

# SENATE BILL REPORT

## SB 6236

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As of January 13, 2010

**Title:** An act relating to the department of natural resources authority to enter into forest biomass supply agreements.

**Brief Description:** Authorizing the department of natural resources to enter into forest biomass supply agreements.

**Sponsors:** Senators Hargrove, Jacobsen, Morton, Schoesler, Swecker, Marr, Fraser and Parlette; by request of Commissioner of Public Lands.

**Brief History:**

**Committee Activity:** Natural Resources, Ocean & Recreation: 1/11/10.

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### SENATE COMMITTEE ON NATURAL RESOURCES, OCEAN & RECREATION

**Staff:** Sherry McNamara (786-7402)

**Background:** The Department of Natural Resources (DNR) manages 5.6 million acres of forest, range, agricultural, aquatic, and commercial lands for the people of Washington. Approximately 3 million acres is state trust land that provides revenue to help pay for construction of public schools, universities, and other state institutions, and funds services in many counties.

Forest biomass includes harvest residues such as tops, limbs, and thinning material, and mill products such as bark, sawdust, and limb ends from the wood processing industry.

Last session, the Legislature authorized DNR to develop and implement two forest biomass energy demonstration projects, one east and one west of the Cascade mountains. DNR is required to provide a progress report to the Legislature by December 2010.

**Summary of Bill:** DNR may maintain a list of forest biomass available on public lands. DNR may use the list to limit the sale of forest biomass when it is determined that the overall supply in a region or watershed is depleted.

DNR is authorized to enter into forest biomass supply contracts for terms of up to five years. DNR may enter into a contract for the sale of forest biomass using the same process as for the sale of valuable materials provided that they: require a separate bid and select the highest

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bidder, include the forest biomass as an element of the sales contract, or a combination of these two.

The Board of Natural Resources may adopt procedures to allow DNR to enter into direct sale contracts for forest biomass with or without a public auction.

For all biomass contracts, DNR is required to specify in each contract an annual volumetric limit of the total cubic volume or tons of forest biomass to be supplied from a specific area. The contract may be unilaterally amended by DNR with a minimum of six months notice if the available supply of forest biomass has been depleted. DNR may also renew a contract for up to three additional five year periods.

DNR may lease state lands for the supply of forest biomass for a term of no more than 50 years. For leases that involve the development of facilities, DNR may reduce the rent until an approved plan of development is completed and the facility is operational.

**Appropriation:** None.

**Fiscal Note:** Requested on January 7, 2010.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: This bill will help the emerging biomass industry get started and help our state meet its goals for renewable fuels. Providing a reliable source of forest biomass through contracts and leases will be a new source of revenue to our trust beneficiaries. The bill allows flexibility in the contracting and leasing process which will allow DNR the ability to work with this emerging unpredictable market. The Biomass Gasification Project at The Evergreen State College would like the state to become a partner in its pre-design funding request in order to reduce their carbon emissions. This bill will create jobs and mitigate the need for burning slash.

OTHER: There is a possibility that this bill could hurt existing operations and divert some of our resources away from their highest and best use. This is a missed opportunity for addressing forest health issues in Eastern Washington.

**Persons Testifying:** PRO: Commissioner Goldmark, Craig Partridge, DNR; Stephen Bernath, Department of Ecology; Robert Toms, Grays Harbor Paper; Julie Suchanek, The Evergreen State College.

OTHER: Tim Boyd, Vaagen Brothers, Boise Cascade, Boise Paper.