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**SUBSTITUTE HOUSE BILL 2528**

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**State of Washington 66th Legislature 2020 Regular Session**

**By** House Rural Development, Agriculture, & Natural Resources (originally sponsored by Representatives Ramos, DeBolt, Chapman, Boehnke, Blake, Fitzgibbon, Tharinger, and Santos)

AN ACT Relating to recognizing the contributions of the state's forest products sector as part of the state's global climate response; amending RCW 70.235.005 and 43.330.060; adding a new section to chapter 70.235 RCW; adding a new section to chapter 89.08 RCW; and creating a new section.

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

NEW SECTION. **Sec.**  (1) The legislature finds that the intergovernmental panel on climate change (IPCC) released a report in 2019 entitled "IPCC special report on climate change, desertification, land degradation, sustainable land management, food security, and greenhouse gas fluxes in terrestrial ecosystems" that provides guidance relating to how natural and working lands can be utilized to assist with a global climate response strategy. In addition, the food and agricultural organization of the United Nations issued a report in 2016 entitled "forestry for a low-carbon future" with specific recommendations for integrating forests and wood products in climate change strategies. Recommendations from these reports are critical as Washington develops its own climate response and charts how the state can use its forestland base and vibrant forest products sector as part of its contribution to the global climate response.

(2) The legislature further finds that the 2019 intergovernmental panel on climate change report identifies several measures where sustainable forest management and forest products may be utilized to maintain and enhance carbon sequestration. These include afforestation and reforestation to increase the carbon sequestration potential of trees by expanding the forestland base, reducing emissions from land conversion to nonforest uses, increasing forest resiliency to reduce the risk of carbon releases from disturbances such as wildfire, pest infestation, and disease, and applying sustainable forest management techniques to address the natural sink saturation by maintaining or enhancing forest carbon stocks and maintaining forest carbon sinks, including through the transference of carbon to wood products.

(3) The legislature further finds that the food and agricultural organization of the United Nations reports similar recommendations, with a focus on forest management tools that increases the carbon density in forests, increases carbon storage out of the forest in harvested wood products, utilizes wood energy, and suppresses forest disturbances from fire, pests, and disease.

**Sec.**  RCW 70.235.005 and 2008 c 14 s 1 are each amended to read as follows:

(1) The legislature finds that Washington has long been a national and international leader on energy conservation and environmental stewardship, including air quality protection, renewable energy development and generation, emission standards for fossil-fuel based energy generation, energy efficiency programs, natural resource conservation, sustainable forestry and the production of forest products, vehicle emission standards, and the use of biofuels. Washington is also unique among most states in that in addition to its commitment to reduce emissions of greenhouse gases, it has established goals to grow the clean energy sector and reduce the state's expenditures on imported fuels.

(2) The legislature further finds that Washington should continue its leadership on climate change policy by creating accountability for achieving the emission reductions established in RCW 70.235.020, participating in the design of a regional multisector market-based system to help achieve those emission reductions, assessing other market strategies to reduce emissions of greenhouse gases, maintaining and enhancing the state's ability to continue to sequester carbon through forest products, and ensuring the state has a well trained workforce for our clean energy future.

(3) It is the intent of the legislature that the state will: (a) Limit and reduce emissions of greenhouse gas consistent with the emission reductions established in RCW 70.235.020; (b) minimize the potential to export pollution, jobs, and economic opportunities; ((~~and~~)) (c) support industry sectors that act as sequesterers of carbon; and (d) reduce emissions at the lowest cost to Washington's economy, consumers, and businesses.

(4) ((~~In the event the state elects to participate in a regional multisector market-based system, it is the intent of the legislature that the system will become effective by January 1, 2012, after authority is provided to the department for its implementation. By acting now, Washington businesses and citizens will have adequate time and opportunities to be well positioned to take advantage of the low-carbon economy and to make necessary investments in low-carbon technology.~~

~~(5)~~)) It is also the intent of the legislature that the regional multisector market-based system recognize Washington's unique emissions and sequestration portfolio, including the ((~~state's~~)): (a) State's hydroelectric system((~~, the~~)); (b) opportunities presented by Washington's abundant forest resources and the associated forest products industry, and aquatic and agriculture land((~~,~~)); and ((~~the~~)) (c) state's leadership in energy efficiency and the actions it has already taken that have reduced its generation of greenhouse gas emissions and that entities receive appropriate credit for early actions to reduce greenhouse gases.

((~~(6)~~)) (5) If any revenues that accrue to the state are created by a market system, they must be used to further the state's efforts to achieve the goals established in RCW 70.235.020, address the impacts of global warming on affected habitats, species, and communities, promote and invest in industry sectors that act as sequesterers of carbon, and increase investment in the clean energy economy particularly for communities and workers that have suffered from heavy job losses and chronic unemployment and underemployment.

NEW SECTION. **Sec.**  A new section is added to chapter 70.235 RCW to read as follows:

(1)(a) Washington's existing forest products sector, including public and private working forests and the harvesting, transportation, and manufacturing sectors that enable working forests to remain on the land and the state to be a global supplier of forest products, is one of the state's only industrial sectors that currently operates as a significant net sequesterer of carbon. This value, which is only provided through the maintenance of an intact and synergistic industrial sector, is an integral component of the state's contribution to the global climate response and efforts to mitigate carbon emissions.

(b) Satisfying the goals set forth in RCW 70.235.020 requires supporting, throughout all of state government, the economic vitality of the sustainable forest products sector and other business sectors capable of sequestering and storing carbon. This includes support for working forests of all sizes, ownerships, and management objectives, and the necessary manufacturing sectors that support the transformation of stored carbon into long-lived forest products while maintaining and enhancing the carbon mitigation benefits of the forest sector, sustaining rural communities, and providing for wildlife, clean water, and biodiversity such as provided in chapter 76.09 RCW. Support for the forest sector also ensures the state's working forests avoid catastrophic wildfire and other similar disturbances and avoid deforestation to remain on the landscape in the face of unprecedented conversion pressures.

(c) It is the policy of the state to support the synergistic forest products sector. This includes landowners, mills, bioenergy, pulp and paper, and the related harvesting and transportation infrastructure that is necessary for forestland owners to continue the rotational cycle of carbon capture and sequestration in growing trees and allows forest products manufacturers to store the captured carbon in wood products and maintain and enhance the forest sector's role in mitigating a significant percentage of the state's carbon emissions while providing other environmental and social benefits and supporting a strong rural economic base. Policies that support working forests also allow Washington to have participants in current and future vibrant private carbon transaction markets, strengthening the state's role as a valuable contributor to the global carbon response while supporting one of its largest manufacturing sectors.

(d) It is further the policy of the state to utilize carbon accounting land use, land use change, and forestry reporting principles consistent with established reporting guidelines, such as those used by the intergovernmental panel on climate change and the United States' national greenhouse gas reporting inventories.

(2) Any state carbon programs must support the policies stated in this section and recognize the forest products industry's contribution to the state's climate response.

NEW SECTION. **Sec.**  A new section is added to chapter 89.08 RCW to read as follows:

(1) The forest carbon reforestation and afforestation account is created in the custody of the state treasurer. All specified state funding must be deposited into the account, including appropriations from the general fund, the capital budget, and any specified revenues from other sources, including policies that establish a price on carbon or related federal grant programs. The commission may also deposit into the account any grants, gifts, or donations to the state for purposes consistent with the allowable uses of the account. Expenditures from the account may be used only for commission administrative costs and grants consistent with this section. Only the executive director of the commission or the executive director's designee may authorize expenditures from the account. The account is subject to allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures.

(2) The commission shall use all moneys in the forest carbon reforestation and afforestation account, less reasonable administrative overhead costs, as grants to any private landowner, organization that works with private landowners, nonprofit organization, local government, Indian tribe, or state agency to advance the state's carbon sequestration goals outlined in section 3 of this act. All grant awards must be the result of a competitive process, designed by the commission, that seeks to leverage the carbon sequestration and storage benefits of the investment. Allowable grant project types include funding:

(a) For reforestation of forestlands after a wildfire or other disaster for which the landowner was not responsible;

(b) For afforestation projects to return fallow land capable of supporting trees to forestlands;

(c) To plant sustainable forested buffers and remove nonnative invasive species along otherwise nonforested fish bearing streams; and

(d) For urban forest restoration.

(3) In addition to administrative costs and grants as provided in this section, the commission may also use funds in the forest carbon reforestation and afforestation account to conduct an opportunity analysis of land in Washington to determine how many acres of deforested land could be returned to forestlands without decreasing food production.

**Sec.**  RCW 43.330.060 and 2010 c 165 s 2 are each amended to read as follows:

(1)(a) The department shall ((~~(a) assist~~)): (i) Assist in expanding the state's role as an international center of trade, culture, and finance; ((~~(b)~~)) (ii) promote and market the state's products and services both nationally and internationally; ((~~(c)~~)) (iii) work in close cooperation with other private and public international trade efforts; ((~~(d)~~)) (iv) act as a centralized location for the assimilation and distribution of trade information; and ((~~(e)~~)) (v) establish and operate foreign offices promoting overseas trade and commerce.

(b) As part of implementing this subsection, the department shall contribute to meeting the policies outlined in section 3 of this act by actively promoting markets for the state's forest products when doing so maintains or enhances the forest sector's contribution to climate change mitigation. Promotion of long-lived forest products includes any products of a synergistic industrial sector necessary for the support, maintenance, and expansion of the sector.

(2) The department shall identify and work with Washington businesses that can use local, state, and federal assistance to increase domestic and foreign exports of goods and services.

(3) The department shall work generally with small businesses and other employers to facilitate resolution of siting, regulatory, expansion, and retention problems. This assistance shall include but not be limited to assisting in workforce training and infrastructure needs, identifying and locating suitable business sites, and resolving problems with government licensing and regulatory requirements. The department shall identify gaps in needed services and develop steps to address them including private sector support and purchase of these services.

(4) The department shall work to increase the availability of capital to small businesses by developing new and flexible investment tools; by assisting in targeting and improving the efficiency of existing investment mechanisms; and by assisting in the procurement of managerial and technical assistance necessary to attract potential investors.

(5) The department shall assist women and minority-owned businesses in overcoming barriers to entrepreneurial success. The department shall contract with public and private agencies, institutions, and organizations to conduct entrepreneurial training courses for minority and women-owned businesses. The instruction shall be intensive, practical training courses in financing, marketing, managing, accounting, and recordkeeping for a small business, with an emphasis on federal, state, local, or private programs available to assist small businesses. Instruction shall be offered in major population centers throughout the state at times and locations that are convenient for minority and women small business owners.

(6)(a) Subject to the availability of amounts appropriated for this specific purpose, by December 1, 2010, the department, in conjunction with the small business development center, must prepare and present to the governor and appropriate legislative committees a specific, actionable plan to increase access to capital and technical assistance to small businesses and entrepreneurs beginning with the 2011‑2013 biennium. In developing the plan, the department and the center may consult with the Washington state microenterprise association, and with other government, nonprofit, and private organizations as necessary. The plan must identify:

(i) Existing sources of capital and technical assistance for small businesses and entrepreneurs;

(ii) Critical gaps and barriers to availability of capital and delivery of technical assistance to small businesses and entrepreneurs;

(iii) Workable solutions to filling the gaps and removing barriers identified in (a)(ii) of this subsection; and

(iv) The financial resources and statutory changes necessary to put the plan into effect beginning with the 2011‑2013 biennium.

(b) With respect to increasing access to capital, the plan must identify specific, feasible sources of capital and practical mechanisms for expanding access to it.

(c) The department and the center must include, within the analysis and recommendations in (a) of this subsection, any specific gaps, barriers, and solutions related to rural and low‑income communities and small manufacturers interested in exporting.

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