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**HOUSE BILL 1508**

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**State of Washington**

**69th Legislature**

**2025 Regular Session**

**By** Representatives Reeves, Parshley, and Springer

Read first time 01/22/25. Referred to Committee on Agriculture & Natural Resources.

1 AN ACT Relating to expanding revenue generation and economic  
2 opportunities from natural climate solutions and ecosystem services;  
3 amending RCW 79.02.010, 79.105.150, and 79.15.010; reenacting and  
4 amending RCW 79.64.110 and 79.22.050; adding a new chapter to Title  
5 79 RCW; and providing an expiration date.

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

7 NEW SECTION. **Sec. 1.** The definitions in this section apply  
8 throughout this chapter unless the context clearly requires  
9 otherwise.

10 (1) "Ecosystem service credit" means a predetermined and  
11 standardized unit that represents a measurable ecosystem service  
12 provided in the context of a payment for an ecosystem service  
13 project.

14 (2) "Ecosystem service marketplace" has the same meaning as  
15 "ecosystem services market" as defined in RCW 76.09.020.

16 (3) "Ecosystem service project broker" means an entity that  
17 facilitates the process of matching ecosystem service providers and  
18 purchasers of ecosystem service project credits. An ecosystem service  
19 project broker may sell or procure credits on their clients' behalf  
20 and provide financing and marketing expertise. Ecosystem service  
21 project brokers may also act as ecosystem service project developers.

1 (4) "Ecosystem service project developer" means an entity that  
2 sources and initiates ecosystem service projects on behalf of the  
3 ecosystem service provider including, but not limited to, by working  
4 with ecosystem service project standards and verification bodies,  
5 bearing financial risks of projects, and working with a network of  
6 distributors and retailers to deliver auditable ecosystem service  
7 project credits to a marketplace. An ecosystem service project  
8 developer may also act as an ecosystem service project broker.

9 (5) (a) "Ecosystem services" has the same meaning as defined in  
10 RCW 76.09.020.

11 (b) Examples of ecosystem services include, but are not limited  
12 to, carbon sequestration and storage projects that are consistent  
13 with the policies outlined in RCW 70A.45.090, air and water  
14 filtration, climate stabilization, and disturbance mitigation.

15 (6) "Payment for ecosystem service project" means a transaction  
16 within an ecosystem service marketplace that transfers financial  
17 incentives to ecosystem service providers that are conditional on the  
18 provision of the service. Project types include, but are not limited  
19 to, carbon offset projects.

20 NEW SECTION. **Sec. 2.** (1) The department is authorized to enter  
21 into contracts for payment for ecosystem service projects on public  
22 lands, consistent with this chapter and other relevant laws, on terms  
23 and conditions acceptable to the department, after approval by the  
24 board of natural resources, only for the purpose of generating  
25 additional revenue by providing ecosystem services. Any ecosystem  
26 service project on public lands:

27 (a) Must be limited to afforestation, reforestation, and aquatic  
28 projects;

29 (b) Must be consistent with the policies outlined in RCW  
30 70A.45.090;

31 (c) Must support the workforce development goals and investments  
32 made under RCW 76.04.521;

33 (d) May not be inconsistent with ongoing forest health planning  
34 efforts and investments such as expenditures from the wildfire  
35 response, forest restoration, and community resilience account  
36 created in RCW 76.04.511;

37 (e) Must result in an increase in revenue to beneficiaries as  
38 compared to expected revenue that may exist in absence of the  
39 underlying ecosystem service project; and

1 (f) May not limit or impair the exercise of tribal treaty and  
2 reserved rights, existing tribal access to lands managed by the  
3 department, or preexisting agreements between tribes and the  
4 department.

5 (2) The contract term under this section may represent the sale  
6 or lease of ecosystem service credits and may not last for a period  
7 of longer than 125 years. Proceeds from contracts for ecosystem  
8 services must be deposited into the appropriate account in the state  
9 treasury.

10 (3) The authority of the department to enter into a contract that  
11 results in payments for ecosystem service projects under subsection  
12 (1) of this section is conditional on any specific project being  
13 consistent with the department's management of the underlying public  
14 land for agriculture or commercial timber harvest and ensure the  
15 department meets its fiduciary responsibility to the state's trust  
16 beneficiaries. Any ecosystem service project, or the sum of all  
17 ecosystem service projects, may not prevent the department from  
18 managing state lands and state forestlands for sustained yield as  
19 required by RCW 79.10.310.

20 (4) The department may:

21 (a) Directly offer for sale ecosystem service credits, consistent  
22 with this section, with established compliance ecosystem service  
23 marketplaces or verifiable and established voluntary ecosystem  
24 service marketplace;

25 (b) Enter into contracts with ecosystem service project  
26 developers or brokers, through public auction or by direct  
27 negotiation, to bring ecosystem service credits to market. Contracts  
28 for ecosystem services are subject to approval by, and the rules  
29 adopted by, the board.

30 (5) Notice of intent to contract by negotiation must be published  
31 on the department's website. The notice must be published within the  
32 90 days preceding commencement of negotiations.

33 (6) The department is authorized to conduct any additional  
34 advertising that it determines to be in the best interest of the  
35 state.

36 (7) The department may enter into contracts or agreements with  
37 third-party ecosystem service project developers or brokers for  
38 purposes that include, but are not limited to, determining the  
39 feasibility of entering into a contract for a payment for an  
40 ecosystem service project, establishing a payment for an ecosystem

1 service project with an ecosystem service marketplace, and marketing  
2 and selling credits on an established ecosystem service marketplace.

3 (8) The department must provide a report to the board upon  
4 execution of a contract for a payment for an ecosystem service  
5 project that includes the term of the contract and projected  
6 revenues.

7 (9) (a) Before entering into the sale of ecosystem service credits  
8 under this section, the board must find that the conditions of this  
9 section are satisfied and approve contract terms and a minimum  
10 payment for ecosystem services that is valid for a period of 180  
11 days, or a longer period as may be established by resolution.

12 (b) Where the board has set a minimum payment for ecosystem  
13 service credits, the department may set the final payment for  
14 ecosystem service credits, which must be based on current market  
15 prices. The board may reestablish the minimum payment at any time.

16 NEW SECTION. **Sec. 3.** (1) By December 1, 2026, the department  
17 must submit a report to the office of financial management and the  
18 legislature, consistent with RCW 43.01.036, that includes information  
19 on payment for ecosystem service projects entered into or committed  
20 to by the department, including type of projects, number of acres  
21 involved, and projected revenues. The report must also include any  
22 challenges or barriers encountered by the department in the process  
23 of attempting to implement carbon offset or payment for ecosystem  
24 service projects and recommendations to address those challenges and  
25 barriers, including the operability of the carbon offset rules  
26 adopted under RCW 70A.65.170.

27 (2) This section expires June 30, 2027.

28 **Sec. 4.** RCW 79.02.010 and 2018 c 258 s 1 are each amended to  
29 read as follows:

30 The definitions in this section apply throughout this title  
31 unless the context clearly requires otherwise.

32 (1) "Aquatic lands" means all state-owned tidelands, shorelands,  
33 harbor areas, and the beds of navigable waters as defined in RCW  
34 79.105.060 that are administered by the department.

35 (2) "Board" means the board of natural resources.

36 (3) "Commissioner" means the commissioner of public lands.

37 (4) "Community and technical college forest reserve lands" means  
38 lands managed under RCW 79.02.420.

1 (5) "Community forest trust lands" means those lands acquired and  
2 managed under the provisions of chapter 79.155 RCW.

3 (6) "Department" means the department of natural resources.

4 (7) (a) "Forest biomass" means the by-products of: Current forest  
5 management activities; current forest protection treatments  
6 prescribed or permitted under chapter 76.04 RCW; or the by-products  
7 of forest health treatment prescribed or permitted under chapter  
8 76.06 RCW.

9 (b) "Forest biomass" does not include wood pieces that have been  
10 treated with chemical preservatives such as: Creosote,  
11 pentachlorophenol, or copper-chrome-arsenic; wood from existing old  
12 growth forests; wood required to be left on-site under chapter 76.09  
13 RCW, the state forest practices act; and implementing rules, and  
14 other legal and contractual requirements; or municipal solid waste.

15 (8) "Good neighbor agreement" means an agreement entered into  
16 between the state and the United States forest service or United  
17 States bureau of land management to conduct forestland, watershed,  
18 and rangeland restoration activities on federal lands, as originally  
19 authorized by the 2014 farm bill (P.L. 113-79).

20 (9) "Improvements" means anything considered a fixture in law  
21 placed upon or attached to lands administered by the department that  
22 has changed the value of the lands or any changes in the previous  
23 condition of the fixtures that changes the value of the lands.

24 (10) "Land bank lands" means lands acquired under RCW 79.19.020.

25 (11) "Person" means an individual, partnership, corporation,  
26 association, organization, cooperative, public or municipal  
27 corporation, or agency of a federal, state, or local governmental  
28 unit, however designated.

29 (12) "Public lands" means lands of the state of Washington  
30 administered by the department including but not limited to state  
31 lands, state forestlands, lands included in a state forestland pool,  
32 and aquatic lands.

33 (13) "State forestland pool" or "land pool" means state  
34 forestlands acquired and managed under RCW 79.22.140.

35 (14) "State forestlands" means lands acquired under RCW  
36 79.22.010, 79.22.040, and 79.22.020.

37 (15) "State lands" includes:

38 (a) School lands, that is, lands held in trust for the support of  
39 the common schools;

1 (b) University lands, that is, lands held in trust for university  
2 purposes;

3 (c) Agricultural college lands, that is, lands held in trust for  
4 the use and support of agricultural colleges;

5 (d) Scientific school lands, that is, lands held in trust for the  
6 establishment and maintenance of a scientific school;

7 (e) Normal school lands, that is, lands held in trust for state  
8 normal schools;

9 (f) Capitol building lands, that is, lands held in trust for the  
10 purpose of erecting public buildings at the state capital for  
11 legislative, executive, and judicial purposes;

12 (g) Institutional lands, that is, lands held in trust for state  
13 charitable, educational, penal, and reformatory institutions; and

14 (h) Land bank, escheat, donations, and all other lands, except  
15 aquatic lands, administered by the department that are not devoted to  
16 or reserved for a particular use by law.

17 (16) "Valuable materials" means any product or material on the  
18 lands, such as forest products, forage or agricultural crops, stone,  
19 gravel, sand, peat, and all other materials of value except: (a)  
20 Mineral, coal, petroleum, and gas as provided for under chapter 79.14  
21 RCW; ~~((and))~~ (b) forest biomass as provided for under chapter 79.150  
22 RCW; and (c) ecosystem services as provided for under chapter 79.---  
23 RCW (the new chapter created in section 9 of this act).

24 (17) "Ecosystem services" has the same meaning as defined in RCW  
25 76.09.020.

26 **Sec. 5.** RCW 79.64.110 and 2023 c 475 s 944 and 2023 c 383 s 8  
27 are each reenacted and amended to read as follows:

28 (1) Any moneys derived from the lease of state forestlands or  
29 from the sale of valuable materials, oils, gases, coal, minerals,  
30 ~~((or))~~ fossils, or contracts for payments for ecosystem service  
31 projects under chapter 79.--- RCW (the new chapter created in section  
32 9 of this act) from those lands, except as provided in RCW 79.64.130,  
33 or the appraised value of these resources when transferred to a  
34 public agency under RCW 79.22.060, must be distributed as follows:

35 (a) For state forestlands acquired through RCW 79.22.040 or by  
36 exchange or as replacement for lands acquired through RCW 79.22.040:

37 (i) The expense incurred by the state for administration,  
38 reforestation, and protection, not to exceed 25 percent, which rate  
39 of percentage shall be determined by the board, must be returned to

1 the forest development account created in RCW 79.64.100. During the  
2 2017-2019, 2019-2021, 2021-2023, and 2023-2025 fiscal biennia, the  
3 board may increase the 25 percent limitation up to 27 percent.

4 (ii) Any balance remaining must be paid to the county in which  
5 the land is located or, if the land acquired under RCW 79.22.040 was  
6 exchanged, transferred, or disposed, payment must be made to the  
7 county from which the land was exchanged, transferred, or disposed.  
8 For counties participating in a land pool created under RCW  
9 79.22.140, to each participating county proportionate to its  
10 contribution of asset value to the land pool as determined by the  
11 board. Payments made under this subsection are to be paid,  
12 distributed, and prorated to the various funds in the same manner as  
13 general taxes are paid and distributed during the year of payment.  
14 However, a county may in its discretion pay, distribute, and prorate  
15 payments made under this subsection of moneys derived from state  
16 forestlands acquired by exchange or as replacement lands, for lands  
17 acquired through RCW 79.22.040, in the same manner as general taxes  
18 are paid and distributed during the year of payment for the former  
19 state forestlands that were subject to the exchange.

20 (iii) Any balance remaining, paid to a county with a population  
21 of less than 16,000, must first be applied to the reduction of any  
22 indebtedness existing in the current expense fund of the county  
23 during the year of payment.

24 (iv) With regard to moneys remaining under this subsection  
25 (1)(a), within seven working days of receipt of these moneys, the  
26 department shall certify to the state treasurer the amounts to be  
27 distributed to the counties. The state treasurer shall distribute  
28 funds to the counties four times per month, with no more than 10 days  
29 between each payment date.

30 (b) For state forestlands acquired through RCW 79.22.010 or by  
31 exchange or as replacement lands for lands acquired through RCW  
32 79.22.010, except as provided in RCW 79.64.120:

33 (i) Fifty percent shall be placed in the forest development  
34 account.

35 (ii) Fifty percent shall be prorated and distributed to the state  
36 general fund, to be dedicated for the benefit of the public schools,  
37 to the county in which the land is located or, for counties  
38 participating in a land pool created under RCW 79.22.140, to each  
39 participating county proportionate to its contribution of asset value  
40 to the land pool as determined by the board, and according to the

1 relative proportions of tax levies of all taxing districts in the  
2 county. The portion to be distributed to the state general fund shall  
3 be based on the regular school levy rate under RCW 84.52.065 (1) and  
4 (2) and the levy rate for any school district enrichment levies. With  
5 regard to the portion to be distributed to the counties, the  
6 department shall certify to the state treasurer the amounts to be  
7 distributed within seven working days of receipt of the money. The  
8 state treasurer shall distribute funds to the counties four times per  
9 month, with no more than 10 days between each payment date. The money  
10 distributed to the county must be paid, distributed, and prorated to  
11 the various other funds in the same manner as general taxes are paid  
12 and distributed during the year of payment.

13 (2) A school district may transfer amounts deposited in its debt  
14 service fund pursuant to this section into its capital projects fund  
15 as authorized in RCW 28A.320.330.

16 **Sec. 6.** RCW 79.22.050 and 2003 c 334 s 220 and 2003 c 313 s 7  
17 are each reenacted and amended to read as follows:

18 (1) Except as provided in RCW 79.22.060, all land, acquired or  
19 designated by the department as state forestland, shall be forever  
20 reserved from sale, but the valuable materials thereon may be sold or  
21 the land may be leased in the same manner and for the same purposes  
22 as is authorized for state lands if the department finds such sale or  
23 lease to be in the best interests of the state and approves the terms  
24 and conditions thereof.

25 (2) Ecosystem services may be sold only if consistent with the  
26 conditions in chapter 79.--- RCW (the new chapter created in section  
27 9 of this act) and may not be sold if chapter 79.--- RCW (the new  
28 chapter created in section 9 of this act) does not appear in codified  
29 statute.

30 (3) In the event that the department sells logs using the  
31 contract harvesting process described in RCW 79.15.500 through  
32 79.15.530, the moneys received subject to this section are the net  
33 proceeds from the contract harvesting sale.

34 **Sec. 7.** RCW 79.105.150 and 2022 c 157 s 19 are each amended to  
35 read as follows:

36 (1) After deduction for management costs as provided in RCW  
37 79.64.040 and payments to towns under RCW 79.115.150(2), all moneys  
38 received by the state from the sale or lease of state-owned aquatic



1 lands (~~and~~), from the sale of valuable material from state-owned  
2 aquatic lands, and from the sale of ecosystem services under chapter  
3 79.--- RCW (the new chapter created in section 9 of this act), shall  
4 be deposited in the aquatic lands enhancement account which is hereby  
5 created in the state treasury. After appropriation, these funds shall  
6 be used solely for aquatic lands enhancement projects; for the  
7 purchase, improvement, or protection of aquatic lands for public  
8 purposes; for providing and improving access to the lands; and for  
9 volunteer cooperative fish and game projects. The aquatic lands  
10 enhancement account may be used to support the shellfish program, the  
11 ballast water program, hatcheries, the Puget Sound toxic sampling  
12 program and steelhead mortality research at the department of fish  
13 and wildlife, the knotweed program at the department of agriculture,  
14 actions at the University of Washington for reducing ocean  
15 acidification, which may include the creation of a center on ocean  
16 acidification, the Puget SoundCorps program, and support of the  
17 marine resource advisory council and the Washington coastal marine  
18 advisory council. During the 2017-2019 and 2019-2021 fiscal biennia,  
19 the legislature may transfer from the aquatic lands enhancement  
20 account to the geoduck aquaculture research account for research  
21 related to shellfish aquaculture. During the 2015-2017 fiscal  
22 biennium, the legislature may transfer moneys from the aquatic lands  
23 enhancement account to the marine resources stewardship trust  
24 account.

25 (2) In providing grants for aquatic lands enhancement projects,  
26 the recreation and conservation funding board shall:

27 (a) Require grant recipients to incorporate the environmental  
28 benefits of the project into their grant applications;

29 (b) Utilize the statement of environmental benefits,  
30 consideration, except as provided in RCW 79.105.610, of whether the  
31 applicant is a Puget Sound partner, as defined in RCW 90.71.010,  
32 whether a project is referenced in the action agenda developed by the  
33 Puget Sound partnership under RCW 90.71.310, and except as otherwise  
34 provided in RCW 79.105.630, and effective one calendar year following  
35 the development and statewide availability of urban forestry  
36 management plans and ordinances under RCW 76.15.090, whether the  
37 applicant is an entity that has been recognized, and what gradation  
38 of recognition was received, in the evergreen community designation  
39 program created in RCW 76.15.090 in its prioritization and selection  
40 process; and

1 (c) Develop appropriate outcome-focused performance measures to  
2 be used both for management and performance assessment of the grants.

3 (3) To the extent possible, the department should coordinate its  
4 performance measure system with other natural resource-related  
5 agencies as defined in RCW 43.41.270.

6 (4) The department shall consult with affected interest groups in  
7 implementing this section.

8 (5) Any project designed to address the restoration of Puget  
9 Sound may be funded under this chapter only if the project is not in  
10 conflict with the action agenda developed by the Puget Sound  
11 partnership under RCW 90.71.310.

12 **Sec. 8.** RCW 79.15.010 and 2003 c 334 s 331 are each amended to  
13 read as follows:

14 (1) Valuable materials situated upon state lands and state  
15 forestlands may be sold separate from the land, when in the judgment  
16 of the department, it is for the best interest of the state so to  
17 sell the same. The sale of any ecosystem services is limited to  
18 consistency with the conditions in chapter 79.--- RCW (the new  
19 chapter created in section 9 of this act) and may not be sold if  
20 chapter 79.--- RCW (the new chapter created in section 9 of this act)  
21 does not appear in codified statute.

22 (2) Sales of valuable materials from any university lands  
23 require:

24 (a) The consent of the board of regents of the University of  
25 Washington; or

26 (b) Legislative directive.

27 (3) When application is made for the purchase of any valuable  
28 materials, the department shall appraise the value of the valuable  
29 materials if the department determines it is in the best interest of  
30 the state to sell. No valuable materials shall be sold for less than  
31 the appraised value thereof.

32 NEW SECTION. **Sec. 9.** Sections 1 through 3 of this act  
33 constitute a new chapter in Title 79 RCW.

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