

SB 5688 | HB 1789

The Climate Commitment Act (CCA) recognizes that climate change is stressing landscapes, waterways, species, and communities across Washington and positions our state to be a leader in responding to this crisis.

Carbon offset and ecosystem service projects on state public lands are proactive ways to generate revenue for beneficiaries while addressing a rapidly changing climate. These exciting new revenue streams have the potential to provide economic, environmental, and social justice benefits for communities throughout our state.

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Leveraging Natural Climate Solutions and Ecosystem Services on Public Lands

Tapping into new revenue streams will boost local communities and increase the pace and scale of reforestation, forest health, avoided conversion, conservation, and habitat restoration on public lands, all of which are critical to keeping working forests working, supporting rural jobs and local economies, and meeting the state's climate goals.

As a manager of **nearly 6 million acres of forest, range, agricultural, aquatic, and commercial lands**, the Department of Natural Resources (DNR) is uniquely positioned to tap into emerging markets for carbon credits and other ecosystem services to generate revenue for beneficiaries and fund critical agency efforts, including reforestation, acquisition of working forest lands, and restoration and recovery of aquatic and riparian ecosystems.

This legislation gives DNR the ability to access private-sector revenue streams to fund critical natural resource investments, while simultaneously increasing revenues for beneficiaries and the state – reducing the need for taxpayer-funded investments. These new revenue streams will complement DNR's current operations, generate more funds for beneficiaries, and enable us to deepen our investments in the sustainable management of lands and waters for present and future generations. These projects also have significant co-benefits, including reducing wildfire risk, protecting state, private, and Tribal lands, and supporting rural jobs and local economies.

A key finding of the <u>Trust Land Performance Assessment</u> is that DNR should increase revenue opportunities and diversify the trust asset portfolio to more effectively fulfill our fiduciary responsibility to beneficiaries. With our portfolio of lands and waters, DNR should be leading the way by entering carbon projects, just as private landowners have already done. As new markets emerge, DNR should have the same ability as private industry to take advantage of opportunities to diversify and grow revenue streams for beneficiaries and the state.

Key objectives that DNR could achieve by monetizing natural climate solutions:

- Increase the reliable generation of revenue for beneficiaries and the state.
- Post-wildfire recovery and reforestation work, which is essential to reestablishing working forests and growing timber volume to be harvested in future years.
- Conservation and restoration of aquatic and riparian ecosystems to support habitat resilience and recovery for salmon and other threatened species.
- Acquiring working forest lands at risk of conversion. Forests would continue
 to be harvested as working forests, meaning that there would be dual revenue
 streams—carbon payments and timber harvest sales. Avoided conversion
 projects are also essential to reverse the current trend of permanent forest loss
 and to growing additional volume available for harvest.
- **Forest health treatments, including pre-commercial thinning,** that increase wildfire resilience, carbon storage capacity, and timber value of our forests.