

February 11, 2019

TO: Senator Michael Dembrow, Co-Chair, Joint Committee on Carbon Reduction
Representative Karin Power, Co-Chair, Joint Committee on Carbon Reduction
Senator Cliff Bentz, Co-Vice Chair, Joint Committee on Carbon Reduction
Representative David Brock Smith, Co-Vice Chair, Joint Committee on Carbon Reduction

FROM: Dylan Kruse, Director of Government Affairs, Sustainable Northwest

SUBJECT: Support for HB 2020

Sustainable Northwest supports HB 2020, which we believe provides the most practical and effective means for Oregon to immediately address the climate crisis, and for opportunities to invest in the health and productivity of our state's natural and working lands. Significant discussion to date has been dedicated to understanding the cost of action to implement HB 2020, yet current and projected costs of inaction merit an equal if not more significant review, particularly as it relates to the increasingly negative effects of climate change being experienced by Oregon's natural resources and related economic sectors:

- The 2018 wildfire season in Oregon was the most expensive on record (surpassing the previous record set in 2017), and cost more than \$500 million across all ownerships. Wildfire smoke exposure costs the U.S. between \$11 billion and \$20 billion per year, and more than 107,000 homes worth \$12.7 billion in Oregon are currently at risk from wildfire.
- Last summer over 90% of the state was under drought declaration, air quality in Oregon was classified as the worst in the world, and toxic algal blooms in public drinking water supplies are becoming increasingly common.
- These threats affect not only public health and safety, but pose significant risks to the long-term viability of Oregon's largest economic drivers. Collectively, Oregon's outdoor recreation industry, agricultural sector, recreational and commercial fishing enterprises, and forest products industry generate \$35 billion in annual economic impact and employ 300,000 people.

The value of natural and working lands to Oregon's environment, economy, and communities cannot be overstated; yet rising temperatures, wildfire, drought, reduced snowpack, and ocean acidification are placing them in significant jeopardy. Not only is carbon policy urgent to protect and maintain the resilience of these resources, but they can simultaneously serve as one of our most powerful tools to combat climate change. Farms, forests, ranches, and coastal lands can adopt practices that store carbon, improve productivity, and provide new revenue models and alternatives to the sale and development of these landscapes. All with voluntary incentives that are consistent with commercial production in sectors that are not covered by the program cap.

Recent research has shown that natural climate solutions can provide 37% of cost-effective greenhouse gas mitigation needed through 2030, while providing significant co-benefits. These are shovel ready projects that can maintain natural resources, contribute to climate change response, and increase the financial viability for of landowner operations, including:

- Forest and watershed restoration
- Wildfire reduction
- Improved irrigation and water conservation
- Carbon friendly farming and ranching
- Renewables and energy efficiency applications

HB 2020 promotes a diverse range of these tools and investments, including the establishment of offset protocols that can meet up to 8% of a covered entity's compliance obligations, as well as direct investment opportunities in landscape resilience, carbon sequestration, climate friendly commercial products, adaptation, and habitat enhancement.

These concepts and investment opportunities are proven and have been vetted for application in Oregon extensively over the past two years, most recently in the Natural and Working Lands Work Group coordinated by the Office of Carbon Policy. Recent polling of Oregonians has also shown overwhelming support for investments of carbon pricing revenues in these activities, with the highest priority on actions that reduce pollution in rivers, safeguard water supplies, restore forest health, and reduce wildfire risk.

Nonetheless, there are opportunities to improve the legislation to better harness our natural resources and maximize investments in projects that voters overwhelmingly prefer. In particular, we highly encourage the committee to make amendments that guarantee a dedicated percentage of program revenues are invested in practices on natural and working lands, similar to previous versions of the legislation. Doing so will provide greater certainty about the program to the public, achieve meaningful and long-lasting climate benefits, attract significant federal and private financial resources to leverage state investments, and facilitate partnerships with landowners. This certainty can be provided, while still maintaining legislative oversight and flexibility.

HB 2020 creates a cap-and-invest program that meets Oregon's needs to combat climate change, maintain state economic health, and ensure transparent governance. It also proposes critical investments that recognize the value of the state's rural and tribal communities and livelihoods, and the strategic advantages of our natural resources legacy. By strengthening and maximizing these investments, we can unlock the full potential of urban and rural communities to ensure climate adaptation and resiliency, achieve equity in program implementation, and maintain Oregon's unique values, resources, and landscapes for current and future generations.