AN ACT Relating to establishing the sustainable farms and fields grant program; and adding new sections to chapter 43.23 RCW.

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

NEW SECTION. Sec. 1. FINDINGS. The legislature finds and declares that Washington's working farms and ranches are integral to the state's environment and economy. The legislature further finds that opportunities exist to reduce fossil-fuel energy usage on farms and ranches, including that which is embedded in fertilizers, pesticides, and pumped water. Reducing fossil fuel use on farms and ranches will reduce local and global pollution while helping farmers and ranchers save money. Moreover, the legislature finds that opportunities exist to enhance soil health by adopting regenerative agriculture management practices that increase soil organic carbon levels, and to store carbon in standing trees. It is therefore the intent of the legislature to provide financial assistance to farmers and ranchers who adopt practices that reduce fossil fuel inputs in their operations and increase the quantity of carbon stored on their land.

NEW SECTION. Sec. 2. ELIGIBLE ACTIVITIES. (1) The department shall develop, in consultation with the state conservation
commission, Washington State University, and the United States department of agriculture natural resources conservation service, a sustainable farms and fields grant program through rule making under chapter 34.05 RCW.

(2) The following activities must be included as activities which are eligible for grant funding under the sustainable farms and fields grant program:

(a) On-farm fossil fuel input efficiency measures:
   (i) Any activity or technology that reduces the quantity of fuel or electricity used per unit of agricultural output;
   (ii) Any activity or technology that reduces the quantity of water used per unit of agricultural output;
   (iii) Any activity or technology that reduces the quantity of fossil fuel-based fertilizer used per unit of agricultural output; and
   (iv) Any activity or technology that reduces the quantity of fossil fuel-based pesticides used per unit of agricultural output;

(b) Agroforestry: The addition of new trees, which do not produce fruit, to a prairie or agricultural landscape, with a priority given to creating new riparian buffers along waterways; and

(c) Carbon farming: Any activity or technology that increases the quantity of organic carbon in top soil, such as cover cropping, no-till or low-till practices, manure application, biochar application, or changes in grazing practices.

(3) Sustainable farms and fields grant funding may not be awarded to fund activities on lands that are participating in a land retirement program. This subsection does not apply to agroforestry.

(4) Sustainable farms and fields grant funding may not be awarded to fund activities on commercial working forest land.

(5) Sustainable farms and fields grant funding may not be awarded to fund ocean-based aquaculture or blue carbon practices.

(6) The department shall ensure, to the extent practicable based on grant applications received, that roughly twenty percent of available funding is awarded to each of the categories under subsection (2)(a) through (c) of this section. The remaining available funding should be awarded to the most effective projects, as determined by the department, regardless of category.

(7) The department shall consult with the department of commerce and department of ecology before offering a sustainable farms and fields grant to an applicant.
NEW SECTION.  Sec. 3. USE OF FUNDS. (1) When prioritizing grant recipients, the department, in consultation with the state conservation commission, Washington State University, the United States department of agriculture natural resource conservation service, and the department of natural resources, shall seek to maximize the total reduction in atmospheric carbon dioxide equivalents per dollar awarded by leveraging other nonstate public or private funding. For the purpose of prioritizing grant recipients, and for the purpose of the report required under section 5 of this act, storing one ton of carbon dioxide equivalents in soil or standing trees for one hundred years must be assigned a value equal to avoiding one ton of carbon dioxide equivalents emissions. Carbon dioxide equivalents stored for less than one hundred years must be annualized linearly with one-ton year of carbon dioxide equivalents storage having one-hundredth the relative value as the emission of one ton of carbon dioxide equivalents.

(2) Sustainable farms and fields grant funding may be applied towards down payments on equipment or other types of loans.

(3) The department may award up to twenty percent of available sustainable farms and fields grant funds to projects that are primarily related to watershed protection, or which contribute to the development of research or a new industry in Washington, even if such projects would not otherwise qualify for funding by maximizing the total reduction in atmospheric carbon dioxide equivalent per dollar awarded.

(4) Five percent of available funds, or as much thereof as may be necessary, must be spent by the department each fiscal year to create educational campaigns that raise awareness about the sustainable farms and fields grant program. The department may spend up to fifty percent of any unused funds in a single fiscal year for such educational campaigns.

(5) Up to ten percent of available funds may be spent by the department to provide technical assistance to grant applicants in cooperation with the state conservation commission, Washington State University, the United States department of agriculture natural resources conservation service, and the department of natural resources or other similar entities.

(6) Up to five percent of available funds may be used by the department to cover the cost of administering the sustainable farms and fields grant program.
(7) For the first five years appropriations are received, up to five percent of available funds may be used to develop programs and models to assist with the grant prioritization process of the sustainable farms and fields grant program.

(8) The department shall make reasonable efforts to award at least eighty percent of funds made available for sustainable farms and fields grants each fiscal year. If funds are not fully awarded during a fiscal year due to the lack of qualified applicants, unused funds may be carried over to the next fiscal year and awarded to eligible grant applicants in that year.

(9) In the rules adopted under this chapter, the department shall establish procedures for determining whether a grant recipient is required to enter into a short-term, long-term, perpetual, or no-time commitment contract as a condition for receiving a grant.

(10) Grants awarded for carbon farming activities with an uncertain storage life may include ongoing annual payments for the previous year's storage, or upfront cumulative payments based on the expected storage in future years. Grants that include upfront payments for future benefits must be conditioned to include penalties for default due to negligence on the part of the recipient.

(11) The department may require that a grant recipient allow access to the property, with reasonable notice, to monitor the impacts of the project. All grant recipients shall allow information about their projects to be made available to the public. The department shall maintain a public list of all grant recipients, and other pertinent information, including total state dollars spent or borrowed, and total atmospheric carbon dioxide equivalents emissions impact.

NEW SECTION. Sec. 4. VERIFICATION. In the rules adopted under this chapter, the department shall determine methods in consultation with Washington State University, the state conservation commission, the United States department of agriculture natural resources conservation service, and the department of natural resources for estimating, measuring, and verifying outcomes under the sustainable farms and fields program. The rules should distinguish between small and large commercial farm and field businesses. Small commercial farm and field businesses must be subject to lesser scrutiny regarding estimation, measurement, and verification. After the first year of the sustainable farms and fields grant program, large commercial farm
and field businesses must be subject to greater scrutiny regarding estimation, measurement, and verification, which must include ongoing monitoring and recording of energy, fertilizer, pesticides, and soil sampling. The department must consider how other models, including those used or created by federal agencies, can be combined with data from such sources as utility reports, equipment specifications, and other available data to determine emissions reduction benefits. The department must also consider how technical assistance may be made available to small commercial farm and field businesses for the purpose of estimation, measurement, and verification.

NEW SECTION. Sec. 5. REPORT. The department shall biennially report to the legislature on the performance of the sustainable farms and fields grant program. The report must document the nonstate matching funds that were used by sustainable farms and fields grant recipients; the total state dollars awarded under the program; the total state dollars spent on providing technical assistance, education campaigns, and administration; the quantity of carbon dioxide equivalents emissions avoided; the quantity of carbon stored for carbon farming projects; and the total atmospheric carbon dioxide equivalents emissions impact of all activities funded under the grant program to date and expected over the life of each project by grant category.

NEW SECTION. Sec. 6. ACCOUNT. The sustainable farms and fields account is created in the state treasury. All receipts of money directed to the account must be deposited in the account. Expenditures from the account may be used only for purposes relating to the sustainable farms and fields grant program established in this chapter. Moneys in the account may be spent only after appropriation.

NEW SECTION. Sec. 7. Sections 1 through 6 of this act are each added to chapter 43.23 RCW.

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