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**Natural Resources, Ecology &  
Parks Committee**

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**HB 2856**

**Brief Description:** Creating the forest carbon credits study panel.

**Sponsors:** Representatives Blake and Buck.

**Brief Summary of Bill**

- Creates a panel to study the economic potential of forest carbon sequestration and trading systems for carbon emission credits.

**Hearing Date:** 1/26/06

**Staff:** Amy Van Horn (786-7168).

**Background:**

Growing forests trap carbon dioxide in the biomass of their trees, a process called "carbon sequestration." Greenhouse gas reduction programs such as the Kyoto Protocol recognize forest carbon sequestration as a measurable way to reduce global carbon dioxide emissions. In the past few years, emission credit trading systems have developed in industries that emit greenhouse gases, in which credits representing reduced carbon dioxide emissions are traded as currency. On the local level, states have begun to explore exactly how much carbon is sequestered by various types of forest management practices, and what economic value forests may possess by virtue of the carbon they hold.

**Summary of Bill:**

A panel is created to study opportunities to use forest land to earn tradable carbon credits. The panel will report its findings and provide draft legislation to the Legislature by January 2, 2007.

Panel Members

The panel has 12 appointed members. The Governor will appoint:

- one representative of the Governor's office;
- two representatives of conservation or environmental groups;
- two representatives of industries or businesses that produce carbon emissions in the state;
- one representative of owners of small private forest lands; and
- one representative of owners of large or industrial private forest lands.

The directors of the following departments will each appoint one member from his or her agency: the Department of Natural Resources, the Department of Ecology, the Department of Fish and Wildlife, the Department of Revenue, and the Department of Community, Trade and Economic Development.

#### Study Subjects

The panel must assess and make recommendations on the following:

- whether a sufficient regulatory basis exists or may develop for a carbon trading market available to forest landowners in the state;
- how to define such a market;
- the benefits and drawbacks of existing models in other states as applied to Washington;
- the potential benefits and drawbacks for Washington of a consistent protocol in the western states;
- what steps are necessary to create carbon credits and a trading market; and
- other topics the panel deems necessary to answer the questions posed to it.

#### Accessing Expertise

As it finds necessary and as funding allows, the panel may contract with the University of Washington's School of Forestry, Washington State University's Center for Climate and Rural Energy Development, or other suitable institutions to obtain technical expertise on relevant forestry and economic issues.

#### Administration and Costs

Panel members will not receive compensation, but may be reimbursed for travel expenses. Staff will be provided by the Department of Natural Resources and the Department of Community, Trade and Economic Development.

**Appropriation:** None.

**Fiscal Note:** Preliminary fiscal note available.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.