
HOUSE BILL 2454

State of Washington

63rd Legislature

2014 Regular Session

By Representatives Blake, Buys, Lytton, and Smith

Read first time 01/17/14. Referred to Committee on Agriculture & Natural Resources.

1 AN ACT Relating to developing a water quality trading program in
2 Washington; adding a new section to chapter 89.08 RCW; creating a new
3 section; and providing an expiration date.

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

5 NEW SECTION. **Sec. 1.** (1) The legislature finds that water quality
6 trading is an innovative approach adopted in at least seventeen other
7 states that can lead to a more efficient achievement of water quality
8 goals. The premise of water quality trading is based on the fact that
9 certain sources in a given watershed can have very different costs to
10 control the same pollutant. Trading programs allow facilities facing
11 higher pollution control costs to meet their regulatory obligations by
12 purchasing environmentally equivalent or superior pollution reductions
13 from another source at a lower cost. This trading achieves the same
14 water quality improvement at lower overall cost.

15 (2) The legislature further finds that the United States
16 environmental protection agency has been supportive of water quality
17 trading programs since 1993 when it issued an initial document called
18 the National Water Quality Trading Policy. With this publication, the

1 environmental protection agency sent a clear signal of federal support
2 for this innovative, market-based approach to improving water quality.

3 (3) The legislature further finds that water quality trading is,
4 and should remain, a voluntary option that regulated point sources can
5 use to meet the discharge limits in their national pollutant discharge
6 elimination system permits.

7 (4) The legislature recognizes that setting up a water quality
8 trading program can be a complex task that needs to be transparent,
9 must have real, accountable deductions in pollution inputs, must be
10 defensible, and must be enforceable. A water quality trading program
11 may not be suitable for many watersheds in the state. However, the
12 legislature also finds that the state of Washington should explore the
13 option as a tool for achieving water quality goals and investigate
14 whether this tool is viable given the specific, local water quality
15 concerns facing Washington's water bodies.

16 NEW SECTION. **Sec. 2.** A new section is added to chapter 89.08 RCW
17 to read as follows:

18 (1) The state conservation commission, in partnership with the
19 department of ecology, shall build upon the report on conservation
20 markets produced pursuant to chapter 133, Laws of 2008 and explore
21 further the options for developing a water quality trading program in
22 Washington. This effort must include the development of at least three
23 specific proposals for on-the-ground, actual test sites for water
24 quality trading. Each test site must be located in a different
25 watershed and, if possible, address a different water quality issue,
26 such as pH, nitrogen, temperature, or sediment.

27 (2) The proposals for test sites developed under this section must
28 include specifics as to how the targeted issue would be addressed,
29 including:

30 (a) The identification of potential sellers and buyers in the
31 trading arrangement;

32 (b) How accountable deductions in pollution inputs will be measured
33 and reported;

34 (c) How ongoing monitoring would be ensured;

35 (d) How violations would be enforced;

36 (e) What costs would be incurred and which, if any, of the costs
37 should be supported by the public;

1 (f) What standards and conditions would be applied to the approval
2 process for a trading program; and

3 (g) What barriers exist to implementing the proposed trading
4 programs.

5 (3) The state conservation commission must coordinate with Indian
6 tribes, the department of agriculture and other state agencies, local
7 governments, and other interested stakeholders in developing the test
8 site proposals under this section.

9 (4) The department of ecology must operate as a full partner with
10 the state conservation commission in the implementation of this section
11 and dedicate the necessary resources to achieve the goals of this
12 section.

13 (5) The state conservation commission must report its proposals for
14 test sites to the legislature consistent with RCW 43.01.036 by October
15 31, 2017. However, if in the implementation of this section, the state
16 conservation commission, the department of ecology, and any involved
17 partners feel that a test site proposal developed under this section
18 can be implemented without further legislative direction, then the
19 necessary parties shall implement the proposal prior to the reporting
20 deadline provided in this section.

21 (6) This section expires June 30, 2018.

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