
SENATE BILL 5999

State of Washington

69th Legislature

2026 Regular Session

By Senators Lovelett, Shewmake, Nobles, Orwall, Pedersen, Saldaña, Salomon, Wellman, and C. Wilson; by request of Department of Natural Resources

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1 AN ACT Relating to expanding revenue generation and economic
2 opportunities from natural climate solutions and ecosystem services;
3 amending RCW 79.02.010, 79.64.110, and 79.105.150; reenacting and
4 amending RCW 79.22.050; and adding a new chapter to Title 79 RCW.

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

6 NEW SECTION. **Sec. 1.** (1) The legislature finds it is in the
7 best interest of the trust beneficiaries and the state to increase
8 revenue opportunities, diversify the trust asset portfolio, and
9 reduce costs. As new markets emerge, the department should be enabled
10 to take full advantage of opportunities to diversify and grow revenue
11 streams for beneficiaries and the state.

12 (2) The legislature finds that the trust land performance
13 assessment, completed pursuant to section 7015, chapter 298, Laws of
14 2018, recommends exploring opportunities to diversify funding streams
15 for revenue generation, including utilizing carbon markets, as well
16 as other ways to monetize ecosystem services for the beneficiaries
17 and the state. The legislature further finds that the climate
18 commitment act, which established a cap and invest program under
19 chapter 70A.65 RCW, makes Washington state a leader in climate policy
20 and, through the codification of carbon offset projects, creates a
21 new way for revenue to be generated from lands and waters in the

1 state. The legislature intends that the carbon offset projects
2 established for this program benefit the people of Washington by
3 being located on Washington lands and waters to the extent possible,
4 rather than outside the state.

5 (3) The legislature finds that as the manager of approximately
6 6,000,000 acres of lands and waters, the department is well-suited to
7 take actions that increase carbon sequestration and storage, generate
8 revenue from those actions through carbon offset projects, and
9 provide additional benefits including reforestation, forest health
10 restoration, afforestation, air and water purification, habitat
11 creation, temperature regulation, stormwater management, and disaster
12 mitigation.

13 (4) The legislature further finds that private landowners are
14 leading the way by entering carbon markets and that the department
15 should have similar authority as private landowners to enter carbon
16 markets to generate revenue and reduce costs for beneficiaries and
17 the state. For these reasons, the legislature believes the department
18 should have the same authority to enter carbon markets as private
19 landowners for ecosystem services projects on state lands.

20 (5) The legislature finds that similar opportunities exist in
21 aquatic lands for kelp and eelgrass conservation and restoration
22 projects that reduce conservation and restoration costs to the state
23 and help to generate revenue for aquatic lands enhancement account
24 funds for salmon habitat improvements.

25 (6) Therefore, the legislature intends to establish the direct
26 authority for the department to generate revenue on its lands and
27 waters through payment for ecosystem service projects including, but
28 not limited to, carbon offset projects. Accordingly, the legislature
29 intends to provide the department the necessary authority to create
30 carbon offset and ecosystem services projects under the cap and
31 invest program and other regulatory and voluntary ecosystem service
32 market places.

33 NEW SECTION. **Sec. 2.** The definitions in this section apply
34 throughout this chapter unless the context clearly requires
35 otherwise.

36 (1) "Carbon credit" means one metric ton of carbon dioxide
37 equivalent removed from the atmosphere or prevented from being
38 emitted into the atmosphere as a result of a carbon offset project
39 and within a carbon market transaction.

1 (2) "Carbon offset project" has the same meaning as "offset
2 project" as defined in RCW 70A.65.010.

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

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

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

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

24 (7) "Ecosystem services" has the same meaning as defined in RCW
25 76.09.020. Examples of ecosystem services include, but are not
26 limited to, carbon sequestration and storage, air and water
27 filtration, climate stabilization, and disturbance mitigation.

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

33 NEW SECTION. **Sec. 3.** (1) The department is authorized to enter
34 into contracts for payment for ecosystem service projects on terms
35 and conditions acceptable to the department for the purpose of
36 generating revenue by providing ecosystem services that directly or
37 indirectly benefit humans or enhance social welfare. The contract
38 term may last a period of up to 125 years. Proceeds from contracts

1 for ecosystem services must be deposited into the appropriate account
2 in the state treasury.

3 (2) The department may enter into payment for ecosystem service
4 projects on all public lands managed by the department.

5 (3) The department may:

6 (a) Directly offer for sale ecosystem service credits with
7 established compliance or voluntary ecosystem service marketplaces;

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

12 (4) Notice of intent to contract by negotiation must be published
13 on the department's website. The notice must be published within the
14 90 days preceding commencement of negotiations.

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

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

25 NEW SECTION. **Sec. 4.** (1) Before entering into the sale of
26 ecosystem service credits under this chapter, the board must approve
27 contract terms and a minimum payment for ecosystem services that is
28 valid for a period of 180 days, or a longer period as may be
29 established by resolution. The board may reestablish the minimum
30 payment at any time.

31 (2) Where the board has set a minimum payment for ecosystem
32 service credits, the department may set the final payment for
33 ecosystem service credits, which must be based on current market
34 prices.

35 **Sec. 5.** RCW 79.02.010 and 2018 c 258 s 1 are each amended to
36 read as follows:

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

1 (1) "Aquatic lands" means all state-owned tidelands, shorelands,
2 harbor areas, and the beds of navigable waters as defined in RCW
3 79.105.060 that are administered by the department.

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

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

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

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

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

11 (7) (a) "Forest biomass" means the by-products of: Current forest
12 management activities; current forest protection treatments
13 prescribed or permitted under chapter 76.04 RCW; or the by-products
14 of forest health treatment prescribed or permitted under chapter
15 76.06 RCW.

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

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

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

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

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

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

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

3 (14) "State forestlands" means lands acquired under RCW
4 79.22.010, 79.22.040, and 79.22.020.

5 (15) "State lands" includes:

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

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

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

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

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

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

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

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

24 (16) "Valuable materials" means any product or material on the
25 lands, such as forest products, forage or agricultural crops, stone,
26 gravel, sand, peat, and all other materials of value except: (a)
27 Mineral, coal, petroleum, and gas as provided for under chapter 79.14
28 RCW; ~~((and))~~ (b) forest biomass as provided for under chapter 79.150
29 RCW; and (c) ecosystem services as provided for under chapter 79.---
30 RCW (the new chapter created in section 9 of this act).

31 (17) "Ecosystem services" has the same meaning as defined in RCW
32 76.09.020. Examples of ecosystem services include, but are not
33 limited to, carbon sequestration and storage, air and water
34 filtration, climate stabilization, and disturbance mitigation.

35 **Sec. 6.** RCW 79.64.110 and 2025 c 424 s 988 are each amended to
36 read as follows:

37 (1) Any moneys derived from the lease of state forestlands or
38 from the sale of valuable materials, oils, gases, coal, minerals,
39 ~~((or))~~ fossils, or contracts for ecosystem services from those lands,

1 except as provided in RCW 79.64.130, or the appraised value of these
2 resources when transferred to a public agency under RCW 79.22.060,
3 must be distributed as follows:

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

6 (i) The expense incurred by the state for administration,
7 reforestation, and protection, not to exceed 25 percent, which rate
8 of percentage shall be determined by the board, must be returned to
9 the forest development account created in RCW 79.64.100. During the
10 2017-2019, 2019-2021, 2021-2023, 2023-2025, and 2025-2027 fiscal
11 biennia, the board may increase the 25 percent limitation up to 27
12 percent.

13 (ii) Any balance remaining must be paid to the county in which
14 the land is located or, if the land acquired under RCW 79.22.040 was
15 exchanged, transferred, or disposed, payment must be made to the
16 county from which the land was exchanged, transferred, or disposed.
17 For counties participating in a land pool created under RCW
18 79.22.140, to each participating county proportionate to its
19 contribution of asset value to the land pool as determined by the
20 board. Payments made under this subsection are to be paid,
21 distributed, and prorated to the various funds in the same manner as
22 general taxes are paid and distributed during the year of payment.
23 However, a county may in its discretion pay, distribute, and prorate
24 payments made under this subsection of moneys derived from state
25 forestlands acquired by exchange or as replacement lands, for lands
26 acquired through RCW 79.22.040, in the same manner as general taxes
27 are paid and distributed during the year of payment for the former
28 state forestlands that were subject to the exchange.

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

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

1 (b) For state forestlands acquired through RCW 79.22.010 or by
2 exchange or as replacement lands for lands acquired through RCW
3 79.22.010, except as provided in RCW 79.64.120:

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

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

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

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

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

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

1 **Sec. 8.** RCW 79.105.150 and 2022 c 157 s 19 are each amended to
2 read as follows:

3 (1) After deduction for management costs as provided in RCW
4 79.64.040 and payments to towns under RCW 79.115.150(2), all moneys
5 received by the state from the sale or lease of state-owned aquatic
6 lands (~~and~~), from the sale of valuable material from state-owned
7 aquatic lands, and from the sale of ecosystem services under chapter
8 79.--- RCW (the new chapter created in section 9 of this act), shall
9 be deposited in the aquatic lands enhancement account which is hereby
10 created in the state treasury. After appropriation, these funds shall
11 be used solely for aquatic lands enhancement projects; for the
12 purchase, improvement, or protection of aquatic lands for public
13 purposes; for providing and improving access to the lands; and for
14 volunteer cooperative fish and game projects. The aquatic lands
15 enhancement account may be used to support the shellfish program, the
16 ballast water program, hatcheries, the Puget Sound toxic sampling
17 program and steelhead mortality research at the department of fish
18 and wildlife, the knotweed program at the department of agriculture,
19 actions at the University of Washington for reducing ocean
20 acidification, which may include the creation of a center on ocean
21 acidification, the Puget SoundCorps program, and support of the
22 marine resource advisory council and the Washington coastal marine
23 advisory council. During the 2017-2019 and 2019-2021 fiscal biennia,
24 the legislature may transfer from the aquatic lands enhancement
25 account to the geoduck aquaculture research account for research
26 related to shellfish aquaculture. During the 2015-2017 fiscal
27 biennium, the legislature may transfer moneys from the aquatic lands
28 enhancement account to the marine resources stewardship trust
29 account.

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

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

34 (b) Utilize the statement of environmental benefits,
35 consideration, except as provided in RCW 79.105.610, of whether the
36 applicant is a Puget Sound partner, as defined in RCW 90.71.010,
37 whether a project is referenced in the action agenda developed by the
38 Puget Sound partnership under RCW 90.71.310, and except as otherwise
39 provided in RCW 79.105.630, and effective one calendar year following
40 the development and statewide availability of urban forestry

1 management plans and ordinances under RCW 76.15.090, whether the
2 applicant is an entity that has been recognized, and what gradation
3 of recognition was received, in the evergreen community designation
4 program created in RCW 76.15.090 in its prioritization and selection
5 process; and

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

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

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

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

17 NEW SECTION. **Sec. 9.** Sections 1 through 4 of this act
18 constitute a new chapter in Title 79 RCW.

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