

HOUSE BILL REPORT

EHB 2318

As Passed House:

February 11, 2004

Title: An act relating to the verification of small forest landowner status for a forest riparian easement program application.

Brief Description: Concerning the verification of a landowner as a small forest landowner.

Sponsors: By Representatives Orcutt, Hatfield, Mielke, Rockefeller and Newhouse.

Brief History:

Committee Activity:

Agriculture & Natural Resources: 1/21/04, 1/27/04 [DP].

Floor Activity:

Passed House: 2/11/04, 95-0.

Brief Summary of Engrossed Bill

- Restricts the Department of Natural Resources from reviewing tax-related documents on file with the Department of Revenue when determining whether or not a person qualifies as a small forest landowner for participation in the forest riparian easement program.

HOUSE COMMITTEE ON AGRICULTURE & NATURAL RESOURCES

Majority Report: Do pass. Signed by 12 members: Representatives Linville, Chair; Rockefeller, Vice Chair; Schoesler, Ranking Minority Member; Holmquist, Assistant Ranking Minority Member; Kristiansen, Assistant Ranking Minority Member; Chandler, Eickmeyer, Grant, Hunt, McDermott, Orcutt and Sump.

Staff: Jason Callahan (786-7117).

Background:

The forest riparian easement (FRE) program is a program managed by the Department of Natural Resources's (DNR) Small Forest Landowner Office to acquire 50-year easements along riparian and other sensitive aquatic areas from small forest landowners that are willing to sell or donate easements to the state. The DNR is authorized to purchase

easements from small forest landowners and hold the easements in the name of the state. The easements are restrictive only, and do not restrict the landowner's activities except as necessary to protect the riparian functions of the habitat for the term of the easement.

The FRE program is only available to small forest landowners who file a forest practices application with the DNR. Generally compensation is offered for the trees that the landowner is unable to harvest due to the riparian restrictions in the forest practices rules. To qualify as a "small forest landowner," a landowner, among other things, generally may not have harvested more than two million board feet of timber in the three years prior to filing a FRE program application. Information relating to harvest levels are reported to, and maintained by, the Department of Revenue for the purposes of calculating the landowner's timber excise tax.

Landowners wishing to participate in the FRE program must file an application with the Small Forest Landowners Office. That application requires certain information, including a certification by the landowner that he or she meets the harvest threshold required of small forest landowners, the tax identification number of the landowner, and permission for the DNR to access harvest information on file with the Department of Revenue.

Summary of Engrossed Bill:

The DNR is prohibited from reviewing the timber harvest records of a FRE program applicant, or any other tax-related information on file with the Department of Revenue, when establishing whether the applicant satisfies the criteria for small forest landowner status.

Upon request from the DNR, the Department of Revenue must confirm or deny, based on submitted tax documents, that a FRE program applicant has not exceeded the three-year harvest limit required to be considered a small forest landowner. The Department of Revenue is prohibited from disclosing more information than whether or not the qualifying thresholds have been met. The Department of Revenue is not prohibited from supplying aggregate or general information to the DNR.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: When the DNR accesses property tax records, they become public documents no longer protected from the public disclosure laws. It is important to

maintain the privacy of the taxpayers.

The agency that is responsible for maintaining the tax records is the agency that is familiar with the documents. This makes them the most logical agency to review the documents and reach conclusions on their contents.

Allowing greater privacy protections for landowner applicants for the FRE program may help increase participation in the program.

Testimony Against: None.

Persons Testifying: Representative Orcutt, prime sponsor; Martin Flynn, Washington Farm Forestry Association; and John Ehrenreich, Washington Forest Protection Association.

Persons Signed In To Testify But Not Testifying: None.