

SENATE BILL REPORT

SHB 2714

As Reported by Senate Committee On:
Agriculture, Water, Natural Resources & Parks, February 28, 2020

Title: An act relating to valuing the carbon in forest riparian easements.

Brief Description: Valuing the carbon in forest riparian easements.

Sponsors: House Committee on Rural Development, Agriculture, & Natural Resources (originally sponsored by Representatives Hoff, Fitzgibbon, Orcutt, Blake, Chapman, Lekanoff, Van Werven, Tharinger and Kretz).

Brief History: Passed House: 2/16/20, 96-0.

Committee Activity: Agriculture, Water, Natural Resources & Parks: 2/28/20, 2/28/20 [DPA, w/oRec].

Brief Summary of Amended Bill

- Requires that any state program that places a value on carbon may recognize and include the value of the carbon stored in forest riparian easements.
- Allows forestland owners with existing riparian easements to market the carbon stored in the easement.

SENATE COMMITTEE ON AGRICULTURE, WATER, NATURAL RESOURCES & PARKS

Majority Report: Do pass as amended.

Signed by Senators Van De Wege, Chair; Salomon, Vice Chair; Warnick, Ranking Member; McCoy, Rolfes and Short.

Minority Report: That it be referred without recommendation.

Signed by Senator Honeyford.

Staff: Jeff Olsen (786-7428)

Background: The Small Forest Landowner Office (Office) was established in 1999 to provide assistance to small forest land owners (SFLOs) in Washington. A SFLO is an owner

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

of forestland who harvests no more than an average of 2 million board feet of timber from their land per year. The Office offers technical assistance to SFLOs, and manages several assistance programs for landowners including the Forest Riparian Easement Program (FREP). The FREP is a voluntary program providing reimbursement to certain SFLOs for trees they are required to leave unharvested under forest practice rules to protect fish habitat. The FREP provides compensation for no more than 50 percent of the timber value, and applies to trees adjacent to streams, wetlands, seeps, or unstable slopes. The SFLO determines fair market value based on timber excise tax data and stumpage values provided by the Department of Revenue. The SFLO must determine the fair market value of the qualifying timber as of the date the complete FREP application is received.

If the state adopts a climate strategy, the Department of Natural Resources (DNR) must share information regarding the carbon sequestration benefits of the FREP.

Summary of Amended Bill: Any state program that places a value on carbon may recognize and include the value of the carbon stored in forest riparian easements. For all riparian easements, the landowner may market carbon stored in the easement if they have not been compensated for the value of the carbon under the easement program.

EFFECT OF AGRICULTURE, WATER, NATURAL RESOURCES & PARKS COMMITTEE AMENDMENT(S): Clarifies that a small forest landowner may market carbon stored in an easement if they have not been compensated for the value of the carbon under the easement program. Removes the requirement for the DNR to calculate the amount of carbon stored in qualifying timber using established formulas. Removes the requirement for future riparian easements to include the full value of carbon stored in all qualifying timber if the state develops markets for valuing carbon. Provides that any state program that places a value on carbon may, rather than must, recognize and include the value of the carbon stored in forest riparian easements.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Substitute House Bill: *The committee recommended a different version of the bill than what was heard.* PRO: Washington is a leader in sustainable forestry, and this bill would help family forests enter the carbon market. If a carbon program is developed, small family forests could be part of the carbon offset program and grow trees for carbon storage, timber products, and habitat. A carbon market program could help landowners keep land in forestry. Trees and forest products both store carbon. Many small forest landowners are interested in entering a carbon market. Small forest landowners are concerned about property right takings. By valuing the carbon on their trees and participating in carbon markets, small forest landowners gain respect and appreciation for the work they do.

OTHER: The amendments to the bill do not address the Department of Natural Resources' concerns. Compensation for carbon in forest riparian easements can help address impacts as an incentive, not as a carbon credit.

Persons Testifying: PRO: Nick Somero, Washington Farm Forestry Association, President Pacific County Chapter; Ken Miller, Washington Farm Forestry Association; Elaine Oneil, Washington Farm Forestry Association; John Henrikson, citizen; Jenny Knoth, citizen.

OTHER: Stephen Bernath, DNR.

Persons Signed In To Testify But Not Testifying: No one.