

Washington Ballot Summary for General Election (November 5, 2024)
Initiative Measure No. 2117

Ballot Title (What the Voter Will See on Their Ballot)

Initiative Measure No. 2117 concerns carbon tax credit trading.

This measure would prohibit state agencies from imposing any type of carbon tax credit trading, and repeal legislation establishing a cap and invest program to reduce greenhouse gas emissions.

Should this measure be enacted into law? Yes [] No []

Effect of Your Vote on I-2117

A “**YES**” vote **supports** repealing the Climate Commitment Act and prohibiting other state-run cap-and-trade programs.

A “**NO**” vote **opposes** repealing the Climate Commitment Act and allows the continuation of the existing cap-and-trade program.

Ballot Summary

This measure would prohibit state agencies from imposing any type of carbon tax credit trading, including “cap and trade” or “cap and tax” programs, regardless of whether the resulting increased costs are imposed on fuel recipients or fuel suppliers. It would repeal sections of the 2021 Washington Climate Commitment Act as amended, including repealing the creation and modification of a “cap and invest” program to reduce greenhouse gas emissions by specific entities.

Note: “Cap-and-Trade” and “Cap-and-Invest” mean the same thing. These programs are commonly called Cap-and-Trade, but the State of Washington government calls this program “Cap-and-Invest.”

Background

In 2021, the Washington State Legislature passed the Washington Climate Commitment Act (CCA). The law provided for a cap-and-trade program designed to meet the state’s goal to gradually achieve net-zero emissions by 2050. In March 2024, Initiative 2117 was submitted to the legislature to repeal the CCA and prohibit any other state-run cap-and-trade type programs. The legislature chose to defer the initiative and placed it on the November 2024 ballot.

How the Current Cap-and-Trade Program Works

The program sets a limit on carbon emissions, covering roughly 75% of the state’s total. Businesses exceeding 25,000 metric tons of carbon dioxide equivalent annually must purchase allowances matching their emissions. Businesses that cut emissions can sell their unused allowances, creating an economic incentive for emission reductions. The program encompasses fuel suppliers, natural gas, and electric utilities. It will expand in the future to include other major emitters.

Revenues from the program are being used to reduce carbon emissions, to transition to clean energy, to address air pollution impacts, and for other climate change related investments.

Effects of Initiative 2117, if Passed:

- The initiative may reduce fuel and energy costs by allowing continued emissions.
- The initiative would eliminate fees on major carbon emitters, impacting public revenue streams used for climate resiliency, transportation grants, and the transition to a low-carbon economy.
- These fees on major carbon emitters would be reduced by \$3.8 billion over the next five years.
- The initiative would prohibit future carbon-cap programs involving fees or taxes, and limit some of the future options the state would have to address climate change.
- The initiative could hinder Washington’s ability to achieve its greenhouse gas reduction goals.

Immediate Effects, if Passed:

The carbon allowance auction scheduled to take place on December 4, 2024, will not occur, as the auction certification and financial settlement process would extend past the day the initiative takes effect.

Fiscal Effects, if Passed:

If approved by voters, Initiative 2117 will reduce state revenue from carbon allowance auctions by \$3.8 billion and reduce state expenditures by \$1.7 billion by 2029. This would reduce or eliminate funding for numerous programs and projects, including for: transportation emissions reduction; transit, pedestrian safety; ferry and other transportation electrification; air quality improvement; renewable and clean energy; grid modernization and building decarbonization; increasing the climate resilience of the state’s waters, forests and other ecosystems; fire prevention and forest health; and restoring and improving salmon habitat. Local government fiscal impacts are indeterminate.

Arguments for Initiative 2117 (a YES Vote):

- **Lack of Transparency:** The CCA was passed without a comprehensive understanding of its costs and impacts.
- **Regressive Carbon Fees:** The CCA disproportionately affects low-income and under-resourced communities.
- **Broad Economic Impact:** Carbon fees increase costs broadly rather than targeting specific users.
- **Limited Global Impact:** Washington’s emissions are a small fraction of global emissions.
- **Government Imposed:** The CCA relies on government-imposed strategies, not market-driven solutions.

Arguments Against Initiative 2117 (a NO Vote):

- **Misplaced Blame for Gas Prices:** The Climate Commitment Act is wrongly blamed for high gas prices, which predate the law.
- **No Guarantee of Lower Prices:** Repeal of the law doesn’t ensure lower energy costs but guarantees more pollution and weakens environmental protections.
- **Social and Economic Benefits:** The Climate Commitment Act funds programs assisting low-income communities, invests in clean energy and transportation, and supports businesses transitioning to cleaner technologies.
- **Environmental and Economic Advantages:** The Climate Commitment Act addresses the effects of climate change and weather instability, as it rewards businesses for emission reductions, while generating resources for communities and creating jobs.