
SUBSTITUTE HOUSE BILL 2481

State of Washington

61st Legislature

2010 Regular Session

By House Technology, Energy & Communications (originally sponsored by Representatives Van De Wege, Kretz, Blake, Hinkle, Ormsby, Dunshee, McCoy, Eddy, Upthegrove, Carlyle, Haler, Morrell, Warnick, and Kessler; by request of Commissioner of Public Lands)

READ FIRST TIME 01/25/10.

1 AN ACT Relating to the department of natural resources authority to
2 enter into forest biomass supply agreements; amending RCW 79.02.010,
3 43.30.020, 76.04.465, 76.06.180, 79.15.100, 79.15.220, 79.15.510, and
4 79.15.510; adding a new chapter to Title 79 RCW; providing an effective
5 date; and providing an expiration date.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 NEW SECTION. **Sec. 1.** The legislature finds that the utilization
8 of forest biomass materials located on state lands will assist in
9 achieving the purposes of the forest biomass energy demonstration
10 project under RCW 43.30.835, facilitate and support the emerging forest
11 biomass market and clean energy economy, and enable the department to
12 encourage biomass energy development on state trust lands for the trust
13 land's potential long-term benefits to trust beneficiaries. The
14 legislature further finds that biomass utilization on state forest
15 lands must be accomplished in a manner that retains organic components
16 of the forest necessary to restore or sustain forest ecological
17 functions.

1 NEW SECTION. **Sec. 2.** The department may maintain a list of all
2 potential sources of forest biomass on state lands for the purposes of
3 identifying and making forest biomass, as defined in RCW 79.02.010,
4 available for sale, exploration, collection, processing, storage,
5 stockpiling, and conversion into energy, biofuels, for use in a
6 biorefinery, or any other similar use. The department may utilize the
7 list to establish available supply limitations to limit the sale of
8 forest biomass under biomass supply contracts authorized under this act
9 when the department finds the overall supply of forest biomass in a
10 region or watershed has been reduced to a point such that further
11 exploration and collection of forest biomass may not be ecologically or
12 operationally sustainable or might otherwise threaten long-term forest
13 health.

14 NEW SECTION. **Sec. 3.** (1) The department is authorized to enter
15 forest biomass supply contracts on terms and conditions acceptable to
16 the department for terms of up to five years for the purpose of
17 providing a supply of forest biomass during the term of the contract
18 except as the term of the contract may be limited under subsection (2)
19 of this section, provided that such a contract must terminate
20 automatically upon the removal of the agreed volume of biomass and the
21 completion of other conditions of the contract.

22 (2) The department may authorize the sale of forest biomass in a
23 contract for the sale of valuable materials under chapter 79.15 RCW
24 provided that the department complies with the provisions of this
25 chapter and: (a) Requires a separate bid and selects an apparent
26 highest bidder for the forest biomass separately from the sale of
27 valuable materials; (b) expressly includes forest biomass as an element
28 of the sale of the valuable materials to be sold in the sales contract;
29 or (c) a combination of (a) and (b) of this subsection. The term of
30 the contract for the removal of biomass, if the sale is made in
31 conformance with this subsection, must not exceed the term of the
32 contract for valuable materials sold under chapter 79.15 RCW.

33 (3) The department may: (a) Enter into direct sales contracts for
34 forest biomass, without public auction, based upon procedures adopted
35 by the board to ensure competitive market prices and accountability; or
36 (b) enter into contracts for forest biomass at public auction or by

1 sealed bid to the highest bidder in a manner consistent with the sale
2 procedures established for the sale of valuable materials in chapter
3 79.15 RCW or as may be adopted by the board.

4 (4) The department must specify in each contract an annual
5 volumetric limit of the total cubic volume or tons of forest biomass to
6 be supplied from a specific unit, geographically delineated area, or
7 region within a watershed or watersheds based upon the department's
8 determination of forest biomass available in that unit, area, region,
9 or watershed or watersheds on an ecologically and operationally
10 sustainable basis. The department may adopt general procedures for
11 making the biomass supply availability determinations under this
12 subsection. The department may develop utilization standards and
13 operational methods in recognition of the variability of on-site
14 conditions. The department may unilaterally amend the volume to be
15 supplied by providing the contracting party with a minimum of six
16 months notice prior to reducing the contract volume to be supplied if
17 the department determines, under section 2 of this act, that the
18 available supply has been reduced to a point such that further removal
19 of forest biomass may not be ecologically or operationally sustainable
20 or may adversely affect long-term forest health.

21 (5) At the expiration of the contract term, the department may
22 renew the contract for up to three additional five year periods on
23 terms and conditions acceptable to the department, if the department
24 finds: (a) A sustainable supply of forest biomass is available for the
25 term of the contract; (b) the payment under the contract represents the
26 fair market value at the time of the renewal; and (c) the purchaser
27 agrees to the estimated amount of biomass material available.

28 (6) All contractors and their operations authorized under this
29 section must comply with all applicable state and federal laws and
30 regulations.

31 NEW SECTION. **Sec. 4.** The department is authorized to lease state
32 lands for the purpose of the sale, exploration, collection, processing,
33 storage, stockpiling, and conversion of biomass into energy or
34 biofuels, the development of a biorefinery, or for any other resource
35 use derived from biomass if the department is able to obtain a fair
36 market rental return to the state or the appropriate constitutional or

1 statutory trust and if the lease is in the best interest of the state
2 and the affected trust, as follows:

3 (1) Leases authorized under this chapter may be entered into by
4 public auction, in accordance with the provisions of RCW 79.13.140, or
5 by negotiation.

6 (2) All leases must contain such terms and conditions as may be
7 prescribed by the department in accordance with the provision of this
8 act to ensure that removal of forest biomass is ecologically and
9 operationally sustainable. Leases authorized under this act may be for
10 a term of no more than fifty years.

11 (3) For leases that involve the development of biomass processing,
12 biofuel manufacturing, or biomass energy production facilities, the
13 department may include provisions for reduced rent until an approved
14 plan of development is completed and the facility is operational,
15 provided that provisions are included to require: (a) Adequate
16 assurances to protect the department's interest in a future rental
17 income stream; (b) the demonstration of reasonable progress consistent
18 with an approved plan of development; and (c) a lump sum payment to the
19 department in the amount of the difference between the fair market rent
20 and the reduced rent, if the approved plan of development is not
21 completed in the time required in the plan.

22 (4) The department may require the payment of production rent or
23 other compensation for the use of the land and biomass materials on the
24 land. If the department is not entering a supply contract under
25 section 3 of this act for any forest biomass to be supplied for the
26 lease purposes from the leased land, then the department must require
27 a royalty payment for the contribution to value of any product created
28 by the lessee that is associated with forest biomass removed from the
29 leased land in an amount fixed by the board.

30 (5) All lessees and their operations authorized under this section
31 must comply with all applicable state and federal laws and regulations.

32 NEW SECTION. **Sec. 5.** (1) For the purpose of improving forest
33 health on state trust lands, the department of natural resources shall
34 evaluate how the supply agreements in sections 3 and 4 of this act
35 could be utilized to sustain or create rural jobs and timber
36 manufacturing infrastructure, and to sell state timber to traditional

1 timber purchasers. The department shall report its findings to the
2 appropriate committees of the legislature by December 15, 2010, and the
3 evaluation must at a minimum identify how such supply agreements could:

4 (a) Ensure the department of natural resources meets its fiduciary
5 responsibility to the state's trust beneficiaries;

6 (b) Restore or sustain a competitive market for state timber sales;

7 (c) Generate returns for the trust that are commensurate with
8 fluctuating market prices; and

9 (d) Ensure environmental compliance with all pertinent state and
10 federal laws.

11 (2) For the purposes of proving the concepts evaluated in this
12 section, the department of natural resources may establish a forest
13 health supply agreement demonstration project. Solicitation of private
14 industry partners for such a project must be competitive, must focus on
15 areas where traditional forest products manufacturing infrastructure
16 and rural jobs have been lost, and should consider prioritizing
17 partners utilizing materials for both traditional forest products and
18 biomass energy conversion.

19 **Sec. 6.** RCW 79.02.010 and 2004 c 199 s 201 are each amended to
20 read as follows:

21 The definitions in this section apply throughout this title unless
22 the context clearly requires otherwise.

23 (1) "Aquatic lands" means all state-owned tidelands, shorelands,
24 harbor areas, and the beds of navigable waters as defined in (~~chapter~~
25 ~~79.90~~) RCW 79.105.060 that are administered by the department.

26 (2) "Board" means the board of natural resources.

27 (3) "Commissioner" means the commissioner of public lands.

28 (4) "Community and technical college forest reserve lands" means
29 lands managed under RCW 79.02.420.

30 (5) "Department" means the department of natural resources.

31 (6) "Improvements" means anything considered a fixture in law
32 placed upon or attached to lands administered by the department that
33 has changed the value of the lands or any changes in the previous
34 condition of the fixtures that changes the value of the lands.

35 (7) "Land bank lands" means lands acquired under RCW 79.19.020.

36 (8) "Person" means an individual, partnership, corporation,

1 association, organization, cooperative, public or municipal
2 corporation, or agency of a federal, state, or local governmental unit,
3 however designated.

4 (9) "Public lands" means lands of the state of Washington
5 administered by the department including but not limited to state
6 lands, state forest lands, and aquatic lands.

7 (10) "State forest lands" means lands acquired under RCW 79.22.010,
8 79.22.040, and 79.22.020.

9 (11) "State lands" includes:

10 (a) School lands, that is, lands held in trust for the support of
11 the common schools;

12 (b) University lands, that is, lands held in trust for university
13 purposes;

14 (c) Agricultural college lands, that is, lands held in trust for
15 the use and support of agricultural colleges;

16 (d) Scientific school lands, that is, lands held in trust for the
17 establishment and maintenance of a scientific school;

18 (e) Normal school lands, that is, lands held in trust for state
19 normal schools;

20 (f) Capitol building lands, that is, lands held in trust for the
21 purpose of erecting public buildings at the state capital for
22 legislative, executive, and judicial purposes;

23 (g) Institutional lands, that is, lands held in trust for state
24 charitable, educational, penal, and reformatory institutions; and

25 (h) Land bank, escheat, donations, and all other lands, except
26 aquatic lands, administered by the department that are not devoted to
27 or reserved for a particular use by law.

28 (12) "Valuable materials" means any product or material on the
29 lands, such as forest products, forage or agricultural crops, stone,
30 gravel, sand, peat, and all other materials of value except: (a)
31 Mineral, coal, petroleum, and gas as provided for under chapter 79.14
32 RCW; and (b) forest biomass as provided for under chapter 79.-- RCW
33 (the new chapter created in section 14 of this act).

34 (13)(a) "Forest biomass" means the by-products of: Current forest
35 management activities; current forest protection treatments prescribed
36 or permitted under chapter 76.04 RCW; or the by-products of forest
37 health treatment prescribed or permitted under chapter 76.06 RCW.

1 (b) "Forest biomass" does not include wood pieces that have been
2 treated with chemical preservatives such as: Creosote,
3 pentachlorophenol, or copper-chrome-arsenic; wood from old growth
4 forests, except wood removed for forest health treatments under chapter
5 76.06 RCW and RCW 79.15.540; wood required to be left on-site under the
6 state forest practices act, chapter 76.09 RCW, and that chapter's
7 implementing rules, and other legal and contractual requirements; or
8 municipal solid waste.

9 **Sec. 7.** RCW 43.30.020 and 2009 c 163 s 6 are each amended to read
10 as follows:

11 The definitions in this section apply throughout this chapter
12 unless the context clearly requires otherwise.

13 (1) "Administrator" means the administrator of the department of
14 natural resources.

15 (2) "Agency" and "state agency" means any branch, department, or
16 unit of the state government, however designated or constituted.

17 (3) "Board" means the board of natural resources.

18 (4) "Commissioner" means the commissioner of public lands.

19 (5) "Department" means the department of natural resources.

20 (6) (~~"Forest biomass" means the by-products of: Current forest~~
21 ~~practices prescribed or permitted under chapter 76.09 RCW; current~~
22 ~~forest protection treatments prescribed or permitted under chapter~~
23 ~~76.04 RCW; or the by-products of forest health treatments prescribed or~~
24 ~~permitted under chapter 76.06 RCW. "Forest biomass" does not include~~
25 ~~wood pieces that have been treated with chemical preservatives such as:~~
26 ~~Creosote, pentachlorophenol, or copper-chrome-arsenic; wood from old~~
27 ~~growth forests, except wood removed for forest health treatments under~~
28 ~~chapter 76.06 RCW and RCW 79.15.540; wood required by chapter 76.09 RCW~~
29 ~~for large woody debris recruitment; or municipal solid waste.~~

30 (+7)) "Supervisor" means the supervisor of natural resources.

31 **Sec. 8.** RCW 76.04.465 and 1986 c 100 s 30 are each amended to read
32 as follows:

33 Standing dead trees constitute a substantial deterrent to effective
34 fire control action in forest areas, but are also an important and
35 essential habitat for many species of wildlife. To ((insure)) ensure
36 continued existence of these wildlife species and continued forest

1 growth while minimizing the risk of destruction by conflagration, only
2 certain snags must be felled currently with the logging. The
3 department shall adopt rules relating to effective fire control action
4 to require that only certain snags be felled, taking into consideration
5 the need to protect the wildlife habitat. Snags felled for effective
6 fire control action under this section on land managed by the
7 department and not required to be left on-site under the state forest
8 practices act, chapter 76.09 RCW, and that chapter's implementing
9 rules, and other legal and contractual requirements may be utilized by
10 the department for purposes of providing a supply of forest biomass as
11 provided in chapter 79.-- RCW (the new chapter created in section 14 of
12 this act), subject to rules adopted under this section.

13 **Sec. 9.** RCW 76.06.180 and 2007 c 480 s 7 are each amended to read
14 as follows:

15 (1) Prior to issuing a forest health hazard warning or forest
16 health hazard order, the commissioner shall consider the findings and
17 recommendations of the forest health technical advisory committee and
18 shall consult with county government officials, forest landowners and
19 forest land managers, consulting foresters, and other interested
20 parties to gather information on the threat, opportunities or
21 constraints on treatment options, and other information they may
22 provide. The commissioner, or a designee, shall conduct a public
23 hearing in a county within the geographical area being considered.

24 (2) The commissioner of public lands may issue a forest health
25 hazard warning when he or she deems such action is necessary to manage
26 the development of a threat to forest health or address an existing
27 threat to forest health. A decision to issue a forest health hazard
28 warning may be based on existing forest stand conditions and:

29 (a) The presence of an uncharacteristic insect or disease outbreak
30 that has or is likely to (i) spread to multiple forest ownerships and
31 cause extensive damage to forests; or (ii) significantly increase
32 forest fuel that is likely to further the spread of uncharacteristic
33 fire;

34 (b) When, due to extensive physical damage from wind or ice storm
35 or other cause, there are (i) insect populations building up to large
36 scale levels; or (ii) significantly increased forest fuels that are
37 likely to further the spread of uncharacteristic fire; or

1 (c) When otherwise determined by the commissioner to be
2 appropriate.

3 (3) The commissioner of public lands may issue a forest health
4 hazard order when he or she deems such action is necessary to address
5 a significant threat to forest health. A decision to issue a forest
6 health hazard order may be based on existing forest stand conditions
7 and:

8 (a) The presence of an uncharacteristic insect or disease outbreak
9 that has (i) spread to multiple forest ownerships and has caused and is
10 likely to continue to cause extensive damage to forests; or (ii)
11 significantly increased forest fuels that are likely to further the
12 spread of uncharacteristic fire;

13 (b) When, due to extensive physical damage from wind or ice storm
14 or other cause (i) insect populations are causing extensive damage to
15 forests; or (ii) significantly increased forest fuels are likely to
16 further the spread of uncharacteristic fire;

17 (c) Insufficient landowner action under a forest health hazard
18 warning; or

19 (d) When otherwise determined by the commissioner to be
20 appropriate.

21 (4) A forest health hazard warning or forest health hazard order
22 shall be issued by use of a commissioner's order. General notice of
23 the commissioner's order shall be published in a newspaper of general
24 circulation in each county within the area covered by the order and on
25 the department's web site. The order shall specify the boundaries of
26 the area affected, including federal and tribal lands, the forest stand
27 conditions that would make a parcel subject to the provisions of the
28 order, and the actions landowners or land managers should take to
29 reduce the hazard. If the forest health hazard warning or order
30 relates to land managed by the department, the warning or order may
31 also contain provisions for the department's utilization of any forest
32 biomass pursuant to chapter 79.-- RCW (the new chapter created in
33 section 14 of this act).

34 (5) Written notice of a forest health hazard warning or forest
35 health hazard order shall be provided to forest landowners of
36 specifically affected property.

37 (a) The notice shall set forth:

38 (i) The reasons for the action;

1 (ii) The boundaries of the area affected, including federal and
2 tribal lands;

3 (iii) Suggested actions that should be taken by the forest
4 landowner under a forest health hazard warning or the actions that must
5 be taken by a forest landowner under a forest health hazard order;

6 (iv) The time within which such actions should or must be taken;

7 (v) How to obtain information or technical assistance on forest
8 health conditions and treatment options;

9 (vi) The right to request mitigation under subsection (6) of this
10 section and appeal under subsection (7) of this section;

11 (vii) These requirements are advisory only for federal and tribal
12 lands.

13 (b) The notice shall be served by personal service or by mail to
14 the latest recorded real property owner, as shown by the records of the
15 county recording officer as defined in RCW 65.08.060. Service by mail
16 is effective on the date of mailing. Proof of service shall be by
17 affidavit or declaration under penalty of perjury.

18 (6) Forest landowners who have been issued a forest health hazard
19 order under subsection (5) of this section may apply to the department
20 for the remission or mitigation of such order. The application shall
21 be made to the department within fifteen days after notice of the order
22 has been served. Upon receipt of the application, the department may
23 remit or mitigate the order upon whatever terms the department in its
24 discretion deems proper, provided the department deems the remission or
25 mitigation to be in the best interests of carrying out the purposes of
26 this chapter. The department may ascertain the facts regarding all
27 such applications in such reasonable manner and under such rule as it
28 deems proper.

29 (7) Forest landowners who have been issued a forest health hazard
30 order under subsection (5) of this section may appeal the order to the
31 forest practices appeals board.

32 (a) The appeal shall be filed within thirty days after notice of
33 the order has been served, unless application for mitigation has been
34 made to the department. When such an application for mitigation is
35 made, such appeal shall be filed within thirty days after notice of the
36 disposition of the application for mitigation has been served.

37 (b) The appeal must set forth:

38 (i) The name and mailing address of the appellant;

1 (ii) The name and mailing address of the appellant's attorney, if
2 any;

3 (iii) A duplicate copy of the forest health hazard order;

4 (iv) A separate and concise statement of each error alleged to have
5 been committed;

6 (v) A concise statement of facts upon which the appellant relies to
7 sustain the statement of error; and

8 (vi) A statement of the relief requested.

9 (8) A forest health hazard order issued under subsection (5) of
10 this section is effective thirty days after date of service unless
11 application for remission or mitigation is made or an appeal is filed.
12 When an application for remission or mitigation is made, the order is
13 effective thirty days after notice setting forth the disposition of the
14 application is served unless an appeal is filed from such disposition.
15 Whenever an appeal of the order is filed, the order shall become
16 effective only upon completion of all administrative and judicial
17 review proceedings and the issuance of a final decision confirming the
18 order in whole or in part.

19 (9) Upon written request, the department may certify as adequate a
20 forest health management plan developed by a forest landowner, before
21 or in response to a forest health hazard warning or forest health
22 hazard order, if the plan is likely to achieve the desired result and
23 the terms of the plan are being diligently followed by the forest
24 landowner. The certification of adequacy shall be determined by the
25 department in its sole discretion, and be provided to the requestor in
26 writing.

27 **Sec. 10.** RCW 79.15.100 and 2004 c 177 s 5 are each amended to read
28 as follows:

29 (1) Valuable materials may be sold separately from the land as a
30 "lump sum sale" or as a "scale sale."

31 (a) "Lump sum sale" means any sale offered with a single total
32 price applying to all the material conveyed.

33 (b) "Scale sale" means any sale offered with per unit prices to be
34 applied to the material conveyed.

35 (2) Payment for lump sum sales must be made as follows:

36 (a) Lump sum sales under five thousand dollars appraised value
37 require full payment on the day of sale.

1 (b) Lump sum sales appraised at over five thousand dollars but
2 under one hundred thousand dollars may require full payment on the day
3 of sale.

4 (c) Lump sum sales requiring full payment on the day of sale may be
5 paid in cash or by certified check, cashier's check, bank draft, or
6 money order, all payable to the department.

7 (3) Except for sales paid in full on the day of sale or sales with
8 adequate bid bonds, an initial deposit not to exceed twenty-five
9 percent of the actual or projected purchase price shall be made on the
10 day of sale.

11 (a) Sales with bid bonds are subject to the day of sale payment and
12 replacement requirements prescribed by RCW 79.15.110.

13 (b) The initial deposit must be maintained until all contract
14 obligations of the purchaser are satisfied. However, all or a portion
15 of the initial deposit may be applied as the final payment for the
16 valuable materials in the event the department determines that adequate
17 security exists for the performance or fulfillment of any remaining
18 obligations of the purchaser under the sale contract.

19 (4) Advance payments or other adequate security acceptable to the
20 department is required for valuable materials sold on a scale sale
21 basis or a lump sum sale not requiring full payment on the day of sale.

22 (a) The purchaser must notify the department before any operation
23 takes place on the sale site.

24 (b) Upon notification as provided in (a) of this subsection, the
25 department must require advanced payment or may allow purchasers to
26 submit adequate security.

27 (c) The amount of advanced payments or security must be determined
28 by the department and must at all times equal or exceed the value of
29 timber cut and other valuable materials processed or removed until paid
30 for.

31 (d) Security may be bank letters of credit, payment bonds,
32 assignments of savings accounts, assignments of certificates of
33 deposit, or other methods acceptable to the department as adequate
34 security.

35 (5) All valuable material must be removed from the sale area within
36 the period specified in the contract.

37 (a) The specified period may not exceed five years from date of

1 purchase except for stone, sand, gravel, fill material, or building
2 stone.

3 (b) The specified period for stone, sand, gravel, fill material, or
4 building stone may not exceed thirty years.

5 (c) In all cases, any valuable material not removed from the land
6 within the period specified in the contract reverts to the state. The
7 department may utilize any remaining forest biomass in accordance with
8 chapter 79.-- RCW (the new chapter created in section 14 of this act).

9 (6) The department may extend a contract beyond the normal
10 termination date specified in the sale contract as the time for removal
11 of valuable materials when, in the department's judgment, the purchaser
12 is acting in good faith and endeavoring to remove the materials. The
13 extension is contingent upon payment of the fees specified below.

14 (a) The extended time for removal shall not exceed:

15 (i) Forty years from date of purchase for stone, sand, gravel, fill
16 material, or building stone;

17 (ii) A total of ten years beyond the original termination date for
18 all other valuable materials.

19 (b) An extension fee fixed by the department will be charged based
20 on the estimated loss of income per acre to the state resulting from
21 the granting of the extension plus interest on the unpaid portion of
22 the contract. The board must periodically fix and adopt by rule the
23 interest rate, which shall not be less than six percent per annum.

24 (c) The sale contract shall specify:

25 (i) The applicable rate of interest as fixed at the day of sale and
26 the maximum extension payment; and

27 (ii) The method for calculating the unpaid portion of the contract
28 upon which interest is paid.

29 (d) The minimum extension fee is fifty dollars per extension plus
30 interest on the unpaid portion of the contract.

31 (e) Moneys received for any extension must be credited to the same
32 fund in the state treasury as was credited the original purchase price
33 of the valuable material sold.

34 (7) The department may, in addition to any other securities,
35 require a performance security to guarantee compliance with all
36 contract requirements. The security is limited to those types listed
37 in subsection (4) of this section. The value of the performance

1 security will, at all times, equal or exceed the value of work
2 performed or to be performed by the purchaser.

3 (8) The department does not need to comply with the provisions of
4 this chapter for forest biomass except as described in the provisions
5 of chapter 70.-- RCW (the new chapter created in section 14 of this
6 act). Forest biomass may not be included in any sales contract
7 authorized under this chapter unless the department has complied with
8 the provisions of chapter 79.-- RCW (the new chapter created in section
9 14 of this act).

10 (9) The provisions of this section apply unless otherwise provided
11 by statute.

12 **Sec. 11.** RCW 79.15.220 and 2001 c 250 s 14 are each amended to
13 read as follows:

14 When the department finds valuable materials on state land that are
15 damaged by fire, wind, flood, or from any other cause, it shall
16 determine if the salvage of the damaged valuable materials is in the
17 best interest of the trust for which the land is held, which may
18 include the salvage of forest biomass under chapter 79.-- RCW (the new
19 chapter created in section 14 of this act). If salvaging the valuable
20 materials is in the best interest of the trust, the department shall
21 proceed to offer the valuable materials for sale. The valuable
22 materials, when offered for sale, must be sold in the most expeditious
23 and efficient manner as determined by the department. In determining
24 if the sale is in the best interest of the trust the department shall
25 consider the net value of the valuable materials and relevant elements
26 of the physical and social environment.

27 **Sec. 12.** RCW 79.15.510 and 2009 c 418 s 2 are each amended to read
28 as follows:

29 (1) The department may establish a contract harvesting program for
30 directly contracting for the removal of timber and other valuable
31 materials from state lands and for conducting silvicultural treatments
32 consistent with RCW 79.15.540.

33 (2) The contract requirements must be compatible with the office of
34 financial management's guide to public service contracts.

35 (3) The department may not use contract harvesting for more than
36 twenty percent of the total annual volume of timber offered for sale.

1 However, volume removed primarily to address an identified forest
2 health issue under RCW 79.15.540 may not be included in calculating the
3 (~~ten~~ [twenty] percent)) annual limit of contract harvesting sales.
4 Forest biomass resulting from harvesting to address an identified
5 forest health issue under RCW 79.15.540 may be utilized in accordance
6 with chapter 79.-- RCW (the new chapter created in section 14 of this
7 act).

8 **Sec. 13.** RCW 79.15.510 and 2004 c 218 s 6 are each amended to read
9 as follows:

10 (1) The department may establish a contract harvesting program for
11 directly contracting for the removal of timber and other valuable
12 materials from state lands and for conducting silvicultural treatments
13 consistent with RCW 79.15.540.

14 (2) The contract requirements must be compatible with the office of
15 financial management's guide to public service contracts.

16 (3) The department may not use contract harvesting for more than
17 ten percent of the total annual volume of timber offered for sale.
18 However, volume removed primarily to address an identified forest
19 health issue under RCW 79.15.540 may not be included in calculating the
20 (~~ten~~ percent)) annual limit of contract harvesting sales. Forest
21 biomass resulting from harvesting to address an identified forest
22 health issue under RCW 79.15.540 may be utilized in accordance with
23 chapter 79.-- RCW (the new chapter created in section 14 of this act).

24 NEW SECTION. **Sec. 14.** Sections 1 through 5 of this act constitute
25 a new chapter in Title 79 RCW.

26 NEW SECTION. **Sec. 15.** Section 12 of this act expires January 1,
27 2014.

28 NEW SECTION. **Sec. 16.** Section 13 of this act takes effect January
29 1, 2014.

--- END ---