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HOUSE BILL 2481

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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

Prefiled 12/21/09. Read first time 01/11/10. Referred to Committee on Technology, Energy & Communications.

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.

14 NEW SECTION. **Sec. 2.** The department may maintain a list of all  
15 potential sources of forest biomass on state lands for the purposes of  
16 identifying and making forest biomass available for sale, exploration,  
17 collection, processing, storage, stockpiling, and conversion into  
18 energy, biofuels, for use in a biorefinery, or any other similar use.

1 The department may utilize the list to establish available supply  
2 limitations to limit the sale of forest biomass under biomass supply  
3 contracts authorized under this act when the department finds the  
4 overall supply of forest biomass in a region or watershed is depleted  
5 such that further exploration and collection of forest biomass may not  
6 be sustainable or might otherwise threaten long-term forest health.

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

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

26 (3) The department may: (a) Enter into direct sales contracts for  
27 forest biomass, without public auction, based upon procedures adopted  
28 by the board to ensure competitive market prices and accountability; or  
29 (b) enter into contracts for forest biomass at public auction or by  
30 sealed bid to the highest bidder in a manner consistent with the sale  
31 procedures established for the sale of valuable materials in chapter  
32 79.15 RCW or as may be adopted by the board.

33 (4) The department must specify in each contract an annual  
34 volumetric limit of the total cubic volume or tons of forest biomass to  
35 be supplied from a specific unit, geographically delineated area, or  
36 region within a watershed or watersheds based upon the department's  
37 determination of forest biomass available in that unit, area, region,

1 or watershed or watersheds on a sustainable basis. The department may  
2 unilaterally amend the volume to be supplied by providing the  
3 contracting party with a minimum of six months notice prior to reducing  
4 the contract volume to be supplied if the department determines, under  
5 section 2 of this act, that the available supply has been depleted such  
6 that further removal of forest biomass may not be sustainable or may  
7 adversely affect long-term forest health.

8 (5) At the expiration of the contract term, the department may  
9 renew the contract for up to three additional five year periods on  
10 terms and conditions acceptable to the department, if the department  
11 finds: (a) A sustainable supply of forest biomass is available for the  
12 term of the contract; (b) the payment under the contract represents the  
13 fair market value at the time of the renewal; and (c) the purchaser  
14 agrees to the estimated amount of biomass material available.

15 NEW SECTION. **Sec. 4.** The department is authorized to lease state  
16 lands for the purpose of the sale, exploration, collection, processing,  
17 storage, stockpiling, and conversion of biomass into energy or  
18 biofuels, the development of a biorefinery, or for any other resource  
19 use derived from biomass if the department is able to obtain a fair  
20 market rental return to the state or the appropriate constitutional or  
21 statutory trust and if the lease is in the best interest of the state  
22 and the affected trust, as follows:

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

26 (2) All leases must contain such terms and conditions as may be  
27 prescribed by the rules adopted by the department in accordance with  
28 the provision of this act. Leases authorized under this act may be for  
29 a term of no more than fifty years.

30 (3) For leases that involve the development of biomass processing,  
31 biofuel manufacturing, or biomass energy production facilities, the  
32 department may include provisions for reduced rent until an approved  
33 plan of development is completed and the facility is operational,  
34 provided that provisions are included to require: (a) Adequate  
35 assurances to protect the department's interest in a future rental  
36 income stream; (b) the demonstration of reasonable progress consistent  
37 with an approved plan of development; and (c) a lump sum payment to the

1 department in the amount of the difference between the fair market rent  
2 and the reduced rent, if the approved plan of development is not  
3 completed in the time required in the plan.

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

12 **Sec. 5.** RCW 79.02.010 and 2004 c 199 s 201 are each amended to  
13 read as follows:

14 The definitions in this section apply throughout this title unless  
15 the context clearly requires otherwise.

16 (1) "Aquatic lands" means all state-owned tidelands, shorelands,  
17 harbor areas, and the beds of navigable waters as defined in (~~chapter~~  
18 ~~79.90~~) RCW 79.105.060 that are administered by the department.

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

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

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

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

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

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

29 (8) "Person" means an individual, partnership, corporation,  
30 association, organization, cooperative, public or municipal  
31 corporation, or agency of a federal, state, or local governmental unit,  
32 however designated.

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

36 (10) "State forest lands" means lands acquired under RCW 79.22.010,  
37 79.22.040, and 79.22.020.

1 (11) "State lands" includes:  
2 (a) School lands, that is, lands held in trust for the support of  
3 the common schools;  
4 (b) University lands, that is, lands held in trust for university  
5 purposes;  
6 (c) Agricultural college lands, that is, lands held in trust for  
7 the use and support of agricultural colleges;  
8 (d) Scientific school lands, that is, lands held in trust for the  
9 establishment and maintenance of a scientific school;  
10 (e) Normal school lands, that is, lands held in trust for state  
11 normal schools;  
12 (f) Capitol building lands, that is, lands held in trust for the  
13 purpose of erecting public buildings at the state capital for  
14 legislative, executive, and judicial purposes;  
15 (g) Institutional lands, that is, lands held in trust for state  
16 charitable, educational, penal, and reformatory institutions; and  
17 (h) Land bank, escheat, donations, and all other lands, except  
18 aquatic lands, administered by the department that are not devoted to  
19 or reserved for a particular use by law.  
20 (12) "Valuable materials" means any product or material on the  
21 lands, such as forest products, forage or agricultural crops, stone,  
22 gravel, sand, peat, and all other materials of value except: (a)  
23 Mineral, coal, petroleum, and gas as provided for under chapter 79.14  
24 RCW; and (b) forest biomass as provided for under chapter 79.-- RCW  
25 (the new chapter created in section 13 of this act).  
26 (13)(a) "Forest biomass" means the by-products of: Current forest  
27 practices prescribed or permitted under chapter 76.09 RCW; current  
28 forest protection treatments prescribed or permitted under chapter  
29 76.04 RCW; or the by-products of forest health treatment prescribed or  
30 permitted under chapter 76.06 RCW.  
31 (b) "Forest biomass" does not include wood pieces that have been  
32 treated with chemical preservatives such as: Creosote,  
33 pentachlorophenol, or copper-chrome-arsenic; wood from old growth  
34 forests, except wood removed for forest health treatments under chapter  
35 76.06 RCW and RCW 79.15.540; wood required by chapter 76.09 RCW for  
36 large woody debris recruitment; or municipal solid waste.

1       **Sec. 6.** RCW 43.30.020 and 2009 c 163 s 6 are each amended to read  
2 as follows:

3       The definitions in this section apply throughout this chapter  
4 unless the context clearly requires otherwise.

5       (1) "Administrator" means the administrator of the department of  
6 natural resources.

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

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

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

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

12       (6) (~~"Forest biomass" means the by products of: Current forest~~  
13 ~~practices prescribed or permitted under chapter 76.09 RCW; current~~  
14 ~~forest protection treatments prescribed or permitted under chapter~~  
15 ~~76.04 RCW; or the by products of forest health treatments prescribed or~~  
16 ~~permitted under chapter 76.06 RCW. "Forest biomass" does not include~~  
17 ~~wood pieces that have been treated with chemical preservatives such as:~~  
18 ~~Creosote, pentachlorophenol, or copper-chrome-arsenic; wood from old~~  
19 ~~growth forests, except wood removed for forest health treatments under~~  
20 ~~chapter 76.06 RCW and RCW 79.15.540; wood required by chapter 76.09 RCW~~  
21 ~~for large woody debris recruitment; or municipal solid waste.~~

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

23       **Sec. 7.** RCW 76.04.465 and 1986 c 100 s 30 are each amended to read  
24 as follows:

25       Standing dead trees constitute a substantial deterrent to effective  
26 fire control action in forest areas, but are also an important and  
27 essential habitat for many species of wildlife. To ((insure)) ensure  
28 continued existence of these wildlife species and continued forest  
29 growth while minimizing the risk of destruction by conflagration, only  
30 certain snags must be felled currently with the logging. The  
31 department shall adopt rules relating to effective fire control action  
32 to require that only certain snags be felled, taking into consideration  
33 the need to protect the wildlife habitat. Snags felled for effective  
34 fire control action under this section on land managed by the  
35 department may be utilized by the department for purposes of providing  
36 a supply of forest biomass as provided in chapter 79.-- RCW (the new

1 chapter created in section 13 of this act), subject to rules adopted  
2 under this section.

3 **Sec. 8.** RCW 76.06.180 and 2007 c 480 s 7 are each amended to read  
4 as follows:

5 (1) Prior to issuing a forest health hazard warning or forest  
6 health hazard order, the commissioner shall consider the findings and  
7 recommendations of the forest health technical advisory committee and  
8 shall consult with county government officials, forest landowners and  
9 forest land managers, consulting foresters, and other interested  
10 parties to gather information on the threat, opportunities or  
11 constraints on treatment options, and other information they may  
12 provide. The commissioner, or a designee, shall conduct a public  
13 hearing in a county within the geographical area being considered.

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

19 (a) The presence of an uncharacteristic insect or disease outbreak  
20 that has or is likely to (i) spread to multiple forest ownerships and  
21 cause extensive damage to forests; or (ii) significantly increase  
22 forest fuel that is likely to further the spread of uncharacteristic  
23 fire;

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

28 (c) When otherwise determined by the commissioner to be  
29 appropriate.

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

35 (a) The presence of an uncharacteristic insect or disease outbreak  
36 that has (i) spread to multiple forest ownerships and has caused and is

1 likely to continue to cause extensive damage to forests; or (ii)  
2 significantly increased forest fuels that are likely to further the  
3 spread of uncharacteristic fire;

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

8 (c) Insufficient landowner action under a forest health hazard  
9 warning; or

10 (d) When otherwise determined by the commissioner to be  
11 appropriate.

12 (4) A forest health hazard warning or forest health hazard order  
13 shall be issued by use of a commissioner's order. General notice of  
14 the commissioner's order shall be published in a newspaper of general  
15 circulation in each county within the area covered by the order and on  
16 the department's web site. The order shall specify the boundaries of  
17 the area affected, including federal and tribal lands, the forest stand  
18 conditions that would make a parcel subject to the provisions of the  
19 order, and the actions landowners or land managers should take to  
20 reduce the hazard. If the forest health hazard warning or order  
21 relates to land managed by the department, the warning or order may  
22 also contain provisions for the department's utilization of any forest  
23 biomass pursuant to chapter 79.-- RCW (the new chapter created in  
24 section 13 of this act).

25 (5) Written notice of a forest health hazard warning or forest  
26 health hazard order shall be provided to forest landowners of  
27 specifically affected property.

28 (a) The notice shall set forth:

29 (i) The reasons for the action;

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

32 (iii) Suggested actions that should be taken by the forest  
33 landowner under a forest health hazard warning or the actions that must  
34 be taken by a forest landowner under a forest health hazard order;

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

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



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

3 (vii) These requirements are advisory only for federal and tribal  
4 lands.

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

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

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

24 (a) The appeal shall be filed within thirty days after notice of  
25 the order has been served, unless application for mitigation has been  
26 made to the department. When such an application for mitigation is  
27 made, such appeal shall be filed within thirty days after notice of the  
28 disposition of the application for mitigation has been served.

29 (b) The appeal must set forth:

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

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

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

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

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

38 (vi) A statement of the relief requested.

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

11 (9) Upon written request, the department may certify as adequate a  
12 forest health management plan developed by a forest landowner, before  
13 or in response to a forest health hazard warning or forest health  
14 hazard order, if the plan is likely to achieve the desired result and  
15 the terms of the plan are being diligently followed by the forest  
16 landowner. The certification of adequacy shall be determined by the  
17 department in its sole discretion, and be provided to the requestor in  
18 writing.

19 **Sec. 9.** RCW 79.15.100 and 2004 c 177 s 5 are each amended to read  
20 as follows:

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

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

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

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

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

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

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

36 (3) Except for sales paid in full on the day of sale or sales with

1 adequate bid bonds, an initial deposit not to exceed twenty-five  
2 percent of the actual or projected purchase price shall be made on the  
3 day of sale.

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

6 (b) The initial deposit must be maintained until all contract  
7 obligations of the purchaser are satisfied. However, all or a portion  
8 of the initial deposit may be applied as the final payment for the  
9 valuable materials in the event the department determines that adequate  
10 security exists for the performance or fulfillment of any remaining  
11 obligations of the purchaser under the sale contract.

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

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

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

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

24 (d) Security may be bank letters of credit, payment bonds,  
25 assignments of savings accounts, assignments of certificates of  
26 deposit, or other methods acceptable to the department as adequate  
27 security.

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

30 (a) The specified period may not exceed five years from date of  
31 purchase except for stone, sand, gravel, fill material, or building  
32 stone.

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

35 (c) In all cases, any valuable material not removed from the land  
36 within the period specified in the contract reverts to the state. The  
37 department may utilize any remaining forest biomass in accordance with  
38 chapter 79.-- RCW (the new chapter created in section 13 of this act).

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

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

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

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

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

16 (c) The sale contract shall specify:

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

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

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

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

26 (7) The department may, in addition to any other securities,  
27 require a performance security to guarantee compliance with all  
28 contract requirements. The security is limited to those types listed  
29 in subsection (4) of this section. The value of the performance  
30 security will, at all times, equal or exceed the value of work  
31 performed or to be performed by the purchaser.

32 (8) The department does not need to comply with the provisions of  
33 this chapter for forest biomass except as described in the provisions  
34 of chapter 70.-- RCW (the new chapter created in section 13 of this  
35 act). Forest biomass may not be included in any sales contract  
36 authorized under this chapter unless the department has complied with  
37 the provisions of chapter 79.-- RCW (the new chapter created in section  
38 13 of this act).

1       (9) The provisions of this section apply unless otherwise provided  
2 by statute.

3       **Sec. 10.** RCW 79.15.220 and 2001 c 250 s 14 are each amended to  
4 read as follows:

5       When the department finds valuable materials on state land that are  
6 damaged by fire, wind, flood, or from any other cause, it shall  
7 determine if the salvage of the damaged valuable materials is in the  
8 best interest of the trust for which the land is held, which may  
9 include the salvage of forest biomass under chapter 79.-- RCW (the new  
10 chapter created in section 13 of this act). If salvaging the valuable  
11 materials is in the best interest of the trust, the department shall  
12 proceed to offer the valuable materials for sale. The valuable  
13 materials, when offered for sale, must be sold in the most expeditious  
14 and efficient manner as determined by the department. In determining  
15 if the sale is in the best interest of the trust the department shall  
16 consider the net value of the valuable materials and relevant elements  
17 of the physical and social environment.

18       **Sec. 11.** RCW 79.15.510 and 2009 c 418 s 2 are each amended to read  
19 as follows:

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

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

26       (3) The department may not use contract harvesting for more than  
27 twenty percent of the total annual volume of timber offered for sale.  
28 However, volume removed primarily to address an identified forest  
29 health issue under RCW 79.15.540 may not be included in calculating the  
30 ~~((ten [twenty] percent))~~ annual limit of contract harvesting sales.  
31 Forest biomass resulting from harvesting to address an identified  
32 forest health issue under RCW 79.15.540 may be utilized in accordance  
33 with chapter 79.-- RCW (the new chapter created in section 13 of this  
34 act).

1           **Sec. 12.** RCW 79.15.510 and 2004 c 218 s 6 are each amended to read  
2 as follows:

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

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

9           (3) The department may not use contract harvesting for more than  
10 ten percent of the total annual volume of timber offered for sale.  
11 However, volume removed primarily to address an identified forest  
12 health issue under RCW 79.15.540 may not be included in calculating the  
13 ((ten percent)) annual limit of contract harvesting sales. Forest  
14 biomass resulting from harvesting to address an identified forest  
15 health issue under RCW 79.15.540 may be utilized in accordance with  
16 chapter 79.-- RCW (the new chapter created in section 13 of this act).

17           NEW SECTION. **Sec. 13.** Sections 1 through 4 of this act constitute  
18 a new chapter in Title 79 RCW.

19           NEW SECTION. **Sec. 14.** Section 11 of this act expires January 1,  
20 2014.

21           NEW SECTION. **Sec. 15.** Section 12 of this act takes effect January  
22 1, 2014.

--- END ---