

# HOUSE BILL REPORT

## HB 1397

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### As Reported By House Committee On:

Natural Resources

**Title:** An act relating to transfer of state forest lands back to counties.

**Brief Description:** Providing for transfer of state forest lands back to counties for public purpose.

**Sponsors:** Representatives Fuhrman, Cairnes, Thompson, Boldt, Sheldon, Stevens and McMorris.

### Brief History:

#### Committee Activity:

Natural Resources: 2/15/95, 3/1/95 [DPS].

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## HOUSE COMMITTEE ON NATURAL RESOURCES

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Fuhrman, Chairman; Buck, Vice Chairman; Pennington, Vice Chairman; Basich, Ranking Minority Member; Beeksma; Cairnes; Elliot; Sheldon; Stevens; B. Thomas and Thompson.

**Minority Report:** Do not pass. Signed by 4 members: Representatives Regala, Assistant Ranking Minority Member; G. Fisher; Jacobsen and Romero.

**Staff:** Linda Byers (786-7129).

**Background:** In the early 1900s and up through the 1930s, counties took possession of a number of forestland parcels as a result of tax delinquencies. In many cases, the timber had already been harvested from these lands prior to the forfeiture of the property to the counties.

During this same time period, the state Legislature grew concerned about reforestation in the state. In 1927 and again in 1935, the Legislature determined that the forest lands forfeited to the counties should be deeded to the state and become part of state forest lands. Some 540,000 acres of land were thus transferred to state management. These are called forest board transfer lands.

Forest board transfer lands are held as trust lands and administered by the Department of Natural Resources (DNR). The state may not sell these lands; however, the lands may be leased, and timber and other products may be sold. Up to 25 percent of the gross income from leases and product sales goes into the Forest Development Account and is used by the department. The remainder goes back to the county and is distributed in the same manner as general tax revenues are distributed.

**Summary of Substitute Bill:** The legislative authority of a county has the option of reacquiring control of its forest board transfer lands within the county. If the lands are transferred back to a county, the lands are to be retained in trust and administered and protected as other state forest lands. Counties may jointly manage lands, and management may be contracted to private professional foresters. County forest lands may be traded to other public or private parties on a value-for-value basis as long as all lands are kept in commercial forest status. Any state or federal restrictions on log exports apply to these county forest lands.

Revenue from the sale of timber and other forest products from lands transferred back to the counties shall be distributed according to the general tax distribution of the county. Counties may deduct a fee of up to 25 percent of such revenues to cover the costs of managing these forest lands.

**Substitute Bill Compared to Original Bill:** The original bill allowed county commissioners to ask to have forest board lands reconveyed if the lands were needed by the county for a public purpose, were needed for a trade for lands to be used for a public purpose, or if the commissioners thought the lands should be managed by the county. "Public purpose" was not defined. The substitute bill imposes additional requirements on lands reconveyed to counties such as requiring the lands to be retained in trust and administered and protected as other state forest lands.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** There is a lot of harvestable timber on these lands, and counties are not getting their return on their dollar. Percent-wise, we would be better off earning interest in a bank. Grays Harbor has done very well with their forest lands, and their management costs run under 20 percent. Boosting the county general fund is a public purpose. Reconveying these lands will result in more money to both the county and the state. It will give immediate relief to the junior taxing districts. DNR is wasting money on the HCP and the Experimental Forest. The closer an entity is to receiving the direct benefits, the more productively the lands will be managed. There is an

inherent conflict between DNR as land manager and forest practice regulator. DNR has changed its practices and reduced its staff. It is hard to consider raising local taxes for school construction when the trees are right there.

**Testimony Against:** There may be unintended consequences to this action. This is the potential dismantlement of a trust existing for over 60 years. These lands are a major part of state forest lands. Most of these lands came to the state either cut over or inaccessible. The trust was set up to insure long-term timber supply, and it is doing that. Abandoning this trust will result in negative consequences to the state, the counties, and the public. What will be the effect on those counties who do not pull out? Will counties take all of their lands or only a part, and what age class? If DNR believes a county may pull out, should DNR invest in managing those lands? If DNR does, will other counties mind? If all or most of the mature timber is harvested now, there will be no such volume to harvest in future years. Current management of the pool of lands provides all beneficiaries with more stable income.

**Testified:** Ruth Gerdon, Clallam County Treasurer; Pat Hamilton, Pacific County Commissioner; Phillip Kitchel, Clallam County Commissioner; Gus Kuehne, Western Forest Industries Association; Harriette Buchmann, North Olympic Timber Action Committee (all in favor); and Art Stearns and Stan Biles, Department of Natural Resources (opposed).