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**HOUSE BILL 2528**

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**State of Washington**

**66th Legislature**

**2020 Regular Session**

**By** Representatives Ramos, DeBolt, Chapman, Boehnke, Blake, Fitzgibbon, Tharinger, and Santos

Read first time 01/15/20. Referred to Committee on Rural Development, Agriculture, & Natural Resources.

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 and 43.330.060; adding a new  
4 section to chapter 70.235 RCW; adding a new section to chapter 89.08  
5 RCW; and creating a 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 to do what it is positioned to do best  
21 as part of its contribution to the 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  
5 afforestation and reforestation to increase the carbon sequestration  
6 potential of trees by expanding the forestland base, reducing  
7 emissions from land conversion to nonforest uses, increasing forest  
8 resiliency to reduce the risk of carbon releases from disturbances  
9 such as wildfire, pest infestation, and disease, and applying  
10 sustainable forest management techniques to address the issue of sink  
11 saturation by maintaining or enhancing forest carbon stocks and  
12 maintaining forest carbon sinks, including through the transference  
13 of carbon to wood products.

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

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

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

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

1 sequester carbon through forest products, and ensuring the state has  
2 a well trained workforce for our 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 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))~~: (a)  
21 State's hydroelectric system~~((, the))~~; (b) opportunities presented by  
22 Washington's abundant forest resources, forest products  
23 infrastructure, and agriculture land~~((, the))~~; and ~~((the))~~ (c) state's  
24 leadership in energy efficiency and the actions it has already taken  
25 that have reduced its generation of greenhouse gas emissions and that  
26 entities receive appropriate credit for early actions to reduce  
27 greenhouse gases.

28 (6) If any revenues that accrue to the state are created by a  
29 market system, they must be used to further the state's efforts to  
30 achieve the goals established in RCW 70.235.020, address the impacts  
31 of global warming on affected habitats, species, and communities, and  
32 increase investment in the clean energy economy particularly for  
33 communities and workers that have suffered from heavy job losses and  
34 chronic unemployment and underemployment.

35 NEW SECTION. **Sec. 3.** A new section is added to chapter 70.235  
36 RCW to read as follows:

37 (1)(a) Washington's existing forest products sector, including  
38 public and private working forests and the harvesting,  
39 transportation, and manufacturing sectors that enable working forests

1 to remain on the land and the state to be a global supplier of forest  
2 products, is one of the state's only industrial sectors that operates  
3 as a significant net sequesterer of carbon. This value, which is only  
4 provided through the maintenance of an intact and indivisible  
5 industrial sector, is an integral component of the state's  
6 contribution to the global climate response and efforts to mitigate  
7 carbon emissions.

8 (b) Satisfying the goals set forth in RCW 70.235.020 requires  
9 supporting, throughout all of state government, the economic vitality  
10 of the forest products sector. This includes support for working  
11 forests of all sizes, ownerships, and management objectives, and the  
12 necessary manufacturing sectors that transform the stored carbon into  
13 forest products, to ensure the state's working forests avoid  
14 deforestation and remain on the landscape in the face of  
15 unprecedented conversion pressures.

16 (c) It is the policy of the state to support the complete forest  
17 products sector, which includes landowners, mills, bioenergy, pulp  
18 and paper, and the related harvesting and transportation  
19 infrastructure that is necessary for forestland owners to continue  
20 the rotational cycle of carbon sequestration in growing trees and  
21 allows forest products manufacturers to store the captured carbon in  
22 wood products, thus naturally mitigating a significant percentage of  
23 the state's carbon emissions while providing other environmental  
24 benefits and supporting a strong rural economic base. Policies that  
25 support working forests also allow Washington to have participants in  
26 current and future vibrant private carbon transaction markets,  
27 strengthening the state's role as a valuable contributor to the  
28 global carbon response while supporting one of its largest  
29 manufacturing sectors.

30 (d) It is further the policy of the state to utilize net flux  
31 stock-change carbon accounting principles consistent with the  
32 reporting guidelines on land use, land use change, and forestry as  
33 established for greenhouse gas reporting by the intergovernmental  
34 panel on climate change and as used in the United States' national  
35 greenhouse gas reporting inventories.

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

1        NEW SECTION.    **Sec. 4.**    A new section is added to chapter 89.08  
2    RCW to read as follows:

3        (1) The forest carbon reforestation and afforestation account is  
4    created in the custody of the state treasurer. All specified state  
5    funding must be deposited in the account, including appropriations  
6    from the general fund, the capital budget, and the revenues from any  
7    policies that establish a price on carbon. The commission may also  
8    deposit into the account any grants, gifts, or donations to the state  
9    for purposes consistent with the allowable uses of the account.  
10    Expenditures from the account may be used only for commission  
11    administrative costs and grants consistent with this section. Only  
12    the executive director of the commission or the executive director's  
13    designee may authorize expenditures from the account. The account is  
14    subject to allotment procedures under chapter 43.88 RCW, but an  
15    appropriation is not required for expenditures.

16        (2) The commission shall use all moneys in the forest carbon  
17    reforestation and afforestation account, less reasonable  
18    administrative overhead costs, as grants to any private landowner or  
19    organization that works with private landowners to advance the  
20    state's carbon sequestration goals outlined in section 3 of this act.  
21    All grant awards must be the result of a competitive process,  
22    designed by the commission, that seeks to leverage the carbon  
23    sequestration and storage benefits of the investment. Allowable grant  
24    projects are:

25        (a) Funding for reforestation of forestlands after a wildfire for  
26    which the landowner was not responsible;

27        (b) Funding for afforestation projects to return fallow land  
28    capable of supporting trees to a working forest; and

29        (c) Funding to plant sustainable forested buffers along otherwise  
30    nonforested fish bearing streams.

31        (3) All recipients of funding under this section must agree in  
32    contract, as a condition of funding, to maintain all reforested or  
33    afforested land in forested uses for a minimum of fifty years.

34        (4) In addition to administrative costs and grants as provided in  
35    this section, the commission may also use funds in the forest carbon  
36    reforestation and afforestation account to conduct an opportunity  
37    analysis of land in Washington to determine how many acres of  
38    deforested land could be returned to working forests without having  
39    an effect on food production.

1       **Sec. 5.** RCW 43.330.060 and 2010 c 165 s 2 are each amended to  
2 read as follows:

3       (1) (a) The department shall ~~((a) assist)~~: (i) Assist in  
4 expanding the state's role as an international center of trade,  
5 culture, and finance; ~~((b))~~ (ii) promote and market the state's  
6 products and services both nationally and internationally; ~~((c))~~  
7 (iii) work in close cooperation with other private and public  
8 international trade efforts; ~~((d))~~ (iv) act as a centralized  
9 location for the assimilation and distribution of trade information;  
10 and ~~((e))~~ (v) establish and operate foreign offices promoting  
11 overseas trade and commerce.

12       (b) As part of implementing this subsection, the department shall  
13 contribute to meeting the policies outlined in section 3 of this act  
14 by actively promoting markets for the state's forest products.  
15 Promotion of forest products includes any products of an indivisible  
16 industry sector necessary for the maintenance and expansion of the  
17 sector including, but not limited to, sawlogs, dimensional lumber,  
18 mass timber and other engineered wood products, bioenergy, and pulp  
19 and paper and other wood biomass-derived products.

20       (2) The department shall identify and work with Washington  
21 businesses that can use local, state, and federal assistance to  
22 increase domestic and foreign exports of goods and services.

23       (3) The department shall work generally with small businesses and  
24 other employers to facilitate resolution of siting, regulatory,  
25 expansion, and retention problems. This assistance shall include but  
26 not be limited to assisting in workforce training and infrastructure  
27 needs, identifying and locating suitable business sites, and  
28 resolving problems with government licensing and regulatory  
29 requirements. The department shall identify gaps in needed services  
30 and develop steps to address them including private sector support  
31 and purchase of these services.

32       (4) The department shall work to increase the availability of  
33 capital to small businesses by developing new and flexible investment  
34 tools; by assisting in targeting and improving the efficiency of  
35 existing investment mechanisms; and by assisting in the procurement  
36 of managerial and technical assistance necessary to attract potential  
37 investors.

38       (5) The department shall assist women and minority-owned  
39 businesses in overcoming barriers to entrepreneurial success. The  
40 department shall contract with public and private agencies,

1 institutions, and organizations to conduct entrepreneurial training  
2 courses for minority and women-owned businesses. The instruction  
3 shall be intensive, practical training courses in financing,  
4 marketing, managing, accounting, and recordkeeping for a small  
5 business, with an emphasis on federal, state, local, or private  
6 programs available to assist small businesses. Instruction shall be  
7 offered in major population centers throughout the state at times and  
8 locations that are convenient for minority and women small business  
9 owners.

10 (6)(a) Subject to the availability of amounts appropriated for  
11 this specific purpose, by December 1, 2010, the department, in  
12 conjunction with the small business development center, must prepare  
13 and present to the governor and appropriate legislative committees a  
14 specific, actionable plan to increase access to capital and technical  
15 assistance to small businesses and entrepreneurs beginning with the  
16 2011-2013 biennium. In developing the plan, the department and the  
17 center may consult with the Washington state microenterprise  
18 association, and with other government, nonprofit, and private  
19 organizations as necessary. The plan must identify:

20 (i) Existing sources of capital and technical assistance for  
21 small businesses and entrepreneurs;

22 (ii) Critical gaps and barriers to availability of capital and  
23 delivery of technical assistance to small businesses and  
24 entrepreneurs;

25 (iii) Workable solutions to filling the gaps and removing  
26 barriers identified in (a)(ii) of this subsection; and

27 (iv) The financial resources and statutory changes necessary to  
28 put the plan into effect beginning with the 2011-2013 biennium.

29 (b) With respect to increasing access to capital, the plan must  
30 identify specific, feasible sources of capital and practical  
31 mechanisms for expanding access to it.

32 (c) The department and the center must include, within the  
33 analysis and recommendations in (a) of this subsection, any specific  
34 gaps, barriers, and solutions related to rural and low-income  
35 communities and small manufacturers interested in exporting.

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