

SENATE BILL REPORT

2SSB 5947

As Amended by House, March 4, 2020

Title: An act relating to establishing the sustainable farms and fields grant program.

Brief Description: Establishing the sustainable farms and fields grant program.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators McCoy, Schoesler, Palumbo, King, Salomon and Warnick).

Brief History:

Committee Activity: Agriculture, Water, Natural Resources & Parks: 2/19/19, 2/21/19 [DPS, DNP].

Ways & Means: 3/01/19, 3/01/19 [DP2S, w/oRec].

Floor Activity: Passed Senate: 3/6/19, 32-15; 1/15/20, 32-17.

Passed House: 3/4/20, 74-22.

Brief Summary of Second Substitute Bill

- Requires the Department of Agriculture (WSDA) to develop a sustainable farms and fields grant program.
- Requires that certain activities be eligible for grants, including on-farm fossil fuel input efficiency measures, agroforestry, and carbon farming.
- Requires WSDA to report biennially to the Legislature on the performance of the program.

SENATE COMMITTEE ON AGRICULTURE, WATER, NATURAL RESOURCES & PARKS

Majority Report: That Second Substitute Senate Bill No. 5947 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair, Operating, Capital Lead; Mullet, Capital Budget Cabinet; Billig, Carlyle, Conway, Darneille, Hasegawa, Hunt, Keiser, Liias,

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

Palumbo, Pedersen, Rivers and Van De Wege.

Minority Report: That it be referred without recommendation.

Signed by Senators Braun, Ranking Member; Honeyford, Assistant Ranking Member, Capital; Becker, Schoesler, Wagoner, Warnick and Wilson, L.

Staff: Karen Epps (786-7424)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Jed Herman (786-7346)

Background: The Department of Agriculture (WSDA) was created in 1913 and is organized into five divisions, including commodity inspection, food safety, pesticide management, plant protection, and the state veterinarian. WSDA has a duty to promote and protect agriculture and its dependent rural community in Washington State. Additionally, WSDA must carry out its assigned regulatory responsibilities to protect the public health and welfare. In 2018, WSDA received approximately \$4.6 million in specialty crop block grants to help fund twenty-five projects. A few of those projects included:

- promoting productivity and on-farm efficiencies with plastic mulches in raspberry crops;
- alternative pest management technologies for tree fruit and wine grapes;
- ensuring the sustainability of pollination services to Washington specialty crops; and
- developing a Washington organic asparagus industry.

Agroforestry is the intentional integration of trees and shrubs into crop and animal farming systems to create environmental, economic, and social benefits. For a management practice to be agroforestry, it must be intentional, intensive, integrated, and interactive. Agroforestry practices can include managed forest canopies in a woodland that protect a range of crops grown for food, landscaping, and medicinal use. Additionally, farmers and ranchers who plant pine trees on land used for livestock and forage production may be able to sell pine straw and saw logs.

Carbon farming is a process designed to maximize agriculture's potential for moving excess greenhouse gases from the atmosphere and storing them into the soil and vegetation. It focuses on carbon as a key agricultural element and involves implementing common practices known to enhance transferring and storing atmospheric carbon dioxide (CO₂) as soil and biomass carbon. This is done through common practices that support plant photosynthesis, increase soil organic matter, and reduce erosion. Because water retention and nutrient availability increase with more carbon in the soil, carbon farming may help ranchers and farmers increase production, enhance resilience to drought, and reduce input costs over time.

Summary of Second Substitute Bill: The WSDA must develop a sustainable farms and

fields grant program (program). WSDA must consult with Washington State University, and the United States Department of Agriculture Natural Resources Conservation Service. Certain activities must be included as activities eligible for grant funding under the program, including:

- on-farm fossil fuel input efficiency measures, including any activity or technology that reduces the quantity of fuel or electricity used, the quantity of water used, and the quantity of fossil fuel-based fertilizer or pesticide used;
- agroforestry; and
- carbon farming..

WSDA must ensure, to the extent practicable based on grant applications received, that roughly 20 percent of available funding is awarded to the three categories described above. The remaining available funding should be awarded to the most effective projects, as determined by WSDA, regardless of category. When prioritizing grant recipients, WSDA must seek to maximize the total reduction in atmospheric carbon dioxide equivalents per dollar awarded by leveraging other nonstate public or private funding. In consultation with Washington State University, the State Conservation Commission, the United States Department of Agriculture Natural Resources Conservation Service, and the Department of Natural Resources, WSDA must determine methods for estimating, measuring, and verifying outcomes under the program.

Sustainable farms and fields grant funding may be applied towards:

- down payments on equipment or other types of loans;
- blended use of fossil-fuel based pesticides and fertilizers and non-fossil-fuel based pesticides and fertilizers;
- no till equipment, precision agriculture equipment, advanced irrigation systems, and GIS technologies; or
- costs associated with installation of carbon farming practices or agroforestry practices.

Grant applicants may apply to share equipment purchased with sustainable farm and field grant funding. Sustainable farms and fields grant funding may not be awarded to fund activities on lands that are participating in a land retirement program, activities on commercial working forest land, or ocean-based aquaculture or blue carbon practices. WSDA may award up to 20 percent of available sustainable farms and fields grant funds to projects that would not otherwise qualify for funding by maximizing the total reduction in atmospheric carbon dioxide equivalent per dollar awarded.

WSDA must use 5 percent of available funds on educational campaigns that raise awareness about the sustainable farms and fields grant program and WSDA may spend up to 50 percent of any unused funds on educational campaigns. WSDA may use up to 10 percent of available funds to provide technical assistance to grant applicants and may use up to 5 percent to cover the cost of administering the program. WSDA must make reasonable efforts to award at least 80 percent of funds made available for sustainable farms and fields

grants each fiscal year.

Grants awarded for carbon farming activities with an uncertain storage life may include ongoing annual payments for the previous year's storage, or upfront cumulative payments based on the expected storage in future years. Grants that include upfront payments for future benefits must be conditioned to include penalties for default due to negligence on the part of the recipient. Grant recipients may be required to allow access to the property, with reasonable notice, to monitor impacts of the project. All grant recipients must allow information about their projects to be made available to the public.

WSDA must biennially report to the Legislature on the performance of the sustainable farms and fields grant program. The sustainable farms and fields account is created in the state treasury.

Appropriation: None.

Fiscal Note: Requested on (DATE).

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 Second Substitute: *The committee recommended a different version of the bill than what was heard.*

Persons Testifying: PRO: Bob Gilby, Rokalu Farms; Nathaniel Lewis, Oyster Bay Farm; Rebecca Canright.

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

EFFECT OF HOUSE AMENDMENT(S):

- Requires the Washington State Conservation Commission (Commission) rather than the Washington State Department of Agriculture (WSDA) to develop a sustainable farms and fields grant program (Program) in consultation with WSDA, Washington State University (WSU), and the United States Department of Agriculture Natural Resources Conservation Service.
- Directs the Commission to develop and approve a prioritization metric to guide the distribution of funds appropriated by the Legislature for this purpose, with the goal of producing cost-effective carbon dioxide equivalent impact benefits.
- Establishes additional allowable uses of grant funds from the Program to include: annual payments to enrolled participants for successfully delivered carbon storage or reduction; up-front payments for contracted carbon storage; purchase of seed, seedlings, spores, animal feed, and amendments; services to landowners, such as the development of

sitespecific conservation plans to increase soil organic levels or to increase usage of precision agricultural practices, or design and implementation of best management practices to reduce livestock emissions; and other equipment purchases or financial assistance deemed appropriate by the Commission.

- Allows applicants for equipment purchase grants to be farm, ranch, or aquaculture operations and allows conservation districts to apply for grant funds to operate an equipment sharing program.
- Modifies funding limits for certain categories of expenses eligible to be funded and requires the Commission to attempt to achieve a geographically fair distribution of funds across a broad group of crop types, soil management practices, and farm sizes.
- Directs the Commission to consult with WSU and the University of Washington to adopt an appropriate carbon equivalency metric for the Program; until that time, the Commission is directed to use an equivalency that recognizes the storage of 3.67 tons of biogenic carbon for 100 years being assigned a value equal to avoiding one ton of carbon dioxide equivalent emissions.
- Provides that no public funds may be awarded as grants under the act unless public funds are appropriated specifically for the Program.