
SECOND SUBSTITUTE HOUSE BILL 1313

State of Washington

54th Legislature

1995 Regular Session

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

Read first time 03/06/95.

1 AN ACT Relating to a financial performance review of the management
2 of state forest assets; creating new sections; and declaring an
3 emergency.

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

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

16 NEW SECTION. **Sec. 2.** (1) There is created a state forest
17 management review panel to assist and advise the legislative budget
18 committee in conducting the review under subsection (2) of this

1 section. The panel shall consist of four members selected as follows
2 within sixty days of the effective date of this act:

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

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

16 (c) A representative of higher education selected by the presidents
17 of the state four-year universities. In selecting the representative,
18 each president shall have one vote. The presidents shall promptly
19 notify the committee of their selection.

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

27 (3) In conducting the review, the legislative budget committee
28 shall evaluate the department of natural resources overall financial
29 performance by comparison to pertinent financial measures, including
30 but not limited to the performance of private forest landowners in the
31 state. In so doing, the committee shall, among other evaluations it
32 deems appropriate:

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

35 (b) Evaluate the results of the department's forest management and
36 silvicultural policies, including the policy changes put in place by
37 the 1992 forest resource plan;

38 (c) Evaluate the relative efficiency of the department's timber
39 sales planning process and the reasons for the decline in timber sales

1 volumes, including but not limited to the department's performance in
2 meeting the requirements of RCW 43.30.390;

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

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

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

10 (g) Evaluate the effectiveness of the department in meeting its
11 fiduciary responsibility to trust beneficiaries.

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

18 (5) The department of natural resources shall cooperate with the
19 committee in the review by providing requested information in a timely
20 manner. All financial information obtained from or concerning any
21 private forest landowners for purposes of this review shall be
22 confidential and included in the review report only in a manner so as
23 not to make the private party's identity known or readily
24 ascertainable.

25 (6) The legislative budget committee shall submit a progress report
26 on the review on or before January 1, 1996, and a final report not
27 later than July 1, 1996. Such reports shall be submitted to the
28 governor, legislature, board of natural resources, and the other
29 entities identified in subsection (1) of this section.

30 NEW SECTION. **Sec. 3.** In addition to the tasks assigned to the
31 legislative budget committee in section 2 of this act, the committee
32 shall also recommend to the legislature information that the department
33 of natural resources should report on a biennial basis to allow trust
34 beneficiaries and other interested parties to assess the department's
35 management of the trust assets. The committee may consider information
36 such as the volume of timber harvested, the location of the harvests,
37 and the value of the harvested timber in developing its

1 recommendations. The committee may also consider the forest report put
2 forth by the state of Oregon as an example of a possible report.

3 NEW SECTION. **Sec. 4.** This act is necessary for the immediate
4 preservation of the public peace, health, or safety, or support of the
5 state government and its existing public institutions, and shall take
6 effect immediately.

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