

SPONSOR STATEMENT

House Bill 196

“An Act relating to carbon sequestration; and providing for an effective date.”

This bill provides the basis for Alaska’s participation in the growing global market for carbon sequestration credits – a market that could provide the state upwards of \$450 million in revenue (based on extrapolations from current trading).

Carbon sequestration is the use of measures that increase the retention of carbon in the land or the oceans with the effect of offsetting carbon dioxide emissions from other sources. In order to offset carbon production, carbon producers can use carbon sequestration measures as a mitigation method. These measures translate into credits. Consequently, a new commodity market has evolved.

The bill responds to increased interest in slowing or reducing the levels of carbon dioxide and other greenhouse gases in the atmosphere. International agreements such as the Kyoto Protocol establish a limit on the amount of carbon that can be emitted into the atmosphere. Even if the U.S. does not sign the Protocol, in order to conduct business with signatory countries, U.S. companies will need to either reduce their carbon emissions below the baseline established in the Kyoto Protocol or obtain carbon sequestration credits to offset the amount that exceeds the established level.

Agricultural, forest and soil management practices and restoration of degraded habitat and wetlands have the potential to increase carbon sequestration on land. With Alaska’s large land base and forested areas, the state could substantially profit from carbon sequestration credit trading.

The state must answer many questions before Alaska can enter the carbon credit market. This bill directs the Commissioner of the Department of Natural Resources to investigate and report to the legislature on the potential and the means for the state’s participation. An advisory committee is established to assist the commissioner in developing the report. The process is modeled on legislation enacted in Idaho and Nebraska.

Though the carbon credit market is growing, it is a limited market. If Alaska fails to prepare now, we may miss this unique opportunity - and miss out on millions in revenue.

For more information:

http://www.fe.doe.gov/coal_power/sequestration/sequestration_terrestrial.shtml
<http://www.carbon.unl.edu/carbunde.htm>