15 billion during a 16-year period, with \$5 billion from the cap-and-trade program. *Status: Died in Senate Rules Committee*

House Transportation Miles Ahead bills (new revenue and spending plan):

- [HB 1564](#) would spend \$22.6 billion over 16 years, including for a variety of carbon-reducing investments. *Died in House Transportation Committee.*
- [HB 1577](#) would create a \$25 carbon tax starting in 2022 that will increase annually to pay for projects to reduce emissions, focusing on highly impacted communities, rural communities, and tribal lands. While a significant portion is directed towards transportation, it is controlled by Department of Commerce and an Environmental Justice and Economic Equity panel instead of WSDOT so it is unlikely to successfully compensate for the undermining of transportation revenues. *Died in House Environment & Energy Committee.*

Republican transportation solutions

The economic revenue forecast projects a 5.8 percent increase in FY 2021-23 revenues for the operating budget and a 3.4 percent decrease in expected revenues for the transportation budget. Revenues from vehicle purchases are increasing while gas taxes are generating less than expected amounts. Republicans want to reprioritize existing revenue streams to bolster the transportation budget, which is more possible considering the billions of dollars the state is receiving from the federal government. Republicans also want to focus spending on preserving and replacement of crumbling infrastructure and safety concerns rather than funding new endeavors.

- Rep. McCaslin's [HB 1137](#) makes preservation, maintenance, and safety transportation priorities. *Status: Passed Legislature.*
- Rep. MacEwen's [HB 1010](#) would direct motor and sales tax paid on motor vehicles to preservation and maintenance of the existing transportation system.
- Rep. Orcutt's [HB 1249](#) would have sales tax paid on transportation projects return to the transportation budget.
- Rep. Dent's [HB 1290](#) would allow a portion of sales tax on aviation fuel be used to fund aviation needs.
- Rep. Robertson's [HB 1528](#) would put a pause on the commute trip reduction program in light of COVID.
- Rep. Maycumber's [HB 1551](#) would require that transportation fuels used or sold in Washington be certified by L&I that the source country has laws that provide a list of labor rights, including not using child labor.

Key Stakeholders

- The transportation revenue plan received support from organizations that would directly benefit from the program, and they were the vocal minority. WSDOT Secretary Millar indicated the proposed preservation

funding levels are still not adequate for the system needs. The plan was opposed by unaffiliated citizens and organizations that would be newly taxed under the program. The environmental groups were opposed to having revenues generated by the cap and trade bill used for transportation projects that did not have a nexus to emission reductions, such as being used for stormwater and fish barrier replacement.

- The cap-and-tax bill was opposed 2-to-1 in the House Committee on Environment and Energy. Some electricity and natural gas providers were in support. The Association of Washington Business, National Federation of Independent Business, the Washington Trucking Association, and Washington Farm Bureau are opposed. Many of the federally recognized tribes are in favor. The environmental and labor organizations are split as to which environmental options should move forward.
- Many of the same groups that opposed cap and trade also opposed the low carbon fuel standard. However, there were some transportation related providers that expected to get credits to buy electric busses and cars and other technology that would not have to pay into the program that were willing to support this legislation.

Additional information

- <https://www.heraldnet.com/news/after-weeks-of-talk-a-transportation-package-is-rolling/>
- <https://crosscut.com/politics/2021/04/future-wa-transportation-hinges-carbon-pricing-debate>
- <https://www.seattletimes.com/seattle-news/politics/washington-state-legislature-considers-clean-fuels-standard-as-part-of-climate-change-grand-bargain/>