
SENATE BILL 6805

State of Washington

60th Legislature

2008 Regular Session

By Senators Haugen, Rasmussen, McAuliffe, Kline, and Kohl-Welles

Read first time 01/24/08. Referred to Committee on Agriculture & Rural Economic Development.

1 AN ACT Relating to promoting farmland preservation and
2 environmental restoration through conservation markets; creating new
3 sections; and providing an expiration date.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** (1) The legislature finds that:

6 (a) Farmers should be encouraged through the use of incentives to
7 conserve and restore natural areas on their farms in ways that improve
8 the long-term viability of farming operations by providing ongoing
9 revenue to farming operations without taking whole farms or significant
10 amounts of farmland out of production;

11 (b) Farmers have the ability to produce restoration products as
12 well as implement conservation practices on their productive
13 agricultural lands in a way that is likely to be useful to fulfill the
14 mitigation and compliance needs of the Washington state department of
15 transportation and other public agencies, and to meet other market
16 demands such as for the availability of feed or conditions for
17 overwintering of migratory waterfowl or wildlife;

18 (c) Farmers currently produce environmental benefits that would

1 cost millions of dollars to replace with man-made infrastructure.
2 Among these benefits are water filtration, floodwater dispersal, fish
3 and wildlife habitat, open spaces, and scenic views;

4 (d) Other communities in the United States have established
5 conservation markets in which farmers are paid to produce such
6 restoration products; and

7 (e) The use of such markets could provide much needed income to
8 Washington farmers, increase the environmental benefits of mitigation
9 and compliance spending, and accelerate permitting of public
10 infrastructure.

11 (2) Therefore, the legislature finds that it is good public policy
12 to evaluate the feasibility and potential effectiveness of conservation
13 markets in Washington state that provide dual benefits of improving the
14 viability of agriculture and providing environmental or wildlife
15 benefits.

16 NEW SECTION. **Sec. 2.** (1) Subject to the availability of amounts
17 appropriated for this purpose, the commission shall conduct a study to
18 evaluate the feasibility and desirability of establishing farm-based
19 conservation markets in Washington. The commission may enter into a
20 contract with an entity that has the knowledge and experience of
21 agriculture and of conservation markets for this effort. The
22 commission, entity, or both shall:

23 (a) Evaluate other agricultural conservation markets in operation
24 in the United States that provide ongoing revenue to farming
25 operations, including those focused on water quality trading,
26 endangered species conservation banking, rental of environmental
27 benefits, and wetland banking, to determine relevant lessons for
28 Washington conservation markets;

29 (b) Collaborate with Washington farm organizations, key farm
30 community leaders, agricultural special purpose districts, and relevant
31 agencies to:

32 (i) Determine interests, needs, and concerns about participating in
33 a conservation market;

34 (ii) Assess the market-ready environmental maintenance,
35 restoration, and enhancement products that could profitably and
36 dependably be produced on farms, including endangered species habitat,

1 wetlands, water quality treatment, carbon sequestration, biodiversity,
2 and other fish and wildlife habitat; and

3 (iii) Identify opportunities for conservation markets that could
4 provide ongoing revenue to farming operations and could supplement
5 existing conservation programs currently used by landowners, such as
6 the conservation reserve enhancement program;

7 (c) Work with the Washington state department of transportation,
8 utility districts, local road departments, and other public agencies to
9 determine potential demand for restoration products produced on farms
10 to fulfill upcoming mitigation and compliance needs. The underlying
11 analysis shall emphasize demand associated with construction of roads,
12 utilities, and other public structures, as well as periodic
13 repermitting of wastewater and other public utilities;

14 (d) Forecast market activity, including the potential supply of
15 restoration products on farms, including those produced through
16 existing restoration and protection programs on farms, and the
17 potential demand for such products to address mitigation and compliance
18 needs and other market demands. This analysis shall also identify
19 services, materials, technical assistance, financing, and other support
20 that would facilitate the use of conservation markets;

21 (e) Consult with the Washington departments of ecology and fish and
22 wildlife, the United States army corps of engineers, and local
23 government permitting agencies to determine their willingness to use
24 farm-produced restoration products to fulfill mitigation and compliance
25 needs and also evaluate changes in rules and policy that would
26 facilitate permitting of conservation market activities;

27 (f) Consult with the Northwest Indian fisheries commission and
28 individual Indian tribes to determine their interest in and potential
29 support of conservation markets;

30 (g) Coordinate with the department of ecology regarding its
31 "Mitigation that Works" project, the department of agriculture
32 regarding the "Future of Farming" project, the William D. Ruckelshaus
33 Center on its activities relating to chapter 353, Laws of 2007, the
34 office of farmland preservation and the office's efforts to retain
35 farmland in agricultural production, and the office of regulatory
36 assistance on its integrated project review and mitigation project to
37 ensure consistency with these efforts; and

1 (h) Develop findings and recommendations on the feasibility and
2 desirability of creating farm-based conservation markets in Washington
3 state.

4 (2) If the study determines that farm-based conservation markets
5 are feasible and desirable, the commission, contracting entity, or
6 both, shall conduct two demonstration projects in Washington farm
7 communities. The commission, entity, or both shall:

8 (a) Select demonstration project areas that have a combination of
9 enthusiastic farmers, a substantial supply of potential restoration
10 products from farms, potential for public and private cost-sharing of
11 project costs, and upcoming development or permitting activity that is
12 likely to trigger significant mitigation and compliance demands;

13 (b) Identify and map areas of highly productive agricultural
14 activity and locations of high-priority wetland and habitat restoration
15 or water quality improvement to ensure that market-driven restoration
16 does not infringe on highly productive farmland;

17 (c) Identify up to three potential credit transactions in each
18 demonstration project area and work with relevant farmers, permittees,
19 and permitting agencies to facilitate transactions in mitigation and
20 compliance credits;

21 (d) Work with the department of ecology and other relevant
22 permitting agencies to develop standards for approval of conservation
23 market transactions to fulfill mitigation and compliance requirements;

24 (e) Work with conservation districts to determine district interest
25 in participation in a conservation markets program, including a
26 determination of district capacity and resources to participate in such
27 a program;

28 (f) Evaluate options for facilitating market transactions,
29 including the use of farmer cooperatives, brokerage services, and
30 banks; and

31 (g) Develop findings on the results of the demonstration projects
32 and the implications for broader use of farm-based conservation markets
33 in Washington state.

34 (3) As used in this section:

35 (a) "Commission" means the Washington state conservation
36 commission.

37 (b) "Conservation market" means a market for selling credits for
38 wetland or habitat restoration or water quality cleanup to agencies in

1 need of such credits to fulfill environmental mitigation and compliance
2 requirements. The term shall also be broadly interpreted to include
3 any program that provides ongoing revenue to farms as a result of
4 maintaining or enhancing environmental benefits such as open space,
5 fish and wildlife habitat, floodwater dispersal, water filtration,
6 buffers from more intense development, or any other environmental
7 benefit resulting from the ongoing operation of the farm.

8 (4) The commission shall present findings and recommendations from
9 the conservation markets study to the governor and appropriate
10 committees of the legislature by December 1, 2008. The findings and
11 recommendations shall include:

12 (a) Findings regarding the match between the availability of farm-
13 produced restoration products and the demand for such products
14 associated with mitigation and compliance for public agency projects
15 and activities in the demonstration project area;

16 (b) Findings regarding the interests and capabilities of farmers,
17 public development agencies, and permitting agencies to participate in
18 the demonstration conservation market;

19 (c) Findings regarding the likelihood that farm-based conservation
20 markets could provide a successful mechanism for addressing mitigation
21 and compliance needs for public construction projects and permitting of
22 public utilities; and

23 (d) Recommendations on whether to proceed to the initiation of
24 demonstration projects.

25 (5) If the project proceeds into the demonstration project phase,
26 the commission shall present findings and recommendations regarding the
27 conservation markets' demonstration projects to the governor and
28 appropriate committees of the legislature by December 1, 2009. The
29 findings and recommendations shall include:

30 (a) Findings on the ability to produce market-ready restoration and
31 clean-up projects without infringing on high-quality farmland;

32 (b) Findings on standards for review and approval of market
33 transactions in permitting processes;

34 (c) Findings on potential market transactions in the demonstration
35 project areas;

36 (d) Recommendations on measures that the Washington state
37 department of transportation and other state agencies can take to

1 facilitate their use of conservation markets to fulfill mitigation and
2 compliance needs and waterfowl or wildlife habitat enhancement goals;

3 (e) Recommendations on support services that could be provided by
4 state agencies to facilitate conservation markets throughout
5 Washington, including but not limited to financing, permit assistance,
6 technical assistance, materials, and other services.

7 (6) This section expires December 31, 2009.

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