

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 2454

Chapter 73, Laws of 2014

63rd Legislature
2014 Regular Session

WATER QUALITY TRADING PROGRAM

EFFECTIVE DATE: 06/12/14

Passed by the House February 17, 2014
Yeas 93 Nays 5

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate March 7, 2014
Yeas 49 Nays 0

BRAD OWEN

President of the Senate

Approved March 27, 2014, 10:11 a.m.

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Barbara Baker, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 2454** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BARBARA BAKER

Chief Clerk

FILED

March 27, 2014

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 2454

Passed Legislature - 2014 Regular Session

State of Washington 63rd Legislature 2014 Regular Session

By House Agriculture & Natural Resources (originally sponsored by Representatives Blake, Buys, Lytton, and Smith)

READ FIRST TIME 02/05/14.

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 (5) The legislature further recognizes that the department of
17 ecology has produced a draft water quality trading framework that
18 enables trading in Washington and that to date a major barrier to
19 trading is a lack of interested credit purchasers.

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

22 (1) The state conservation commission, in partnership with the
23 department of ecology, shall build upon the report on conservation
24 markets produced pursuant to chapter 133, Laws of 2008 and explore
25 whether there are potential buyers and sellers in Washington watersheds
26 for a water quality trading program. Specifically, the state
27 conservation commission should examine watersheds in which total
28 maximum daily loads have been produced, and assess whether there are
29 potential buyers, or permit holders, and sellers of credit to support
30 a water quality trading program consistent with the water quality
31 trading framework developed by the department of ecology.

32 (2) The state conservation commission must coordinate with Indian
33 tribes, the department of agriculture and other state agencies, local
34 governments, and other interested stakeholders in completing the
35 assessment and report required by this section. Prior to finalizing
36 the assessment and report, the state conservation commission must

1 ensure that the department of ecology concurs with its determination of
2 whether or not there is the potential for a viable water quality
3 trading program.

4 (3) The state conservation commission must report its findings to
5 the legislature consistent with RCW 43.01.036 by October 31, 2017.

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

Passed by the House February 17, 2014.

Passed by the Senate March 7, 2014.

Approved by the Governor March 27, 2014.

Filed in Office of Secretary of State March 27, 2014.