

# HOUSE BILL REPORT

## HB 1421

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**As Reported by House Committee On:**  
Agriculture & Natural Resources  
Capital Budget

**Title:** An act relating to providing the authority to create a community forest trust to be managed by the department of natural resources.

**Brief Description:** Providing authority to create a community forest trust.

**Sponsors:** Representatives Rolfes, Lytton, Moscoso, Van De Wege, Green, Sells, Blake, Sullivan, Eddy, Fitzgibbon, Frockt, Dunshee, Ryu, Upthegrove, Kenney, Reykdal and Tharinger; by request of Commissioner of Public Lands.

**Brief History:**

**Committee Activity:**

Agriculture & Natural Resources: 2/4/11, 2/11/11 [DPS];  
Capital Budget: 2/18/11, 2/21/11 [DPS(AGNR)].

**Brief Summary of Substitute Bill**

- Authorizes the Department of Natural Resources to create and manage the Community Forest Trust as a discrete category of non-fiduciary trust lands actively managed to sustain working forest conservation objectives.

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### HOUSE COMMITTEE ON AGRICULTURE & NATURAL RESOURCES

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Blake, Chair; Stanford, Vice Chair; Dunshee, Lytton, Pettigrew, Rolfes and Van De Wege.

**Minority Report:** Do not pass. Signed by 6 members: Representatives Chandler, Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys, Hinkle, Kretz and Orcutt.

**Staff:** Jason Callahan (786-7117).

**Background:**

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

The Department of Natural Resources (DNR) manages state land for a number of different purposes. Some land must be managed to generate revenue for named beneficiaries. The DNR is also charged with the responsibility of managing aquatic lands, Natural Area Preserves, and Natural Resource Conservation Areas. The Legislature has directed the DNR to manage state lands for multiple uses, including recreation, when those uses do not conflict with the management goals of the land. Public uses of state land include camp sites, picnic areas, trails, and educational and scientific research areas.

The Board of Natural Resources has been delegated the responsibility to direct the management of state lands that are held in trust for identified trust beneficiaries. Beneficiaries of these land trusts include the state's public schools, higher education institutions, and counties. Each land trust has a specific beneficiary that financially benefits from the land management activities of the DNR.

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### **Summary of Substitute Bill:**

The DNR is authorized to create and manage the Community Forest Trust (CFT). The CFT must be a discrete category of non-fiduciary trust lands held by the DNR and actively managed to generate financial support for the CFT and to sustain working forest conservation objectives.

The DNR must identify goals for the CFT before identifying lands for inclusion into the CFT. These goals must include the following:

- protecting in perpetuity working forest lands that are at a significant risk of conversion to another land use;
- securing financial and social viability through sound management plans and objectives that are consistent with the values of the local community;
- maintaining the land in a working status;
- generating revenue at levels that are, at a minimum, capable of reimbursing the DNR for management costs;
- providing for ongoing, sustainable public recreational access; and
- providing educational opportunities for local communities regarding the benefits that working forests provide to Washington's economy, communities, environment, and quality of life.

The DNR may acquire parcels for the CFT through purchase, gift, donation, grant, transfer, or other means other than eminent domain. If state trust lands are transferred into the CFT, then the value of that transfer must be provided to the beneficiaries of the trust.

The DNR is required to develop criteria for identifying and prioritizing forest land that is suitable for potential inclusion in the CFT. Priority considerations are to be given to lands that meet certain values or conditions. These values and conditions include the active participation of community partners, risk of conversion, buffering of commercial forest lands from development, and enhancing the forest products manufacturing infrastructure.

The DNR must submit biennially to the Office of Financial Management and the Legislature a prioritized list that identifies nominated parcels of state land or state forest land that are suitable for transfer into the CFT. The list of nominated parcels must reflect consideration of local nominations. Prior to actually acquiring land for a CFT, the DNR must obtain a commitment from the local community to preserve the land as a working forest. This community commitment must be demonstrated by a reimbursable financial contribution of at least 50 percent the difference between the parcel's fair market value and its timber value. Each parcel added to the CFT must be accompanied by a management plan developed in cooperation with a local advisory committee.

In addition to local advisory committees for individual parcels, the DNR may establish a statewide advisory committee for the entire CFT program. Members to the advisory committee are not to be paid or be reimbursed for travel costs. Also discretionary to the DNR is the creation of local working forest districts. These districts would be partnerships with local governments in order to synchronize the management of CFT lands with other public and private lands located near one another to accomplish a common set of community goals.

Certain existing funds and accounting mechanisms available to the DNR are expanded to allow the inclusion of CFT funds. These include the Real Property Replacement Account, the Park Land Trust Revolving Fund, and the Resource Management Cost Account.

**Substitute Bill Compared to Original Bill:**

The substitute bill recognizes the revenue production objectives of local partners when prioritizing purchases for the CFT. In addition, the substitute bill provides accounting mechanisms to allow the CFT to reimburse the local financial contribution necessary to establish a trust and sets the local contribution to a new parcel in the CFT as 50 percent of the difference before the parcel's market value and its timber value.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) Addressing the challenge of forest land conversion is complex and challenging. There has been a tremendous shift in public perception regarding the forested landscape in favor of maintaining lands in a working status and the benefits that come with working forests. These benefits include jobs, recreation, clean water, clean air, a decrease in carbon emissions, stormwater management improvements, wildlife habitat, and an overall improved quality of life.

The DNR has tried to prioritize the acquisition of lands at risk of conversion to a non-forestry use; however, lands located near an urban environment are often not good investments for the state land trusts because traditional timber harvest is not always supported by the adjacent community. The CFT can serve as one of many needed tools to fill the void between lands dedicated purely to conservation and lands used for traditional industrial forestry. The CFT represents an idea that can grow over time and bring communities together to work towards a common goal.

(Opposed) None.

**Persons Testifying:** Representative Rolfes, prime sponsor; Peter Goldmark, Commissioner of Public Lands; Mitch Friedman, Conservation Northwest; and Bill Robinson, Nature Conservancy.

**Persons Signed In To Testify But Not Testifying:** None.

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## HOUSE COMMITTEE ON CAPITAL BUDGET

**Majority Report:** The substitute bill by Committee on Agriculture & Natural Resources be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Dunshee, Chair; Ormsby, Vice Chair; Zeiger, Assistant Ranking Minority Member; Asay, Jacks, Jinkins, Lytton and Tharinger.

**Minority Report:** Do not pass. Signed by 3 members: Representatives Warnick, Ranking Minority Member; Pearson and Smith.

**Staff:** Susan Howson (786-7142).

### **Summary of Recommendation of Committee On Capital Budget Compared to Recommendation of Committee On Agriculture & Natural Resources:**

No new changes were recommended.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

### **Staff Summary of Public Testimony:**

(In support) This bill allows the state to better participate in community-based efforts to protect working forests, jobs, and economic activity; local conservation values; and recreation. Currently, the Department of Natural Resources (DNR) has no way to help protect high-risk forestlands as local working forests that could support themselves and their communities' values into the future. Once established, this will be a unique category of state land ownership in which conservation will be an important purpose. In addition, there will

also be community-supported revenue generating activities that, at a minimum, will make these areas self-supporting and not dependent on state general fund appropriations. The funds for acquisition could come from a variety of sources to include state capital budget appropriations. The bill includes careful accounting of acquisition funds and management revenues through the use of existing state accounts. The management of the Community Forest Trust lands would be by the DNR according to a management plan developed collaboratively by state and local partners. The existing Trust Land Transfer Program is a model that could be used to transfer lands into this new land ownership category.

(Opposed) None.

**Persons Testifying:** Craig Partridge and Clay Sprague, Department of Natural Resources; and Bill Robinson, The Nature Conservancy.

**Persons Signed In To Testify But Not Testifying:** None.