

SSB 6805 - H COMM AMD
By Committee on Appropriations

ADOPTED 03/05/2008

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** (1) The legislature finds that:

4 (a) Farmers and small forest landowners should be encouraged
5 through the use of incentives to conserve and restore natural areas on
6 their farms and small tree farming operations in ways that improve the
7 long-term viability of these operations by providing ongoing revenue to
8 these operations without taking whole farms or significant amounts of
9 farmland or small tree farming operations out of production;

10 (b) Farmers and small forest landowners have the ability to produce
11 restoration products as well as implement conservation practices on
12 their productive agricultural lands and small tree farms in a way that
13 is likely to be useful to fulfill the mitigation, compliance, and other
14 environmental needs of public agencies such as the Washington state
15 department of transportation, and to meet other market demands such as
16 the availability of feed or conditions for overwintering of migratory
17 waterfowl or for conserving and enhancing fish and wildlife habitat;

18 (c) Family farmers and family-owned small tree farming operations
19 currently produce environmental benefits that would cost millions of
20 dollars to replace with man-made infrastructure. Among these benefits
21 are water filtration, floodwater dispersal, fish and wildlife habitat,
22 open spaces, and scenic views;

23 (d) Other communities in the United States have established
24 conservation markets in which landowners are paid to produce such
25 restoration products; and

26 (e) The use of such markets could provide much needed income to
27 sustain the viability of Washington farmers and small forest
28 landowners, meet mitigation and compliance needs, accelerate permitting
29 of public infrastructure, and provide environmental benefits.

1 (2) Therefore, the legislature finds that it is good public policy
2 to evaluate the feasibility and potential effectiveness of conservation
3 markets in Washington state that provide dual benefits of improving the
4 viability of agriculture and providing environmental or fish and
5 wildlife benefits.

6 NEW SECTION. **Sec. 2.** (1) Subject to the availability of amounts
7 appropriated for this purpose, the commission shall conduct a study to
8 evaluate the feasibility and desirability of establishing farm-based or
9 forest-based conservation markets in Washington. The commission may
10 enter into a contract with an entity that has the knowledge and
11 experience of agriculture and of conservation markets for this effort.
12 The commission, entity, or both shall:

13 (a) Evaluate other conservation markets in operation in the United
14 States that provide ongoing revenue to improve the long-term viability
15 of family farms and small forestry operations, including those focused
16 on water quality trading, endangered species conservation banking,
17 rental of environmental benefits, and wetland banking, to determine
18 relevant lessons for Washington conservation markets;

19 (b) Collaborate with Washington farm organizations, small forestry
20 landowner organizations, key farm community leaders, agricultural
21 special purpose districts, local governments, and relevant natural
22 resource agencies to:

23 (i) Determine interests, needs, and concerns about participating in
24 a conservation market;

25 (ii) Assess the market-ready environmental maintenance,
26 restoration, and enhancement products that could profitably and
27 dependably be produced on farms and small forestry operations,
28 including endangered species habitat, wetlands, water quality
29 treatment, carbon sequestration, biodiversity, and other fish and
30 wildlife habitat; and

31 (iii) Identify opportunities for conservation markets that could
32 provide ongoing revenue to improve the long-term viability of family
33 farming and small forestry operations and could supplement existing
34 conservation programs currently used by landowners, such as the
35 conservation reserve enhancement program, and increased use of the
36 public benefit rating system;

1 (c) Work with the Washington state department of transportation,
2 utility districts, local road departments, and other public agencies to
3 determine potential demand for restoration products produced on farms
4 and small forestry operations to fulfill upcoming mitigation and
5 compliance needs. The underlying analysis shall emphasize demand
6 associated with construction of roads, utilities, and other public
7 structures, as well as periodic repermitting of wastewater and other
8 public utilities;

9 (d) Forecast market activity, including the potential supply of
10 restoration products, including those produced through existing
11 restoration programs, and the potential demand for such products to
12 address mitigation, compliance, and other environmental needs and other
13 market demands. This analysis shall also identify services, materials,
14 technical assistance, financing, and other support that would
15 facilitate the use of conservation markets;

16 (e) Consult with the Washington departments of ecology and fish and
17 wildlife, the United States army corps of engineers, and local
18 government permitting agencies to determine their willingness to use
19 farm-produced restoration products to fulfill mitigation and compliance
20 needs and also evaluate changes in rules and policy that would
21 facilitate permitting of conservation market activities;

22 (f) Consult with the Northwest Indian fisheries commission and
23 individual Indian tribes to determine their interest in and potential
24 support of conservation markets;

25 (g) Coordinate with the department of agriculture regarding the
26 "Future of Farming" project, the William D. Ruckelshaus Center on its
27 activities relating to chapter 353, Laws of 2007, the office of
28 farmland preservation and the office's efforts to retain farmland in
29 agricultural production, the Washington biodiversity project, the
30 department of ecology regarding its "Mitigation that Works" project,
31 and the office of regulatory assistance on its integrated project
32 review and mitigation project to ensure consistency with these efforts;
33 and

34 (h) Develop findings and recommendations on the feasibility and
35 desirability of creating farm-based and forest-based conservation
36 markets in Washington state.

37 (2) If the study determines that farm-based conservation markets

1 are feasible and desirable, the commission, contracting entity, or
2 both, shall conduct two demonstration projects in Washington farm
3 communities. The commission, entity, or both shall:

4 (a) Select demonstration project areas that have a combination of
5 enthusiastic farmers, a substantial supply of potential restoration
6 products from farms, potential for public and private cost-sharing of
7 project costs, and upcoming development or permitting activity that is
8 likely to trigger significant mitigation and compliance demands;

9 (b) Identify and map areas of highly productive agricultural
10 activity and work with the departments of ecology and fish and wildlife
11 to identify locations of high-priority wetland and habitat restoration
12 or water quality improvement to ensure that conservation market-driven
13 restoration does not infringe on highly productive farmland;

14 (c) Identify up to three potential credit transactions in each
15 demonstration project area and work with relevant farmers, permittees,
16 and permitting agencies to facilitate transactions in mitigation and
17 compliance credits;

18 (d) Work with the department of ecology and other relevant
19 permitting agencies to develop standards for approval of conservation
20 market transactions to fulfill mitigation and compliance requirements
21 and to identify priority areas for focusing conservation market sites
22 based on the highest ecological benefits for the watershed and the
23 restoration of ecosystem processes that minimize impacts to high
24 quality agricultural lands;

25 (e) Work with conservation districts to determine district interest
26 in participation in a conservation markets program, including a
27 determination of district capacity and resources to participate in such
28 a program;

29 (f) Evaluate options for facilitating conservation market
30 transactions, including the use of farmer cooperatives, brokerage
31 services, and banks; and

32 (g) Develop findings on the results of the demonstration projects
33 and the implications for broader use of farm-based conservation markets
34 in Washington state.

35 (3) As used in this act:

36 (a) "Commission" means the Washington state conservation
37 commission.

1 (b) "Conservation market" means a farm or forest-based market for
2 selling credits for wetland or habitat restoration or water quality
3 cleanup to agencies in need of such credits to fulfill environmental
4 mitigation, compliance requirements, and other environmental needs.
5 The term shall also be broadly interpreted to include any program that
6 provides ongoing revenue to sustain the long-term viability of farms
7 and small forestry operations as a result of maintaining or enhancing
8 environmental benefits such as open space, fish and wildlife habitat,
9 floodwater dispersal, water filtration, buffers from more intense
10 development, or any other environmental benefit resulting from the
11 ongoing operation of the farm.

12 (c) "Small forest landowner" has the same meaning as in RCW
13 76.09.450.

14 (4) The commission shall present findings and recommendations from
15 the conservation markets study to the governor and appropriate
16 committees of the legislature by December 1, 2008. The findings and
17 recommendations shall include:

18 (a) Findings regarding the match between the availability of farm-
19 produced and forestry-produced restoration products and the demand for
20 such products associated with mitigation and compliance for public
21 agency projects and activities in the demonstration project area;

22 (b) Findings regarding the interests and capabilities of farmers,
23 small forest landowners, public development agencies, and permitting
24 agencies to participate in the demonstration conservation market;

25 (c) Findings regarding the likelihood that farm-based and
26 forest-based conservation markets could provide a successful mechanism
27 for addressing mitigation, compliance, and other environmental needs
28 for public construction projects and permitting of public utilities;
29 and

30 (d) Recommendations on whether to proceed to the initiation of
31 demonstration projects.

32 (5) If the project proceeds into the demonstration project phase,
33 the commission shall present findings and recommendations regarding the
34 conservation markets' demonstration projects to the governor and
35 appropriate committees of the legislature by December 1, 2009. The
36 findings and recommendations shall include:

37 (a) Findings on the ability to produce conservation market-ready

1 restoration and clean-up projects without infringing on high-quality
2 farmland;

3 (b) Findings on standards for review and approval of conservation
4 market transactions in permitting processes;

5 (c) Findings on potential conservation market transactions in the
6 demonstration project areas;

7 (d) Recommendations on measures that the Washington state
8 department of transportation and other state agencies can take to
9 facilitate their use of conservation markets to fulfill mitigation and
10 compliance needs and waterfowl or wildlife habitat enhancement goals;

11 (e) Recommendations on support services that could be provided by
12 state agencies to facilitate conservation markets throughout
13 Washington, including but not limited to financing, permit assistance,
14 technical assistance, materials, and other services.

15 (6) This section expires December 31, 2009.

16 NEW SECTION. **Sec. 3.** If specific funding for the purposes of this
17 act, referencing this act by bill or chapter number, is not provided by
18 June 30, 2008, in the omnibus appropriations act, this act is null and
19 void."

20 Correct the title.

--- END ---