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Recognizing the contributions of the state's forest products sector as part of the state's global climate response

Legislative Analysis HB 2528, Effective date 6/11/2020

Governor Inslee signed the <u>Forest Products Sector Carbon Bill</u> on March 25, 2020 which recognizes the private forest sector reduces Washington's annual carbon emission by 12%.

Recent University of Washington Research shows that the *private* forest products sector, is *Below Net Zero* - offsetting 12% of our state's carbon/greenhouse gas emissions.¹ In light of this study, private forest landowners teamed up with other parts of the forest products sector to request the bill that would become **E2SHB 2528**. This bill enshrines in statute that the state's private forest sector, and our current product mix reduces Washington state's carbon emissions by 12%. It charts state policy to recognize that fact in any future carbon polices.

The key takeaways from the legislation is the statutory codification of the following principles:

- The value of carbon sequestration in forests is only provided through the maintenance of an *intact and synergistic* industrial sector that is necessary for forestland owners to continue the rotational cycle of carbon capture and sequestration in growing trees and allows forest products manufacturers to store the captured carbon in wood products.
- Achieving the state's greenhouse gas reduction goals requires supporting, throughout all of state government, the *economic vitality* of the sustainable forest products sector, with specific direction to state agencies that any future state carbon programs must support and recognize the forest products industry's contribution to the state's climate response
- Recognition that *all forestry is beneficial* without choosing winners and losers in management by providing direction to *support working forests of all sizes, ownerships, and management objectives* (i.e. rotation lengths), and the necessary manufacturing sectors that support the transformation of stored carbon into long-lived forest products.
- Direction that the state will utilize carbon accounting land use, land use change, and forestry reporting principles consistent with established reporting guidelines; preempting any state-based carbon accounting protocol that may undervalue forest products.

Background: Washington state is viewed as a national leader in reducing greenhouse gas emissions to mitigate climate change. The state put a limit on carbon emissions in 2008 and set goals to reduce overall

¹ Ganguly, I.; Pierobon, F.; Sonne Hall, E. Global Warming Mitigating Role of Wood Products from Washington State's Private Forests. *Forests* 2020, *11*, 194.

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emissions 50% below 1990 levels, by 2050. Legislation in 2020 made these limits even more strict. Gov. Jay Inslee and the Washington Legislature have adopted a variety of regulations, programs, and initiatives designed to reduce greenhouse gas emissions, and coalitions have made two attempts to put a price on carbon through public initiative. However, few if any policies recognize the carbon mitigation contribution of the forest products industry.

In fact, many of the narrowly written policies create disincentives to investing in *growing trees and using wood* by not recognizing the entire industry's natural carbon mitigation role in our state's climate policies. Well-meaning proponents were surprised when landowners showed a disinterest in policies that provided incentives to grow longer rotations. What those proponents didn't understand was that incentivizing only one aspect of the industry, such as growing trees longer to absorb carbon, does not recognize carbon stored in wood products. It also ignores the impact on the supply chain, transportation, mills, markets, and individuals required to produce these timber products. This results in a disproportionate impact on rural natural resource communities. The forest products industry, as an economic sector, supports rural communities and more than 101,000 jobs across the state. As the number two lumber manufacturer in the nation, with the highest level of environmental regulation, Washington's forest products industry must be recognized as an undivided whole to fully realize its carbon mitigation contribution.

In 2006 the Clean Energy Initiative I-937 passed, requiring utilities to obtain 15% of their electricity from renewable resources, and in 2019, the Legislature passed a policy requiring the state's electric grid to be free of fossil fuel emissions by 2045. Legislation passed in 2008 that paved the way for forest products to become part of the state's renewable energy conversation.³

It also creates a structure from which future carbon policies can be built. It helps buffer against the sort of allegations seen in other states that holds forestry to be a net emitter of carbon and allows Washington forest landowners to assert policies that build on the premise that support of, and increases in, the forest products sector leads to greater climate benefits.

Washington's forest products industry pursued similar recognition for the carbon mitigation contribution of the forest products industry through HB 2528. This includes the network of planting, growing, harvesting, transporting, manufacturing, and disposing of forest derived building and consumer products.

The legislation is the start of a process and doesn't within itself contain any immediately actionable directives. However, much of state climate policy is administrative in nature. The agencies have been given discretion in how the state reaches the fossil fuel free energy mandate, how climate resiliency investments are spent, how the state Clean Air Act is implemented, and other critical decisions that could have unintentional, or intentional, effects on the forest products industry. This legislation guides those administrative processes and, at a minimum, creates legal and policy authority for any component of the forest products sector to point to in future advocacy efforts.

¹ (1)(a) The state shall limit emissions of greenhouse gases to achieve the following emission reductions for Washington state:

⁽i) By 2020, reduce overall emissions of greenhouse gases in the state to 1990 levels;

⁽ii) By 2035, reduce overall emissions of greenhouse gases in the state to 25% below 1990 levels;

⁽iii) By 2050, the state will do its part to reach global climate stabilization levels by reducing overall emissions to 50% below 1990 levels, or seventy percent below the state's expected emissions that year. RCW 70.235.020.

² Proposed ballot initiatives: I-732 in 2016 (carbon tax); I-1631 in 2018 (carbon fee).

³ "...emissions of carbon dioxide from industrial combustion of biomass in the form of fuel wood, wood waste, wood by-products, and wood residuals shall <u>not</u> be considered a greenhouse gas as long as the region's silvicultural sequestration capacity is maintained or increased, including forest-derived biomass. <u>RCW 70.235.020</u>.