

HOUSE BILL REPORT

HB 1574

As Reported by House Committee On:
Agriculture and Natural Resources

Title: An act relating to supporting Washington agriculture by capturing methane and reducing greenhouse gas emissions.

Brief Description: Supporting Washington agriculture by capturing methane and reducing greenhouse gas emissions.

Sponsors: Representatives Rule, Duerr, Dye, Doglio, Walsh, Lekanoff, Chapman, Berry, Springer, Reeves, Schmidt, Barnard, Eslick, Ramel, Peterson, Sandlin and Reed.

Brief History:

Committee Activity:

Agriculture and Natural Resources: 1/24/24, 1/31/24 [DP].

Brief Summary of Bill

- Expands the scope of permissible uses of grant funds in the Sustainable Farms and Fields Program to include practices that increase carbon sequestration and reduce greenhouse gas emissions.
- Establishes an advisory committee to inform the agricultural community about opportunities to participate in various carbon emissions reduction programs and to guide grant awards.

HOUSE COMMITTEE ON AGRICULTURE AND NATURAL RESOURCES

Majority Report: Do pass. Signed by 11 members: Representatives Chapman, Chair; Morgan, Vice Chair; Reeves, Vice Chair; Dent, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; Kloba, Kretz, Lekanoff, Orcutt, Schmick and Springer.

Staff: Robert Hatfield (786-7117).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Background:

The State Conservation Commission (Commission) was created by the Washington Legislature in 1939 to support conservation districts through financial and technical assistance, administrative and operational oversight, program coordination, and promotion of district activities and services. Conservation districts work with landowners on a voluntary basis, providing incentive-based conservation help on private lands.

The Sustainable Farms and Fields Grant Program (Program) was established in 2020 to distribute funds to conservation districts and other public entities to help implement projects approved by the Commission. No more than 15 percent of funds may be used to develop and publicize the program and no more than 5 percent of funds may be used by the Commission to cover administrative costs of the program. No more than 20 percent of the funds may be awarded to any one applicant.

Allowable uses of grant funds from the program include:

- annual payments to enrolled participants for successfully delivered carbon storage or reduction;
- up-front payments for contracted carbon storage;
- down payments on or purchases of equipment;
- purchases of seed, seedlings, spores, animal feed, and amendments;
- services to landowners, such as the development of site-specific conservation plans to increase soil organic levels or to increase usage of precision agricultural practices, or design and implementation of best management practices to reduce livestock emissions; and
- other equipment purchases or financial assistance deemed appropriate by the Commission.

Applicants for equipment purchase grants under the program may be farm, ranch, or aquaculture operations coordinating as individual businesses or as formal cooperative ventures.

Conservation districts may apply for grant funds to operate an equipment sharing program. The Commission must attempt to achieve a geographically fair distribution of funds across a broad group of crop types, soil management practices, and farm sizes.

Summary of Bill:

Grant funds under the Sustainable Farms and Fields Grant Program (Program) may be used for services to agricultural producers including providing financial assistance to implement best management practices that increase carbon sequestration in soil organic matter levels and standing vegetation, or reduce livestock and soil greenhouse gas emissions.

When funds are appropriated through the Program to encourage climate-smart agricultural waste management and reduce greenhouse gas emissions through climate-smart livestock management, the funds must be used to provide:

- cost-share grants for applicants licensed to conduct business in Washington for anaerobic digester development;
- technical and financial assistance for climate-smart livestock management practices, including alternative manure and agricultural waste management;
- grants to public and private research institutions for innovative research and demonstration of projects with greenhouse gas reduction benefits, including dairy nutrient management projects that lead to reduction in greenhouse gas emissions; and
- creation of at least one position at the State Conservation Commission (Commission) and other positions as needed with expertise in livestock nutrient management and carbon markets who will help disseminate information, and provide support to agricultural producers applying for funding opportunities.

In addition, when funds are appropriated through the Program to encourage climate-smart agricultural waste management, funds must also be used for the creation of an ongoing, multi-stakeholder advisory committee administered by the Commission and the Washington State Department of Agriculture (WSDA) to inform the agricultural community about opportunities to participate in various carbon emissions reduction programs, inform researchers and policymakers of practical implementation challenges, and guide grant awards.

Advisory committee representation must include the Departments of Ecology and Commerce, Washington State University, the United States Department of Agriculture Natural Resources Conservation Service, the Association of Conservation Districts, and representatives of agricultural producers and agricultural trade associations. The Commission and the WSDA must convene, staff, and develop agendas for advisory committee meetings, and solicit applications for and appoint committee members and subcommittee members as appropriate.

No more than 5 percent of the funding for climate-smart agricultural management and climate-smart livestock management may be used for administration for grant management, advisory committee support, analysis, and reporting.

Any applications involving state lands leased from the Department of Fish and Wildlife must include the department's approval.

Definitions.

"Alternative manure and agricultural waste management" means the suite of practices that collect, treat, and store manure and agricultural waste to reduce greenhouse gas emissions.

"Climate-smart agricultural waste management" means the suite of practices included in alternative manure and agricultural waste management and those practices to reduce

greenhouse gas emissions.

"Climate-smart livestock management" means the suite of practices including alternative manure and agricultural waste management or those practices that reduce enteric emissions of livestock or create manure-derived soil amendments to reduce greenhouse gas emissions.

"Climate-smart livestock management" means the suite of practices including alternative manure and agricultural waste management or those practices that reduce enteric emissions of livestock or create manure-derived soil amendments to reduce greenhouse gas emissions.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) About 1.5 percent of the state's carbon emissions come from manure management. Anaerobic digesters are effective at capturing emissions and are able to be used to produce sustainable aviation fuel and electricity. A similar program in California has had astonishing results. About 2 percent of the revenue from the California cap-and-trade program has gone toward alternative manure management practices, but alternative manure management practices have been responsible for 30 percent of greenhouse gas emissions reductions. The Legislature funded the Sustainable Farms and Fields program with \$30 million last year.

The bill is not just about reducing carbon, but is also about product competitiveness. Major customers, like Starbucks and Nestle, are demanding carbon reductions from producers. The bill sets up three funds within the State Conservation Commission that mirror a similar program in California: digesters, manure management and soil management, and research, such as research into nitrous oxide in soils. The bill would create some policy guidance around a budget proviso that has already been enacted. The California dairy digester program is reducing greenhouse gas emissions at a cost of about \$9 per ton, which is much less than the most recent allowance price of about \$50 per ton.

The bill would fund research into lowering methane emissions. One of the major pieces of that is modifying the feed mixture eaten by cows. There is a feed supplement available for cows that reduces methane emissions by blocking an enzyme involved in the formation of methane. The feed supplement been approved for use in Europe, but not yet approved for use in the United States. A quarter of a teaspoon of food additive per day results in a 30 percent reduction of methane production in cattle.

There was a proviso in the recent budget for the State Conservation Commission to develop an advisory group to identify best management practices for emissions reduction in agriculture. This bill represents a positive and enduring policy direction.

(Opposed) We should check with China and other countries that import milk products from Washington, to ensure any changes made by this bill will not be incompatible with their import of Washington milk products.

Persons Testifying: (In support) Representative Alicia Rule, prime sponsor; Isaac Kastama, Clean and Prosperous Washington; Ben Buchholz, Northwest Agricultural Cooperative Council, Washington Friends of Farms and Forests, Far West Agribusiness Association, Northwest Grain Growers; Jay Gordon, Washington State Dairy Federation; and James Thompson, Washington State Conservation Commission.

(Opposed) John Worthington.

Persons Signed In To Testify But Not Testifying: None.