

The House Committee on Natural Resources and Environment offers the following substitute to HB 1015:

A BILL TO BE ENTITLED
AN ACT

1 To amend Article 5 of Chapter 6 of Title 12 of the Official Code of Georgia Annotated,
2 relating to the Georgia Carbon Sequestration Registry, so as to provide for the inclusion of
3 building products in construction on the registry; to revise definitions; to allow participants
4 in the registry to voluntarily record the utilization of carbon sequestration; to provide for an
5 advisory committee; to provide for certified third-party organizations to measure the amount
6 of carbon sequestered from building materials that sequester carbon dioxide; to require the
7 State Forestry Commission to publish a list of certified organizations; to provide for related
8 matters; to repeal conflicting laws; and for other purposes.

9 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

10 **SECTION 1.**

11 Article 5 of Chapter 6 of Title 12 of the Official Code of Georgia Annotated, relating to the
12 Georgia Carbon Sequestration Registry, is amended as follows:

13 "ARTICLE 5

14 12-6-220.

15 This article shall be known and may be cited as the 'Georgia Carbon Sequestration Registry
16 Act.'

17 12-6-221.

18 As used in this article, the term:

19 (1) 'Carbon sequestration results' means the participant's applicable data on the removal
20 of carbon dioxide from the atmosphere by sinks resulting from:

21 (A) Direct ~~human-induced~~ human induced land use change or forestry activities in this
22 state;

- 23 (B) Additional ~~human-induced~~ human induced activities in this state related to removal
 24 by sinks in land use change and forestry categories;
- 25 (C) Additional ~~human-induced~~ human induced activities in this state related to removal
 26 by sinks in agricultural soils;
- 27 (D) Additional ~~human-induced~~ human induced activities in this state related to
 28 removals by sinks in products in use from harvested timber or agricultural crops; ~~and~~
- 29 (E) Other ~~human-induced~~ human induced activities in this state related to removals by
 30 sinks; and
- 31 (F) Utilization of building products in construction that sequester carbon dioxide.
- 32 (2) 'Certification' means the determination of whether a given participant's carbon
 33 sequestration result has met a minimum quality standard and complied with an
 34 appropriate set of approved procedures and protocols for submitting carbon sequestration
 35 information.
- 36 (3) 'Commission' means the State Forestry Commission.
- 37 (4) 'Director' means the director of the State Forestry Commission.
- 38 (5) 'Forest' means lands that support, or can support, at least 10 percent tree canopy cover
 39 and that allow for management of one or more forest resources including but not limited
 40 to timber, fish and wildlife, biodiversity, water quality, air quality, soil conservation,
 41 recreation, aesthetics, or other benefits.
- 42 (6) 'Greenhouse gases' means carbon dioxide, methane, nitrous oxide,
 43 hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride.
- 44 (7) 'Native forest' means a forest type, natural or artificially regenerated, composed of
 45 any one or more tree species identified as native to this state in G. Norman Bishop, *Native*
 46 *Trees of Georgia* (Georgia State Forestry Commission 2000 revised edition), including
 47 without limitation improved stock of such tree species developed through breeding
 48 programs.
- 49 (8) 'Participant' or 'registry participant' means a registrant of carbon sequestration results
 50 with the registry.
- 51 (9) 'Registry' means the Georgia Carbon Sequestration Registry provided for by this
 52 article.
- 53 (10) 'Sink' means an ecosystem or crop or product thereof, including building materials,
 54 that absorbs or has absorbed carbon, thereby removing it from the atmosphere and
 55 offsetting emissions of carbon dioxide.

56 12-6-222.

- 57 (a)(1) The commission shall establish a Georgia Carbon Sequestration Registry, which
 58 shall be in operation not later than one year after the effective date of this article.

59 (2) The commission may contract with the Georgia Superior Court Clerks' Cooperative
60 Authority to develop and implement a state-wide uniform automated electronic
61 information system for purposes of the registry.

62 (b) After its establishment, the state-wide uniform automated electronic information
63 system for purposes of the registry shall be maintained by the Georgia Superior Court
64 Clerks' Cooperative Authority or its designated agent in accordance with Code Section
65 15-6-97.2.

66 12-6-223.

67 The purpose of the Georgia Carbon Sequestration Registry shall be to do all of the
68 following:

69 (1) Encourage voluntary actions to reduce greenhouse gas emissions, including, but not
70 limited to, the construction of buildings made out of materials that sequester carbon
71 dioxide;

72 (2) Enable participants to voluntarily record carbon sequestrations made after January 1,
73 1990, or such other beginning date as may be established by rule or regulation of the
74 commission, in a consistent format that is certified;

75 (3) Ensure that sources in the state receive appropriate consideration for certified carbon
76 sequestration results under any future federal or international regulatory regime relating
77 to greenhouse gas emissions;

78 (4) Recognize, publicize, and promote participants in the registry; and

79 (5) Recruit broad participation in the process from all economic sectors and regions of
80 the state.

81 12-6-224.

82 For purposes of the registry, the commission shall:

83 (1)(A) Adopt rules or regulations specifying acceptable types of carbon sequestration
84 results consistent with paragraph (1) of Code Section 12-6-221 and this paragraph and
85 providing procedures and protocols for the monitoring, estimating, calculating,
86 reporting, and certification of carbon sequestration results for purposes of participation
87 in the registry.

88 (B) Procedures and protocols relative to forestry activities that are reported as a
89 participant's carbon sequestration results under subparagraph (A) of paragraph (1) of
90 Code Section 12-6-221 shall require, at a minimum, that those forestry activities meet
91 the following criteria in order to be reported as any part of a participant's carbon
92 sequestration results:

93 (i) Forestry activities shall be based on forest management practices within a defined
 94 project area that meet or exceed *Georgia's Best Management Practices for Forestry*
 95 as published by the commission and that are not the subject of any ongoing
 96 remediation or penalty pursuant to judicial or administrative judgment or order for
 97 violation of any applicable requirements of federal, state, or local land use laws,
 98 regulations, or ordinances. Best management practices and federal, state, or local land
 99 use laws, regulations, or ordinances shall be those in effect each time a participant
 100 registers a defined project area in the registry;

101 (ii) Forestry activities reported as carbon sequestration results shall reflect the amount
 102 of time that net carbon gains are stored; and

103 (iii) Forestry activities shall maintain and promote native forests.

104 (C) Procedures and protocols relative to sinks in agricultural soils that are reported as
 105 a participant's carbon sequestration results under subparagraph (C) of paragraph (1) of
 106 Code Section 12-6-221 shall be adopted by the commission in accordance with the
 107 recommendation of the Commissioner of Agriculture.

108 (D) The commission shall consider the availability and suitability of simplified
 109 techniques and tools when adopting procedures and protocols for the certification of
 110 carbon sequestration results.

111 (E) The procedures and protocols adopted by the commission shall include a uniform
 112 format for reporting carbon sequestration results to facilitate their recognition in any
 113 future regulatory regime;

114 (2) Qualify third-party organizations that have the capability to certify reported baseline
 115 carbon sequestration results and that are capable of certifying the participant reported
 116 results as provided in this article; and

117 (3) Encourage organizations and individuals from various sectors of the state's economy,
 118 and those from various geographic regions of the state, to report carbon sequestration
 119 results.

120 12-6-224.1.

121 (a) The director shall establish the Sustainable Building Material Carbon Sequestration
 122 Technical Advisory Committee. The advisory committee shall consist of:

123 (1) One representative from the Georgia Institute of Technology with expertise in
 124 engineering and architecture;

125 (2) One representative with extensive knowledge of and expertise in the Georgia State
 126 Minimum Standard Codes;

127 (3) One representative who is a real estate developer or builder;

- 128 (4) One representative who works in the field of or has expertise in carbon credit
129 markets; and
- 130 (5) Up to three at-large representatives.
- 131 (b) The director shall determine the chairperson of the committee.
- 132 (c) Prior to the first meeting of the advisory committee, the director shall hold a listening
133 session open to members of the public for the purpose of seeking external input on the rules
134 for the Georgia Carbon Sequestration Registry for building materials.
- 135 (d) The advisory committee shall serve the director in an advisory capacity in the
136 rule-making process for the establishment of a baseline from which carbon sequestration
137 of building materials shall be measured.
- 138 (e) A primary objective of the advisory committee shall be to ensure the interoperability,
139 general alignment, and compatibility of credits derived from the carbon sequestration of
140 building materials with global carbon credit and offset markets.
- 141 (f) The chairperson shall be responsible for calling all meetings of the advisory committee.
142 The committee may conduct such meetings at such places and at such times as it may deem
143 necessary and convenient to enable it to exercise fully and effectively its powers, perform
144 its duties, and accomplish the objectives and purposes of this article.
- 145 (g) A majority of the voting members of the advisory committee shall constitute a quorum.
146 The committee shall take no action except by affirmative vote of the majority of those
147 present and voting.
- 148 (h) Any vacancies on the advisory committee shall be filled in the same manner as the
149 original appointment.
- 150 (i) Any member of the committee who, during his or her term of appointment, ceases to
151 meet the qualifications required for the original appointment shall be immediately removed
152 from his or her office.
- 153 (j) The advisory committee shall stand abolished no later than one year from the date upon
154 which the first meeting of the committee takes place. The committee may be reestablished,
155 at the calling of the director, within five years of its creation in order to make
156 recommendations to the director for updating or amending the rules and regulations of the
157 commission. The director shall appoint new members to the reestablished committee in
158 accordance with subsection (a) of this Code section.
- 159 (k) Appointed members of the advisory committee shall receive a daily expense allowance
160 in an amount the same as that specified in subsection (b) of Code Section 45-7-21, as well
161 as the mileage or transportation allowance authorized for state employees.

162 12-6-225.

163 The procedures and protocols for monitoring, estimating, calculating, reporting, and
164 certifying carbon sequestration results established by, or approved pursuant to, this article
165 shall be the only procedures and protocols recognized by the state for the purposes of the
166 registry as described in Code Section 12-6-223.

167 12-6-226.

168 Procedures and protocols adopted pursuant to subparagraph (B) of paragraph (1) of Code
169 Section 12-6-224 shall not be interpreted or construed as a condition for any lease, permit,
170 license, certificate, or other entitlement for an ongoing use of forest land.

171 12-6-227.

172 Participation in the registry shall be voluntary, and participants may withdraw at any time.

173 12-6-228.

174 (a)~~(1)~~ Participants shall initially report their certified carbon sequestration results for the
175 most recent year for which they have complete data as specified in this article. This shall
176 include sequestration of carbon dioxide from standing trees. ~~Participants that have~~
177 ~~complete data for earlier years that can be certified may establish their baseline as any~~
178 ~~year beginning on or after January 1, 1990, or such other beginning date as may be~~
179 ~~established by rule or regulation of the commission.~~ After establishing baseline results,
180 participants shall report their certified carbon sequestration results in each subsequent
181 year in order to show changes with respect to their baseline year. Participants may report
182 carbon sequestration results without establishing a baseline for such results or for
183 emissions. Certified carbon sequestration results reported to the registry by a participant
184 shall be credited in carbon mass units to an account established for the participant in the
185 registry.

186 (2) For the reporting of carbon sequestration results arising from the utilization of
187 building materials that sequester carbon, upon completion of the project, developers shall
188 seek the review of a certified third-party organization that will measure the amount of
189 carbon sequestered from building materials that sequester carbon dioxide from a baseline
190 of standard buildings established by the advisory committee. The commission shall
191 publish and maintain a list of approved certified third-party organizations. Only projects
192 that have been completed after January 1, 2019, shall be considered. After such projects
193 have been verified and validated by a certified third-party organization, the director shall
194 be authorized to determine, charge, and retain an administrative fee from developers for

195 awarding carbon credits to provide for the cost of administering the provisions of this
196 article.

197 (b)(1) Registry credits for certified carbon sequestration results may be sold, purchased,
198 or otherwise transferred in whole or in part without any regard to or effect on or being
199 affected by ownership of other personal property or any real property, and such credits
200 may be retained in whole or in part without any regard to or effect on or being affected
201 by any sale, purchase, or other transfer of other personal property or any real property.

202 (2) In addition to annual reports submitted pursuant to subsection (a) of this Code
203 section, participants shall report to the registry any sales, purchases, or other transfers of
204 registry credits for certified carbon sequestration results, in whole or in part, within ten
205 days after the completion of such transaction, and participants' registry accounts shall be
206 updated to reflect such transfers.

207 (c) The basic unit of participation in the registry shall be a natural person or a legal entity
208 in its entirety such as a corporation or other legally constituted body, a city or county, or
209 a state government agency.

210 (d) Reports to the registry by participants may be filed in the office of the clerk of the
211 superior court in any county of this state.

212 12-6-229.

213 To support the estimation, calculation, reporting, and certification of carbon sequestration
214 results in a consistent format, the commission, in consultation with the Georgia Superior
215 Court Clerks' Cooperative Authority, shall adopt standardized forms that all participants
216 shall use to calculate, report, and certify emissions results.

217 12-6-230.

218 (a) Participants registering baseline carbon sequestration results in the registry shall
219 provide certification of their methodologies and results. The commission may, upon
220 recommendation of the director, following a public process, adopt simplified procedures
221 to certify carbon sequestration results as appropriate. Participants shall follow commission
222 approved procedures and protocols in determining carbon sequestration results and supply
223 the quantity and quality of information necessary to allow an independent ex post
224 certification of the baseline results reported under this program.

225 (b) The commission shall provide a list of approved third-party organizations recognized
226 as competent to certify carbon sequestration results as provided in this article. The
227 commission shall reopen the qualification process periodically in order for new
228 organizations to be added to the approved list.

229 (c) Where required for certification, organizations approved pursuant to subsection (b) of
230 this Code section shall do all of the following:

231 (1) Evaluate whether the participant has a program, consistent with commission
232 approved procedures and protocols, in place for preparation and submittal of the
233 information reported under this article;

234 (2) Check, during certification, the reasonableness of the carbon sequestration
235 information being reported for a random sample of estimates or calculations; and

236 (3) Summarize its review in a report to the board of directors, or equivalent governing
237 body, of the participating legal entity or to the participating natural person, attesting to
238 the existence of a program that is consistent with commission approved procedures and
239 protocols and the reasonableness of the reported carbon sequestration results and noting
240 any exceptions, omissions, limitations, or other qualifications to their representations.

241 (d) In conducting certification for a participant under this program, the approved
242 organization shall schedule any meeting or meetings with the participant with a minimum
243 of one week's notice at one or more representative locations and allow the participant to
244 control property access. The meetings shall be conducted in accordance with a protocol
245 that is agreed upon in advance by the participant and the approved organization. The
246 approved organization shall not perform property inspection, direct measurement,
247 monitoring, or testing unless authorized by the participant.

248 (e) To ensure the integrity and constant improvement of the registry program and for the
249 sequestration of carbon dioxide from standing trees, the commission shall perform on a
250 random basis an occasional review and evaluation of participants' carbon sequestration
251 reporting, certifications, and the reasonableness of the information being reported for
252 analysis of estimates or calculations. The director shall report any findings in writing. The
253 director shall include a summary of these findings in the biennial report to the Governor
254 and the General Assembly required by Code Section 12-6-231.

255 (f) As it relates to the registry program for building products that sequester carbon dioxide,
256 the commission shall engage in a review of the standards two years and five years after
257 such registry is established.

258 12-6-231.

259 Not later than two years after the effective date of this article and biennially thereafter, the
260 director shall report to the Governor and the General Assembly on the number of
261 participants in the registry, the amounts of carbon sequestered by those participants, and
262 ways to make the registry more workable for participants that are consistent with the goals
263 and intent of this article.

264 12-6-232.

265 The commission shall do all of the following:

266 (1) Develop a process for qualifying third-party organizations recognized by the state as
 267 competent to certify the carbon sequestration results of the types of natural persons or
 268 legal entities that may choose to participate in this registry, by doing all of the following:

269 (A) Developing a list of the minimum technical and organizational capabilities and
 270 other qualification standards that approved third-party organizations shall meet. Those
 271 qualifications shall include the ability to sign an opinion letter, for which they may be
 272 held financially at risk, and certifying the participant-reported carbon sequestration
 273 results as provided in this article. Such capabilities and standards for third-party
 274 organizations related to certification of carbon sequestration results achieved by sinks
 275 in agricultural soils under subparagraph (C) of paragraph (1) of Code Section 12-6-221
 276 shall be adopted by the commission in accordance with the recommendation of the
 277 Commissioner of Agriculture;

278 (B) Publicizing an applications process or otherwise encouraging interested
 279 organizations to submit their qualifications for review;

280 (C) Evaluating applicant organizations according to the list of qualifications described
 281 in subparagraph (A) of this paragraph;

282 (D) Determining specific third-party organizations as qualified to certify participants'
 283 actual carbon sequestration results in accordance with this article; and

284 (E) Periodically updating the list of approved third-party organizations by doing any
 285 of the following:

286 (i) Reviewing the capabilities of approved organizations;

287 (ii) Reviewing applications of organizations seeking to become approved; and

288 (iii) Determining specific organizations to be added to the approved list and specific
 289 organizations no longer qualified to perform the duties of this article;

290 (2) Occasionally, and on a random basis, provide for commission employees to
 291 accompany third-party organizations on scheduled visits to observe and evaluate, during
 292 any certification visit, both the following:

293 (A) Whether the participant has a program, consistent with commission approved
 294 procedures and protocols, in place for the preparation and submittal of the information
 295 required under this article; and

296 (B) The reasonableness of the carbon sequestration information being reported for a
 297 sample of estimates or calculations; and

298 (3) Review future international or federal programs related to greenhouse gas emissions
 299 and make reasonable efforts to promote consistency between the state program and these
 300 programs and to reduce the reporting burden on participants."

301

SECTION 2.

302 All laws and parts of laws in conflict with this Act are repealed.