
HOUSE BILL 1704

State of Washington 59th Legislature 2005 Regular Session

By Representatives Upthegrove, B. Sullivan, McCoy and Chase

Read first time 02/02/2005. Referred to Committee on Natural Resources, Ecology & Parks.

1 AN ACT Relating to the timber land revitalization board; amending
2 RCW 84.33.041, 84.33.051, 84.33.081, 43.84.092, and 79.17.200;
3 reenacting and amending RCW 43.84.092; adding a new chapter to Title 76
4 RCW; creating a new section; making appropriations; providing an
5 effective date; and providing an expiration date.

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

7 1. Timber Land Revitalization Board

8 NEW SECTION. **Sec. 1.** The legislature finds that more than half of
9 the state's forty-two and one-half million acres are forest lands and
10 that the majority of these lands are available for harvest. However,
11 many of the state's forest lands are threatened by conversion to
12 nonforest uses, mostly from commercial and residential development. In
13 addition, worldwide fiber commodity prices, increased environmental
14 regulations, and changing patterns in corporate and individual
15 ownership of forest lands are also contributing to the declines in
16 forest lands in the state. Therefore, it is the intent of this act to
17 provide greater state financial assistance to revitalize and maintain
18 forest lands in the state, through creation of a funding board to make

1 grants on a competitive basis that support protection of the forest
2 land base and that assist in developing innovative strategies for
3 supporting economically and environmentally healthy forests and forest-
4 dependent communities.

5 NEW SECTION. **Sec. 2.** The definitions in this section apply
6 throughout this chapter unless the context clearly requires otherwise.

7 (1) "Board" means the timber land revitalization board created in
8 section 3 of this act.

9 (2) "Department" means the department of natural resources.

10 (3) "Priority needs areas" means the geographic areas identified by
11 the department for priority lands to be addressed under the forest
12 legacy program.

13 NEW SECTION. **Sec. 3.** (1) The timber land revitalization board is
14 created. The board is composed of five members, of whom four members
15 must be appointed by the governor. The commissioner of public lands
16 shall serve ex officio as a voting member of the board. In making
17 appointments, the governor shall provide for representation of the
18 interests of industrial forest landowners, nonindustrial forest
19 landowners, local governments, and nonprofit citizen organizations
20 involved with the revitalization of timber lands and protection of the
21 state's forest land base. The governor shall solicit and give
22 substantial consideration to nominations provided by organizations
23 representing these interests. Appointments to the board by the
24 governor are subject to senate confirmation.

25 (2) The governor shall select a chair from among the members of the
26 board.

27 (3) Board members serve four-year terms, except that the governor
28 shall designate two of the initial appointments to serve for a term of
29 two years. The terms commence January 1, 2006.

30 (4) Staff support to the board shall be provided by the department.
31 For administrative purposes, the board shall be located within the
32 department.

33 (5) Members of the board shall be compensated as provided by RCW
34 43.03.250, and reimbursed for travel expenses as provided by RCW
35 43.03.050 and 43.03.060.

1 NEW SECTION. **Sec. 4.** (1) The board is responsible for making
2 grants and loans for the revitalization of timber lands consistent with
3 the procedures and criteria of section 5 of this act, from the amounts
4 appropriated to the board for this purpose. To accomplish this
5 purpose, the board may:

6 (a) Provide assistance to grant applicants regarding the procedures
7 and criteria for grant and loan awards;

8 (b) Make and execute all manner of contracts and agreements with
9 public and private parties as the board deems necessary, consistent
10 with the purposes of this chapter;

11 (c) Accept any gifts, grants, or loans of funds, property, or
12 financial or other aid in any form from any other source on any terms
13 that are not in conflict with this chapter;

14 (d) Adopt rules under chapter 34.05 RCW as necessary to carry out
15 the purposes of this chapter; and

16 (e) Do all acts necessary or convenient to carry out the powers
17 expressly granted or implied under this chapter.

18 (2) The department shall provide all necessary grant and loan
19 administration assistance to the board, and shall distribute and
20 account for funds appropriated or provided to the board for the
21 purposes of this chapter.

22 NEW SECTION. **Sec. 5.** (1) During each fiscal biennium, the board's
23 total grants and loans are subject to the following limitations:

24 (a) Not less than thirty percent and not more than forty percent of
25 the total must be awarded for projects and activities that sustain the
26 forest land base and strengthen the connection between economic health
27 and conservation of forests in Washington. Such activities may include
28 but are not limited to:

29 (i) Programs or projects to support small timber landowners
30 including such strategies as group timber certification, group habitat
31 conservation plans, group cash flow pools, stewardship collaboration,
32 and technical support;

33 (ii) Programs or projects that test methods for recreation access
34 and cost-share programs;

35 (iii) Programs or projects that test methods to assist forest
36 landowners in providing carbon sequestration, water recharge, and other
37 natural resource services; and

1 (iv) Programs or projects that test methods to support forest
2 landowners' efforts at cost control, such as law enforcement, road
3 gates, and cleanup of illegal dumping.

4 (b) Not less than thirty percent and not more than forty percent of
5 the total must be awarded for projects and activities that preserve
6 forest lands over the long term for working forestry. Such activities
7 may include but are not limited to:

8 (i) The acquisition of interests in forest lands for the purpose of
9 protecting the lands for working forestry;

10 (ii) Developing and implementing cooperative agreements with forest
11 landowners for maintaining working forestry; and

12 (iii) Other activities using conservation techniques such as
13 clustering development rights, transfer of development rights, and land
14 exchanges.

15 (c) Not less than thirty percent and not more than forty percent of
16 the total must be awarded for planning, research, and policy
17 development related to revitalizing working forests in the state.

18 (2) The board shall adopt guidelines for the amount of nonstate
19 resources that must be committed for grants or loans from the
20 categories established by the board. The amount may not be less than
21 ten percent of the amount of the grant or loan from the board.

22 (3) The board shall also adopt guidelines that limit the amount of
23 a grant or loan that may be allocated to administrative or other
24 expenses of a grant or loan recipient that are not directly applied to
25 the working forestry revitalization activities of the grant or loan.

26 (4) The board shall accord additional weight to applications that
27 address forest lands within priority needs areas.

28 (5) During each fiscal year commencing July 1, 2006, and ending
29 June 30, 2015, the board shall establish a goal of disbursing a minimum
30 of twenty-five percent of the total funds awarded by the board in the
31 form of low-interest loans. However, if the board determines that
32 there are not sufficient applications for eligible projects to meet
33 this goal, the board may award a lesser amount as loans, or may hold
34 funds until the next funding cycle to encourage a greater number of
35 loan applications.

36 NEW SECTION. **Sec. 6.** The forestry revitalization account is
37 created in the state treasury. The account consists of moneys

1 deposited under RCW 84.33.081 and other funds deposited into the
2 account by the legislature. Moneys received by the state for
3 distribution by the board created in section 3 of this act shall be
4 deposited in the account. Moneys in the account may be spent only
5 after appropriation. Expenditures from the account may be used for
6 working forestry revitalization through the program authorized in
7 sections 1 through 5, 13, and 14 of this act.

8 NEW SECTION. **Sec. 7.** The forestry revitalization revolving
9 account is created in the state treasury. The account shall consist of
10 all repayments of principle and interest on loans extended by the board
11 under this chapter, of federal funds that may be provided to capitalize
12 the account, and of appropriations to the account. All interest earned
13 on moneys deposited in the account, including repayments, shall remain
14 in the account and may be used for any eligible purpose. Money in the
15 account shall be used by the board to make loans under the procedures
16 and criteria of sections 4 and 5 of this act. Disbursements from the
17 account are subject to legislative appropriation, and shall be upon the
18 authorization of the board.

19 **Sec. 8.** RCW 84.33.041 and 1991 sp.s. c 13 s 26 are each amended to
20 read as follows:

21 (1) An excise tax is imposed on every person engaging in this state
22 in business as a harvester of timber on privately or publicly owned
23 land. The tax is equal to the stumpage value of timber harvested for
24 sale or for commercial or industrial use multiplied by the rate
25 provided in this chapter.

26 (2) A credit is allowed against the tax imposed under this section
27 for any tax paid under RCW 84.33.051.

28 (3) Moneys received as payment for the tax imposed under this
29 section and RCW 84.33.051 shall be deposited in the timber tax
30 distribution account (~~(hereby established in the state treasury)~~).

31 **Sec. 9.** RCW 84.33.051 and 2004 c 177 s 2 are each amended to read
32 as follows:

33 (1) The legislative body of any county may impose a tax upon every
34 person engaging in the county in business as a harvester effective
35 October 1, 1984. The tax shall be equal to the stumpage value of

1 timber harvested from privately owned land multiplied by a rate of 4
2 percent; and equal to the stumpage value of timber harvested from
3 publicly owned land multiplied by the following rates:

4 (a) For timber harvested January 1, 2005, through December 31,
5 2005, 1.2 percent;

6 (b) For timber harvested January 1, 2006, through December 31,
7 2006, 1.5 percent;

8 (c) For timber harvested January 1, 2007, through December 31,
9 2007, 1.8 percent;

10 (d) For timber harvested January 1, 2008, through December 31,
11 2008, 2.1 percent;

12 (e) For timber harvested January 1, 2009, through December 31,
13 2009, 2.4 percent;

14 (f) For timber harvested January 1, 2010, through December 31,
15 2010, 2.7 percent;

16 (g) For timber harvested January 1, 2011, through December 31,
17 2011, 3.1 percent;

18 (h) For timber harvested January 1, 2012, through December 31,
19 2012, 3.4 percent;

20 (i) For timber harvested January 1, 2013, through December 31,
21 2013, 3.7 percent;

22 (j) For timber harvested January 1, 2014, and thereafter, 4.0
23 percent.

24 (2) Before the effective date of any ordinance imposing a tax under
25 this section, the county shall contract with the department of revenue
26 for administration and collection of the tax. The tax collected by the
27 department of revenue under this section shall be deposited by the
28 department in the timber tax distribution account. (~~Moneys in the
29 account may be spent only for distributions to counties under RCW
30 84.33.081 and, after appropriation by the legislature, for the
31 activities undertaken by the department of revenue relating to the
32 collection and administration of the taxes imposed under this section
33 and RCW 84.33.041. Appropriations are not required for distributions
34 to counties under RCW 84.33.081.~~)

35 **Sec. 10.** RCW 84.33.081 and 1985 c 184 s 1 are each amended to read
36 as follows:

37 (1) The timber tax distribution account is created in the state

1 treasury. All receipts identified in RCW 84.33.041 must be deposited
2 in the account. Moneys in the account may be used only for
3 distributions to counties and to the forestry revitalization account
4 under this section. Appropriations are not required for distributions
5 to counties under this section.

6 (2) On the last business day of the second month of each calendar
7 quarter, the state treasurer shall distribute from the timber tax
8 distribution account to each county the amount of tax collected on
9 behalf of each county under RCW 84.33.051, less each county's
10 proportionate share of appropriations for collection and administration
11 activities under RCW 84.33.051, and shall transfer to the ((state
12 ~~general fund~~)) forestry revitalization account the amount of tax
13 collected on behalf of the state under RCW 84.33.041, less the state's
14 proportionate share of appropriations for collection and administration
15 activities under RCW 84.33.041. The county treasurer shall deposit
16 moneys received under this section in a county timber tax account which
17 shall be established by each county. Following receipt of moneys under
18 this section, the county treasurer shall make distributions from any
19 moneys available in the county timber tax account to taxing districts
20 in the county, except the state, under subsections ((+2)) (3) through
21 ((+4)) (5) of this section.

22 ((+2)) (3) From moneys available, there first shall be a
23 distribution to each taxing district having debt service payments due
24 during the calendar year, based upon bonds issued under authority of a
25 vote of the people conducted pursuant to RCW 84.52.056 and based upon
26 excess levies for a capital project fund authorized pursuant to RCW
27 84.52.053, of an amount equal to the timber assessed value of the
28 district multiplied by the tax rate levied for payment of the debt
29 service and capital projects: PROVIDED, That in respect to levies for
30 a debt service or capital project fund authorized before July 1, 1984,
31 the amount allocated shall not be less than an amount equal to the same
32 percentage of such debt service or capital project fund represented by
33 timber tax allocations to such payments in calendar year 1984.
34 Distribution under this subsection ((+2)) (3) shall be used only for
35 debt service and capital projects payments. The distribution under
36 this subsection shall be made as follows: One-half of such amount
37 shall be distributed in the first quarter of the year and one-half
38 shall be distributed in the third quarter of the year.

1 ~~((3))~~ (4) From the moneys remaining after the distributions under
2 subsection ~~((2))~~ (3) of this section, the county treasurer shall
3 distribute to each school district an amount equal to one-half of the
4 timber assessed value of the district or eighty percent of the timber
5 roll of such district in calendar year 1983 as determined under this
6 chapter, whichever is greater, multiplied by the tax rate, if any,
7 levied by the district under RCW 84.52.052 or 84.52.053 for purposes
8 other than debt service payments and capital projects supported under
9 subsection ~~((2))~~ (3) of this section. The distribution under this
10 subsection shall be made as follows: One-half of such amount shall be
11 distributed in the first quarter of the year and one-half shall be
12 distributed in the third quarter of the year.

13 ~~((4))~~ (5) After the distributions directed under subsections
14 ~~((2))~~ (3) and ~~((3))~~ (4) of this section, if any, each taxing
15 district shall receive an amount equal to the timber assessed value of
16 the district multiplied by the tax rate, if any, levied as a regular
17 levy of the district or as a special levy not included in subsection
18 ~~((2))~~ (3) or ~~((3))~~ (4) of this section.

19 ~~((5))~~ (6) If there are insufficient moneys in the county timber
20 tax account to make full distribution under subsection ~~((4))~~ (5) of
21 this section, the county treasurer shall multiply the amount to be
22 distributed to each taxing district under that subsection by a
23 fraction. The numerator of the fraction is the county timber tax
24 account balance before making the distribution under that subsection.
25 The denominator of the fraction is the account balance which would be
26 required to make full distribution under that subsection.

27 ~~((6))~~ (7) After making the distributions under subsections
28 ~~((2))~~ (3) through ~~((4))~~ (5) of this section in the full amount
29 indicated for the calendar year, the county treasurer shall place any
30 excess revenue up to twenty percent of the total distributions made for
31 the year under subsections ~~((2))~~ (3) through ~~((4))~~ (5) of this
32 section in a reserve status until the beginning of the next calendar
33 year. Any moneys remaining in the county timber tax account after this
34 amount is placed in reserve shall be distributed to each taxing
35 district in the county in the same proportions as the distributions
36 made under subsection ~~((4))~~ (5) of this section.

1 **Sec. 11.** RCW 43.84.092 and 2003 c 361 s 602, 2003 c 324 s 1, 2003
2 c 150 s 2, and 2003 c 48 s 2 are each reenacted and amended to read as
3 follows:

4 (1) All earnings of investments of surplus balances in the state
5 treasury shall be deposited to the treasury income account, which
6 account is hereby established in the state treasury.

7 (2) The treasury income account shall be utilized to pay or receive
8 funds associated with federal programs as required by the federal cash
9 management improvement act of 1990. The treasury income account is
10 subject in all respects to chapter 43.88 RCW, but no appropriation is
11 required for refunds or allocations of interest earnings required by
12 the cash management improvement act. Refunds of interest to the
13 federal treasury required under the cash management improvement act
14 fall under RCW 43.88.180 and shall not require appropriation. The
15 office of financial management shall determine the amounts due to or
16 from the federal government pursuant to the cash management improvement
17 act. The office of financial management may direct transfers of funds
18 between accounts as deemed necessary to implement the provisions of the
19 cash management improvement act, and this subsection. Refunds or
20 allocations shall occur prior to the distributions of earnings set
21 forth in subsection (4) of this section.

22 (3) Except for the provisions of RCW 43.84.160, the treasury income
23 account may be utilized for the payment of purchased banking services
24 on behalf of treasury funds including, but not limited to, depository,
25 safekeeping, and disbursement functions for the state treasury and
26 affected state agencies. The treasury income account is subject in all
27 respects to chapter 43.88 RCW, but no appropriation is required for
28 payments to financial institutions. Payments shall occur prior to
29 distribution of earnings set forth in subsection (4) of this section.

30 (4) Monthly, the state treasurer shall distribute the earnings
31 credited to the treasury income account. The state treasurer shall
32 credit the general fund with all the earnings credited to the treasury
33 income account except:

34 (a) The following accounts and funds shall receive their
35 proportionate share of earnings based upon each account's and fund's
36 average daily balance for the period: The capitol building
37 construction account, the Cedar River channel construction and
38 operation account, the Central Washington University capital projects

1 account, the charitable, educational, penal and reformatory
2 institutions account, the common school construction fund, the county
3 criminal justice assistance account, the county sales and use tax
4 equalization account, the data processing building construction
5 account, the deferred compensation administrative account, the deferred
6 compensation principal account, the department of retirement systems
7 expense account, the drinking water assistance account, the drinking
8 water assistance administrative account, the drinking water assistance
9 repayment account, the Eastern Washington University capital projects
10 account, the education construction fund, the election account, the
11 emergency reserve fund, The Evergreen State College capital projects
12 account, the federal forest revolving account, the forestry
13 revitalization revolving account, the health services account, the
14 public health services account, the health system capacity account, the
15 personal health services account, the state higher education
16 construction account, the higher education construction account, the
17 highway infrastructure account, the industrial insurance premium refund
18 account, the judges' retirement account, the judicial retirement
19 administrative account, the judicial retirement principal account, the
20 local leasehold excise tax account, the local real estate excise tax
21 account, the local sales and use tax account, the medical aid account,
22 the mobile home park relocation fund, the multimodal transportation
23 account, the municipal criminal justice assistance account, the
24 municipal sales and use tax equalization account, the natural resources
25 deposit account, the oyster reserve land account, the perpetual
26 surveillance and maintenance account, the public employees' retirement
27 system plan 1 account, the public employees' retirement system combined
28 plan 2 and plan 3 account, the public facilities construction loan
29 revolving account beginning July 1, 2004, the public health
30 supplemental account, the public works assistance account, the Puyallup
31 tribal settlement account, the regional transportation investment
32 district account, the resource management cost account, the site
33 closure account, the special wildlife account, the state employees'
34 insurance account, the state employees' insurance reserve account, the
35 state investment board expense account, the state investment board
36 commingled trust fund accounts, the supplemental pension account, the
37 Tacoma Narrows toll bridge account, the teachers' retirement system
38 plan 1 account, the teachers' retirement system combined plan 2 and

1 plan 3 account, the tobacco prevention and control account, the tobacco
2 settlement account, the transportation infrastructure account, the
3 tuition recovery trust fund, the University of Washington bond
4 retirement fund, the University of Washington building account, the
5 volunteer fire fighters' and reserve officers' relief and pension
6 principal fund, the volunteer fire fighters' and reserve officers'
7 administrative fund, the Washington fruit express account, the
8 Washington judicial retirement system account, the Washington law
9 enforcement officers' and fire fighters' system plan 1 retirement
10 account, the Washington law enforcement officers' and fire fighters'
11 system plan 2 retirement account, the Washington school employees'
12 retirement system combined plan 2 and 3 account, the Washington state
13 health insurance pool account, the Washington state patrol retirement
14 account, the Washington State University building account, the
15 Washington State University bond retirement fund, the water pollution
16 control revolving fund, and the Western Washington University capital
17 projects account. Earnings derived from investing balances of the
18 agricultural permanent fund, the normal school permanent fund, the
19 permanent common school fund, the scientific permanent fund, and the
20 state university permanent fund shall be allocated to their respective
21 beneficiary accounts. All earnings to be distributed under this
22 subsection (4)(a) shall first be reduced by the allocation to the state
23 treasurer's service fund pursuant to RCW 43.08.190.

24 (b) The following accounts and funds shall receive eighty percent
25 of their proportionate share of earnings based upon each account's or
26 fund's average daily balance for the period: The aeronautics account,
27 the aircraft search and rescue account, the county arterial
28 preservation account, the department of licensing services account, the
29 essential rail assistance account, the ferry bond retirement fund, the
30 grade crossing protective fund, the high capacity transportation
31 account, the highway bond retirement fund, the highway safety account,
32 the motor vehicle fund, the motorcycle safety education account, the
33 pilotage account, the public transportation systems account, the Puget
34 Sound capital construction account, the Puget Sound ferry operations
35 account, the recreational vehicle account, the rural arterial trust
36 account, the safety and education account, the special category C
37 account, the state patrol highway account, the transportation 2003
38 account (nickel account), the transportation equipment fund, the

1 transportation fund, the transportation improvement account, the
2 transportation improvement board bond retirement account, and the urban
3 arterial trust account.

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

7 **Sec. 12.** RCW 43.84.092 and 2004 c 242 s 60 are each amended to
8 read as follows:

9 (1) All earnings of investments of surplus balances in the state
10 treasury shall be deposited to the treasury income account, which
11 account is hereby established in the state treasury.

12 (2) The treasury income account shall be utilized to pay or receive
13 funds associated with federal programs as required by the federal cash
14 management improvement act of 1990. The treasury income account is
15 subject in all respects to chapter 43.88 RCW, but no appropriation is
16 required for refunds or allocations of interest earnings required by
17 the cash management improvement act. Refunds of interest to the
18 federal treasury required under the cash management improvement act
19 fall under RCW 43.88.180 and shall not require appropriation. The
20 office of financial management shall determine the amounts due to or
21 from the federal government pursuant to the cash management improvement
22 act. The office of financial management may direct transfers of funds
23 between accounts as deemed necessary to implement the provisions of the
24 cash management improvement act, and this subsection. Refunds or
25 allocations shall occur prior to the distributions of earnings set
26 forth in subsection (4) of this section.

27 (3) Except for the provisions of RCW 43.84.160, the treasury income
28 account may be utilized for the payment of purchased banking services
29 on behalf of treasury funds including, but not limited to, depository,
30 safekeeping, and disbursement functions for the state treasury and
31 affected state agencies. The treasury income account is subject in all
32 respects to chapter 43.88 RCW, but no appropriation is required for
33 payments to financial institutions. Payments shall occur prior to
34 distribution of earnings set forth in subsection (4) of this section.

35 (4) Monthly, the state treasurer shall distribute the earnings
36 credited to the treasury income account. The state treasurer shall

1 credit the general fund with all the earnings credited to the treasury
2 income account except:

3 (a) The following accounts and funds shall receive their
4 proportionate share of earnings based upon each account's and fund's
5 average daily balance for the period: The capitol building
6 construction account, the Cedar River channel construction and
7 operation account, the Central Washington University capital projects
8 account, the charitable, educational, penal and reformatory
9 institutions account, the common school construction fund, the county
10 criminal justice assistance account, the county sales and use tax
11 equalization account, the data processing building construction
12 account, the deferred compensation administrative account, the deferred
13 compensation principal account, the department of retirement systems
14 expense account, the drinking water assistance account, the drinking
15 water assistance administrative account, the drinking water assistance
16 repayment account, the Eastern Washington University capital projects
17 account, the education construction fund, the election account, the
18 emergency reserve fund, The Evergreen State College capital projects
19 account, the federal forest revolving account, the forestry
20 revitalization revolving account, the health services account, the
21 public health services account, the health system capacity account, the
22 personal health services account, the state higher education
23 construction account, the higher education construction account, the
24 highway infrastructure account, the industrial insurance premium refund
25 account, the judges' retirement account, the judicial retirement
26 administrative account, the judicial retirement principal account, the
27 local leasehold excise tax account, the local real estate excise tax
28 account, the local sales and use tax account, the medical aid account,
29 the mobile home park relocation fund, the multimodal transportation
30 account, the municipal criminal justice assistance account, the
31 municipal sales and use tax equalization account, the natural resources
32 deposit account, the oyster reserve land account, the perpetual
33 surveillance and maintenance account, the public employees' retirement
34 system plan 1 account, the public employees' retirement system combined
35 plan 2 and plan 3 account, the public facilities construction loan
36 revolving account beginning July 1, 2004, the public health
37 supplemental account, the public works assistance account, the Puyallup
38 tribal settlement account, the regional transportation investment

1 district account, the resource management cost account, the site
2 closure account, the special wildlife account, the state employees'
3 insurance account, the state employees' insurance reserve account, the
4 state investment board expense account, the state investment board
5 commingled trust fund accounts, the supplemental pension account, the
6 Tacoma Narrows toll bridge account, the teachers' retirement system
7 plan 1 account, the teachers' retirement system combined plan 2 and
8 plan 3 account, the tobacco prevention and control account, the tobacco
9 settlement account, the transportation infrastructure account, the
10 tuition recovery trust fund, the University of Washington bond
11 retirement fund, the University of Washington building account, the
12 volunteer fire fighters' and reserve officers' relief and pension
13 principal fund, the volunteer fire fighters' and reserve officers'
14 administrative fund, the Washington fruit express account, the
15 Washington judicial retirement system account, the Washington law
16 enforcement officers' and fire fighters' system plan 1 retirement
17 account, the Washington law enforcement officers' and fire fighters'
18 system plan 2 retirement account, the Washington public safety
19 employees' plan 2 retirement account, the Washington school employees'
20 retirement system combined plan 2 and 3 account, the Washington state
21 health insurance pool account, the Washington state patrol retirement
22 account, the Washington State University building account, the
23 Washington State University bond retirement fund, the water pollution
24 control revolving fund, and the Western Washington University capital
25 projects account. Earnings derived from investing balances of the
26 agricultural permanent fund, the normal school permanent fund, the
27 permanent common school fund, the scientific permanent fund, and the
28 state university permanent fund shall be allocated to their respective
29 beneficiary accounts. All earnings to be distributed under this
30 subsection (4)(a) shall first be reduced by the allocation to the state
31 treasurer's service fund pursuant to RCW 43.08.190.

32 (b) The following accounts and funds shall receive eighty percent
33 of their proportionate share of earnings based upon each account's or
34 fund's average daily balance for the period: The aeronautics account,
35 the aircraft search and rescue account, the county arterial
36 preservation account, the department of licensing services account, the
37 essential rail assistance account, the ferry bond retirement fund, the
38 grade crossing protective fund, the high capacity transportation

1 account, the highway bond retirement fund, the highway safety account,
2 the motor vehicle fund, the motorcycle safety education account, the
3 pilotage account, the public transportation systems account, the Puget
4 Sound capital construction account, the Puget Sound ferry operations
5 account, the recreational vehicle account, the rural arterial trust
6 account, the safety and education account, the special category C
7 account, the state patrol highway account, the transportation 2003
8 account (nickel account), the transportation equipment fund, the
9 transportation fund, the transportation improvement account, the
10 transportation improvement board bond retirement account, and the urban
11 arterial trust account.

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

15 2. Cascade Foothills

16 NEW SECTION. **Sec. 13.** The legislature finds that the western
17 slopes of the Cascade mountain range in Whatcom, Skagit, Snohomish,
18 King, Pierce, and Thurston counties are experiencing increasing demands
19 for a wide range of uses by the growing population in the Puget Sound
20 basin. These lands provide important economic, forest, fish and
21 wildlife, recreation, scenic, educational, and watershed protection
22 benefits to the entire region. The legislature further finds that it
23 is in the public's interest to assist Cascade foothills landowners and
24 communities in conserving responsible, working forestry in the lower
25 elevations of this area to sustain timber-dependent economies while
26 promoting ecological and environmental benefits from the forests.

27 Therefore, the legislature creates the Cascade foothills focus area
28 for the purpose of committing state policies and programs to the
29 assistance of landowners and communities in developing and implementing
30 innovative approaches to conserving traditional forestry and related
31 uses of these lands while at the same time accommodating new uses that
32 strengthen their economic and natural benefits. For the purposes of
33 this section and section 14 of this act, the Cascade foothills focus
34 area generally encompasses the nonurbanized lands within the Cascade
35 mountain range and drainages lying between three hundred and three

1 thousand feet above mean sea level, and located within the counties of
2 Whatcom, Skagit, Snohomish, King, Pierce, and Thurston counties.

3 NEW SECTION. **Sec. 14.** During fiscal years 2005 and 2006, the
4 board is authorized to provide grants to applicants that address
5 working forests in the Cascade foothills focus area, where the
6 activities meet one or more of the following criteria:

7 (1) The project encompasses a collaboration of diverse
8 stakeholders, such as forest landowners and other private entities,
9 grassroots constituencies, nonprofit organizations, tribal governments,
10 and government agencies;

11 (2) The project establishes measurable benchmarks for accomplishing
12 the following objectives:

13 (a) Demonstrably enhancing the economies of communities in the
14 Cascade foothills;

15 (b) Sustaining environmental functions with emphasis on significant
16 water quality and hydrological functions; and

17 (c) Involving and supporting communities lying within the Cascade
18 foothills;

19 (3) A project scope that has landscape scale influence;

20 (4) A strategy that both retains the region's connections with its
21 historical uses while protecting the region's options for additional
22 uses in the future; or

23 (5) A project that demonstrates innovative strategies for
24 accomplishing the project's objectives.

25 **3. State Forest Lands**

26 **Sec. 15.** RCW 79.17.200 and 1992 c 167 s 2 are each amended to read
27 as follows:

28 (1) For the purposes of this section, "public agency" means any
29 agency, political subdivision, or unit of local government of this
30 state including, but not limited to, municipal corporations, quasi-
31 municipal corporations, special purpose districts, and local service
32 districts; any agency of the state government; any agency of the United
33 States; and any Indian tribe recognized as such by the federal
34 government.

1 (2) With the approval of the board of natural resources, the
2 department of natural resources may directly transfer or dispose of
3 real property, without public auction, in the following circumstances:

4 (a) Transfers in lieu of condemnations;

5 (b) Transfers to public agencies; (~~and~~)

6 (c) Transfers to resolve trespass and property ownership disputes;
7 and

8 (d) Transfers to a nonprofit land conservation organization where
9 the purposes and transaction structure are approved by the board of
10 natural resources.

11 (3) Real property to be transferred or disposed of under this
12 section shall be transferred or disposed of only after appraisal and
13 for at least fair market value, and only if such transaction is in the
14 best interest of the state or affected trust.

15 NEW SECTION. Sec. 16. (1) The sum of seven million five hundred
16 thousand dollars, or as much thereof as may be necessary, is
17 appropriated from the forestry revitalization account to the timber
18 land revitalization board for the biennium ending June 30, 2007, to
19 carry out the purposes of chapter 76.-- RCW (sections 1 through 7, 13,
20 and 14 of this act).

21 (2) The sum of two million five hundred thousand dollars, or as
22 much thereof as may be necessary, is appropriated from the forestry
23 revitalization revolving account to the timber land revitalization
24 board for the fiscal year ending June 30, 2007, to carry out the
25 purposes of chapter 76.-- RCW (sections 1 through 7, 13, and 14 of this
26 act).

27 NEW SECTION. Sec. 17. On or before June 30, 2006, the treasurer
28 shall transfer two million five hundred thousand dollars from the
29 forestry revitalization account to the forestry revitalization
30 revolving account.

31 NEW SECTION. Sec. 18. Sections 1 through 7, 13, and 14 of this
32 act constitute a new chapter in Title 76 RCW.

33 NEW SECTION. Sec. 19. Section 11 of this act expires July 1,
34 2006.

1 NEW SECTION. **Sec. 20.** Section 12 of this act takes effect July 1,
2 2006.

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