
SUBSTITUTE HOUSE BILL 1313

State of Washington

54th Legislature

1995 Regular Session

By House Committee on Natural Resources (originally sponsored by Representatives Buck, Pennington, Fuhrman, Benton, Foreman, Sheldon, Honeyford, Johnson, Thompson, Hatfield, Hargrove and Elliot)

Read first time 02/09/95.

1 AN ACT Relating to a financial performance review of the management
2 of state forest assets; adding new sections to chapter 43.30 RCW;
3 creating a new section; making an appropriation; and declaring an
4 emergency.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** The legislature finds that there is an ever-
7 growing need to fund basic and higher educational construction projects
8 and other programs that are or can be supported by timber sale revenues
9 from federal land grant trusts and state forest lands. The value of
10 the timber assets on these lands may approach ten billion dollars.
11 Recent significant volatility and uncertainty in the timber sales
12 volumes, and declines in sales volumes may jeopardize the educational
13 and local government support purposes for which those lands are to be
14 managed. Therefore, the legislature finds that an independent review
15 of the management performance of the department of natural resources is
16 necessary and appropriate.

17 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.30 RCW
18 to read as follows:

1 (1) There is created a state forest management review committee
2 which consists of the state auditor, who shall serve as the committee
3 chair, and four additional members selected as follows within sixty
4 days of the effective date of this act:

5 (a) A representative selected by and from the legislative
6 authorities of those counties that contain "state forest lands"
7 acquired or transferred under chapter 76.12 RCW. In selecting the
8 representative, each participating county shall have one vote. The
9 Washington state association of counties shall arrange for a meeting to
10 select the county representative, and shall promptly notify the auditor
11 of the selection;

12 (b) Two school board members selected by the school districts of
13 the state. The representatives shall not be from the same school
14 district. In selecting the representatives, each school district shall
15 have one vote. The Washington state school directors' association
16 shall arrange for a meeting to select the school representatives, and
17 shall notify the auditor of the selections; and

18 (c) A representative of higher education selected by the presidents
19 of the University of Washington, Washington State University, Central
20 Washington University, Eastern Washington University, and Western
21 Washington University. In selecting the representatives, each
22 president shall have one vote. The presidents shall promptly notify
23 the auditor of their selection.

24 (2) The state forest land management review committee is authorized
25 and directed to conduct a review of the financial results of the
26 department of natural resources' management policies and their
27 implementation. The review shall cover the management of the forested
28 state lands, as defined in RCW 79.01.004, and the state forest lands
29 held by the state under RCW 76.12.020 and 76.12.030, which are more
30 particularly identified in the department of natural resources' July
31 1992 forest resource plan.

32 (3) In conducting the review, the committee shall evaluate the
33 department's overall financial performance during the review period by
34 comparison to pertinent financial measures, including but not limited
35 to the performance of private forest landowners in the state during the
36 review period. In so doing, the committee shall, among other
37 evaluations it deems appropriate:

38 (a) Determine the overall rate of return based on asset value and
39 the individual rates of return on specific investments of capital;

1 (b) Evaluate the results of the forest management, including
2 silvicultural, policies implemented during the review period, including
3 the policy changes put in place by the 1992 forest resource plan;

4 (c) Evaluate the relative efficiency of the department's timber
5 sales planning process and the reasons for the decline in timber sales
6 volumes during the review period, including but not limited to the
7 department's failure to meet the requirements of RCW 43.30.390;

8 (d) Evaluate the sustainable harvest calculations of the
9 department, including the timber inventory and allocation of lands as
10 on-base or off-base, and their impact on financial performance;

11 (e) Evaluate the effectiveness of the department's strategies and
12 actions in addressing regulatory impacts and related issues;

13 (f) Evaluate the relative efficiency of the department's expenses
14 to income ratio; and

15 (g) Evaluate the effectiveness of the department's fiduciary
16 control system.

17 (4) After completing the review, the committee shall prepare a
18 report identifying the major positive and negative aspects of
19 management during the review period, and recommending administrative or
20 legislative measures, if any, to correct or improve the present and
21 future financial performance of these significant assets.

22 (5) The committee shall be assisted and supported in its efforts by
23 the office of the state auditor.

24 (6) It is recognized that proper performance of the review called
25 for by this section will require specialized expertise not currently
26 available within the state auditor's staff. Thus, in performing this
27 review, it is expected that the committee and the auditor will employ
28 such outside consultants as are needed to bring the necessary expertise
29 to bear on the items of review specified in subsection (3) of this
30 section. Any consultant firm selected must have significant recent
31 experience and demonstrated expertise in the management of large forest
32 land holdings in Washington.

33 (7) In performing this review, the committee, state auditor's
34 staff, and the consultants shall have full access to all department
35 records, files, and personnel. All financial information obtained from
36 or concerning any private forest landowners for purposes of this review
37 shall be confidential and included in the review report only in a
38 manner so as not to make the private party's identity known or readily
39 ascertainable.

1 (8) The committee shall submit a progress report on the review on
2 or before January 1, 1996, and a final report not later than July 1,
3 1996. Such reports shall be submitted to the governor, legislature,
4 board of natural resources, and the other entities identified in
5 subsection (1) of this section.

6 NEW SECTION. **Sec. 3.** (1) The state auditor is authorized to take
7 all necessary actions in assisting and carrying out the performance
8 review of the department of natural resources required by section 2 of
9 this act.

10 (2) The sum of three hundred thousand dollars, or as much thereof
11 as may be necessary, is appropriated for the biennium ending June 30,
12 1997, from the auditing services revolving account to the office of the
13 state auditor for purposes under this act.

14 (3) The treasurer shall transfer from the resource management cost
15 account and forest development account the amount necessary to repay
16 the money expended under subsection (2) of this section. The
17 proportional share of each account shall be determined by the
18 department of natural resources.

19 NEW SECTION. **Sec. 4.** A new section is added to chapter 43.30 RCW
20 to read as follows:

21 In addition to the tasks assigned to the state forest land
22 management review committee in section 2 of this act, the review
23 committee shall also identify information that the department shall
24 provide on a biennial basis to allow trust beneficiaries and other
25 interested parties to assess the department's management of the trust
26 assets. At a minimum, the review committee shall recommend that the
27 department provide information on the volume of timber harvested, the
28 location of the harvests, and the value of the harvested timber. The
29 review committee may consider the forest report put forth by the state
30 of Oregon in identifying what additional information the department
31 shall provide. Beginning with the first biennium after the completion
32 of the review in section 2 of this act, the department shall provide
33 the information identified as necessary by the review committee, on a
34 biennial basis.

35 NEW SECTION. **Sec. 5.** This act is necessary for the immediate
36 preservation of the public peace, health, or safety, or support of the

1 state government and its existing public institutions, and shall take
2 effect immediately.

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