

CERTIFICATION OF ENROLLMENT

ENGROSSED SENATE BILL 6166

61st Legislature
2009 Regular Session

Passed by the Senate April 22, 2009
YEAS 32 NAYS 17

President of the Senate

Passed by the House April 25, 2009
YEAS 94 NAYS 0

Speaker of the House of Representatives

Approved

Governor of the State of Washington

CERTIFICATE

I, Thomas Hoemann, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SENATE BILL 6166** as passed by the Senate and the House of Representatives on the dates hereon set forth.

Secretary

FILED

**Secretary of State
State of Washington**

ENGROSSED SENATE BILL 6166

Passed Legislature - 2009 Regular Session

State of Washington 61st Legislature 2009 Regular Session

By Senators Hargrove, Ranker, Rockefeller, Jacobsen, and Morton

1 AN ACT Relating to the sale of timber from state trust lands;
2 amending RCW 79.15.510, 79.15.520, and 79.15.060; adding a new section
3 to chapter 79.15 RCW; creating new sections; and providing an
4 expiration date.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that it is in the best
7 interest of the trust beneficiaries to capture additional revenues
8 while providing for additional environmental protection and improving
9 forest health on state trust lands. Further, the legislature finds
10 that contract harvesting is one method to achieve these desired
11 outcomes while also providing the department of natural resources with
12 the ability to offer opportunities to merchandise high value wood. The
13 legislature intends that the department of natural resources should
14 have the ability to expand their contract sales in areas where other
15 sales do not generate as much revenue or provide resource management
16 benefits. The legislature further intends that the department of
17 natural resources distribute the increased contract harvest authority
18 across all trusts and markets.

1 **Sec. 2.** RCW 79.15.510 and 2004 c 218 s 6 are each amended to read
2 as follows:

3 (1) The department may establish a contract harvesting program for
4 directly contracting for the removal of timber and other valuable
5 materials from state lands and for conducting silvicultural treatments
6 consistent with RCW 79.15.540.

7 (2) The contract requirements must be compatible with the office of
8 financial management's guide to public service contracts.

9 (3) The department may not use contract harvesting for more than
10 ((ten)) twenty percent of the total annual volume of timber offered for
11 sale. However, volume removed primarily to address an identified
12 forest health issue under RCW 79.15.540 may not be included in
13 calculating the ten percent annual limit of contract harvesting sales.

14 **Sec. 3.** RCW 79.15.520 and 2004 c 218 s 7 are each amended to read
15 as follows:

16 (1) The contract harvesting revolving account is created in the
17 custody of the state treasurer. All receipts from the gross proceeds
18 of the sale of logs from a contract harvesting sale must be deposited
19 into the account. Expenditures from the account may be used only for
20 the payment of harvesting costs incurred on contract harvesting sales
21 and for payment of costs incurred from silvicultural treatments
22 necessary to improve forest health conducted under RCW 79.15.540. Only
23 the commissioner or the commissioner's designee may authorize
24 expenditures from the account. The board of natural resources has
25 oversight of the account, and the commissioner must periodically report
26 to the board of natural resources as to the status of the account, its
27 disbursement, and receipts. The account is subject to allotment
28 procedures under chapter 43.88 RCW, but an appropriation is not
29 required for expenditures.

30 (2) When the logs from a contract harvesting sale are sold, the
31 gross proceeds must be deposited into the contract harvesting revolving
32 account. Moneys equal to the harvesting costs must be retained in the
33 account and be deducted from the gross proceeds to determine the net
34 proceeds. The net proceeds from the sale of the logs must be
35 distributed in accordance with RCW 43.30.325(1)(b). The final receipt
36 of gross proceeds on a contract harvesting sale must be retained in the
37 contract harvesting revolving account until all required costs for that

1 sale have been paid. The contract harvesting revolving account is an
2 interest-bearing account and the interest must be credited to the
3 account. The account balance may not exceed (~~one~~) five million
4 dollars at the end of each (~~fiscal~~) calendar year. Moneys in excess
5 of (~~one~~) five million dollars must be disbursed according to RCW
6 79.22.040, 79.22.050, and 79.64.040. If the department permanently
7 discontinues the use of contract harvesting sales, any sums remaining
8 in the contract harvesting revolving account must be returned to the
9 resource management cost account and the forest development account in
10 proportion to each account's contribution to the initial balance of the
11 contract harvesting revolving account.

12 **Sec. 4.** RCW 79.15.060 and 2003 c 334 s 329 are each amended to
13 read as follows:

14 (1) For the sale of valuable materials under this chapter, if the
15 board is required by law to appraise the sale, the board must establish
16 a minimum appraisal value that is valid for a period of one hundred
17 eighty days, or a longer period as may be established by resolution.
18 The board may reestablish the minimum appraisal value at any time. For
19 any valuable materials sales that the board is required by law to
20 appraise, the board may by resolution transfer this authority to the
21 department.

22 (2) Where the board has set a minimum appraisal value for a
23 valuable materials sale, the department may set the final appraisal
24 value of valuable materials for auction, which must be (~~equal to or~~
25 ~~greater than the board's minimum appraisal value~~) based on current
26 market prices. The department may also appraise any valuable materials
27 sale not required by law to be approved by the board.

28 NEW SECTION. **Sec. 5.** A new section is added to chapter 79.15 RCW
29 to read as follows:

30 (1) The department is directed, to the extent possible under
31 current law consistent with its responsibility to the trust
32 beneficiaries, to consider requests from purchasers for timber sale
33 extensions and to provide flexibility in timber sale contract
34 administration to help mitigate against the potential for contract
35 default.

1 (2) By December 1, 2009, the department shall report to the
2 appropriate committees of the legislature on the status of existing
3 contracts, contract extensions, contract defaults, and shall provide a
4 timber market forecast for 2010 and 2011.

5 NEW SECTION. **Sec. 6.** The department of natural resources must
6 report to the appropriate committees of the legislature by December 1,
7 2013, on the effectiveness of the twenty percent contract harvesting
8 program. The report must include a comparison of the revenues
9 generated through contracts compared to other sale processes, including
10 differences in management costs, efficiencies, and market
11 opportunities. The report must provide recommendations regarding the
12 department's contract harvesting program and the contract harvest
13 volume limit.

14 NEW SECTION. **Sec. 7.** This act expires January 1, 2014.

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