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118TH CONGRESS
1ST SESSION

H. R. 5315

To authorize the Secretary of Agriculture to guarantee investments that will open new markets for forest owners in rural areas of the United States, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 29, 2023

Ms. PINGREE (for herself and Mr. TIMMONS) introduced the following bill; which was referred to the Committee on Agriculture

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A BILL

To authorize the Secretary of Agriculture to guarantee investments that will open new markets for forest owners in rural areas of the United States, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ‘‘Rural Forest Markets Act of 2023’’.

SEC. 2. RURAL FOREST MARKET INVESTMENT PROGRAM.

(a) DEFINITIONS.—In this section:

(1) PROGRAM.—The term ‘‘program’’ means the Rural Forest Market Investment Program established under subsection (b)(1).

(2) RURAL.—The term ‘‘rural’’ has the meaning given the term in section 343(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)).

(3) SECRETARY.—The term ‘‘Secretary’’ means the Secretary of Agriculture.

(4) VOLUNTARY ENVIRONMENTAL CREDIT MARKET.—The term ‘‘voluntary environmental credit market’’ means a voluntary market through which environmental credits may be bought or sold.

(b) ESTABLISHMENT OF PROGRAM.—

(1) IN GENERAL.—The Secretary shall establish a program, to be known as the ‘‘Rural Forest Market Investment Program’’, to guarantee environmental impact bonds, loans, or other investment vehicles, as determined by the Secretary, issued for the sole purpose of financing eligible projects described in subsection (c), to enable rural private forest landowners to participate in voluntary environmental credit markets.

(2) ADMINISTRATION.—

(A) LOAN GUARANTEES.—The Secretary shall make available and administer guarantees on environmental impact bonds, loans, or other investment vehicles, as determined by the Secretary, through the facilities and authorities of the Under Secretary for Rural Development.

(B) FORESTRY RELATED MATTERS.—

(i) IN GENERAL.—The Secretary shall carry out through the facilities and authorities of the Under Secretary for Natural Resources and Environment the requirements and administration under this section of matters relating to forests, forestry, tree planting activities, forest product markets, the timber supply, appropriate activities to develop and carry out an eligible project, and activities to facilitate the participation of an eligible project or rural private forest landowner in voluntary environmental credit markets, and as otherwise provided in this section, as determined appropriate by the Secretary.

(ii) COLLABORATION.—The Under Secretary for Natural Resources and Environment shall provide whatever information may be necessary and appropriate to the Under Secretary for Rural Development to ensure that the making and administration of guarantees under this section is fully informed by the matters described in clause (i) and as otherwise provided in this section, as determined appropriate by the Secretary.

(3) CONSIDERATION.—In establishing the program, the Secretary shall consider ways to ensure that the program—

(A) minimizes disruptions to traditional forest products markets, including by—

(i) collecting data on commercially available timber that serves wood processing facilities, including—

(I) the quantity and species of timber supply available to wood products facilities in each of the 4 regions described in the most recent Renewable Resource Assessment prepared under section 3 of the Forest and Rangeland Renewable Resources Planning Act of 1974 (16 U.S.C. 1601); and

(II) any additional information, as identified by the Secretary; and

(ii) using data collected under clause (i) to make a determination on whether financing each eligible project described in subsection (c) may impact commercially available timber supply;

(B) allows for the continued production of sustainable timber supplies by utilizing methodologies that consider the carbon storage benefits of wood products in addition to forests;

(C) allows for landowners who are not currently involved in traditional forest products markets, including those who have not historically accessed Department of Agriculture assistance programs, to participate in the program through activities such as conservation easements, reforestation, and other appropriate activities, as determined by the Secretary;

(D) facilitates participation opportunities for all forest landowners, and ensures program access for those who have not historically accessed Department of Agriculture assistance programs; and

(E) is carried out in a manner that increases forestland values for participating landowners in ways that enable all landowners of small-acreage forests to maintain—

(i) ownership of the land in the family of the landowner; and

(ii) forest use of the land.

(c) ELIGIBLE PROJECTS.—

(1) IN GENERAL.—Subject to paragraph (2), an eligible project referred to in subsection (b)(1) is a project developed by a private entity, State forestry agency, or publicly supported, charitable nonprofit organization described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of that Code, engaged in or seeking to engage in the aggregation of sustainable forestry practices implemented by rural private forest landowners to facilitate the sale of credits in the voluntary environmental credit markets, using methodologies that, as determined by the Secretary—

(A) are approved by a credible, third-party entity; and

(B) meet global benchmarks for high integrity.

(2) USES OF FINANCING.—

(A) IN GENERAL.—An entity for which a bond, loan, or other investment vehicle is guaranteed under the program shall use that bond, loan, or other investment vehicle for appropriate activities to develop and carry out an eligible project described in paragraph (1), as determined by the Secretary.

(B) ADDITIONAL ACTIVITIES FOR CERTAIN ORGANIZATIONS.—In the case of a bond, loan, or other investment vehicle guaranteed under the program that supports an eligible project described in paragraph (1), the Secretary may allow a portion of the amount of the bond, loan, or other investment vehicle to cover additional activities to facilitate the participation of the entity or a rural private forest landowner in voluntary environmental credit markets.

(C) PROHIBITION.—A bond, loan, or other investment vehicle guaranteed under the program shall not be used to create a floor price or artificial demand for the environmental credits generated under eligible projects described in paragraph (1).

(d) REQUIREMENTS.—A project described in subsection (c) that includes the practice of tree planting may only be carried out, as determined by the Secretary—

(1) on land that was historically forested, as determined based on—

(A) data collected through the Forest Inventory and Analysis Program of the Forest Service; and

(B) other appropriate scientific resources, as determined by the Secretary;

(2) using tree species that are native to the region and at ecologically appropriate densities; and

(3) in a manner that does not create other negative impacts to biodiversity or the environment.

(e) GUARANTEE AMOUNT.—With respect to bonds, loans, and other investment vehicles guaranteed under the program, the Secretary shall guarantee not more than $150,000,000 in the aggregate.

(f) IMPLEMENTATION.—

(1) APPRAISALS.—The Secretary may require an appraisal, if necessary, in connection with a guarantee requested under the program by a specialized appraiser that uses standards that are similar to standards used for similar purposes in the private sector, as determined by the Secretary.

(2) FINANCIAL INFORMATION.—The Secretary may require financial information from an entity seeking a guarantee under the program in the same manner as is generally required by commercial lenders.

(3) FEES.—

(A) IN GENERAL.—Subject to subparagraph (B), to offset the subsidy cost of the guarantees issued under the program, the Secretary shall—

(i) assess an initial one-time fee of not more than 1 percent of the guaranteed amount of the bond, loan, or other investment vehicle; and

(ii) assess a subsequent annual fee of not more than 0.3 percent of the guaranteed amount of the bond, loan, or other investment vehicle.

(B) LIMITATION.—Notwithstanding subparagraph (A), the Secretary may not assess any fee under this paragraph that would result in total fees in excess of the amount equal to the subsidy cost of the guarantees issued under the program.

(g) REGULATIONS.—Not later than 60 days after the date of enactment of this Act, the Secretary shall issue regulations to implement the program.

(h) TERMINATION OF AUTHORITY.—The authority to guarantee a new bond, loan, or other investment vehicle under this section terminates on September 30, 2028.

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