



CAPITALIZING ON ECOSYSTEM SERVICES TO DIVERSIFY AGENCY REVENUE

DNR NEEDS AUTHORITY TO ENTER MARKETS AND ADD NEW TRUST REVENUES



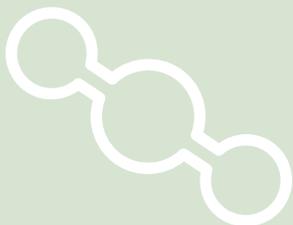
SB TBD | HB TBD



MARKET ANALYSIS & NEAR TERM POTENTIAL

In 2024, the state legislature instructed the Washington State Department of Natural Resources (DNR) through a legislative proviso (ESSB 5187) to assemble a panel of experts to develop an ecosystem services inventory and asset plan.

This broad-based panel studied DNR's assets and these markets for over a year. [It delivered its report](#), which found DNR's lands could produce new revenue from ecosystem services, in August 2025. The panel also determined that avoided wildfire emissions, regulatory and voluntary carbon, and water quantity markets show the most near-term potential for DNR and our trust beneficiaries.



ECOSYSTEM SERVICES ARE BENEFITS NATURAL SYSTEMS PROVIDE

like clean water, air purification, carbon sequestration, flood regulation, pollination, recreation, tourism, aesthetic value, cultural heritage, soil formation, nutrient cycling, and habitat. Emerging markets make it possible for them to also provide revenue for Washington's schools and communities.

DNR currently has authority to lease state lands for ecosystem services, but **lacks the authority to directly sell ecosystem service credits** to generate revenue and capitalize on potential earnings. The agency now seeks similar authority as private industry to enter carbon markets to support beneficiaries and the state.

With expanded authority, DNR will be able to create new revenue streams that complement its current operations and generate more funds for beneficiaries and invest back into the management of our lands and waters:

- Carbon projects can **fund reforestation post-wildfire**, which will lead to **quicker, more robust reestablishment of forests**.
- Conservation and restoration of aquatic ecosystems** represent opportunities for highly valued blue carbon projects which can yield prices of \$35 per credit and could mean significant revenue to **support salmon recovery**.
- The agency could receive funding through carbon projects that would **offset the cost of acquiring working forest lands at risk of conversion** in order to keep them working.
- Funding for the acquisition and maintenance of forests for natural areas** which would provide an opportunity for natural areas to generate revenue.

AS A MANAGER OF 5.6 MILLION ACRES

of state lands and waters, the Department of Natural Resources (DNR) is well positioned to generate revenue for beneficiaries through carbon offset or payment for ecosystem service projects.

A 2021 Deloitte* review of agency assets found DNR was over-leveraged in forestry and should diversify its sources of revenue. Ecosystem Services markets can help DNR conserve Washington's most ecologically valuable forests while solidifying revenue for its trust beneficiaries.

QUESTIONS? PLEASE CONTACT:

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