**1789-S AMH REEV H1639.2 - NOT FOR FLOOR USE**

**SHB 1789** - H AMD **349**

By Representative Reeves

**ADOPTED AS AMENDED 03/07/2023**

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec.**  The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Ecosystem service credit" means a predetermined and standardized unit that represents a measurable ecosystem service provided in the context of a payment for an ecosystem service project.

(2) "Ecosystem service marketplace" has the same meaning as "ecosystem services market" as defined in RCW 76.09.020.

(3) "Ecosystem service project broker" means an entity that facilitates the process of matching ecosystem service providers and purchasers of ecosystem service project credits. An ecosystem service project broker may sell or procure credits on their clients' behalf and provide financing and marketing expertise. Ecosystem service project brokers may also act as ecosystem service project developers.

(4) "Ecosystem service project developer" means an entity that sources and initiates ecosystem service projects on behalf of the ecosystem service provider including, but not limited to, by working with ecosystem service project standards and verification bodies, bearing financial risks of projects, and working with a network of distributors and retailers to deliver auditable ecosystem service project credits to a marketplace. An ecosystem service project developer may also act as an ecosystem service project broker.

(5)(a) "Ecosystem services" has the same meaning as defined in RCW 76.09.020.

(b) Examples of ecosystem services include, but are not limited to, carbon sequestration and storage projects that are consistent with the policies outlined in RCW 70A.45.090, air and water filtration, climate stabilization, and disturbance mitigation.

(6) "Payment for ecosystem service project" means a transaction within an ecosystem service marketplace that transfers financial incentives to ecosystem service providers that are conditional on the provision of the service. Project types include, but are not limited to, carbon offset projects.

NEW SECTION. **Sec.**  (1) The department is authorized to enter into contracts for payment for ecosystem service projects on public lands, consistent with this chapter and other relevant laws, on terms and conditions acceptable to the department, after approval by the board of natural resources, only for the purpose of generating additional revenue by providing ecosystem services. Any ecosystem service project on state lands or state forestlands:

(a) Must be limited, except as provided in section 3 of this act, to:

(i) Afforestation;

(ii) Reforestation;

(iii) Silvicultural treatments, such as commercial or precommercial thinning operations, that does not increase rotation lengths or reduce final harvest volumes;

(iv) Forest restoration investments that increase overall harvest volume;

(v) Avoided conversion of forest and agricultural lands to another land use;

(vi) Urban forest management;

(vii) Urban tree planting; and

(viii) The production and use of biochar for soil amendments;

(b) Must be consistent with the policies outlined in RCW 70A.45.090;

(c) Must support the workforce development goals and investments made under RCW 76.04.521;

(d) May not be inconsistent with ongoing forest health planning efforts and investments such as expenditures from the wildfire response, forest restoration, and community resilience account created in RCW 76.04.511;

(e) Must result in an increase in revenue to beneficiaries as compared to expected revenue that may exist in absence of the underlying ecosystem service project; and

(f) May not limit or impair the exercise of tribal treaty and reserved rights, existing tribal access to lands managed by the department, or preexisting agreements between tribes and the department.

(2) The contract term under this section may represent the sale or lease of ecosystem service credits and may not last for a period of longer than 125 years. Proceeds from contracts for ecosystem services must be deposited into the appropriate account in the state treasury.

(3) The authority of the department to enter into a contract that results in payments for ecosystem service projects under subsection (1) of this section is conditional on any specific project being consistent with the department's management of the underlying public land for agriculture or commercial timber harvest and ensure the department meets its fiduciary responsibility to the state's trust beneficiaries. Any ecosystem service project, or the sum of all ecosystem service projects, other than the projects authorized under section 3 of this act, may not prevent the department from managing state lands and state forestlands for sustained yield as required by RCW 79.10.310.

(4) The department may:

(a) Directly offer for sale ecosystem service credits, consistent with this section, with established compliance ecosystem service marketplaces or verifiable and established voluntary ecosystem service marketplace;

(b) Enter into contracts with ecosystem service project developers or brokers, through public auction or by direct negotiation, to bring ecosystem service credits to market. Contracts for ecosystem services are subject to approval by, and the rules adopted by, the board.

(5) Notice of intent to contract by negotiation must be published on the department's website. The notice must be published within the 90 days preceding commencement of negotiations.

(6) The department is authorized to conduct any additional advertising that it determines to be in the best interest of the state.

(7) The department may enter into contracts or agreements with third-party ecosystem service project developers or brokers for purposes that include, but are not limited to, determining the feasibility of entering into a contract for a payment for an ecosystem service project, establishing a payment for an ecosystem service project with an ecosystem service marketplace, and marketing and selling credits on an established ecosystem service marketplace.

(8) The department must provide a report to the board upon execution of a contract for a payment for an ecosystem service project that includes the term of the contract and projected revenues.

(9)(a) Before entering into the sale of ecosystem service credits under this section, the board must find that the conditions of this section are satisfied and approve contract terms and a minimum payment for ecosystem services that is valid for a period of 180 days, or a longer period as may be established by resolution.

(b) Where the board has set a minimum payment for ecosystem service credits, the department may set the final payment for ecosystem service credits, which must be based on current market prices. The board may reestablish the minimum payment at any time.

NEW SECTION. **Sec.**  (1) Except as otherwise provided in this section, the department is authorized to enter into contracts for payment for ecosystem service projects on no more than 10,000 operable acres of state lands or state forestlands, inclusive of any credits required for buffer pools or other contingencies. Projects under this section are not limited to the project types identified in section 2(1)(a) of this act; however, these projects, as a condition of contract, must have a determinate harvest schedule if projects are on forested state lands or state forestlands. The authority provided in this section is conditional on the department replacing any timber volume and timber value on lands subject to the underlying ecosystem service project, during the term of the project, that may be constrained by the terms of the project.

(2)(a) To replace foregone timber volume and value under this section, the department must, prior to the finalization of a contract under this section:

(i) Create a full inventory of the land included in the project and any standing timber on the proposed underlying land;

(ii) Complete an estimation of timber volume that is eligible for harvest under the existing management plan for the underlying land;

(iii) Complete a valuation of any timber resources on the underlying land that would be available for harvest in absence of any ecosystem services contracts, including a timeline for an anticipated harvest schedule;

(iv) Prepare a plan for the replacement of any timber volume and timber value on lands subject to the underlying ecosystem service project and have the plan approved by the board. The plan must include a timeline that includes benchmarks for volume and value replacement that is aligned with how the land would be managed in absence of the ecosystem service project.

(b)(i) If the department fails to meet any replacement timeline benchmarks established in the plan, it must report this failure to the board, the office of financial management, and the legislature. The report of failure must be accompanied with a new timeline to correct the failure prior to the next timeline benchmark in the underlying plan.

(ii) If the department fails to remedy the failure by the next timeline benchmark, then the department will be provided adequate funding to the natural resources real property replacement account created in RCW 79.17.210, from the natural climate solutions account created in RCW 70A.65.270, to replace the foregone volume and value for the affected lands, as established in (a) of this subsection.

(3) Any replacement trust lands purchased under this section must be placed back into the same trust status classification as the lands included in the ecosystem service projects authorized under this section.

(4) If purchasing lands under this section, the department must prioritize the purchase of lands at risk of conversion to another use with the intent of managing those lands for productivity in terms of volume and value.

(5) The authority granted in this section expires on December 31, 2033; however, contracts entered into under this section may have an execution date that extends past the expiration date for the underlying authority.

(6)(a) Within five years of the initiation of a contract under this section, the department must report to the legislature, consistent with RCW 43.01.036, the outcomes of any ecosystem service projects entered into under this section. This includes, but is not limited to:

(i) Impacts to direct, indirect, and induced jobs, impacts to local economies, impacts to log supply, and any impacts to local tax revenue;

(ii) Impacts to revenues to beneficiaries;

(iii) Barriers to market participation;

(iv) Assessment of carbon sequestration on the lands enrolled in the ecosystem service project, including foregone opportunities for new forest rotations and storage in forest products.

(b) The department must issue reports under this subsection every five years through the life of the underlying ecosystem service project.

NEW SECTION. **Sec.**  (1) By December 1, 2024, the department must submit a report to the office of financial management and the legislature, consistent with RCW 43.01.036, that includes information on payment for ecosystem service projects entered into or committed to by the department, including type of projects, number of acres involved, and projected revenues. The report must also include any challenges or barriers encountered by the department in the process of attempting to implement carbon offset or payment for ecosystem service projects and recommendations to address those challenges and barriers, including the operability of the carbon offset rules adopted under RCW 70A.65.170.

(2) This section expires June 30, 2025.

**Sec.**  RCW 79.02.010 and 2018 c 258 s 1 are each amended to read as follows:

The definitions in this section apply throughout this title unless the context clearly requires otherwise.

(1) "Aquatic lands" means all state-owned tidelands, shorelands, harbor areas, and the beds of navigable waters as defined in RCW 79.105.060 that are administered by the department.

(2) "Board" means the board of natural resources.

(3) "Commissioner" means the commissioner of public lands.

(4) "Community and technical college forest reserve lands" means lands managed under RCW 79.02.420.

(5) "Community forest trust lands" means those lands acquired and managed under the provisions of chapter 79.155 RCW.

(6) "Department" means the department of natural resources.

(7)(a) "Forest biomass" means the by-products of: Current forest management activities; current forest protection treatments prescribed or permitted under chapter 76.04 RCW; or the by-products of forest health treatment prescribed or permitted under chapter 76.06 RCW.

(b) "Forest biomass" does not include wood pieces that have been treated with chemical preservatives such as: Creosote, pentachlorophenol, or copper-chrome-arsenic; wood from existing old growth forests; wood required to be left on-site under chapter 76.09 RCW, the state forest practices act; and implementing rules, and other legal and contractual requirements; or municipal solid waste.

(8) "Good neighbor agreement" means an agreement entered into between the state and the United States forest service or United States bureau of land management to conduct forestland, watershed, and rangeland restoration activities on federal lands, as originally authorized by the 2014 farm bill (P.L. 113-79).

(9) "Improvements" means anything considered a fixture in law placed upon or attached to lands administered by the department that has changed the value of the lands or any changes in the previous condition of the fixtures that changes the value of the lands.

(10) "Land bank lands" means lands acquired under RCW 79.19.020.

(11) "Person" means an individual, partnership, corporation, association, organization, cooperative, public or municipal corporation, or agency of a federal, state, or local governmental unit, however designated.

(12) "Public lands" means lands of the state of Washington administered by the department including but not limited to state lands, state forestlands, lands included in a state forestland pool, and aquatic lands.

(13) "State forestland pool" or "land pool" means state forestlands acquired and managed under RCW 79.22.140.

(14) "State forestlands" means lands acquired under RCW 79.22.010, 79.22.040, and 79.22.020.

(15) "State lands" includes:

(a) School lands, that is, lands held in trust for the support of the common schools;

(b) University lands, that is, lands held in trust for university purposes;

(c) Agricultural college lands, that is, lands held in trust for the use and support of agricultural colleges;

(d) Scientific school lands, that is, lands held in trust for the establishment and maintenance of a scientific school;

(e) Normal school lands, that is, lands held in trust for state normal schools;

(f) Capitol building lands, that is, lands held in trust for the purpose of erecting public buildings at the state capital for legislative, executive, and judicial purposes;

(g) Institutional lands, that is, lands held in trust for state charitable, educational, penal, and reformatory institutions; and

(h) Land bank, escheat, donations, and all other lands, except aquatic lands, administered by the department that are not devoted to or reserved for a particular use by law.

(16) "Valuable materials" means any product or material on the lands, such as forest products, forage or agricultural crops, stone, gravel, sand, peat, and all other materials of value except: (a) Mineral, coal, petroleum, and gas as provided for under chapter 79.14 RCW; ((~~and~~)) (b) forest biomass as provided for under chapter 79.150 RCW; and (c) ecosystem services as provided for under chapter 79.--- RCW (the new chapter created in section 11 of this act).

(17) "Ecosystem services" has the same meaning as defined in RCW 76.09.020.

**Sec.**  RCW 79.64.110 and 2021 c 334 s 995 and 2021 c 145 s 3 are each reenacted and amended to read as follows:

(1) Any moneys derived from the lease of state forestlands or from the sale of valuable materials, oils, gases, coal, minerals, ((~~or~~)) fossils, or contracts for payments for ecosystem service projects under chapter 79.--- RCW (the new chapter created in section 11 of this act) from those lands, except as provided in RCW 79.64.130, or the appraised value of these resources when transferred to a public agency under RCW 79.22.060, except as provided in RCW 79.22.060(4), must be distributed as follows:

(a) For state forestlands acquired through RCW 79.22.040 or by exchange for lands acquired through RCW 79.22.040:

(i) The expense incurred by the state for administration, reforestation, and protection, not to exceed ((~~twenty-five~~)) 25 percent, which rate of percentage shall be determined by the board, must be returned to the forest development account created in RCW 79.64.100. During the 2017-2019, 2019-2021, and 2021-2023 fiscal biennia, the board may increase the ((~~twenty-five~~)) 25 percent limitation up to ((~~twenty-seven~~)) 27 percent.

(ii) Any balance remaining must be paid to the county in which the land is located or, for counties participating in a land pool created under RCW 79.22.140, to each participating county proportionate to its contribution of asset value to the land pool as determined by the board. Payments made under this subsection are to be paid, distributed, and prorated, except as otherwise provided in this section, to the various funds in the same manner as general taxes are paid and distributed during the year of payment. However, in order to test county flexibility in distributing state forestland revenue, a county may in its discretion pay, distribute, and prorate payments made under this subsection of moneys derived from state forestlands acquired by exchange between July 28, 2019, and June 30, 2020, for lands acquired through RCW 79.22.040, within the same county, in the same manner as general taxes are paid and distributed during the year of payment for the former state forestlands that were subject to the exchange.

(iii) Any balance remaining, paid to a county with a population of less than ((~~sixteen thousand~~)) 16,000, must first be applied to the reduction of any indebtedness existing in the current expense fund of the county during the year of payment.

(iv) With regard to moneys remaining under this subsection (1)(a), within seven working days of receipt of these moneys, the department shall certify to the state treasurer the amounts to be distributed to the counties. The state treasurer shall distribute funds to the counties four times per month, with no more than ((~~ten~~)) 10 days between each payment date.

(b) For state forestlands acquired through RCW 79.22.010 or by exchange for lands acquired through RCW 79.22.010, except as provided in RCW 79.64.120:

(i) Fifty percent shall be placed in the forest development account.

(ii) Fifty percent shall be prorated and distributed to the state general fund, to be dedicated for the benefit of the public schools, to the county in which the land is located or, for counties participating in a land pool created under RCW 79.22.140, to each participating county proportionate to its contribution of asset value to the land pool as determined by the board, and according to the relative proportions of tax levies of all taxing districts in the county. The portion to be distributed to the state general fund shall be based on the regular school levy rate under RCW 84.52.065 (1) and (2) and the levy rate for any school district enrichment levies. With regard to the portion to be distributed to the counties, the department shall certify to the state treasurer the amounts to be distributed within seven working days of receipt of the money. The state treasurer shall distribute funds to the counties four times per month, with no more than ((~~ten~~)) 10 days between each payment date. The money distributed to the county must be paid, distributed, and prorated to the various other funds in the same manner as general taxes are paid and distributed during the year of payment.

(2) A school district may transfer amounts deposited in its debt service fund pursuant to this section into its capital projects fund as authorized in RCW 28A.320.330.

**Sec.**  RCW 79.22.050 and 2003 c 334 s 220 and 2003 c 313 s 7 are each reenacted and amended to read as follows:

(1) Except as provided in RCW 79.22.060, all land, acquired or designated by the department as state forestland, shall be forever reserved from sale, but the valuable materials thereon may be sold or the land may be leased in the same manner and for the same purposes as is authorized for state lands if the department finds such sale or lease to be in the best interests of the state and approves the terms and conditions thereof.

(2) Ecosystem services may be sold only if consistent with the conditions in chapter 79.--- RCW (the new chapter created in section 11 of this act) and may not be sold if chapter 79.--- RCW (the new chapter created in section 11 of this act) does not appear in codified statute.

(3) In the event that the department sells logs using the contract harvesting process described in RCW 79.15.500 through 79.15.530, the moneys received subject to this section are the net proceeds from the contract harvesting sale.

**Sec.**  RCW 79.105.150 and 2022 c 157 s 19 are each amended to read as follows:

(1) After deduction for management costs as provided in RCW 79.64.040 and payments to towns under RCW 79.115.150(2), all moneys received by the state from the sale or lease of state-owned aquatic lands ((~~and~~)), from the sale of valuable material from state-owned aquatic lands, and from the sale of ecosystem services under chapter 79.--- RCW (the new chapter created in section 11 of this act), shall be deposited in the aquatic lands enhancement account which is hereby created in the state treasury. After appropriation, these funds shall be used solely for aquatic lands enhancement projects; for the purchase, improvement, or protection of aquatic lands for public purposes; for providing and improving access to the lands; and for volunteer cooperative fish and game projects. The aquatic lands enhancement account may be used to support the shellfish program, the ballast water program, hatcheries, the Puget Sound toxic sampling program and steelhead mortality research at the department of fish and wildlife, the knotweed program at the department of agriculture, actions at the University of Washington for reducing ocean acidification, which may include the creation of a center on ocean acidification, the Puget SoundCorps program, and support of the marine resource advisory council and the Washington coastal marine advisory council. During the 2017-2019 and 2019-2021 fiscal biennia, the legislature may transfer from the aquatic lands enhancement account to the geoduck aquaculture research account for research related to shellfish aquaculture. During the 2015-2017 fiscal biennium, the legislature may transfer moneys from the aquatic lands enhancement account to the marine resources stewardship trust account.

(2) In providing grants for aquatic lands enhancement projects, the recreation and conservation funding board shall:

(a) Require grant recipients to incorporate the environmental benefits of the project into their grant applications;

(b) Utilize the statement of environmental benefits, consideration, except as provided in RCW 79.105.610, of whether the applicant is a Puget Sound partner, as defined in RCW 90.71.010, whether a project is referenced in the action agenda developed by the Puget Sound partnership under RCW 90.71.310, and except as otherwise provided in RCW 79.105.630, and effective one calendar year following the development and statewide availability of urban forestry management plans and ordinances under RCW 76.15.090, whether the applicant is an entity that has been recognized, and what gradation of recognition was received, in the evergreen community designation program created in RCW 76.15.090 in its prioritization and selection process; and

(c) Develop appropriate outcome-focused performance measures to be used both for management and performance assessment of the grants.

(3) To the extent possible, the department should coordinate its performance measure system with other natural resource-related agencies as defined in RCW 43.41.270.

(4) The department shall consult with affected interest groups in implementing this section.

(5) Any project designed to address the restoration of Puget Sound may be funded under this chapter only if the project is not in conflict with the action agenda developed by the Puget Sound partnership under RCW 90.71.310.

**Sec.**  RCW 79.15.010 and 2003 c 334 s 331 are each amended to read as follows:

(1) Valuable materials situated upon state lands and state forestlands may be sold separate from the land, when in the judgment of the department, it is for the best interest of the state so to sell the same. The sale of any ecosystem services is limited to consistency with the conditions in chapter 79.--- RCW (the new chapter created in section 11 of this act) and may not be sold if chapter 79.--- RCW (the new chapter created in section 11 of this act) does not appear in codified statute.

(2) Sales of valuable materials from any university lands require:

(a) The consent of the board of regents of the University of Washington; or

(b) Legislative directive.

(3) When application is made for the purchase of any valuable materials, the department shall appraise the value of the valuable materials if the department determines it is in the best interest of the state to sell. No valuable materials shall be sold for less than the appraised value thereof.

**Sec.**  RCW 70A.65.270 and 2021 c 316 s 30 are each amended to read as follows:

(1) The natural climate solutions account is created in the state treasury. All moneys directed to the account from the climate investment account created in RCW 70A.65.250 must be deposited in the account. Moneys in the account may be spent only after appropriation. Moneys in the account are intended to increase the resilience of the state's waters, forests, and other vital ecosystems to the impacts of climate change, conserve working forestlands at risk of conversion, and increase their carbon pollution reduction capacity through sequestration, storage, and overall system integrity. Moneys in the account must be spent in a manner that is consistent with existing and future assessments of climate risks and resilience from the scientific community and expressed concerns of and impacts to overburdened communities.

(2) Moneys in the account may be allocated for the following purposes:

(a) Clean water investments that improve resilience from climate impacts. Funding under this subsection (2)(a) must be used to:

(i) Restore and protect estuaries, fisheries, and marine shoreline habitats and prepare for sea level rise including, but not limited to, making fish passage correction investments such as those identified in the cost-share barrier removal program for small forestland owners created in RCW 76.13.150 and those that are considered by the fish passage barrier removal board created in RCW 77.95.160;

(ii) Increase carbon storage in the ocean or aquatic and coastal ecosystems;

(iii) Increase the ability to remediate and adapt to the impacts of ocean acidification;

(iv) Reduce flood risk and restore natural floodplain ecological function;

(v) Increase the sustainable supply of water and improve aquatic habitat, including groundwater mapping and modeling;

(vi) Improve infrastructure treating stormwater from previously developed areas within an urban growth boundary designated under chapter 36.70A RCW, with a preference given to projects that use green stormwater infrastructure;

(vii) Either preserve or increase, or both, carbon sequestration and storage benefits in forests, forested wetlands, agricultural soils, tidally influenced agricultural or grazing lands, or freshwater, saltwater, or brackish aquatic lands; or

(viii) Either preserve or establish, or both, carbon sequestration by protecting or planting trees in marine shorelines and freshwater riparian areas sufficient to promote climate resilience, protect cold water fisheries, and achieve water quality standards;

(b) Healthy forest investments to improve resilience from climate impacts. Funding under this subsection (2)(b) must be used for projects and activities that will:

(i) Increase forest and community resilience to wildfire in the face of increased seasonal temperatures and drought;

(ii) Improve forest health and reduce vulnerability to changes in hydrology, insect infestation, and other impacts of climate change; or

(iii) Prevent emissions by preserving natural and working lands from the threat of conversion to development or loss of critical habitat, through actions that include, but are not limited to, the creation of new conservation lands, community forests, or increased support to small forestland owners through assistance programs including, but not limited to, the forest riparian easement program and the family forest fish passage program. It is the intent of the legislature that not less than $10,000,000 be expended each biennium for the forestry riparian easement program created in chapter 76.13 RCW or for riparian easement projects funded under the agricultural conservation easements program established under RCW 89.08.530, or similar riparian enhancement programs;

(c) Legislative transfers, if necessary, to the natural resources real property replacement account created in RCW 79.17.210 for reimbursement to state land trust beneficiaries for foregone timber volume and value under section 3 of this act.

(3) Moneys in the account may not be used for projects that would violate tribal treaty rights or result in significant long-term damage to critical habitat or ecological functions. Investments from this account must result in long-term environmental benefits and increased resilience to the impacts of climate change.

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

Correct the title.

EFFECT: The striking amendment makes the following changes to the substitute bill:

• Limits the types of ecosystem service projects (projects) the department of natural resources (DNR) may enter into contracts for in most cases to: afforestation; reforestation; silvicultural treatments that do not increase rotation lengths or reduce final harvest volumes; forest restoration investments that increase overall harvest volume; avoiding conversion of forest and agricultural lands to another land use; urban forest management and tree planting; and producing and using biochar for soil amendments.

• Requires projects to be consistent with ongoing forest health planning efforts, investments, and policies related to maintaining and enhancing the state's ability to continue to sequester carbon through natural and working lands and forest products.

• Requires projects to support the forest sector workforce development goals and investments required of the DNR by statute.

• Requires projects to result in an increase in revenue to beneficiaries as compared to the revenue expected in absence of the project.

• Removes the requirements that projects result in no net decrease in agricultural production for agricultural lands and no net decrease in the decadal sustainable harvest volume and operable acres on state forestlands within sustainable harvest units.

• Authorizes the DNR to enter into contracts for projects with determinate harvest schedules on no more than 10,000 operable acres of state lands or state forestlands that are not subject to project type limitations. The authority to enter into contracts for these projects expires on December 1, 2033. For these projects:

• The DNR must take a series of actions to replace any timber volume and timber value on lands subject to these projects, during the term of the project, that may be constrained by the terms of the project;

• If purchasing lands, the DNR must prioritize purchasing lands at risk of conversion to another use;

• The DNR must, within five years of entering into a contract and every five years throughout the life of the contract, report to the Legislature on outcomes of the project; and

• Funding from the natural climate solutions account may be used for funding the real property replacement account for reimbursement to state land trust beneficiaries for foregone timber volume and value.

• Specifies that carbon sequestration projects that are consistent with maintaining and enhancing the state's ability to continue to sequester carbon through natural and working lands and forest products are examples of ecosystem services.

• Modifies the reporting requirement to specify that the report must include information on the operability of carbon offset rules, and to require the report to be submitted to the legislature consistent with state laws requiring reports to the Legislature to be submitted electronically.

• Specifies that ecosystem services may not be sold if the chapter created in the bill allowing the sale of ecosystem services from state lands is not codified.

• Removes the intent section.

• Removes definitions of terms that are not used in the striking amendment.

• Makes technical and clarifying changes.