

# HOUSE BILL REPORT

## HB 2329

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### As Passed Legislature

**Title:** An act relating to replacing encumbered state forest lands for the benefit of multiple participating counties.

**Brief Description:** Replacing encumbered state forest lands for the benefit of multiple participating counties.

**Sponsors:** Representatives Takko, Orcutt, Blake, Chandler, Stanford, Taylor and Van De Wege; by request of Commissioner of Public Lands.

### Brief History:

#### Committee Activity:

Agriculture & Natural Resources: 1/17/12, 1/18/12 [DP];

Capital Budget: 1/31/12 [DP].

#### Floor Activity:

Passed House: 2/9/12, 97-0.

Senate Amended.

Passed Senate: 2/24/12, 45-3.

Passed House: 3/5/12, 98-0.

Passed Legislature.

### Brief Summary of Bill

- Provides the Board of Natural Resources with the discretionary authority to create a state forest land pool to be managed for the benefit of certain eligible counties.

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### HOUSE COMMITTEE ON AGRICULTURE & NATURAL RESOURCES

**Majority Report:** Do pass. Signed by 12 members: Representatives Blake, Chair; Stanford, Vice Chair; Chandler, Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys, Dunshee, Hinkle, Kretz, Lytton, Orcutt, Pettigrew and Van De Wege.

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

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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.*

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## HOUSE COMMITTEE ON CAPITAL BUDGET

**Majority Report:** Do pass. Signed by 11 members: Representatives Dunshee, Chair; Ormsby, Vice Chair; Warnick, Ranking Minority Member; Zeiger, Assistant Ranking Minority Member; Asay, Jinkins, Lytton, Pearson, Smith, Tharinger and Wylie.

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

### **Background:**

The term "state forest lands" refers to lands managed by the Department of Natural Resources (Department) for the benefit of the county in which the land is located. Many acres of state forest land were added to this classification through the process of the county initiating a tax lien foreclosure process and transferring management to the Board of Natural Resources (Board). The Department itself also has the direct authority to purchase, or accept gifts of, land that is appropriate to be managed as state forest land.

The Department also manages the Trust Land Transfer Program (Program), which is typically authorized and funded in each biennial capital budget. The Program is generally used to reposition less productive lands managed by the Department with lands that can sustain a higher timber yield. This program has been used in the past to reposition lands within, and add lands to, the state forest land management classification.

The Department is authorized to transfer, or dispose of, lands meeting certain criteria without public auction. One of the criteria for an auction-less transfer is being located in a county with a population of 25,000 or fewer and having the land in question be encumbered with timber harvest deferrals of greater than 30 years which are in place to protect endangered species. Most lands meeting this requirement are located in southwest Washington. Proceeds from any transfers are deposited into the Park Land Trust Revolving Fund and are used to buy replacement lands within the same county from where the proceeds originated.

Revenue generated from state forest lands is shared between the county where the land is located and the Department. Revenues generated from lands in one county may not be shared with other counties.

### **Summary of Bill:**

The Board of Natural Resources (Board) is given the discretionary authority to create a state forest land pool (land pool) to be managed by the Department of Natural Resources (Department) for the benefit of counties that have a population of 25,000 or fewer and that have existing state forest lands encumbered with 30 year or longer timber harvest deferrals associated with wildlife species listed under the federal Endangered Species Act (ESA). The land pool is a collection of discrete parcels located over multiple counties that are managed together for multiple beneficiaries.

Only counties satisfying the conditions for inclusion may elect to participate in the land pool; a decision formalized through a written request from the county to the Board. Lands in the land pool may be located in any of the participating counties; however, the revenue derived

from the land pool must be distributed to all participating counties proportionate to each county's contribution to the asset value of the land pool.

The Board must, prior to creating a land pool, request an analysis of the proposal from the Department. The Department's analysis must evaluate how the proposed land trust would benefit the affected counties, an estimation of the administrative costs associated with managing the land pool, and proposals for administrative structures necessary to create a land pool. This includes the development of proposals for ascertaining how revenue distribution to the participating counties will be calculated. The analysis developed by the Department may be coordinated with the affected counties or a third party association representing the affected counties.

The Board must develop a funding strategy when creating a land pool. The strategy must be developed with the participating counties and outline how land acquisitions for the pool will be funded. One possible funding mechanism is transferring existing state forest land that is encumbered with timber harvest deferrals due to the ESA into Natural Resources Conservation Area status and using the value of the transferred land to acquire new working lands for the land pool. If this strategy is pursued, the Park Land Revolving Trust Fund may be used for this purpose.

If the Board creates a land pool, it may not ever exceed 10,000 acres in size. A participating county may opt out of the land pool at any time by transmitting a written request to do so to the Board. In the event of a county opting to no longer participate, the county remains a beneficiary for lands added to the pool prior to its withdraw but may no longer contribute asset value to the pool and no additional lands maybe acquired for the pool in that county.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Staff Summary of Public Testimony (Agriculture & Natural Resources):**

(In support) The concept of a state forest land pool (land pool) is important to several southwest Washington counties where the presence of spotted owls and marbled murrelets means that timber managed for the benefit of the county cannot be harvested in the foreseeable future. This lack of ability to harvest state forest lands takes a large toll on county budgets, especially when paired with a reduction in property taxes. There has been a three-year, ongoing effort to address the issue of harvest deferrals on state forest lands, and this option represents one tool towards finding fiscal relief for affected counties.

Ownership patterns of many private timberlands are changing this. This results in an opportunity to purchase working timber lands. Pooling lands moves the Department of Natural Resources towards a more landscape-scale management model and away from a parcel-by-parcel model. This change helps the beneficiaries of the trust land and the environment.

In acquiring land for the new land pool, the state should properly appraise the land that is currently subject to long-term harvest deferrals by recognizing the reduced property values brought about by the deferrals.

(Opposed) None.

**Staff Summary of Public Testimony (Capital Budget):**

(In support) This bill provides a tool for more efficient purchasing and management of these lands. It helps make the best use of the \$2 million provided by the Legislature in the 2011-13 Capital Budget. The affected counties and the Department of Natural Resources have worked cooperatively on this legislation.

(Opposed) None.

**Persons Testifying (Agriculture & Natural Resources):** Representative Takko, prime sponsor; Dan Cothren, Wahkiakum County; Josh Weiss, Washington State Association of Counties; Cullen Stephenson, Department of Natural Resources; Miguel Perez-Gibson, Washington Environmental Council; and Bill Robinson, The Nature Conservancy.

**Persons Testifying (Capital Budget):** Representative Takko, prime sponsor; Dan Cothren, Wahkiakum County; Cullen Stephenson and Andy Hayes, Department of Natural Resources; Josh Weiss, Washington State Association of Counties; and Bill Robinson, The Nature Conservancy.

**Persons Signed In To Testify But Not Testifying (Agriculture & Natural Resources):** None.

**Persons Signed In To Testify But Not Testifying (Capital Budget):** None.