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ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2528

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State of Washington

66th Legislature

2020 Regular Session

**By** House Appropriations (originally sponsored by Representatives Ramos, DeBolt, Chapman, Boehnke, Blake, Fitzgibbon, Tharinger, and Santos)

READ FIRST TIME 02/11/20.

1 AN ACT Relating to recognizing the contributions of the state's  
2 forest products sector as part of the state's global climate  
3 response; amending RCW 70.235.005; adding a new section to chapter  
4 70.235 RCW; adding a new section to chapter 43.30 RCW; and creating a  
5 new section.

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

7 NEW SECTION. **Sec. 1.** (1) The legislature finds that the  
8 intergovernmental panel on climate change (IPCC) released a report in  
9 2019 entitled "IPCC special report on climate change,  
10 desertification, land degradation, sustainable land management, food  
11 security, and greenhouse gas fluxes in terrestrial ecosystems" that  
12 provides guidance relating to how natural and working lands can be  
13 utilized to assist with a global climate response strategy. In  
14 addition, the food and agricultural organization of the United  
15 Nations issued a report in 2016 entitled "forestry for a low-carbon  
16 future" with specific recommendations for integrating forests and  
17 wood products in climate change strategies. Recommendations from  
18 these reports are critical as Washington develops its own climate  
19 response and charts how the state can use its forestland base and  
20 vibrant forest products sector as part of its contribution to the  
21 global climate response.

1 (2) The legislature further finds that the 2019 intergovernmental  
2 panel on climate change report identifies several measures where  
3 sustainable forest management and forest products may be utilized to  
4 maintain and enhance carbon sequestration. These include increasing  
5 the carbon sequestration potential of forests and forest products by  
6 maintaining and expanding the forestland base, reducing emissions  
7 from land conversion to nonforest uses, increasing forest resiliency  
8 to reduce the risk of carbon releases from disturbances such as  
9 wildfire, pest infestation, and disease, and applying sustainable  
10 forest management techniques to maintain or enhance forest carbon  
11 stocks and forest carbon sinks, including through the transference of  
12 carbon to wood products.

13 (3) The legislature further finds that the food and agricultural  
14 organization of the United Nations reports similar recommendations,  
15 with a focus on forest management tools that increases the carbon  
16 density in forests, increases carbon storage out of the forest in  
17 harvested wood products, utilizes wood energy, and suppresses forest  
18 disturbances from fire, pests, and disease.

19 **Sec. 2.** RCW 70.235.005 and 2008 c 14 s 1 are each amended to  
20 read as follows:

21 (1) The legislature finds that Washington has long been a  
22 national and international leader on energy conservation and  
23 environmental stewardship, including air quality protection,  
24 renewable energy development and generation, emission standards for  
25 fossil-fuel based energy generation, energy efficiency programs,  
26 natural resource conservation, sustainable forestry and the  
27 production of forest products, vehicle emission standards, and the  
28 use of biofuels. Washington is also unique among most states in that  
29 in addition to its commitment to reduce emissions of greenhouse  
30 gases, it has established goals to grow the clean energy sector and  
31 reduce the state's expenditures on imported fuels.

32 (2) The legislature further finds that Washington should continue  
33 its leadership on climate change policy by creating accountability  
34 for achieving the emission reductions established in RCW 70.235.020,  
35 participating in the design of a regional multisector market-based  
36 system to help achieve those emission reductions, assessing other  
37 market strategies to reduce emissions of greenhouse gases,  
38 maintaining and enhancing the state's ability to continue to  
39 sequester carbon through natural and working lands and forest

1 products, and ensuring the state has a well trained workforce for our  
2 clean energy future.

3 (3) It is the intent of the legislature that the state will: (a)  
4 Limit and reduce emissions of greenhouse gas consistent with the  
5 emission reductions established in RCW 70.235.020; (b) minimize the  
6 potential to export pollution, jobs, and economic opportunities;  
7 ~~((and))~~ (c) support industry sectors that can act as sequesterers of  
8 carbon; and (d) reduce emissions at the lowest cost to Washington's  
9 economy, consumers, and businesses.

10 (4) In the event the state elects to participate in a regional  
11 multisector market-based system, it is the intent of the legislature  
12 that the system will become effective by January 1, 2012, after  
13 authority is provided to the department for its implementation. By  
14 acting now, Washington businesses and citizens will have adequate  
15 time and opportunities to be well positioned to take advantage of the  
16 low-carbon economy and to make necessary investments in low-carbon  
17 technology.

18 (5) It is also the intent of the legislature that the regional  
19 multisector market-based system recognize Washington's unique  
20 emissions and sequestration portfolio, including ~~((the state's))~~:

21 (a) The state's hydroelectric system~~((the))~~;

22 (b) The opportunities presented by Washington's abundant forest  
23 resources and the associated forest products industry, along with  
24 aquatic and agriculture land~~((the))~~ and the associated industries; and  
25 ~~((the))~~

26 (c) The state's leadership in energy efficiency and the actions  
27 it has already taken that have reduced its generation of greenhouse  
28 gas emissions and that entities receive appropriate credit for early  
29 actions to reduce greenhouse gases.

30 (6) If any revenues, excluding those from state trust lands, that  
31 accrue to the state are created by a market system, they must be used  
32 to further the state's efforts to achieve the goals established in  
33 RCW 70.235.020, address the impacts of global warming on affected  
34 habitats, species, and communities, promote and invest in industry  
35 sectors that act as sequesterers of carbon, and increase investment  
36 in the clean energy economy particularly for communities and workers  
37 that have suffered from heavy job losses and chronic unemployment and  
38 underemployment.

1        NEW SECTION.    **Sec. 3.**    A new section is added to chapter 70.235

2    RCW to read as follows:

3        (1) (a) Washington's existing forest products sector, including  
4    public and private working forests and the harvesting,  
5    transportation, and manufacturing sectors that enable working forests  
6    to remain on the land and the state to be a global supplier of forest  
7    products, is, according to a University of Washington study analyzing  
8    the global warming mitigating role of wood products from Washington's  
9    private forests, an industrial sector that currently operates as a  
10   significant net sequesterer of carbon. This value, which is only  
11   provided through the maintenance of an intact and synergistic  
12   industrial sector, is an integral component of the state's  
13   contribution to the global climate response and efforts to mitigate  
14   carbon emissions.

15        (b) Satisfying the goals set forth in RCW 70.235.020 requires  
16   supporting, throughout all of state government, consistent with other  
17   laws and mandates of the state, the economic vitality of the  
18   sustainable forest products sector and other business sectors capable  
19   of sequestering and storing carbon. This includes support for working  
20   forests of all sizes, ownerships, and management objectives, and the  
21   necessary manufacturing sectors that support the transformation of  
22   stored carbon into long-lived forest products while maintaining and  
23   enhancing the carbon mitigation benefits of the forest sector,  
24   sustaining rural communities, and providing for fish, wildlife, and  
25   clean water, as provided in chapter 76.09 RCW. Support for the forest  
26   sector also ensures the state's public and private working forests  
27   avoid catastrophic wildfire and other similar disturbances and avoid  
28   conversion in the face of unprecedented conversion pressures.

29        (c) It is the policy of the state to support the contributions of  
30   all working forests and the synergistic forest products sector to  
31   meet the state's climate response. This includes the landowners,  
32   mills, bioenergy, pulp and paper, and related harvesting and  
33   transportation infrastructure which are necessary for forestland  
34   owners to continue the rotational cycle of carbon capture and  
35   sequestration in growing trees and allows forest products  
36   manufacturers to store the captured carbon in wood products. These  
37   activities maintain and enhance the forest sector's role in  
38   mitigating a significant percentage of the state's carbon emissions  
39   while providing other environmental and social benefits, such as  
40   supporting a strong rural economic base. Furthermore, it is the

1 policy of the state to support the participation of working forests  
2 in current and future carbon markets, strengthening the state's role  
3 as a valuable contributor to the global carbon response while  
4 supporting one of its largest manufacturing sectors.

5 (d) It is further the policy of the state to utilize carbon  
6 accounting land use, land use change, and forestry reporting  
7 principles consistent with established reporting guidelines, such as  
8 those used by the intergovernmental panel on climate change and the  
9 United States national greenhouse gas reporting inventories.

10 (2) Any state carbon programs must support the policies stated in  
11 this section and recognize the forest products industry's  
12 contribution to the state's climate response.

13 NEW SECTION. **Sec. 4.** A new section is added to chapter 43.30  
14 RCW to read as follows:

15 (1) The forest and forest products carbon account is created in  
16 the custody of the state treasurer. All specified state funding must  
17 be deposited into the account, including appropriations from the  
18 general fund, the capital budget, and any specified revenues from  
19 other sources, including policies that establish a price on carbon or  
20 related federal grant programs. The department may also deposit into  
21 the account any grants, gifts, or donations to the state for purposes  
22 consistent with the allowable uses of the account. Expenditures from  
23 the account may be used only for department administrative costs and  
24 grants consistent with this section. Only the commissioner or the  
25 commissioner's designee may authorize expenditures from the account.

26 (2) The department shall use all moneys in the forest and forest  
27 products carbon account, less reasonable administrative overhead  
28 costs, as grants to any private landowner, organization that works  
29 with private landowners, nonprofit organization, local government,  
30 Indian tribe, or state land managing agency to advance the state's  
31 carbon sequestration goals outlined in section 3 of this act. All  
32 grant awards must be the result of a competitive process, designed by  
33 the department, that seeks to leverage the carbon sequestration and  
34 storage benefits of the investment. Allowable grant project types  
35 include, but are not limited to, funding:

36 (a) For reforestation of forestlands after a wildfire or other  
37 disaster for which the landowner was not responsible;

38 (b) For afforestation projects to return lands capable of  
39 supporting trees to forestlands;

1 (c) To plant sustainable forested buffers and remove nonnative  
2 invasive species along otherwise nonforested fish bearing streams;  
3 and

4 (d) For urban forest restoration or urban tree planting.

5 (3) The department must manage the forest and forest products  
6 carbon account in cooperation with the department of agriculture and  
7 state conservation commission and, when appropriate, utilize the  
8 conservation district infrastructure to identify potential grantees  
9 and distribute and oversee grant funds.

10 (4) In addition to administrative costs and grants as provided in  
11 this section, the department may also use funds in the forest and  
12 forest products carbon account to conduct an opportunity analysis of  
13 land in Washington to determine how many acres of deforested land  
14 could be returned to forestlands without decreasing food production.

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