



HOUSE COMMITTEE ON  
**NATURAL RESOURCES**  
CHAIRMAN BRUCE WESTERMAN

**To:** Subcommittee on Oversight and Investigations Republican Members  
**From:** Subcommittee on Oversight and Investigations Staff,  
Michelle Lane ([Michelle.Lane@mail.house.gov](mailto:Michelle.Lane@mail.house.gov)) and Thomas Knecht  
([Thomas.Knecht@mail.house.gov](mailto:Thomas.Knecht@mail.house.gov)) x6-8747  
**Date:** Thursday, February 15, 2024  
**Subject:** Oversight Hearing on *“Bidenomics & Land Management: The Misguided National Strategy to Develop Environmental Economic Decisions”*

---

The Subcommittee on Oversight and Investigations will hold an oversight hearing titled *“Bidenomics & Land Management: The Misguided National Strategy to Develop Environmental Economic Decisions”* on **Thursday, February 15, 2024, at 2:00 pm in 1324 Longworth House Office Building.**

Member offices are requested to notify Cross Thompson ([Cross.Thompson@mail.house.gov](mailto:Cross.Thompson@mail.house.gov)) by 4:30 pm on Wednesday, February 14, if their Member intends to participate in the hearing.

**I. KEY MESSAGES**

- If left unchecked, the Biden administration’s efforts to establish a national system of natural capital accounting and ecosystem service valuation based on United Nations (UN) standards may “fundamentally change” federal land and water management policy decisions.
- President Biden’s National Strategy for Natural Capital Accounting directs the federal government to treat “nature as an asset” and incorporate “these natural assets on the national balance sheet.” This strategy further advances a UN climate change reporting framework.
- The Biden administration’s proposal intends to weaponize natural capital accounting, leaving America’s public lands and waters beholden to anti-use nonprofits and eco-activists.
- This strategy is part of the “Bidenomics” playbook, which includes advancing administration priorities like America the Beautiful’s 30x30 goals, the Bureau of Land Management’s (BLM) misguided conservation rule, and the controversial proposal to the SEC to develop Natural Asset Companies.
- The Department of the Interior plans to use natural capital accounting to advance its climate goals, DEI initiatives, and anti-use agenda.

## II. WITNESSES

- **Mr. Henry Wykowski**, Advisor, Bureau of Land Management, U.S. Department of the Interior, Washington, D.C.
- **The Hon. Gina Raimondo**, Secretary, U.S. Department of Commerce, Washington, D.C. [*Declined to attend, will submit written testimony*]
- **The Hon. Shalanda Young**, Director, Office of Management and Budget, Washington, D.C. [*Invited/or designee, declined to attend*]
- **The Hon. Arati Prabhakar, Ph. D.**, Director, Office of Science and Technology Policy, Washington, D.C. [*Invited/or designee, declined to attend*]

## III. BACKGROUND

### *An Introduction to Natural Capital Accounting and the Ecosystem Services Valuation*

Economic theorists began thinking about natural resources and ecosystem services as a form of capital at least 200 years ago.<sup>1</sup> However, until recently, natural assets were never formally integrated onto the balance sheets of nations or companies. In 2005, the National Research Council recommended developing a system of national accounts that includes environmental assets.<sup>2</sup> Over the past decade, the idea has gained additional support from pockets of economists, ecologists, and scientists.<sup>3</sup> Two common approaches to assigning an economic value to natural environmental assets are Natural Capital Accounting and ecosystem services valuation (ESV).

Natural Capital Accounting is a method of assessing the “stock of renewable and non-renewable resources (e.g., plants, animals, air, water, soils, minerals) that combine to yield a flow of benefits to people.”<sup>4</sup> The term covers “efforts to use of an accounting framework to provide a systematic way to measure and report on stocks and flows of natural capital.”<sup>5</sup> According to the UN, the “underlying premise” of Natural Capital Accounting is that “since the environment is important to society and the economy,” countries should recognize it “as an asset that must be maintained and managed” with its contributions and services better integrated into commonly used frameworks, like a country’s system of national accounts.<sup>6</sup>

Relatedly, ESV is a catchall term to describe various methods or processes that assess the contributions of “ecosystem services” to our world.<sup>7</sup> According to the World Bank, there are “many methods for measuring the economic value of ecosystem services.”<sup>8</sup> But, most ESV

---

<sup>1</sup> See Eli Fenichel et al., *Natural Capital: From Metaphor to Measurement*, 1 JOURNAL OF THE ASSOCIATION OF ENVIRONMENTAL AND RESOURCE ECONOMISTS 1, 1 (Spring/Summer 2014), <https://www.journals.uchicago.edu/doi/epdf/10.1086/676034>.

<sup>2</sup> National Research Council, *Beyond the market: Designing nonmarket accounts for the United States* (Katharine G. Abraham & Christopher Mackie eds., 2005).

<sup>3</sup> See generally Fenichel, *supra* note 1.

<sup>4</sup> *Natural Capital and Ecosystem Services FAQ*, UNITED NATIONS, <https://seea.un.org/content/natural-capital-and-ecosystem-services-faq> (last visited Jan. 24, 2024).

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

<sup>7</sup> See generally, Shuang Liu et al., *Valuing ecosystem services: Theory, practice, and the need for a transdisciplinary synthesis*, ANN. N.Y. ACAD. SCI., 54, 54 (2010), [https://www.robertcostanza.com/wp-content/uploads/2017/02/2010\\_J\\_Liu\\_ValuingES.pdf](https://www.robertcostanza.com/wp-content/uploads/2017/02/2010_J_Liu_ValuingES.pdf).

<sup>8</sup> The International Bank for Reconstruction and Development et al., *How Much is an Ecosystem Worth?: Assessing the Economic Value of Conservation*, THE WORLD BANK (2004), <https://documents1.worldbank.org/curated/en/376691468780627185/pdf/308930PAPER0Ecosystem0worth01public1.pdf>.

methods measure the demand for a good or service in monetary terms—consumers’ willingness to pay for a particular benefit or accept compensation for its loss.<sup>9</sup> Other methods to measure ESV include revealed preference techniques based on observed behavior and stated preference techniques based on responses to hypothetical questions.<sup>10</sup> The World Bank states that the characteristics of the case and data availability dictate the appropriate ESV technique.<sup>11</sup> Likewise, ESV techniques are “of little use” if the methods are misapplied.<sup>12</sup>

Today, treating more diverse sets of natural assets as a form of capital is increasingly becoming formalized as elements of the private sector and various governments adopt Natural Capital Accounting standards. Most notably, the UN has established its framework and system for ESV and Natural Capital Accounting.

### ***The United Nations System of Natural Capital and Environmental-Economic Accounting***

In 1992, the UN Conference on Environment and Development Agenda called for establishing a program “to develop national systems of integrated environmental and economic accounting in all countries.”<sup>13</sup> Subsequently, in 1993 and 2003, the UN published handbooks on environmental and economic accounting.<sup>14</sup>

Then, in 2012, the UN reconfirmed that “integrated social, economic and environmental data and information ... are important to decision-making processes.”<sup>15</sup> As a result, the UN—with support from the European Union, International Monetary Fund, Organization for Economic Co-operation and Development (OECD), and World Bank—published and adopted the System of Environmental-Economic Accounting Central Framework (SEEA-CF), the initial international statistical standard for environmental-economic accounting.<sup>16</sup> The UN encouraged all countries to (a) compile their environmental-economic data based on the SEEA-CF, (b) report statistics from those compilation efforts, and (c) work together to establish an “even more comprehensive set of environmental-economic accounts.”<sup>17</sup>

After establishing the SEEA-CF, in 2021, the UN published and adopted detailed guidance on ESV and Natural Capital Accounting, the System of Environmental-Economic Accounting Ecosystem Accounting (SEEA-EA):<sup>18</sup>

*[SEEA-EA] is a spatially-based, integrated statistical framework for organizing biophysical information about ecosystems, measuring ecosystem services, tracking changes in ecosystem extent and condition, valuing ecosystem services*

---

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

<sup>13</sup> *System of Environmental-Economic Accounting 2012—Central Framework*, UNITED NATIONS (2014), [https://seea.un.org/sites/seea.un.org/files/seea\\_cf\\_final\\_en.pdf](https://seea.un.org/sites/seea.un.org/files/seea_cf_final_en.pdf).

<sup>14</sup> *Id.*

<sup>15</sup> *Id.* at iii.

<sup>16</sup> *Id.* at iv.

<sup>17</sup> *Id.* at iv.

<sup>18</sup> United Nations et al., *System of Environmental-Economic Accounting: Ecosystem Accounting*, UNITED NATIONS (Sep. 29, 2021), [https://seea.un.org/sites/seea.un.org/files/documents/EA/seea\\_ea\\_white\\_cover\\_final.pdf](https://seea.un.org/sites/seea.un.org/files/documents/EA/seea_ea_white_cover_final.pdf).

*and assets and linking this information to measures of economic and human activity.*<sup>19</sup>

The SEEA-EA is built on five core accounts that are “compiled using spatially explicit data and information about the functions of ecosystem assets and the ecosystem services they produce.”<sup>20</sup>

1. Ecosystem Extent Account: Records the total area of each ecosystem, classified by type within a specified area (ecosystem accounting area). Ecosystem extent accounts are measured over time in ecosystem accounting areas (e.g., nation, province, river basin, protected area, etc.) by ecosystem type, thus illustrating the changes in extent from one ecosystem type to another over the accounting period.<sup>21</sup>
2. Ecosystem Condition Account: Records the condition of ecosystem assets in terms of selected characteristics at specific points in time. Over time, ecosystem condition accounts record the changes to their condition and provide valuable information on the health of ecosystems.<sup>22</sup>
3. Ecosystem Services Flow Account in Physical Terms: Aims to record, in accounting structure, the flows of ecosystem services over an accounting period in physical units such as cubic meters and tons. It commonly focuses on measuring ecosystem structures, processes, and functions. It can also take place through a focus on ecosystem services, for example, the number of visits to a national park.<sup>23</sup>
4. Ecosystem Services Flow Account in Monetary Terms: Estimates of the monetary value of ecosystem services. This account follows the structure of a supply and use table and has the same underlying structure as the ecosystem services flow account in physical terms.<sup>24</sup>
5. Monetary Ecosystem Asset Account: Information on stocks and changes in stocks (additions and reductions) of ecosystem assets. This includes accounting for ecosystem degradation and enhancement.<sup>25</sup>

The SEEA-CF and the SEEA-EA are the two parts of the UN System of Environmental-Economic Accounting (UN-SEEA).<sup>26</sup> The UN-SEEA is the “international statistical standard that uses a systems approach to bring together economic and environmental information to measure the contribution of the environment to the economy and the impact of the economy on the environment.”<sup>27</sup> The UN-SEEA presents information in physical and monetary terms regarding “environmental stocks and flows between the environment and the economy as well as

---

<sup>19</sup> *Id.* at 1.

<sup>20</sup> *System on Environmental Accounting, Ecosystem Accounting*, UNITED NATIONS, <https://seea.un.org/ecosystem-accounting> (last visited Jan. 24, 2024).

<sup>21</sup> *Id.*

<sup>22</sup> *Id.*

<sup>23</sup> United Nations et al., *supra* note 18 at 158.

<sup>24</sup> *Id.* at 187.

<sup>25</sup> *System on Environmental Accounting*, *supra* note 20.

<sup>26</sup> *System on Environmental Accounting, Frequently Asked Questions*, UNITED NATIONS, [https://seea.un.org/content/frequently-asked-questions#\\_What\\_is\\_the](https://seea.un.org/content/frequently-asked-questions#_What_is_the) (last visited Jan. 24, 2024).

<sup>27</sup> *Id.*

economic activity related to the environment.”<sup>28</sup> It presents information on several thematic areas: agriculture, forests, and fisheries; air emissions; energy; environmental activity; ecosystem; land; material flow; and water.<sup>29</sup>

### ***The Biden Administration Lays the Groundwork for a National Environmental-Economic Accounting System Through Executive Order, OMB Guidance, and Requests for Information***

President Biden has pushed the federal government to develop its framework for environmental-economic accounting modeled on the UN-SEEA,<sup>30</sup> laying the groundwork through executive order (E.O.), guidance from his administration, and requests for information.

On April 22, 2022, President Biden issued E.O. 14072—*Strengthening the Nation’s Forests, Communities, and Local Economies*—which ordered the Director of the Office of Management and Budget (OMB) to issue guidance on the valuation of ecosystem and environmental services and natural assets in Federal regulatory decision-making.<sup>31</sup> On July 22, 2022, OMB issued the guidance in a memorandum for the heads of executive Departments and Agencies regarding research and development priorities for the Fiscal Year 2024 budget (OMB Natural Capital Memo).<sup>32</sup> The OMB Natural Capital Memo instructed agencies to promote efforts to account for ecosystem and natural capital services.<sup>33</sup> The OMB Natural Capital Memo also instructed agencies to “identify and prioritize R&D investments that advance... the ability to evaluate and track the effects of policies, projects, and programs on climate mitigation, resilience, and ecosystem services.”<sup>34</sup>

A month later, on August 22, 2022, OMB continued to execute its marching orders by issuing a request for information to help inform the development of “Government-wide natural capital accounts and standardized environmental-economic statistics” (OMB RFI).<sup>35</sup> The OMB RFI stated that international interest in “developing natural capital accounting methodologies” has led to “demand for U.S. Federal leadership to develop natural capital accounts and standardized environmental-economic statistics to provide a centralized domestic framework and to promote international norms.”<sup>36</sup>

---

<sup>28</sup> *Id.*

<sup>29</sup> *Id.*

<sup>30</sup> Office of Science and Technology Policy, Office of Mgmt. & Budget, and Dep’t of Commerce, *National Strategy to Develop Statistics for Environmental-Economic Decisions: A U.S. System of Natural Capital Accounting and Environmental Economic Statistics*, THE WHITE HOUSE (Jan. 2023), <https://www.whitehouse.gov/wp-content/uploads/2023/01/Natural-Capital-Accounting-Strategy-final.pdf> (declaring that America’s system for environmental-economic accounting should “align with” the UN-SEEA) [hereinafter *National Strategy for Natural Capital Accounting*].

<sup>31</sup> Exec. Order No. 14072, 87 Fed. Reg. 24851 (Apr. 22, 2022), <https://www.federalregister.gov/documents/2022/04/27/2022-09138/strengthening-the-nations-forests-communities-and-local-economies>.

<sup>32</sup> Office of Mgmt. & Budget, *Memorandum on Multi-Agency Research and Development Priorities for the FY 2024 Budget*, EXEC. OFFICE OF THE PRESIDENT, (July 22, 2022), <https://www.whitehouse.gov/wp-content/uploads/2022/07/M-22-15.pdf>.

<sup>33</sup> *Id.* at 6 (“Agencies should promote R&D efforts to include ecosystem services in cost-effectiveness and benefit-cost analyses; track natural assets through the emerging national system of natural capital accounts and associated environmental-economic statistics; and synthesize knowledge of these and other connections between nature, climate, economy, and society through the National Nature Assessment”).

<sup>34</sup> *Id.* at 4.

<sup>35</sup> Office of Mgmt. & Budget, *Request for Information To Support the Development of a Strategic Plan on Statistics for Environmental-Economic Decisions*, EXEC. OFFICE OF THE PRESIDENT, 87 Fed. Reg. 51450 (Aug. 22, 2022), <https://www.federalregister.gov/documents/2022/08/22/2022-17993/request-for-information-to-support-the-development-of-a-strategic-plan-on-statistics-for>.

<sup>36</sup> *Id.*

A month later, on October 31, 2022, the Office of Science and Technology Policy (OSTP) issued its own request for information—on behalf of the United States Global Change Research Program (USGCRP)—to help “inform the framing, development, and eventual use of the first National Nature Assessment” (USGCRP RFI).<sup>37</sup> The USGCRP RFI stated that the National Nature Assessment “will assess the status, observed trends, and future projections of America’s lands, waters, wildlife, biodiversity and ecosystems and the benefits they provide, including connections to the economy, public health, equity, climate mitigation and adaptation, and national security.”<sup>38</sup> In doing so, the USGCRP RFI declared the U.S. currently “lacks comprehensive knowledge on these major aspects of global change.”<sup>39</sup>

### ***The Biden Administration Issues the National Strategy for Natural Capital Accounting***

On January 19, 2023, the Biden administration released a national strategy for Natural Capital Accounting and ESV, the *National Strategy to Develop Statistics for Environmental-Economic Decisions: A U.S. System of Natural Capital Accounting and Environmental Economic Statistics* (National Strategy for Natural Capital Accounting).<sup>40</sup> It is an ambitious foray into developing a new regime of data collection and statistical decision-making, stating that:

*It creates a U.S. system to account for natural assets—from the minerals that power our tech economy and are driving the electric-vehicle revolution, to the ocean and rivers that support our fishing industry, to the forests that clean our air—and quantify the immense value this natural capital provides.*<sup>41</sup>

According to the National Strategy for Capital Accounting, the U.S. has “not regularly reported official statistics on changes in the quantity, condition, or value of natural assets.”<sup>42</sup> Nor has the United States aggregated natural capital statistics “into measures that connect with the existing national economic accounts or complement common economic headline statistics such as Gross Domestic Product.”<sup>43</sup> To fill this purported void, the National Strategy for Natural Capital Accounting directs the federal government to treat “nature as an asset” and incorporate “these natural assets on the national balance sheet.”<sup>44</sup> The National Strategy for Natural Capital Accounting makes five recommendations to Federal departments and agencies on how they can develop and use natural capital accounts and environmental-economic statistics:

1. The statistics should be pragmatic and provide information to, among other things, guide sustainable development and macroeconomic decision-making.<sup>45</sup>

---

<sup>37</sup> Office of Science and Technology Policy, *Framing the National Nature Assessment*, EXEC. OFFICE OF THE PRESIDENT, 87 Fed. Reg. 65622 (Oct. 31, 2022), <https://www.federalregister.gov/documents/2022/10/31/2022-23593/framing-the-national-nature-assessment>.

<sup>38</sup> *Id.*

<sup>39</sup> *Id.*

<sup>40</sup> National Strategy for Natural Capital Accounting, *supra* note 30.

<sup>41</sup> *Id.* at iv.

<sup>42</sup> *Id.* at 3.

<sup>43</sup> *Id.*

<sup>44</sup> *Id.* at viii.

<sup>45</sup> *Id.*

2. Provide domestic comparability through time and advance international comparisons and harmonization.<sup>46</sup>
3. Embed the natural capital accounts and associated environmental-economic statistics in the broader U.S. economic statistical system.<sup>47</sup>
4. Use a 15-year phased approach to transition from research-grade environmental-economic statistics and natural capital accounts to core statistical products and produce a single headline summary statistic, along with supporting products, tables, and reports that provide information in physical and monetary units.<sup>48</sup>
5. Apply existing authorities and use the substantial expertise within Federal departments and agencies by coordinating across agencies to develop and update the system of natural capital accounts and environmental-economic statistics efficiently.<sup>49</sup>

As part of Recommendation 3 on embedding Natural Capital Accounting and associated environmental-economic statistics in the broader U.S. economic statistical system, Federal agencies are directed to use the “internationally agreed-upon” UN-SEEA to “guide development of U.S. natural capital accounts.”<sup>50</sup> Hence, the Biden administration wants the U.S. to embed standards developed by the UN, European Union, International Monetary Fund, OECD, and World Bank into the economic and environmental statistical system guiding our policy decisions. Adherence to such standards would undermine not only Congress’ but also the American public’s ability to influence how the nation’s natural resources are managed, particularly on federal lands and waters.

### ***How Federal Agencies are Working on a National System for Natural Capital Accounting: DOI, USGS, and NOAA***

Even before the Biden administration issued the National Strategy for Natural Capital Accounting, agencies across the Federal government were working on developing a national system for Natural Capital Accounting.<sup>51</sup> The work has intensified under the Biden administration, with the Department of the Interior (DOI), U.S. Geological Survey (USGS), and the National Oceanic and Atmospheric Administration (NOAA) playing integral, but different, roles in the process.

#### *DOI has a Self-Proclaimed “Critical” Role in Developing a National System for Natural Capital Accounting*

According to DOI, they have a “critical role” to play in developing a national system for Natural Capital Accounting given DOI’s “responsibility for an extensive portfolio of natural capital; the scientific expertise in our bureaus and offices; and the value [of a new system of Natural Capital Accounts] can provide to the Department’s decision making for resource

---

<sup>46</sup> *Id.*

<sup>47</sup> *Id.*

<sup>48</sup> *Id.* at ix.

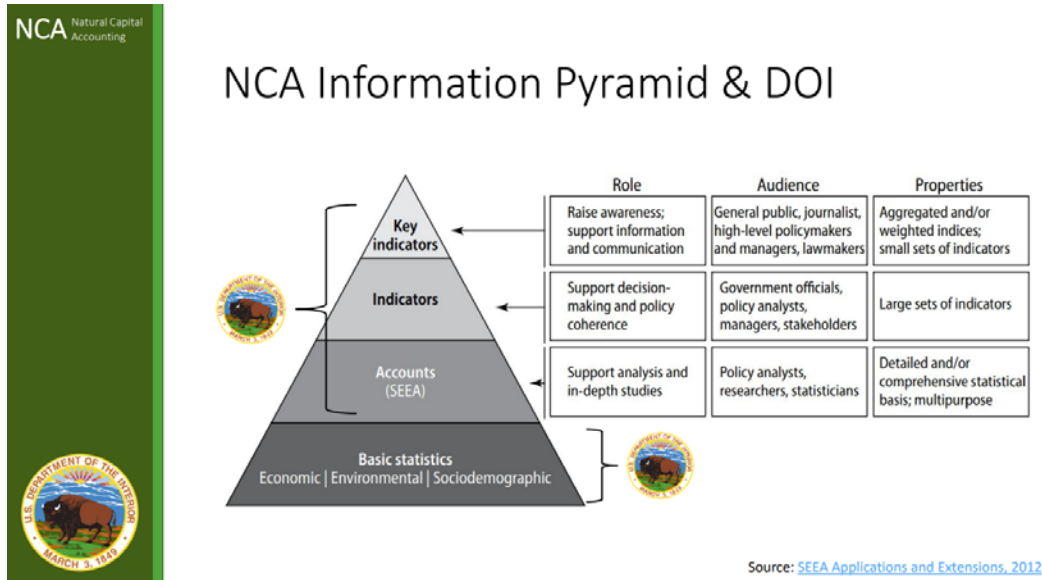
<sup>49</sup> *Id.*

<sup>50</sup> *Id.* at viii.

<sup>51</sup> *Id.* at 37 (stating that the Federal government has conducted “research on natural capital accounting and on environmental-economic statistics” since the 1970s and detailing how an inter-agency working group began to informally “self-organize” in 2016 to develop coordinated natural capital research products).

management.”<sup>52</sup> Most notably, DOI cites the sheer scale of the land under the management of DOI and its bureaus as a primary reason for DOI’s critical position in the National Strategy for Natural Capital Accounting, which includes 420 million acres of federal lands, 55 million acres of tribal lands, 700 million acres of subsurface minerals; 2.5 billion acres of the Outer Continental Shelf; and 49 million acres of crop agriculture used irrigation water managed by DOI.<sup>53</sup>

In a presentation on April 18, 2023, DOI identified how it would both gather and use information, playing an integral role at every stage of how natural capital account information is employed:



Source: Office of Policy Analysis, *Accounting for Nature: Natural Capital Accounting and the Department of the Interior*, DEP’T OF THE INTERIOR (Apr. 18, 2023), <https://www.doi.gov/sites/doi.gov/files/nca-ppa-seminar-presentation-apr2023-508.pdf>.

According to DOI, establishing a national system of Natural Capital Accounting will provide information that may “fundamentally change” policy decisions on land management and the environment for both government and non-governmental actors.<sup>54</sup>

*USGS Compiles Data, Develops Accounts, and Coordinates with Other Agencies on Natural Capital Accounting*

USGS scientists and economists have a fundamental role in gathering economic-environmental statistics. For example, USGS economists conduct economic valuation and economic impact assessment of ecosystem services.<sup>55</sup> Additionally, USGS scientists use a variety of modeling and mapping approaches to improve our understanding of the value and

<sup>52</sup> *Natural Capital Accounting*, Dep’t of the Interior, <https://www.doi.gov/ppa/integrative/natural-capital-accounting> (last visited Jan. 25, 2024).

<sup>53</sup> *Id.*

<sup>54</sup> *Id.*

<sup>55</sup> Fort Collins Space Center, *Economics and Ecosystem Services*, U.S. GEOLOGICAL SURVEY (Oct. 25, 2019), <https://www.usgs.gov/centers/fort-collins-science-center/science/economics-and-ecosystem-services>.



distribution of ecosystem services.<sup>56</sup> In 2016, USGS began developing natural capital accounts and “compiling data, modeling, and valuation infrastructure to support natural capital accounting” in the U.S.<sup>57</sup> Around the same time, USGS also participated in the self-organizing group of federal agencies that began coordinating on natural capital research projects.<sup>58</sup> USGS has also conducted and published various research projects relating to Natural Capital Accounting and ESV.<sup>59</sup>

### *NOAA’s Work on Accounting for the Value of Marine Ecosystems*

NOAA is at the forefront of applying ESV and Natural Capital Accounting to marine ecosystems. Notably, NOAA recently initiated a project to assess the “validity of published studies that assigned economic values to U.S. marine ecosystem services based on public opinion surveys.”<sup>60</sup> The NOAA researchers found that there was “significant variation” to the extent that ecosystem valuation literature adheres to “best practice guidelines,”<sup>61</sup> with “no studies adhering to all the guidelines.”<sup>62</sup> Hence, the researchers said they provided a framework to “assess the potential reliability” of studies assessing the ESV and Natural Capital Accounting of marine ecosystems.<sup>63</sup> NOAA has also issued a handout covering a variety of methods for marine ESV, highlighting the pros and cons of different approaches.<sup>64</sup> Overall, NOAA is continuing to work on various projects to account for the economic value of marine ecosystems.<sup>65</sup>

### ***Implications for Public Land and Water Management: 30x30, Conservation Use Rule, and NACs***

There may be legitimate, nonpartisan reasons for ESV or Natural Capital Accounting, such as ensuring responsible natural resource development, effective conservation, and stabilizing America’s economy and environment. However, instead of using ESV and Natural Capital Accounting to promote nonpartisan aims, the Biden administration intends to use the National Strategy for Natural Capital Accounting to lock up America’s public lands and waters, leaving

---

<sup>56</sup> Geosciences and Environmental Change Science Center, *Ecosystem Services Assessment and Valuation*, U.S. GEOLOGICAL SURVEY (July 14, 2017), <https://www.usgs.gov/centers/geosciences-and-environmental-change-science-center/science/ecosystem-services-assessment>.

<sup>57</sup> John Wesley Powell Center for Earth System Analysis and Synthesis, *Accounting for U.S. ecosystem services at national and subnational scales*, U.S. GEOLOGICAL SURVEY (Sep. 30, 2016), <https://www.usgs.gov/centers/john-wesley-powell-center-for-analysis-and-synthesis/science/accounting-us-ecosystem>.

<sup>58</sup> National Strategy for Natural Capital Accounting, *supra* note 30 at 37.

<sup>59</sup> John Wesley Powell Center for Earth System Analysis and Synthesis, *supra* note 57; *see also* Kenneth J. Bagstad et al., *Integrating physical and economic data into experimental water accounts for the United States: Lessons and opportunities*, 45 ECOSYSTEM SERVICES (Oct. 2020), <https://www.sciencedirect.com/science/article/pii/S2212041620301248#!>; Kenneth J. Bagstad et al., *Lessons learned from development of natural capital accounts in the United States and European Union*, 52 ECOSYSTEM SERVICES (Dec. 2021), <https://www.sciencedirect.com/science/article/pii/S2212041621001170>; James W. Boyd et al., *The Natural Capital Accounting Opportunity: Let’s Really Do the Numbers*, 68 BIOSCIENCE 940 (Dec. 2018), <https://academic.oup.com/bioscience/article/68/12/940/5149521>; Mehdi Heris et al., *Piloting urban ecosystem accounting for the United States*, 48 ECOSYSTEM SERVICES (Apr. 2021), <https://www.sciencedirect.com/science/article/abs/pii/S2212041620301686>.

<sup>60</sup> *Accurately Accounting for the Economic Value of Marine Ecosystems*, NOAA FISHERIES (Jan. 4, 2023), <https://www.fisheries.noaa.gov/feature-story/accurately-accounting-economic-value-marine-ecosystems>.

<sup>61</sup> Daniel K. Lew et al., *Adherence to Best Practices for Stated Preference Valuation within the U.S. Marine Ecosystem Services Literature*, 9 JOURNAL OF OCEAN COASTAL ECONOMICS (Aug. 2022), <https://cbe.miis.edu/cgi/viewcontent.cgi?article=1159&context=jocoe>.

<sup>62</sup> *Id.* at 3.

<sup>63</sup> *Id.* at 27.

<sup>64</sup> *Economic Tools for Coastal Management, Measuring the Value of Ecosystem Services*, NOAA (April 2019), <https://coast.noaa.gov/data/digitalcoast/pdf/measuring-value-ecosystem-services.pdf>.

<sup>65</sup> *See* Office for Coastal Management Digital Coast, *Ecosystem Services*, NOAA <https://coast.noaa.gov/digitalcoast/topics/ecosystem-services.html> (last visited Jan. 25, 2024); NOAA Fisheries, *supra* note 60.

these places beholden to anti-use nonprofits and eco-activists. This includes America the Beautiful’s 30x30 goals, the BLM’s misguided proposed conservation rule, and the development of Natural Asset Companies (NACs).

Indeed, in the opening paragraph of the National Strategy for Natural Capital Accounting, the Biden administration justifies creating a national system for Natural Capital Accounting on the grounds that not having one “impairs our ability to fight the climate crisis, build a strong and sustainable economy, and advance economic equity.”<sup>66</sup> In other words, the Biden administration plans to use the National Strategy for Natural Capital Accounting to advance its own agenda and pet projects rather than for the benefit of the American people. DOI has made this explicit and plans to use Natural Capital Accounting to advance its climate goals, DEI initiatives, and anti-use agenda.



NCA and Interior priorities

- ✓ Climate change
- ✓ DEIA & EJ
- ✓ Energy
- ✓ Water
- ✓ America the Beautiful
- ✓ National Nature Assessment

Source: Office of Policy Analysis, *Accounting for Nature: Natural Capital Accounting and the Department of the Interior*, DEP’T OF THE INTERIOR (Apr. 18, 2023), <https://www.doi.gov/sites/doi.gov/files/nca-ppa-seminar-presentation-apr2023-508.pdf>.

### *A National Strategy for Natural Capital Accounting Will Support the America the Beautiful and 30x30 Initiative*

After taking office, one of President Biden’s first actions was to issue E.O. 14008, which, among other things, directed DOI, the Council on Environmental Quality, the Secretary of Agriculture and the Secretary of Commerce, through the Administrator of the National Oceanic and Atmospheric Administration, to develop a national conservation strategy on how to lock up

<sup>66</sup> National Strategy for Natural Capital Accounting, *supra* note 30 at iv.

30% of America’s land and waters by 2030 (30x30).<sup>67</sup> In response, the agencies issued a report and launched the America the Beautiful Initiative.<sup>68</sup>

The Biden administration will use ESV and Natural Capital Accounting to support the America the Beautiful initiative and 30x30 goals. In August 2022, the White House released a draft version of the National Strategy for Natural Capital Accounting for public comment (Draft National Strategy).<sup>69</sup> The Draft National Strategy stated that a “comprehensive set of natural capital accounts could provide much of the information needed to track progress toward national conservation goals set out under America the Beautiful and ‘30x30.’”<sup>70</sup> For reasons unknown, explicit acknowledgement of how the Biden administration plans to use the National Strategy for Natural Capital Accounting to promote the America the Beautiful initiative and 30x30 goals was removed from the final version.<sup>71</sup>

### *Radical Eco-Activists and Nonprofits Use Ecosystem Services to Justify the Conservation and Landscape Health Rule*

On April 3, 2023, the Bureau of Land Management (BLM) published a proposed rule, *Conservation and Landscape Health*, which, among other things, elevates conservation as a “use” within the Federal Land Policy and Management Act’s multiple-use framework without Congressional authority (Conservation and Landscape Health Rule).<sup>72</sup> BLM intends to pursue this through so-called conservation leases for both protection and restoration activities.<sup>73</sup> The Conservation and Landscape Health Rule would fundamentally change the way BLM carries out its multiple use and sustained yield mandates. Numerous stakeholders have expressed concern that the Biden administration will use the Conservation and Landscape Health Rule to restrict currently permitted activities on BLM lands, such as grazing, energy production, and recreation to the extent that such activities are incompatible with a conservation lease or areas identified as “intact landscapes.”<sup>74</sup> Similarly, since foreign entities can apply for conservation leases,<sup>75</sup> the Conservation and Landscape Health Rule provides a mechanism by which foreign entities or governments could lock up American lands, under the guise of environmental concern, for their own strategic benefit.

Radical eco-activists and nonprofits are already using ESV and Natural Capital Accounting to support the Conservation and Landscape Health Rule. For example, the Defenders

---

<sup>67</sup> EXEC. ORDER NO. 14008, 86 F.R. 7619 (Jan. 27, 2021), <https://www.federalregister.gov/documents/2021/02/01/2021-02177/tackling-the-climate-crisis-at-home-and-abroad>.

<sup>68</sup> See Deb Haaland et al., *Conserving and Restoring America the Beautiful: Preliminary Report to the National Climate Task Force*, DEP’T OF THE INTERIOR, DEP’T OF AGRICULTURE, DEP’T OF COMMERCE, COUNCIL ON ENVIRONMENTAL QUALITY (2021), <https://www.doi.gov/sites/doi.gov/files/report-conserving-and-restoring-america-the-beautiful-2021.pdf>.

<sup>69</sup> Office of Science and Technology Policy, Office of Mgmt. & Budget, and Dep’t of Commerce, *Public Comment Draft, National Strategy to Develop Statistics for Environmental-Economic Decisions: A U.S. System of Natural Capital Accounting and Environmental Economic Statistics*, THE WHITE HOUSE (Aug. 18, 2022), <https://www.whitehouse.gov/wp-content/uploads/2022/08/Natural-Capital-Accounting-Strategy.pdf>.

<sup>70</sup> *Id.* at 9.

<sup>71</sup> National Strategy for Natural Capital Accounting, *supra* note 30.

<sup>72</sup> *Conservation and Landscape Health*, BUREAU OF LAND MANAGEMENT, 88 Fed. Reg. 19583 (proposed Apr. 3, 2023) (to be codified 43 C.F.R. 1600, 43 C.F.R. 6100) <https://www.federalregister.gov/documents/2023/04/03/2023-06310/conservation-and-landscape-health> [hereinafter Conservation and Landscape Health Rule].

<sup>73</sup> *Id.*

<sup>74</sup> *Id.*

<sup>75</sup> *Id.*

of Wildlife stated the Conservation and Landscape Health Rule will help provide “refuge” for “necessary ecosystem services.”<sup>76</sup> Likewise, the Center for Biological Diversity stated that any proposed leases that involve anything more than an incidental land disturbance—including land enhancement, restoration, or mitigation activity—should require at least an environmental assessment because they pose a threat to ecosystem services.<sup>77</sup>

Hence, applying a formal ESV and natural capital account to nature will only provide more fodder for radicals hoping to eliminate any non-preservation use of America’s lands. It is only a matter of time until the Biden administration will likely use information from ESV and Natural Capital Accounting to justify conservation as a “use” for various public lands.

### *Natural Capital Accounting is Integral to the Development of Natural Asset Companies*

Natural Asset Companies (NACs) are a new form of company that plans to “hold the rights to the ecological performance” of prescribed areas, including public lands, for “conservation, restoration, or sustainable management.”<sup>78</sup> NACs would specifically control the rights and management authority of “natural or working areas, such as national reserves or large-scale farmlands.”<sup>79</sup> According to the Intrinsic Exchange Group (IEG), the private company that developed the NACs concept, NACs are designed for the express purpose of capturing the “full value” of ecosystem services.<sup>80</sup>

On September 27, 2023, the New York Stock Exchange (NYSE) filed a proposed rule change with the Securities and Exchange Commission (SEC) to permit listing NACs on the NYSE. On September 29, 2023, the SEC issued notice of the proposed rule change, and, on October 4, 2023, the Federal Register published the proposed rule change in the Federal Register and started to accept comments on it. However, by the winter, stakeholders in public lands,<sup>81</sup> members of Congress,<sup>82</sup> and even socialists<sup>83</sup> started raising significant concerns with NACs. In light of the concerns—especially with the potential impact NACs may have on the management of federal lands, effective conservation of wildlife habitat, and responsible development of

---

<sup>76</sup> *BLM Must Strengthen Proposed Rule to Protect and Preserve Ecosystem Health and Wildlife*, DEFENDERS OF WILDLIFE (July 5, 2023), <https://defenders.org/newsroom/blm-must-strengthen-proposed-rule-protect-and-preserve-ecosystem-health-and-wildlife>.

<sup>77</sup> Letter from Randi Spivak, Director, Public Lands Program, Center for Biological Diversity, to Tracy Stone-Manning, Director, Bureau of Land Management, regarding Conservation and Landscape Health Proposed Rule (July 5, 2023), [https://www.biologicaldiversity.org/programs/public\\_land/pdfs/Center-Comments-Conservation-and-Landscape-Health.pdf](https://www.biologicaldiversity.org/programs/public_land/pdfs/Center-Comments-Conservation-and-Landscape-Health.pdf).

<sup>78</sup> Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing of Proposed Rule Change To Amend the NYSE Listed Company Manual To Adopt Listing Standards for Natural Asset Companies, SECURITIES AND EXCHANGE COMMISSION, 88 Fed. Reg. 68811 (proposed Sep. 29, 2023), <https://www.federalregister.gov/documents/2023/10/04/2023-22041/self-regulatory-organizations-new-york-stock-exchange-llc-notice-of-filing-of-proposed-rule-change> [hereinafter Proposed NACs Rule].

<sup>79</sup> *Id.*

<sup>80</sup> *How NACs Work*, INTRINSIC EXCHANGE GROUP, <https://www.intrinsicexchange.com/nacs#:~:text=NACs%20CONVERT%20NATURAL%20ASSET%20VALUE.asset%20owners%20and%20local%20stakeholders>. (last visited Jan. 25, 2024).

<sup>81</sup> See Spike Jordan, *Natural Asset Companies latest in land schemes*, TRI-STATE LIVESTOCK NEWS (Jan. 5, 2024), <https://www.tsln.com/news/natural-asset-companies-latest-in-land-schemes/>; Shad Sullivan, *Natural Asset Companies Proposed Rule Threatens Property Rights*, CAPITAL PRESS (Jan. 9, 2024), [https://www.capitalpress.com/free/commentary-natural-asset-companies-proposed-rule-threatens-property-rights/article\\_907699a2-af1d-11ee-8dc1-2f7482e6dd46.html](https://www.capitalpress.com/free/commentary-natural-asset-companies-proposed-rule-threatens-property-rights/article_907699a2-af1d-11ee-8dc1-2f7482e6dd46.html).

<sup>82</sup> Jennifer Yachnin, *Invest in nature? Might be possible with ‘natural asset companies.’*, E&E NEWS (Dec. 11, 2023), <https://www.eenews.net/articles/invest-in-nature-might-be-possible-with-natural-asset-companies/>.

<sup>83</sup> John Bellamy Foster, *Nature as a Mode of Accumulation: Capitalism and the Financialization of the Earth*, MONTHLY REVIEW (Mar. 1, 2022), <https://monthlyreview.org/2022/03/01/nature-as-a-mode-of-accumulation-capitalism-and-the-financialization-of-the-earth/>.

natural resources—the House Committee on Natural Resources (Committee) sent an oversight letter to the SEC regarding the proposal to list NACs on the NYSE.<sup>84</sup>

Following public backlash and the Committee’s oversight work, on January 17, 2024, the SEC announced that the NYSE withdrew the proposed rule change to allow listing NACS.<sup>85</sup> IEG was undeterred by news of the withdrawal. IEG Chair Douglas Iger said the company is “moving ahead” and will look at “different options” on how to bring NACs to the market, even if that means using private capital before introducing NACs as public companies on a different stock exchange.<sup>86</sup>

To account for ecosystem services, IEG created a proprietary Ecological Performance Reporting Framework (IEG’s Reporting Framework)<sup>87</sup> that places an “unambiguous focus on maximizing the production of ecosystem services” and avoiding extractive activity.<sup>88</sup> Like the National Strategy for Natural Capital Accounting, IEG’s Reporting Framework “is based on the natural capital accounting standards established” in the UN-SEEA.<sup>89</sup> IEG describes the creation of NACs as an “equity structure based on natural capital accounting” and declared that a “robust natural accounting standards can provide strong incentives to invest in nature” through NACs.<sup>90</sup>

President Biden’s National Strategy for Natural Capital Accounting explicitly referenced that “Natural Asset Companies” will “facilitate liquidity between natural capital and financial capital.”<sup>91</sup> The National Strategy for Natural Capital Accounting also declared that a “national system of natural capital accounts and associated environmental-economic statistics is necessary” for NACs and similar “frameworks to succeed and to enable U.S. firms to compete as other countries develop such accounting systems.”<sup>92</sup>

#### IV. CONCLUSION

Establishing a national system of Natural Capital Accounting will provide information that may “fundamentally change” policy decisions on land management and the environment. The notion of treating natural resources as a form of capital is increasingly becoming formalized as elements of the private sector, and various governments adopt Natural Capital Accounting

---

<sup>84</sup> Letter from Rep. Bruce Westerman, Chairman of H. Comm. on Natural Resources, et al., to the Honorable Gary Gensler, Chair, Securities and Exchange Commission, and Mr. Haoxiang Zhu, Director, Division of Trading and Markets, Securities and Exchange Commission (Jan. 11, 2024), [https://naturalresources.house.gov/uploadedfiles/hnr\\_letter\\_to\\_sec\\_on\\_nacs.pdf](https://naturalresources.house.gov/uploadedfiles/hnr_letter_to_sec_on_nacs.pdf).

<sup>85</sup> Division of Trading and Markets, *Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Withdrawal of Proposed Rule Change To Amend the NYSE Listed Company Manual To Adopt Listing Standards for Natural Asset Companies*, SECURITIES AND EXCHANGE COMMISSION, 89 Fed. Reg. 4354 (Jan. 17, 2024), <https://www.sec.gov/files/rules/sro/nyse/2024/34-99355.pdf>, <https://www.federalregister.gov/documents/2024/01/23/2024-01189/self-regulatory-organizations-new-york-stock-exchange-llc-notice-of-withdrawal-of-proposed-rule>.

<sup>86</sup> Jennifer Yachnin, *Natural asset companies' felled by critics*, E&E NEWS (Jan. 18, 2024),

<https://subscriber.politicopro.com/article/eenews/2024/01/18/natural-asset-companies-felled-by-critics-00136273>.

<sup>87</sup> Proposed NACs Rule, *supra* note 78.

<sup>88</sup> David Stead, *Natural Asset Companies (NACs)*, IMPACT ENTREPRENEUR (Jan. 23, 2022),

<https://impactentrepreneur.com/natural-asset-companies-nacs/>.

<sup>89</sup> Proposed NACs Rule, *supra* note 78.

<sup>90</sup> Eduardo Calucci, *Addressing the Nature Financing Gap: The role of natural capital accounting and natural asset companies*,

INTERNATIONAL INSTITUTE FOR SUSTAINABLE DEVELOPMENT (Jan. 4, 2023), <https://www.iisd.org/articles/insight/addressing-nature-financing-gap#:~:text=These%20NACs%20are%20companies%20that.discussion%20on%20natural%20capital%20accounting>.

<sup>91</sup> National Strategy for Natural Capital Accounting, *supra* note 30 at 10.

<sup>92</sup> *Id.*

standards. President Biden pushed the federal government to develop its framework for Natural Capital Accounting and environmental-economic statistics modeled on a framework established by the United Nations. Subsequently, the National Strategy for Natural Capital Accounting directs the federal government to treat “nature as an asset” and incorporate “these natural assets on the national balance sheet.”

Instead of using Natural Capital Accounting and ESV to promote nonpartisan aims, the Biden administration intends to use natural capital accounting as another weapon in the arsenal of federal power, beholden to anti-use nonprofits and eco-activists, to lock up America’s public lands and waters. This includes America the Beautiful’s 30x30 goals, the Conservation and Landscape Health Rule, and the development of Natural Asset Companies. The Department of the Interior plans to use natural capital accounting to advance its climate agenda, DEI initiatives, and anti-use agenda.