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SECOND SUBSTITUTE HOUSE BILL 1711

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State of Washington

65th Legislature

2017 Regular Session

By House Appropriations (originally sponsored by Representatives Kretz, Springer, Pettigrew, Schmick, Short, and Condotta)

READ FIRST TIME 02/24/17.

1 AN ACT Relating to prioritizing lands to receive forest health  
2 treatments; reenacting and amending RCW 43.79A.040; adding new  
3 sections to chapter 79.10 RCW; adding a new section to chapter 79.64  
4 RCW; and creating a new section.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 79.10  
7 RCW to read as follows:

8 (1)(a) The department shall, to the extent feasible given all  
9 applicable trust responsibilities, develop and implement a policy for  
10 prioritizing investments on forest health treatments to protect state  
11 lands and state forestlands, as those terms are defined in RCW  
12 79.02.010, to: (i) Reduce wildfire hazards and losses from wildfire;  
13 (ii) reduce insect infestation and disease; and (iii) achieve  
14 cumulative impact of improved forest health and resilience at a  
15 landscape scale.

16 (b) The prioritization policy in (a) of this subsection must  
17 consider whether state lands and state forestlands are within an area  
18 that is subject to a forest health hazard warning or order pursuant  
19 to RCW 76.06.180.

1 (2)(a) The department's prioritization of state lands and state  
2 forestlands must be based on an evaluation of the economic and  
3 noneconomic value of:

4 (i) Timber or other commercial forest products removed during any  
5 mechanical treatments;

6 (ii) Timber or other commercial forest products likely to be  
7 spared from damage by wildfire;

8 (iii) Homes, structures, agricultural products, and public  
9 infrastructure likely to be spared from damage by wildfire;

10 (iv) Impacts to recreation and tourism; and

11 (v) Ecosystem services such as water quality, air quality, or  
12 carbon sequestration.

13 (b) The department's evaluation of economic values may rely on  
14 heuristic techniques.

15 (3) The definitions in this subsection apply throughout this  
16 section and sections 2 and 3 of this act unless the context clearly  
17 requires otherwise.

18 (a) "Forest health" has the same meaning as defined in RCW  
19 76.06.020.

20 (b) "Forest health treatment" or "treatment" means actions taken  
21 by the department to restore forest health including, but not limited  
22 to, sublandscape assessment and project planning, site preparation,  
23 reforestation, mechanical treatments including timber harvest, road  
24 realignment for fire protection and aquatic improvements, and  
25 prescribed burning.

26 NEW SECTION. **Sec. 2.** A new section is added to chapter 79.10  
27 RCW to read as follows:

28 (1)(a) Consistent with the prioritization policy developed  
29 pursuant to section 1 of this act, and to the extent feasible given  
30 all applicable trust responsibilities, the department must identify  
31 areas of state lands and state forestlands that would benefit from  
32 forest health treatments at the landscape level for the next twenty  
33 years, and ones that would benefit the most during the following six  
34 years, and prioritize and list specific lands for treatment during  
35 the subsequent biennium. The department shall update this list by  
36 November 15th of each even-numbered year.

37 (b) To expedite initial treatments under this act, for the  
38 2017-2019 biennium the department may prioritize and, if funds are

1 appropriated for this purpose, address lands for treatment that are  
2 currently identified by the department as pilot treatment projects.

3 (2) In order to develop a prioritized list that evaluates forest  
4 health treatments at a landscape scale, the department should consult  
5 with and take into account the land management plans and activities  
6 of nearby landowners, if available, including federal agencies, other  
7 state agencies, local governments, tribes, and private property  
8 owners, in addition to any statewide assessments done by the  
9 department. The department may include federally, locally, or  
10 privately managed lands on the list. The department may fund  
11 treatment of these nonstate lands from the forest health revolving  
12 account, provided that the treatment of such lands, in conjunction  
13 with the treatment of department-managed forested lands, will accrue  
14 superior landscape-scale benefits to state lands or state  
15 forestlands, produces a net benefit to the health of state lands and  
16 state forestlands, and the expenditure of those funds for treatment  
17 of nonstate lands has been approved by the board of natural resources  
18 as being in the best interest of the trust.

19 (3) By December 1st of each even-numbered year, the department  
20 must submit a report to the legislature consistent with the  
21 requirements of RCW 43.01.036, to the office of financial management,  
22 and to the board of natural resources. The report must include:

23 (a) A brief summary of the department's progress towards treating  
24 the state lands and state forestlands included on the preceding  
25 biennium's prioritization list;

26 (b) A list of lands prioritized for forest health treatments in  
27 the next biennium, including public lands prioritized for treatment  
28 pursuant to subsection (1) of this section;

29 (c) Recommended funding amounts required to carry out the  
30 treatment activities for the next biennium, including a summary of  
31 potential nontimber revenue sources that could finance specific  
32 forest health treatments pursuant to section 1 of this act, including  
33 but not limited to ecosystem services such as water and carbon  
34 sequestration as well as insurance and fire mitigation; and

35 (d) A summary of trends in forest health conditions.

36 NEW SECTION. **Sec. 3.** A new section is added to chapter 79.64  
37 RCW to read as follows:

38 (1)(a) The forest health revolving account is created in the  
39 custody of the state treasurer. All receipts from the gross proceeds

1 of forest health treatment sales as defined in this section and  
2 sections 1 and 2 of this act and all legislative transfers, gifts,  
3 grants, and federal funds must be deposited into the account.  
4 Expenditures from the account may be used only for the payment of  
5 costs incurred on forest health treatments necessary to improve  
6 forest health as defined in section 1 of this act. Only the  
7 commissioner or the commissioner's designee may authorize  
8 expenditures from the account. The board of natural resources has  
9 oversight of the account, and the commissioner must periodically  
10 report to the board of natural resources as to the status of the  
11 account, its disbursement, and receipts. The account is subject to  
12 allotment procedures under chapter 43.88 RCW, but an appropriation is  
13 not required for expenditures.

14 (b) The forest health revolving account is an interest-bearing  
15 account and the interest must be credited to the account.

16 (2) Beginning December 31, 2018, the unobligated account balance  
17 may not exceed, at the end of each fiscal year, the sum of any  
18 account balance attributable to legislative transfers, gifts, grants,  
19 and federal funds, plus twenty million dollars. Beginning December  
20 31, 2018, any account balance that exceeds this amount at the end of  
21 the fiscal year must be disbursed to the appropriate trust  
22 beneficiary as determined by the board of natural resources.

23 (3)(a) Except as provided in (b) and (c) of this subsection,  
24 expenditures on state lands and state forestlands for forest health  
25 treatments by the department from the forest health revolving account  
26 must be consistent with the prioritization policy under section 1 of  
27 this act and the prioritization list created under section 2 of this  
28 act.

29 (b) The department is not bound to adhere to the list submitted  
30 to the legislature under section 1 of this act in the event that  
31 emerging information or changed circumstances support a  
32 reprioritization of lands consistent with the policy created under  
33 section 1 of this act.

34 (c) The department is not required to apply the prioritization  
35 policy of section 1 of this act where doing so would be incompatible  
36 with the conditions of funding provided by the federal government or  
37 another organization that is contributing funds to forest health  
38 treatments involving the department.

1       **Sec. 4.** RCW 43.79A.040 and 2016 c 203 s 2, 2016 c 173 s 10, 2016  
2 c 69 s 21, and 2016 c 39 s 7 are each reenacted and amended to read  
3 as follows:

4       (1) Money in the treasurer's trust fund may be deposited,  
5 invested, and reinvested by the state treasurer in accordance with  
6 RCW 43.84.080 in the same manner and to the same extent as if the  
7 money were in the state treasury, and may be commingled with moneys  
8 in the state treasury for cash management and cash balance purposes.

9       (2) All income received from investment of the treasurer's trust  
10 fund must be set aside in an account in the treasury trust fund to be  
11 known as the investment income account.

12       (3) The investment income account may be utilized for the payment  
13 of purchased banking services on behalf of treasurer's trust funds  
14 including, but not limited to, depository, safekeeping, and  
15 disbursement functions for the state treasurer or affected state  
16 agencies. The investment income account is subject in all respects to  
17 chapter 43.88 RCW, but no appropriation is required for payments to  
18 financial institutions. Payments must occur prior to distribution of  
19 earnings set forth in subsection (4) of this section.

20       (4)(a) Monthly, the state treasurer must distribute the earnings  
21 credited to the investment income account to the state general fund  
22 except under (b), (c), and (d) of this subsection.

23       (b) The following accounts and funds must receive their  
24 proportionate share of earnings based upon each account's or fund's  
25 average daily balance for the period: The 24/7 sobriety account, the  
26 Washington promise scholarship account, the Washington advanced  
27 college tuition payment program account, the Washington college  
28 savings program account, the accessible communities account, the  
29 Washington achieving a better life experience program account, the  
30 community and technical college innovation account, the agricultural  
31 local fund, the American Indian scholarship endowment fund, the  
32 foster care scholarship endowment fund, the foster care endowed  
33 scholarship trust fund, the contract harvesting revolving account,  
34 the Washington state combined fund drive account, the commemorative  
35 works account, the county enhanced 911 excise tax account, the toll  
36 collection account, the developmental disabilities endowment trust  
37 fund, the energy account, the fair fund, the family leave insurance  
38 account, the food animal veterinarian conditional scholarship  
39 account, the forest health revolving account, the fruit and vegetable  
40 inspection account, the future teachers conditional scholarship

1 account, the game farm alternative account, the GET ready for math  
2 and science scholarship account, the Washington global health  
3 technologies and product development account, the grain inspection  
4 revolving fund, the industrial insurance rainy day fund, the juvenile  
5 accountability incentive account, the law enforcement officers' and  
6 firefighters' plan 2 expense fund, the local tourism promotion  
7 account, the multiagency permitting team account, the pilotage  
8 account, the produce railcar pool account, the regional  
9 transportation investment district account, the rural rehabilitation  
10 account, the Washington sexual assault kit account, the stadium and  
11 exhibition center account, the youth athletic facility account, the  
12 self-insurance revolving fund, the children's trust fund, the  
13 Washington horse racing commission Washington bred owners' bonus fund  
14 and breeder awards account, the Washington horse racing commission  
15 class C purse fund account, the individual development account  
16 program account, the Washington horse racing commission operating  
17 account, the life sciences discovery fund, the Washington state  
18 heritage center account, the reduced cigarette ignition propensity  
19 account, the center for childhood deafness and hearing loss account,  
20 the school for the blind account, the Millersylvania park trust fund,  
21 the public employees' and retirees' insurance reserve fund, and the  
22 radiation perpetual maintenance fund.

23 (c) The following accounts and funds must receive eighty percent  
24 of their proportionate share of earnings based upon each account's or  
25 fund's average daily balance for the period: The advanced right-of-  
26 way revolving fund, the advanced environmental mitigation revolving  
27 account, the federal narcotics asset forfeitures account, the high  
28 occupancy vehicle account, the local rail service assistance account,  
29 and the miscellaneous transportation programs account.

30 (d) Any state agency that has independent authority over accounts  
31 or funds not statutorily required to be held in the custody of the  
32 state treasurer that deposits funds into a fund or account in the  
33 custody of the state treasurer pursuant to an agreement with the  
34 office of the state treasurer shall receive its proportionate share  
35 of earnings based upon each account's or fund's average daily balance  
36 for the period.

37 (5) In conformance with Article II, section 37 of the state  
38 Constitution, no trust accounts or funds shall be allocated earnings  
39 without the specific affirmative directive of this section.

1        NEW SECTION.    **Sec. 5.**    If any provision of this act or its  
2 application to any person or circumstance is held invalid, the  
3 remainder of the act or the application of the provision to other  
4 persons or circumstances is not affected.

5        NEW SECTION.    **Sec. 6.**    If specific funding for the purposes of  
6 this act, referencing this act by bill or chapter number, is not  
7 provided by June 30, 2017, in the omnibus appropriations act, this  
8 act is null and void.

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