

HOUSE BILL REPORT

ESSB 5121

As Reported By House Committee On:
Natural Resources

Title: An act relating to the establishment of a carbon storage program.

Brief Description: Establishing a carbon storage program.

Sponsors: Senate Committee on Natural Resources, Parks & Recreation (originally sponsored by Senator Hargrove).

Brief History:

Committee Activity:

Natural Resources: 2/16/00, 2/18/00 [DPA].

Brief Summary of Engrossed Substitute Bill
(As Amended by House Committee)

- Requires the Department of Community, Trade, and Economic Development, in coordination with other agencies, to study various aspects of implementing a carbon storage market.

HOUSE COMMITTEE ON NATURAL RESOURCES

Majority Report: Do pass as amended. Signed by 10 members: Representatives Buck, Republican Co-Chair; Regala, Democratic Co-Chair; Anderson, Democratic Vice Chair; Sump, Republican Vice Chair; G. Chandler; Doumit; Eickmeyer; Ericksen; Rockefeller and Stensen.

Minority Report: Do not pass. Signed by 1 member: Representative Clements.

Staff: Josh Weiss (786-7129).

Background:

While scientific debate does exist, it is widely thought that global atmospheric carbon levels have risen in recent years. Some scientists argue that this increase in carbon has

been caused by the burning of fossil fuels which emit carbon dioxide, and by changing land use patterns which eliminate naturally occurring "carbon sinks" such as forests.

Living forests absorb carbon dioxide from the atmosphere, storing carbon in the wood mass of the trees themselves, and facilitating the storage of carbon in forest soils. It is thought that forests can mitigate recent increases in atmospheric carbon levels.

A carbon emission trading program would provide a financial incentive for landowners to maintain long term forest production. Such a program would allow landowners to sell credits on a free market to persons who emit carbon. This could only be accomplished through a state standardized and certified program.

Several other states and countries have either implemented or are in the process of implementing carbon sequestration programs.

Summary of Amended Bill:

The Department of Community, Trade, and Economic Development (DCTED), in cooperation with the Department of Ecology, Department of Agriculture, and Department of Natural Resources, is required to evaluate other carbon storage programs. The DCTED must report recommendations to the Legislature by December 1, 2000. In addition, the departments are required to review scientific programs used to implement carbon storage and analyze other programs in the state that could facilitate a carbon storage program.

The Department of Natural Resources and the DCTED are required to jointly review carbon storage programs and carbon storage requirements worldwide. A report to the Legislature of this review is also required by December 1, 2000.

Involved agencies must appoint an advisory group which shall consult and offer advice regarding the requirements of the bill. The agencies are required to consider and include the input of the advisory group in all of their activities. The advisory group must consist of representatives of the timber industry, the agricultural community, the industrial business community, private landowners, and an expert on carbon sequestration from the University of Washington.

The DCTED is defined to include any successor agency that has been granted the powers and duties currently vested in the DCTED energy policy unit.

The provisions of the bill expire on December 31, 2000.

Amended Bill Compared to Engrossed Substitute Bill: The amended bill clarifies that the DCTED includes any successor agency that has been granted the powers and duties currently vested in the DCTED energy policy unit.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: Regardless of whether you believe that global warming is occurring, people are trading carbon credits and this is an opportunity for investment into our forest lands. The private sector is picking up this idea. The Sequest Corporation is buying Conservation Reserve Program credits and selling them. A Washington timberland owner is talking with Sequest and trying to get them to buy credits from here. There is a need for a state program to record sales and standardize a program. This is developing quickly and is being driven by industry. There is a federal bill that would set up a state revolving loan fund to encourage carbon storage. A carbon credit program would be better than this. Private landowners don't want a loan on their land, but would rather get credits. I don't mind encumbering my land for 80 to 100 years if it allows me to manage in a manner that won't regulate me out of business. The Northwest Natural Resources Group promotes non-regulatory incentives for forest landowners. There is opportunity with a carbon credit program. While the market would set the price of credits, there is a need for a state program to regulate and standardize trades, and value credits. A proactive approach to global warming is valuable to companies for marketing and public relations reasons.

Testimony Against: Climate change is a serious issue, and a carbon credit trading system will be part of any credible climate change program. However, the science for a trading and banking program is minimal. The DCTED opposes this bill because it lacks an appropriation that will be needed to implement the program.

Testified: (In support) Senator Hargrove; Jim Walls, Columbia Pacific Rural Conservation and Development District; Diane Ellison, Ellison Timber Properties; and Larry Nussbaum, Northwest Natural Resource Group.

(Opposed) Tony Usibelli, Department of Community, Trade, and Economic Development Energy Division.