

A-Engrossed
Senate Bill 530

Ordered by the Senate April 11
Including Senate Amendments dated April 11

Sponsored by Senator DEMBROW, Representative MARSH, Senator GOLDEN, Representative NERON; Senators CAMPOS, FREDERICK, MANNING JR, PATTERSON, TAYLOR, Representatives GAMBA, GOMBERG, HELM, HUDSON, PHAM K (Pre-session filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Establishes state policy regarding natural climate solutions.

Establishes Natural and Working Lands Fund and provides for transfer of moneys from fund to certain state agencies. Prescribes uses of moneys from fund and requires Oregon Global Warming Commission to report to legislature on uses of moneys from fund.

Directs State Department of Energy and commission to prepare inventory, baseline, activity-based metrics and community impact metrics for net carbon sequestration and storage in natural and working lands and establish carbon sequestration and storage goals.

Directs State Department of Energy, in coordination with commission, to study workforce training programs needed to support adoption of natural climate solutions and provide results to committees of Legislative Assembly related to environment no later than September 15, 2024.

Authorizes commission to appoint natural and working lands advisory committee.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to natural climate solutions; and prescribing an effective date.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. As used in sections 1 to 11 of this 2023 Act:**

5 (1) **“Biological carbon sequestration” means the removal of carbon from the atmosphere**
6 **by plants and microorganisms and storage of carbon dioxide in vegetation, such as**
7 **grasslands, marshes or forests, or in soils and oceans.**

8 (2) **“Climate resilience” means the capability to anticipate, prepare for, respond to and**
9 **recover from significant climate-related threats while minimizing damage to social well-**
10 **being, the economy and ecosystem functions.**

11 (3) **“Environmental justice community” has the meaning given that term in ORS 182.535.**

12 (4) **“Natural and working lands” means:**

13 (a) **Lands:**

14 (A) **Actively used by an agricultural owner or operator for an agricultural operation, in-**
15 **cluding but not limited to active engagement in farming or ranching;**

16 (B) **Producing forest products;**

17 (C) **Consisting of forests, woodlands, grasslands, sagebrush steppes, deserts, freshwater**
18 **and riparian systems, wetlands, coastal and estuarine areas or the submerged and**
19 **submersible lands within Oregon’s territorial sea and marine habitats associated with those**
20 **lands;**

21 (D) **That are privately owned and that are eligible for special assessment under ORS**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 **chapter 308A;**

2 **(E) Used for recreational purposes, including, but not limited to, parks, trails, greenbelts**
3 **and other similar open space lands; or**

4 **(F) Consisting of trees, other vegetation and soils in urban and near-urban areas, in-**
5 **cluding, but not limited to, urban watersheds, street trees, park trees, residential trees and**
6 **riparian habitats; and**

7 **(b) Lands described in paragraph (a) of this subsection that are:**

8 **(A) Held in trust by the United States for the benefit of any of the nine federally recog-**
9 **nized Indian tribes in this state;**

10 **(B) Held in trust by the United States for the benefit of individual members of any of the**
11 **nine federally recognized Indian tribes in this state;**

12 **(C) Within the boundaries of the reservation of any of the nine federally recognized In-**
13 **dian tribes in this state; or**

14 **(D) Otherwise owned or controlled by any of the nine federally recognized Indian tribes**
15 **in this state.**

16 **(5) “Natural climate solution” means an activity that enhances or protects net biological**
17 **carbon sequestration on natural and working lands, while maintaining or increasing**
18 **ecosystem resilience and human well-being.**

19 **SECTION 2. The Legislative Assembly declares that it is the policy of this state to:**

20 **(1) Implement strategies to advance natural climate solutions to mitigate the future im-**
21 **pacts of climate change.**

22 **(2) Invest in research to improve our understanding of:**

23 **(a) The effects of natural climate solutions on natural and working lands;**

24 **(b) The climate, ecosystem and carbon benefits of products from natural and working**
25 **lands;**

26 **(c) The contributions of natural climate solutions to reducing greenhouse gas emissions,**
27 **increasing net carbon sequestration and storage and strengthening climate resilience; and**

28 **(d) The cobenefits that communities and Indian tribes derive from natural climate sol-**
29 **utions.**

30 **(3) Incentivize and implement natural climate solutions by:**

31 **(a) Securing and leveraging federal and private investments in natural climate solutions**
32 **on natural and working lands;**

33 **(b) Prioritizing the use of existing programs;**

34 **(c) Ensuring equitable benefits of climate mitigation for environmental justice commu-**
35 **nities, landowners and land managers; and**

36 **(d) Ensuring that a diversity of landowners and managers are able to voluntarily partic-**
37 **ipate in incentive-based programs for natural climate solutions and climate resilience**
38 **through activities that may include, but are not limited to:**

39 **(A) Removing barriers for Indian tribes, environmental justice communities, landowners**
40 **and land managers to engage in natural climate solutions or access funding to support na-**
41 **tural climate solutions;**

42 **(B) Identifying resources to provide incentives to land managers interested in voluntarily**
43 **adopting practices that optimize natural climate solutions;**

44 **(C) Strengthening education, engagement and technical assistance efforts for land man-**
45 **agers, Indian tribes and environmental justice communities;**

1 (D) Providing financial assistance for Indian tribes, local governments or nongovern-
2 mental organizations for the purpose of entering into voluntary transactions with willing
3 landowners to acquire natural and working lands to enhance the local benefits of natural
4 climate solutions;

5 (E) Increasing and deploying natural climate solutions in and around our urban and built
6 environment; and

7 (F) Optimizing the social, health, ecological, climate resilience and economic benefits of
8 natural climate solutions, including:

9 (i) Reducing heat island effects;

10 (ii) Improving air quality;

11 (iii) Improving flood control;

12 (iv) Improving soil health and productivity;

13 (v) Improving wildfire resilience and community protection;

14 (vi) Improving drought resilience and response;

15 (vii) Improving stream health, wetland recovery and riparian functionality;

16 (viii) Protecting and recovering drinking watersheds for enhanced water quality and
17 quantity;

18 (ix) Maintaining or increasing short-term, mid-term and long-term fiber supplies;

19 (x) Maintaining or increasing food supplies;

20 (xi) Increasing the climate resilience of fish, wildlife and their habitats;

21 (xii) Improving protection for coastal communities from the impacts of storm surge; and

22 (xiii) Improving public health.

23 **SECTION 3.** (1) The Natural and Working Lands Fund is established in the State Treas-
24 ury, separate and distinct from the General Fund. Interest earned by the Natural and
25 Working Lands Fund shall be credited to the fund. Moneys in the Natural and Working
26 Lands Fund are continuously appropriated to the Oregon Watershed Enhancement Board for
27 the purpose of transferring moneys to the funds described in subsection (2) of this section
28 as directed by the Oregon Global Warming Commission under section 4 of this 2023 Act.

29 (2) The board shall annually transfer moneys in the Natural and Working Lands Fund to
30 the following funds in accordance with section 4 of this 2023 Act:

31 (a) The Agriculture Natural Climate Solutions Fund established under section 12 of this
32 2023 Act.

33 (b) The Forestry Natural Climate Solutions Fund established under section 13 of this 2023
34 Act.

35 (c) The Watershed Natural Climate Solutions Fund established under section 14 of this
36 2023 Act.

37 (d) The Fish and Wildlife Natural Climate Solutions Fund established under section 15
38 of this 2023 Act.

39 **SECTION 4.** (1)(a) The Oregon Global Warming Commission shall annually determine
40 amounts to be allocated from the Natural and Working Lands Fund. The commission shall
41 evaluate the following factors when determining amounts to allocate under this subsection:

42 (A) The expected ability of each agency to carry out programs or other activities under
43 this section; and

44 (B) The degree to which moneys allocated to the agency may be used to secure federal
45 funding or other sources of funding.

1 (b) Prior to determining the allocations under this subsection, the commission shall
2 consult with the State Department of Agriculture, the State Forestry Department, the State
3 Department of Fish and Wildlife and the Oregon Watershed Enhancement Board to deter-
4 mine each agency's proposed uses for moneys allocated from the Natural and Working Lands
5 Fund.

6 (c) In accordance with the provisions of ORS chapter 183, the commission may adopt
7 rules for determining the amount of allocations to agencies as provided in this subsection.

8 (2) The Oregon Watershed Enhancement Board shall transfer moneys under section 3
9 of this 2023 Act when directed to do so by the commission in the amounts determined by the
10 commission.

11 (3) The State Department of Agriculture, the State Forestry Department and the Oregon
12 Watershed Enhancement Board shall use moneys allocated from the Natural and Working
13 Lands Fund to establish and implement programs to:

14 (a) Provide incentives to help landowners, Indian tribes, land managers and environ-
15 mental justice communities adopt practices that support natural climate solutions; and

16 (b) Provide financial assistance for technical support for landowners, Indian tribes, land
17 managers and environmental justice communities for the adoption of natural climate sol-
18 utions.

19 (4) Of the moneys expended by each agency pursuant to subsection (3) of this section,
20 priority shall be given to expenditures for:

21 (a) Technical assistance to environmental justice communities or Indian tribes; and

22 (b) Incentives for programs or activities supported by an environmental justice commu-
23 nity or supported by a resolution of an Indian tribe, with priority given to those projects or
24 activities administered or proposed by an environmental justice community or an Indian
25 tribe.

26 (5) The State Department of Fish and Wildlife shall use moneys allocated from the Na-
27 tural and Working Lands Fund to promote natural climate solutions and mitigate the future
28 impacts of climate change by:

29 (a) Conducting research to understand:

30 (A) The effects of natural climate solutions on natural and working lands;

31 (B) The climate, ecosystem and carbon benefits of products from natural and working
32 lands;

33 (C) The contributions of natural climate solutions to reducing greenhouse gas emissions,
34 increasing net carbon sequestration and storage and strengthening climate resilience; and

35 (D) The cobenefits to communities and Indian tribes that derive from natural climate
36 solutions.

37 (b)(A) Relying on existing programs where possible, securing federal matching funds or
38 other sources of funding to support investments in natural climate solutions on natural and
39 working lands.

40 (B) In carrying out this paragraph, the department shall ensure the benefits of natural
41 climate solutions are equitably distributed among landowners, Indian tribes, land managers
42 and environmental justice communities.

43 (6) The State Department of Agriculture, the State Forestry Department, the State De-
44 partment of Fish and Wildlife and the Oregon Watershed Enhancement Board, in consulta-
45 tion with the Oregon Global Warming Commission, may adopt rules as necessary to carry

1 out the programs described in this section. Rules adopted by agencies administering pro-
2 grams for financial assistance or incentives may include, but need not be limited to, rules
3 establishing application procedures, eligibility criteria, maximum amounts for individual
4 grant awards and reporting requirements for grant recipients.

5 (7) The Oregon Global Warming Commission, the State Department of Agriculture, the
6 State Forestry Department, the State Department of Fish and Wildlife and the Oregon
7 Watershed Enhancement Board shall jointly:

8 (a) Coordinate, to the maximum extent practicable, on the development and implemen-
9 tation of programs and activities related to natural climate solutions to reduce duplication
10 and overlapping or redundant efforts;

11 (b) Review, at regular intervals, progress made in implementing natural climate solutions
12 and barriers to future implementation;

13 (c) Identify opportunities for cross-agency coordination on natural climate solutions; and

14 (d) Identify opportunities for leveraging natural climate solution capacities across agen-
15 cies.

16 (8) The Oregon Global Warming Commission shall provide a summary of the uses of the
17 Natural and Working Lands Fund, and identify additional funding needs, in a report to the
18 committees of the Legislative Assembly related to the environment, in the manner provided
19 by ORS 192.245, no later than September 15 of each year.

20 (9) The State Department of Energy shall provide staff support to the commission for the
21 purpose of carrying out the commission's responsibilities under this section. The department
22 may contract with a third party to provide staff support services described in this sub-
23 section.

24 **SECTION 5.** (1) No later than December 1 of each even-numbered year, the Oregon Global
25 Warming Commission, in consultation with the State Department of Energy, the State De-
26 partment of Agriculture, the State Forestry Department, the State Department of Fish and
27 Wildlife and the Oregon Watershed Enhancement Board, shall submit a report, in the man-
28 ner provided by ORS 192.245, to the interim committees of the Legislative Assembly related
29 to the environment and the Governor. The report shall include:

30 (a) A list of projects funded by the Natural and Working Lands Fund during the previous
31 24 months and the amount expended for each project.

32 (b) A summary of state, federal and private sources of funding for natural climate sol-
33 utions projects funded by the Natural and Working Lands Fund established under section 3
34 of this 2023 Act.

35 (c) An assessment of projects described in paragraphs (a) and (b) of this subsection in
36 light of the baseline and metrics adopted under section 6 of this 2023 Act.

37 (d) A list of projects, grants or other activities that are planned for the upcoming cal-
38 endar year.

39 (e) A list of projects deployed in environmental justice communities.

40 (2) Before finalizing the report under subsection (1) of this section, the commission shall
41 solicit public comment on the report and include a summary of comments received in the
42 final version of the report submitted to the Legislative Assembly and Governor.

43 (3) The State Department of Energy shall provide staff support to the commission for the
44 purpose of preparing the report under this section. The department may contract with a
45 third party to provide staff support services described in this subsection.

1 **SECTION 6.** (1) The State Department of Energy and the Oregon Global Warming Com-
2 mission shall, in coordination with the State Forestry Department, the State Department of
3 Agriculture, the State Department of Fish and Wildlife, the Oregon Watershed Enhancement
4 Board the Department of State Lands, the State Parks and Recreation Department and the
5 Department of Land Conservation and Development, and in consultation with relevant fed-
6 eral agencies, establish and maintain:

7 (a) A net biological carbon sequestration and storage baseline for natural and working
8 lands;

9 (b) Activity-based metrics in accordance with subsection (3) of this section; and

10 (c) Community impact metrics in accordance with subsection (4) of this section.

11 (2) The net biological carbon sequestration and storage baseline may use 1990 as a
12 baseline year if the department determines that there is adequate information to support
13 setting the baseline at that year.

14 (3) Activity-based metrics shall be used to evaluate progress toward increasing net bi-
15 ological carbon sequestration and storage in natural and working lands, as measured against
16 the net carbon sequestration and storage baseline. Activity-based metrics may include, but
17 need not be limited to, acres of lands for which certain management practices have been
18 adopted.

19 (4) Community impact metrics shall be used to evaluate the positive and negative effects,
20 over time, of strategies for net biological carbon sequestration and storage in natural and
21 working lands on landowners, land managers and communities. Community impact metrics
22 may include, but need not be limited to:

23 (a) Metrics to measure the effects of net biological carbon sequestration and storage
24 strategies on jobs, local economies, environmental integrity and public health; and

25 (b) Metrics to evaluate the accessibility of a diverse range of landowners to net biological
26 carbon sequestration and storage programs.

27 (5) Before finalizing the net biological carbon sequestration and storage baseline,
28 activity-based metrics and community impact metrics, the State Department of Energy and
29 the commission shall make draft versions publicly available and receive comments from the
30 public, state agencies and the advisory committee established under section 10 of this 2023
31 Act.

32 (6) The State Department of Energy and the Oregon Global Warming Commission, in
33 consultation with the State Forestry Department, the State Department of Agriculture, the
34 Oregon Watershed Enhancement Board, the State Department of Fish and Wildlife, shall,
35 no later than January 1, 2025, establish nonbinding biological carbon sequestration and stor-
36 age goals for Oregon's natural and working lands and update those goals as new information
37 becomes available.

38 (7) The State Department of Energy may contract with a third party to assist the de-
39 partment in performing its duties under this section.

40 **SECTION 7.** (1) The State Department of Energy and the Oregon Global Warming Com-
41 mission, in coordination with the State Forestry Department, the State Department of Ag-
42 riculture, the Oregon Watershed Enhancement Board, the Department of State Lands, the
43 Department of Land Conservation and Development and federal land management partners,
44 shall develop a natural and working lands net biological carbon sequestration and storage
45 inventory. The inventory must:

1 (a) Be based on the best available field-based and remote sensing data on biological car-
2 bon sequestration;

3 (b) To the greatest extent possible, be developed using methods consistent with methods
4 used to assess greenhouse gas fluxes related to land use, land change and forestry for the
5 United States Environmental Protection Agency's Inventory of U.S. Greenhouse Gas Emis-
6 sions and Sinks; and

7 (c) Where feasible, utilize information from the environmental justice mapping tool de-
8 veloped under section 12, chapter 58, Oregon Laws 2022.

9 (2) Before finalizing the inventory, the State Department of Energy and the commission
10 shall make a draft version publicly available and receive comments from the public, state
11 agencies and the advisory committee established under section 10 of this 2023 Act.

12 (3) The State Department of Energy shall update the inventory and submit a report de-
13 scribing the inventory to the Oregon Global Warming Commission no later than December
14 1 of each even-numbered year.

15 (4) The State Department of Energy may contract with a third party to assist the de-
16 partment in performing its duties under this section.

17 **SECTION 8.** (1) The State Department of Energy, in coordination with the Oregon Global
18 Warming Commission, shall study the workforce and training programs needed to support
19 adoption of natural climate solutions on natural and working lands.

20 (2) The department shall provide the results of the study, and may include recommen-
21 dations for legislation, in a report to the committees of the Legislative Assembly related to
22 the environment, in the manner provided under ORS 192.245, no later than September 15,
23 2024.

24 (3) The department may contract with a third party to assist the department in per-
25 forming its duties under this section.

26 **SECTION 9.** Section 8 of this 2023 Act is repealed on January 2, 2025.

27 **SECTION 10.** (1) The Oregon Global Warming Commission may appoint a natural and
28 working lands advisory committee to advise the commission in the performance of the
29 commission's duties under sections 1 to 11 of this 2023 Act. The commission shall seek rec-
30 ommendations for committee members from industry and advocacy associations where ap-
31 propriate.

32 (2) The advisory committee shall consist of at least 15 members appointed as follows:

33 (a) One member with expertise in tribal culture, customs and government;

34 (b) One local government representative from a county whose primary economic activity
35 is derived from the agriculture, forestry, fishing and hunting industries, as described by code
36 11 of the North American Industry Classification System;

37 (c) One member with expertise in urban forestry or parks management;

38 (d) Three members with experience in forestry or forest products, including one member
39 who is a private forest landowner with less than 5,000 acres of forestland;

40 (e) Two members with expertise in agriculture, including one member who owns a small
41 family farming operation;

42 (f) One member with expertise in livestock;

43 (g) One member with expertise in blue carbon;

44 (h) One member with expertise in environmental justice;

45 (i) Two members with expertise in conservation or environmental management; and

1 (j) Two members with expertise in landowner technical assistance.

2 (3) The commission may appoint additional members as needed to provide additional ex-
3 pertise or represent other interests.

4 (4) The State Department of Energy shall provide staff support for the advisory com-
5 mittee. The department may contract with a third party to provide staff support services
6 under this subsection.

7 **SECTION 11.** The Oregon Global Warming Commission shall establish a process for con-
8 sultation with representatives of federally recognized Indian tribes in this state to advise the
9 commission on the performance of its duties under sections 1 to 11 of this 2023 Act, including
10 the identification of opportunities to support indigenous practices and knowledge from tribal
11 nations to sequester and store carbon on natural and working lands.

12 **SECTION 12.** (1) The Agriculture Natural Climate Solutions Fund is established in the
13 State Treasury, separate and distinct from the General Fund. Interest earned by the Agri-
14 culture Natural Climate Solutions Fund shall be credited to the fund. Moneys in the fund are
15 continuously appropriated to State Department of Agriculture to:

16 (a) Carry out the provisions of section 4 (3) of this 2023 Act; and

17 (b) For the administrative expenses of the department in implementing section 4 of this
18 2023 Act, except that no more than 10 percent of moneys may be used for administrative
19 expenses.

20 (2) The Agriculture Natural Climate Solutions Fund consists of moneys transferred to
21 the fund under section 3 of this 2023 Act.

22 **SECTION 13.** (1) The Forestry Natural Climate Solutions Fund is established in the State
23 Treasury, separate and distinct from the General Fund. Interest earned by the Forestry
24 Natural Climate Solutions Fund shall be credited to the fund. Moneys in the fund are con-
25 tinuously appropriated to the State Forestry Department to:

26 (a) Carry out the provisions of section 4 (3) of this 2023 Act; and

27 (b) For the administrative expenses of the department in implementing section 4 of this
28 2023 Act, except that no more than 10 percent of moneys may be used for administrative
29 expenses.

30 (2) The Forestry Natural Climate Solutions Fund consists of moneys transferred to the
31 fund under section 3 of this 2023 Act.

32 **SECTION 14.** (1) The Watershed Natural Climate Solutions Fund is established in the
33 State Treasury, separate and distinct from the General Fund. Interest earned by the
34 Watershed Natural Climate Solutions Fund shall be credited to the fund. Moneys in the fund
35 are continuously appropriated to the Oregon Watershed Enhancement Board to:

36 (a) Carry out the provisions of section 4 (3) of this 2023 Act; and

37 (b) For the administrative expenses of the board in implementing section 4 of this 2023
38 Act, except that no more than 10 percent of moneys may be used for administrative ex-
39 penses.

40 (2) The Watershed Natural Climate Solutions Fund consists of moneys transferred to the
41 fund under section 3 of this 2023 Act.

42 **SECTION 15.** (1) The Fish and Wildlife Natural Climate Solutions Fund is established in
43 the State Treasury, separate and distinct from the General Fund. Interest earned by the Fish
44 and Wildlife Natural Climate Solutions Fund shall be credited to the fund. Moneys in the fund
45 are continuously appropriated to the State Department of Fish and Wildlife to:

1 **(a) Carry out the provisions of section 4 (5) of this 2023 Act; and**

2 **(b) For the administrative expenses of the department in implementing section 4 of this**
3 **2023 Act, except that no more than 10 percent of moneys may be used for administrative**
4 **expenses.**

5 **(2) The Fish and Wildlife Natural Climate Solutions Fund consists of moneys transferred**
6 **to the fund under section 3 of this 2023 Act.**

7 **SECTION 16. This 2023 Act takes effect on the 91st day after the date on which the 2023**
8 **regular session of the Eighty-second Legislative Assembly adjourns sine die.**

9
