

HOUSE BILL REPORT

2SSB 5947

As Reported by House Committee On:
Rural Development, Agriculture, & Natural Resources
Capital Budget

Title: An act relating to establishing the sustainable farms and fields grant program.

Brief Description: Establishing the sustainable farms and fields grant program.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators McCoy, Schoesler, Palumbo, King, Salomon and Warnick).

Brief History:

Committee Activity:

Rural Development, Agriculture, & Natural Resources: 3/28/19, 2/7/20, 2/28/20 [DPA];
Capital Budget: 3/2/20 [DPA(CB w/o RDAN)].

**Brief Summary of Second Substitute Bill
(As Amended by Committee)**

- Directs the Washington State Conservation Commission (Commission) to develop a Sustainable Farms and Fields Grant Program (Program) in consultation with the Washington State Department of Agriculture, Washington State University, and the Natural Resources Conservation Service within the United States Department of Agriculture.
- Directs the Commission to report to the Legislature by October 15, 2021 and every two years thereafter on the performance of the Program.
- Creates the Sustainable Farms and Fields Account in the State Treasury.
- Provides that no grant funds may be awarded until funds are specifically appropriated for the Sustainable Farms and Fields Program.

HOUSE COMMITTEE ON RURAL DEVELOPMENT, AGRICULTURE, & NATURAL RESOURCES

Majority Report: Do pass as amended. Signed by 12 members: Representatives Blake, Chair; Shewmake, Vice Chair; Chandler, Ranking Minority Member; Dent, Assistant

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

Ranking Minority Member; Chapman, Fitzgibbon, Lekanoff, Orcutt, Pettigrew, Ramos, Springer and Walsh.

Minority Report: Do not pass. Signed by 2 members: Representatives Dye and Schmick.

Staff: Robert Hatfield (786-7117).

Background:

The Washington State Department of Agriculture (WSDA) is organized into five divisions, including: (1) commodity inspection; (2) food safety; (3) pesticide management; (4) plant protection; and (5) the state veterinarian. The WSDA has a duty to promote and protect agriculture and its dependent rural communities in Washington. Additionally, the WSDA must carry out its assigned regulatory responsibilities to protect the public health and welfare.

In 2018 the WSDA received approximately \$4.6 million in specialty crop block grants to help fund 25 projects. A few of those projects included:

- promoting productivity and on-farm efficiencies with plastic mulches in raspberry crops;
- developing alternative pest management technologies for tree fruit and wine grapes;
- ensuring the sustainability of pollination services to Washington specialty crops; and
- developing a Washington organic asparagus industry.

Agroforestry is the intentional integration of trees and shrubs into crop and animal farming systems to create environmental, economic, and social benefits. Agroforestry practices can include managed forest canopies in a woodland that protect a range of crops grown for food, landscaping, and medicinal use.

Carbon farming is a process designed to maximize agriculture's potential for removing excess greenhouse gases from the atmosphere and storing them in the soil and vegetation. Carbon farming focuses on carbon as a key agricultural element and involves implementing common practices known to enhance transferring and storing atmospheric carbon dioxide as soil and biomass carbon. This is done through practices that support plant photosynthesis, increase soil organic matter, and reduce erosion.

Summary of Amended Bill:

The Washington State Conservation Commission (Commission) must develop a Sustainable Farms and Fields Grant Program (Program) in consultation with the Washington State Department of Agriculture (WSDA), Washington State University (WSU), and the Natural Resources Conservation Service (NRCS) within the United States Department of Agriculture.

The Commission must develop and approve a prioritization metric to guide the distribution of funds appropriated by the Legislature for this purpose, with the goal of producing cost-effective carbon dioxide equivalent impact benefits.

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 equipment;
- 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.

There are funding limits for certain categories of expenses eligible to be funded through the Program. These include:

- no more than 15 percent of funds may be used to develop and publicize the grant program;
- no more than 5 percent of funds may be used by the Commission to cover administrative costs of the Program; and
- no more than 20 percent of the funds may be awarded to any one applicant.

The Commission must determine methods for measuring, estimating, and verifying outcomes under the Program in consultation with WSU, the WSDA, and the NRCS.

The Commission must maintain a public list of projects funded under the Program. All grant recipients must allow anonymized information about the full funding of their project to be made available for public reporting purposes.

The Commission must report to the Legislature by October 15, 2021, and every two years thereafter on the performance of the Program.

The Commission must consult with WSU and the University of Washington to adopt an appropriate carbon equivalency metric for the Program. Until that time, the Commission is directed to use an equivalency that recognizes the storage of 3.67 tons of biogenic carbon for 100 years being assigned a value equal to avoiding 1 ton of carbon dioxide equivalent emissions.

The Sustainable Farms and Fields Account is created in the State Treasury.

The act does not take effect unless the Legislature adopts a supplemental capital budget by March 13, 2020, that appropriates the following sums to the Commission for the following programs: \$400,000 for the water irrigation efficiencies program; \$400,000 for the natural resources investments program; and \$400,000 for the shellfish growing area improvement program.

Amended Bill Compared to Second Substitute Bill:

A provision is added to specify that the act does not take effect unless the Legislature adopts a supplemental capital budget by March 13, 2020, that appropriates the following sums to the Washington State Conservation Commission for the following programs: \$400,000 for the water irrigation efficiencies program; \$400,000 for the natural resources investments program; and \$400,000 for the shellfish growing area improvement program.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) The current language represents a year-long discussion among a broad stakeholder group. Many concepts found a home in the current language. It is not enough to focus just on carbon farming, but it has to be done in a sensible way so that farmers maintain the proper carbon-to-nitrogen ratio for good soil health.

This version of the bill is a testament to a lot of work by a lot of people. The dairy industry has been involved in carbon reduction for 15-20 years in the form of methane digesters. There are seven or eight dairy methane digesters around the state. A liquefied natural gas production facility using dairy waste is about to come online. The Washington State University (WSU) is working on feeding kelp to cows, which reduces burping about 18 percent. Feeding cows biochar helps to reduce carbon emissions on the back end by 5–10 percent.

There are opportunities for capturing carbon from the atmosphere that are win-win-win. Working with the forestry, agriculture, and aquaculture industries offers very promising results. The bill represents a very promising first step on a long pathway.

Regenerative agriculture works. It restores the water cycle and restores the economies of rural communities. For example, the largest goat dairy farm in Washington modified their practices, which reduced feed costs and increased profitability. Farms both upstream and downstream of this dairy are flooded four to five months out of the year but the goat dairy is not because their practices have increased soil carbon. Each 1 percentage-point increase in soil carbon retains an extra 25,000 gallons of water per acre.

The western United States will lose 70 percent of its snowpack by the end of the century without aggressive climate response. Farmers are interested in being part of the climate solution.

One farm has seen its soil organic matter triple over a 30-year period, which translates to more nutrients and more resilience. Even conventional farmers are now widely using cover crops. But the cost of cover crops is a barrier, and this bill would encourage the use of cover

crops and other practices that will build soil health, help sequester carbon and help make farming more profitable.

The trend toward regenerative farming is nationwide. Farmers have been on a treadmill over the last 50 or 60 years of using too many chemical inputs. The result is that farmers need to put their fields into cover crops every several years, which is good for the soil but is very hard to do financially because of the loss of revenue. Any support for farmers, such as seed, equipment, or temporary fencing, would be very helpful.

This bill represents an incentive-based approach that catalyzes innovation. These types of programs help that work, and allow for the sharing of best practices. It has been uplifting to watch this bill come into being.

It is good to see that aquaculture and seaweed are included in the bill. Sequestration is an important part of addressing carbon pollution. The shellfish industry has been impacted by carbon pollution. The shellfish industry benefits from the funds that go to conservation districts for water quality, and it is important not to take away from those critical funds.

(Opposed) None.

(Other) It is important that the program created by this bill does not cannibalize existing underfunded conservation programs. There is a limited number of pots of money for conservation programs like this, including money for the Washington State Conservation Commission and money for technical assistance to the conservation districts. The conservation districts get \$6 million per year, versus the \$17 million they have identified that they need. If this bill is just empty rhetoric, it should not be passed.

The role of agriculture in climate change must be addressed. There must be some compromises in order to support all forms of agriculture. Ultimately, there needs to be a strong message of soil health. The proposed language in the bill does not adequately address soil health, and it places too much emphasis on large-scale mechanized agriculture that has been a source of some of the current climate challenge.

A recent survey done on the topic of sustainable farms and fields generated 270 responses, most from respondents who are actively farming. The survey showed that a majority of respondents are already engaged in carbon farming and emissions reduction. There is a lot of interest in cover crops; they help to store carbon, provide habitat, including pollinator habitat, but they also provide resiliency to flooding and other benefits.

The proposed amendment is dramatically different than the original bill. The proposed amendment will do some good for some growers; there's not enough for everyone's priorities. Many growers are already doing some of the practices supported by the bill. Washington has very progressive, high-tech famers. It would be good to focus on programs that will do the most good, such as the forest riparian easement program, which can sequester far more carbon than agricultural practices.

Persons Testifying: (In support) Senator McCoy, prime sponsor; Greg Rock, Carbon Washington; Tom Davis, Washington State Farm Bureau; Jay Gordon, Washington State

Dairy Federation; Mo McBroom, The Nature Conservancy; Jim Baird, Baird Orchards; Warren Shoemaker, Pacific Gro; Jake Steward, Sweetwater Farm and Farmer Veteran Coalition; Steven Ghan, Citizens Climate Lobby; Joel Hansen, Photon Farms Consulting; Ezra Eickmeyer; Phyllis Farrell, League of Women Voters; Lisa Hasselman, Forest Garden Farm; Margaret Homerding; Bill Dewey, Taylor Shellfish Farms; Noah Martin, Quaker Voice on Washington Public Policy; Steve Clagett, United Church of Christ Pacific Northwest Conference; Melissa Spear, Tilth Alliance; and Penny Dex, Veterans Ecological Trades Collective.

(Other) Alison Halpern, State Conservation Commission; Joanna Grist, Puget Consumers Co-op Community Markets; Jim Jesernig, Washington Potato Commission, Washington Grain Commission, Washington Potato and Onion Association; Heather Hansen, Washington Farm Forestry Association; and Evan Sheffels, Department of Agriculture.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: Do pass as amended by Committee on Capital Budget and without amendment by Committee on Rural Development, Agriculture, & Natural Resources. Signed by 19 members: Representatives Tharinger, Chair; Callan, Vice Chair; Doglio, Vice Chair; DeBolt, Ranking Minority Member; Smith, Assistant Ranking Minority Member; Steele, Assistant Ranking Minority Member; Davis, Gildon, Leavitt, Lekanoff, Maycumber, Morgan, Pellicciotti, Peterson, Riccelli, Santos, Sells, Stonier and Walsh.

Minority Report: Without recommendation. Signed by 1 member: Representative Corry.

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

Staff: John Wilson-Tepeli (786-7115).

Summary of Recommendation of Committee On Capital Budget Compared to Recommendation of Committee On Rural Development, Agriculture, & Natural Resources:

The striking amendment removes the provision encouraging cost-sharing and use of money from other state grants programs as a means of enhancing project priority.

Also removed is a provision that specifies that this bill does not take effect unless the Legislature adopts a supplemental capital budget by March 13, 2020, that appropriates the following sums to the Washington State Conservation Commission for the following programs: (a) \$400,000 for the water irrigation efficiencies program; (b) \$400,000 for the Natural Resources Investments Program; and (c) \$400,000 for the Shellfish Growing Area Improvement Program. Instead, the striking amendment provides that no grant funds may be awarded until funds are specifically appropriated for the Sustainable Farms and Fields Program.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) This bill represents years of work from a broad coalition of diverse stakeholders with the common goal of developing a voluntary program for carbon sequestration and precision agriculture. There has been involvement from across the agricultural industry and environmental groups. The bill rewards farmers for their good behavior. The bill also has economic and environmental benefits, including soil and water quality benefits. The bill also furthers an ongoing discussion between environmental and agricultural groups in the state. There are some concerns as to whether the addition of the new program will be unsupported by additional capital budget funding. There is inadequate funding for State Conservation Commission programs already. However, there is a commitment from all stakeholders to try and increase the amount of capital budget funding that is available to existing State Conservation Commission programs, with the intent of preventing the erosion of funding to these existing programs.

(Opposed) None.

Persons Testifying: Tom Davis, Washington Farm Bureau; Jim Jesernig, Washington State Potato Commission, Washington Potato and Onion Association, and Washington Grain Commission; Greg Rock, Carbon Washington; Phyllis Farrell, League of Women Voters; and Ezra Eickmeyer, Edible Forest Gardens.

Persons Signed In To Testify But Not Testifying: None.