

Inslee opposes Washington natural gas projects

One is a methanol plant in Kalama

By MOLLY SOLOMON
Oregon Public Broadcasting

Washington Gov. Jay Inslee has changed his stance on two proposed fossil fuel plants, including a \$2 billion gas-to-methanol project in southwest Washington.

After signing a bill Wednesday banning fracking for oil and natural gas in the state, Inslee announced his opposition to a liquefied natural gas plant in Tacoma and a methanol refinery in Kalama.

"We want to be consistent to that spirit of progress. Therefore, I cannot in good conscience support continued construction of a liquefied natural gas plant in Tacoma or a methanol production facility in Kalama," the governor said.

Inslee's comments came one day after he signed a new law mandating the state reach 100% carbon-free electricity by 2045.

The governor, a Democrat, is running for president and has made fighting climate change a cornerstone of his campaign. He had said early on that the two projects would reduce greenhouse gasses and produce cleaner energy.

But on Wednesday, Inslee said he is "no longer convinced that locking in these multidecadal infrastructure projects are sufficient to accomplishing what's necessary."

Inslee's office says the governor's surprise reversal was a direct response to the growing threat of a warming climate.

"As we learn more about the urgency of climate change and the need to act now, long-term natural gas is not consistent with where we want to move as a state," said Jaime Smith, the gover-



The proposed site at the Port of Kalama where NW Innovation Works is proposing a 90-acre methanol plant.

NW Innovation Works

nor's communications director. "Where we once thought we could use these as cleaner options, we just don't have the time to do that."

Puget Sound Energy's \$300 million LNG plant is already under construction at the Port of Tacoma. The Puyallup Tribe and environmental groups in Tacoma have been fighting it. Puget Sound Energy officials told KUOW they were surprised by the governor's switch on their half-built facility.

The Northwest Innovation Works project in Kalama is finalizing its environmental review. The plant would convert liquefied natural gas piped in from Canada to methanol. The prod-

uct would then be loaded onto ships bound for China to be made into plastics and other materials.

A recent investigation by Oregon Public Broadcasting showed that the company has also been marketing the methanol to investors as a potential fuel source. This is in direct contrast to what Northwest Innovation Works has said publicly — and to state regulators — about the project, that it would only be used for plastic products.

When asked if this weighed on Inslee's decision to oppose the project, Smith said: "Anytime you're told a project is going to be used for one purpose, and then you're shown it will be used

for other purposes, nobody's happy to see that."

On Wednesday, Northwest Innovation Works pushed back against Inslee's new stance.

"Our project aligns with Washington state's commitment to carbon reduction," Kent Caputo, a company spokesman, said in a statement. "We remain confident that the regulatory process will conclude with an approval for this innovative way to make durable consumer products like fleece vests and kayaks."

Supporters of the methanol plant recalled how Inslee came to Cowlitz County in 2015 to celebrate the project. His reversal led some to

wonder whether it is influenced by his presidential run on a green energy platform.

"I worry that Jay's interests here are more tied to his personal presidential ambition than what the science says and what is right for this state," said Ted Sprague, Cowlitz Economic Development Council president.

Environmental groups who have criticized the projects applauded Inslee's change of heart.

"For years, Washington communities have organized and mobilized to demand the rejection of these fracked gas facilities, and today, Gov. Inslee listened to those calls," said Michael Brune, the Sierra Club executive

director.

"This is a really big deal," said Dan Serres, conservation director with Columbia Riverkeeper, "and I think it shows that the Kalama facility has a very short future."

Inslee emphasized the opposition was his personal stance and the projects would continue to go through the state's regulatory process. But opponents say his words carry weight, especially for fossil fuel projects originally billed as cleaner energy.

"Having Washington's governor, who sees himself as a climate champion, speak out about this does change the conversation," Serres said.

Washington state sales tax break in jeopardy

A concern for border regions

By JADE McDOWELL
Hermiston Herald

Oregon residents who shop while in Washington state will likely start seeing sales tax added to their bill in July.

Washington legislators have passed Senate Bill 5997, which ends the practice of retailers taking sales tax off of Oregonians' purchases after they show identification. Instead, out-of-state residents who paid more than \$25 in state sales taxes in a year would have to fill out tax forms once a year asking for reimbursement.

The bill is now on Washington Gov. Jay Inslee's desk, where he can choose to sign it, veto it or take no action. It would take effect July 1, and proponents of the bill estimate it would raise about \$53 million per two-year budget cycle from visitors who won't bother to submit the forms or won't reach the \$25 minimum.

The change is mostly likely to affect residents living on the state line. However, in the case of Pacific County, Washington, and Clatsop County, it's unclear what impact there will be on retail commerce. In some cases, the products purchased by out-of-state tourists are exempt from sales tax, while some merchants think the tax — a little over 8 percent — isn't likely to influence many purchasing decisions made by tourists visiting the beach communities.



Chinook Observer

Dennis Co. Ace is concerned about the potential tax change.

"Because most of our items are food-related and therefore exempt from the tax, we don't have much to do with the sales tax form for our Oregon customers," Ralph Moore, the owner of The Candy Man in Long Beach, said.

"A quick survey with the local merchants is that they do a brisk business with the Oregon people and the sales tax exemption but they are not sure it would hurt their business once it is done away with," Moore said. "I understand it just causes them more paperwork for the state. My opinion is that the tourist industry won't be affected much, but any business that does big-ticket items that might draw business to the Washington side might be."

The strongest expression of concern came from Dennis Co. Ace, which sells a broad array of products of interest to regional residents and tourists alike.

"As a company, we would not support the move to eliminate the retail sales tax exemption for Oregon residents. Our Long Beach store is 30 minutes from the

Oregon border. Eliminating the exemption would deter Oregon shoppers from crossing over to shop at our store due to the addition of sales tax. Why would they want to cross the bridge into Washington if they can purchase the goods for less in Oregon," Colleen Nissell, the Dennis Co. Ace associate district manager, said.

Long Beach City Administrator David Glasson said the change probably won't make much difference for town finances. "I don't think it would add up to 1 percent of our current collections," he said. "Based on last year, that would either add up to \$6,000 in tax collections, or if people choose not to buy because of it, \$6,000 less."

'We'll take their money'

Farther east on the border between the states, Kacie Evans, Umatilla Chamber of Commerce director, said

she thinks Washington's loss will be Oregon's gain, as more Oregonians choose to shop local.

"I think a lot of people are going to stay home," she said.

Evans said cities on the Washington border already benefit from a daily flow of Washington residents choosing to make big purchases in Oregon to avoid sales tax.

"We don't discriminate; we'll take their money," she said.

On the Long Beach Peninsula, the scenario Evans outlined is exactly the concern for merchants like Dennis Co. Ace.

"The Long Beach area is a tourist destination, and we want to continue to attract visitors to the area. Removing the exemption may keep some of those travelers at Oregon beaches instead of choosing to vacation in Washington," Nissell said. "This would not only impact our company in the loss of retail sales, but would also impact other businesses on the peninsula due to a possible reduction in visitors."

If Inslee signs Senate Bill 5997, Oregon residents who wish to be reimbursed for sales tax will be required to submit proof of nonresidency and information required by the revenue department, which may include, "a description of the item purchased for which a remittance is

requested, the sales price of the item, the amount of sales tax paid on the item, the date of the purchase, the name of the seller and the physical address where the sale took place, and copies of sales receipts showing the qualified purchases."

'Devastating'

According to a legislative staff summary of the bill, public testimony on behalf of the bill stated that it is "thoughtful tax policy" that helps bring in adequate revenue for state services and pay for roads and other services visitors use.

Opponents of the bill testified that it would hurt retailers living near the Oregon border and be "devastating" to Washington's travel industry.

"Buyers who are entitled to the exemption will be understandably unhappy

with the bookkeeping requirements that appear to be designed to make the process difficult," Tom Downer, of Jack's Country Store, said. "We're working on a handout to help our cashiers defuse the situation by providing information for complying with the new requirements."

In Long Beach, Moore commented that the state's manipulations of taxation are consistently tone deaf to the concerns of small businesses.

"Every government, state and local, is looking for money, never really concerned about how businesses are affected," he said. "Fortunately, good business people seem to be smarter than the government and continue to find ways to survive."

The Chinook Observer contributed to this report.



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