H-2267.1

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**SECOND SUBSTITUTE HOUSE BILL 2047**

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**State of Washington 66th Legislature 2019 Regular Session**

**By** House Appropriations (originally sponsored by Representatives Ramos, Springer, Lekanoff, Shewmake, Doglio, Pettigrew, Fitzgibbon, Frame, Chapman, Senn, Tharinger, and Leavitt; by request of Department of Natural Resources)

AN ACT Relating to carbon sequestration on natural and working lands as part of the state's climate change response; adding a new chapter to Title 79 RCW; creating a new section; and providing expiration dates.

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

NEW SECTION. **Sec.**  (1) The legislature finds that Washington is one of seventeen states that have formed an alliance, together with nonprofit and industry representatives, to craft a cohesive and states-based approach to climate change. In July of 2018, Washington sent a delegation to formal meetings to liaison with the other states operating under the banner of the United States climate alliance to help formulate a Washington-specific plan for utilizing the carbon sequestration and storage capabilities of its natural and working lands as part of the state's overall response to climate change. Natural and working land types include forests, croplands, rangelands, wetlands, grasslands, aquatic lands, and urban green space.

(2) The legislature further finds that areas of immediate opportunity to advance carbon sequestration regarding natural and working lands include:

(a) A better understanding of the stocks, flux, and trends of carbon sequestration on natural and working lands and opportunities to improve the efficiency and precision of carbon inventories;

(b) Exploring how carbon markets may be expanded and incentivized for Washington landowners; and

(c) Exploring how existing federal, state, and private programs can be leveraged, coordinated, and supplemented to achieve carbon beneficial results in natural and working lands.

(3) The legislature finds that the department of natural resources has initiated an inventory of carbon stocks, flux, and trends on all forested lands throughout the state. This inventory provides important baseline information related to carbon management on forested lands.

NEW SECTION. **Sec.**  (1) Subject to the availability of amounts appropriated for this specific purpose, the department of natural resources must build on its existing efforts to conduct baseline inventories of carbon stocks, flux, trends, and emissions across the state's terrestrial and aquatic lands and fill information gaps to develop a more complete inventory of carbon on natural and working lands. This information may include, but is not limited to, the carbon release or sequestration data for:

(a) Wood products harvested within the state, utilizing scientifically established methods to assess the residence time of carbon embodied in different types of wood products harvested within the state;

(b) Sawmill energy use and emissions, distinguishing when possible among renewable and nonrenewable fuel sources;

(c) Land management activities, such as reforestation, thinning forests, or the use of prescribed fire; and

(d) Wildfire emissions.

(2) By December 1, 2020, and consistent with RCW 43.01.036, the department of natural resources must submit a report to the legislature:

(a) Summarizing the results of the inventory required under this section;

(b) Assessing any needs to further improve the carbon inventory on natural and working lands;

(c) Recommending, if relevant, improvements in carbon inventory activities such as data collection, frequency of inventory and reporting, and inventory methods; and

(d) Recommending an appropriate schedule on which the department will update or recomplete the carbon inventory initiated under this section for the purposes of sufficiently identifying stocks, flux, and trends in carbon related to Washington's natural and working lands.

NEW SECTION. **Sec.**  (1) Subject to the availability of amounts appropriated for this specific purpose, the department of natural resources is directed to serve in a liaison role to assist interested owners of private and other forestland and aquatic lands to connect with existing carbon markets and other incentive-based carbon reducing programs. The department of natural resources is charged with prioritizing its efforts given available resources, which may take the form of the following:

(a) Identifying possible carbon market opportunities and other incentive-based carbon reducing programs that Washington landowners may be able to access, including compliance markets run by other states, voluntary markets, and federal, state, and private programs for forestlands that can be leveraged to achieve carbon reductions;

(b) Identifying interested and willing landowners in Washington that may qualify for access to an existing carbon market or carbon incentive program, matching these landowners to relevant opportunities, and analyzing voluntary and compliance market interest in forest and aquatic carbon assets;

(c) Identifying areas of coordination and layering among state, federal, and private landowner incentive programs and identifying roadblocks to better scalability;

(d) Assisting landowners with access to feasibility analyses, market applications, stand inventories, pilot project support, and other services to reduce the transaction costs and barriers to entry to carbon markets or carbon incentive programs;

(e) Supporting policies and approaches that increase access and reduce barriers to carbon markets and other incentive-based carbon reducing programs;

(f) Developing and, where possible, implementing incentives for participation in carbon markets;

(g) Sharing information with private and other landowners about best practices they may employ to increase carbon storage and access to incentive programs; and

(h) Other tasks as identified by the department of natural resources as important for maximizing the public benefit achieved through investments in carbon markets or carbon incentives programs.

(2) Nothing in the section requires a landowner to:

(a) Use the state as a liaison or a resource in pursuing opportunities in carbon markets; or

(b) Participate in a carbon market or incentive program.

(3) Nothing in the section is intended to change or interfere with landowner property rights.

(4) The department of natural resources must issue a final report to the legislature by December 1, 2023, and interim reports by December 1, 2020, and December 1, 2022, consistent with RCW 43.01.036, that:

(a) Detail the programs related to the implementation of this section;

(b) Identify barriers, including costs, to the use of carbon market opportunities and other incentive-based carbon reducing programs;

(c) Identify roles public and private entities may serve in connecting landowners to carbon markets;

(d) Identify any challenges emerging from an expanded use of carbon markets, including impacts to workforce and infrastructure availability, and makes recommendations to avoid these impacts; and

(e) Provide recommendations for maximizing potential public benefits in expanding the use of carbon markets.

(5) This section expires June 30, 2024.

NEW SECTION. **Sec.**  (1)(a) Subject to the availability of amounts appropriated for this specific purpose, the office of the governor and the department of natural resources must form a carbon sequestration advisory group to advise the state on ways to effectively advance and accelerate carbon sequestration throughout the state. In developing the roles and goals of this group, the legislature encourages consideration of the following principles: Urgency to maintain existing long-lived carbon stocks; urgency to make carbon sequestration easier to accomplish; a focus on market efficiency and reducing transactions costs; avoiding unintended consequences; and maintaining a viable forest products and sawmill industry.

(b) The office of the governor and the department of natural resources must jointly submit recommendations resulting from the carbon sequestration advisory group to the legislature by December 1, 2019, and by December 1st of each even-numbered year thereafter.

(2) This section expires June 30, 2025.

NEW SECTION. **Sec.**  Sections 1 through 4 of this act constitute a new chapter in Title 79 RCW.

NEW SECTION. **Sec.**  If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2019, in the omnibus appropriations act, this act is null and void.

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