

E2SHB 1711 - S COMM AMD
By Committee on Ways & Means

ADOPTED 04/10/2017

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** A new section is added to chapter 79.10
4 RCW to read as follows:

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

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

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

21 (i) Timber or other commercial forest products removed during any
22 mechanical treatments;

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

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

27 (iv) Impacts to recreation and tourism; and

28 (v) Ecosystem services such as water quality, air quality, or
29 carbon sequestration.

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

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

4 (a) "Forest health" has the same meaning as defined in RCW
5 76.06.020.

6 (b) "Forest health treatment" or "treatment" means actions taken
7 by the department to restore forest health including, but not limited
8 to, sublandscape assessment and project planning, site preparation,
9 reforestation, mechanical treatments including timber harvest, road
10 realignment for fire protection and aquatic improvements, and
11 prescribed burning.

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

14 (1)(a) Subject to the availability of amounts appropriated for
15 this specific purpose, consistent with the prioritization policy
16 developed pursuant to section 1 of this act, and to the extent
17 feasible given all applicable trust responsibilities, the department
18 must identify areas of state lands and state forestlands that would
19 benefit from forest health treatments at the landscape level for the
20 next twenty years, and ones that would benefit the most during the
21 following six years, and prioritize and list specific lands for
22 treatment during the subsequent biennium. The department shall update
23 this list by November 15th of each even-numbered year.

24 (b) To expedite initial treatments under this act, for the
25 2017-2019 biennium the department may prioritize and, if funds are
26 appropriated for this purpose, address lands for treatment that are
27 currently identified by the department as pilot treatment projects.

28 (2) In order to develop a prioritized list that evaluates forest
29 health treatments at a landscape scale, the department should consult
30 with and take into account the land management plans and activities
31 of nearby landowners, if available, including federal agencies, other
32 state agencies, local governments, tribes, and private property
33 owners, in addition to any statewide assessments done by the
34 department. The department may include federally, locally, or
35 privately managed lands on the list. The department may fund
36 treatment on these lands provided that the treatments are funded with
37 nontrust funds, and provided that the treatments produce a net
38 benefit to the health of state lands and state forestlands.

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

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

8 (b) A list of lands prioritized for forest health treatments in
9 the next biennium, including state lands and state forestlands
10 prioritized for treatment pursuant to subsection (1) of this section;

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

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

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

20 (1)(a) The forest health revolving account is created in the
21 custody of the state treasurer. All receipts from the proceeds of
22 forest health treatment sales as defined in this section and sections
23 1 and 2 of this act and all legislative transfers, gifts, grants, and
24 federal funds must be deposited into the account. Expenditures from
25 the account may be used only for the payment of costs, including
26 management and administrative costs, incurred on forest health
27 treatments necessary to improve forest health as defined in section 1
28 of this act. Only the commissioner or the commissioner's designee may
29 authorize expenditures from the account. The board of natural
30 resources has oversight of the account, and the commissioner must
31 periodically report to the board of natural resources as to the
32 status of the account, its disbursement, and receipts. The account is
33 subject to allotment procedures under chapter 43.88 RCW, but an
34 appropriation is not required for expenditures.

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

37 (2) Beginning calendar year 2018, the fund balance attributable
38 to the receipts from the proceeds of forest health treatment sales is
39 subject to the following:

1 (a) Any unobligated amounts up to ten million dollars at the end
2 of the calendar year are not subject to disbursements to trust
3 beneficiaries, the resource management account, or the forest
4 development account.

5 (b) Any unobligated amounts exceeding ten million dollars at the
6 end of the calendar year must be disbursed to the appropriate trust
7 beneficiaries as determined by the board of natural resources and
8 these disbursements are not subject to the deductions for the
9 resource management cost account described in RCW 79.64.040 or the
10 forest development account described in RCW 79.64.110.

11 (c) If the board of natural resources determines that the
12 department has permanently discontinued using the forest health
13 revolving account for the forest health treatments under sections 1
14 and 2 of this act, the board must disburse all remaining fund balance
15 attributable to the proceeds of forest health treatment sales to the
16 appropriate trust beneficiaries, and these disbursements are not
17 subject to the deductions for the resource management cost account
18 described in RCW 79.64.040 or the forest development account
19 described in RCW 79.64.110.

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

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

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

36 **Sec. 4.** RCW 43.30.325 and 2003 c 334 s 125 and 2003 c 313 s 9
37 are each reenacted and amended to read as follows:

1 (1) The department shall deposit daily all moneys and fees
2 collected or received by the commissioner and the department in the
3 discharge of official duties as follows:

4 (a) The department shall pay moneys received as advance payments,
5 deposits, and security from successful bidders under RCW 79.15.100
6 and 79.11.150 to the state treasurer for deposit under (b) of this
7 subsection. Moneys received from unsuccessful bidders shall be
8 returned as provided in RCW 79.11.150;

9 (b) The department shall pay all moneys received on behalf of a
10 trust fund or account to the state treasurer for deposit in the trust
11 fund or account after making the deduction authorized under RCW
12 (~~79.22.040~~) 79.64.110, 79.22.050, 79.64.040, and 79.15.520, except
13 as provided in section 3 of this act;

14 (c) The natural resources deposit fund is hereby created. The
15 state treasurer is the custodian of the fund. All moneys or sums
16 which remain in the custody of the commissioner of public lands
17 awaiting disposition or where the final disposition is not known
18 shall be deposited into the natural resources deposit fund.
19 Disbursement from the fund shall be on the authorization of the
20 commissioner or the commissioner's designee, without necessity of
21 appropriation;

22 (d) If it is required by law that the department repay moneys
23 disbursed under (a) and (b) of this subsection the state treasurer
24 shall transfer such moneys, without necessity of appropriation, to
25 the department upon demand by the department from those trusts and
26 accounts originally receiving the moneys.

27 (2) Money shall not be deemed to have been paid to the state upon
28 any sale or lease of land until it has been paid to the state
29 treasurer.

30 **Sec. 5.** RCW 79.64.040 and 2015 3rd sp.s. c 4 s 972 are each
31 amended to read as follows:

32 (1) The board shall determine the amount deemed necessary in
33 order to achieve the purposes of this chapter and shall provide by
34 rule for the deduction of this amount from the moneys received from
35 all leases, sales, contracts, licenses, permits, easements, and
36 rights-of-way issued by the department and affecting state lands and
37 aquatic lands, except as provided in section 3 of this act, provided
38 that no deduction shall be made from the proceeds from agricultural
39 college lands.

1 (2) Moneys received as deposits from successful bidders, advance
2 payments, and security under RCW 79.15.100, 79.15.080, and 79.11.150
3 prior to December 1, 1981, which have not been subjected to deduction
4 under this section are not subject to deduction under this section.

5 (3) Except as otherwise provided in subsection (5) of this
6 section, the deductions authorized under this section shall not
7 exceed twenty-five percent of the moneys received by the department
8 in connection with any one transaction pertaining to state lands and
9 aquatic lands other than second-class tide and shore lands and the
10 beds of navigable waters, and fifty percent of the moneys received by
11 the department pertaining to second-class tide and shore lands and
12 the beds of navigable waters.

13 (4) In the event that the department sells logs using the
14 contract harvesting process described in RCW 79.15.500 through
15 79.15.530, the moneys received subject to this section are the net
16 proceeds from the contract harvesting sale.

17 (5) During the 2013-2015 fiscal biennium, the twenty-five percent
18 limitation on deductions set in subsection (3) of this section may be
19 increased up to thirty percent by the board. During the 2015-2017
20 fiscal biennium, the board may increase the twenty-five percent
21 limitation up to thirty-two percent.

22 **Sec. 6.** RCW 79.64.110 and 2015 3rd sp.s. c 4 s 973 are each
23 amended to read as follows:

24 (1) Any moneys derived from the lease of state forestlands or
25 from the sale of valuable materials, oils, gases, coal, minerals, or
26 fossils from those lands, except as provided in section 3 of this
27 act, or the appraised value of these resources when transferred to a
28 public agency under RCW 79.22.060, except as provided in RCW
29 79.22.060(4), must be distributed as follows:

30 (a) For state forestlands acquired through RCW 79.22.040 or by
31 exchange for lands acquired through RCW 79.22.040:

32 (i) The expense incurred by the state for administration,
33 reforestation, and protection, not to exceed twenty-five percent,
34 which rate of percentage shall be determined by the board, must be
35 returned to the forest development account created in RCW 79.64.100.
36 During the 2015-2017 fiscal biennium, the board may increase the
37 twenty-five percent limitation up to twenty-seven percent.

38 (ii) Any balance remaining must be paid to the county in which
39 the land is located or, for counties participating in a land pool

1 created under RCW 79.22.140, to each participating county
2 proportionate to its contribution of asset value to the land pool as
3 determined by the board. Payments made under this subsection are to
4 be paid, distributed, and prorated, except as otherwise provided in
5 this section, to the various funds in the same manner as general
6 taxes are paid and distributed during the year of payment.

7 (iii) Any balance remaining, paid to a county with a population
8 of less than sixteen thousand, must first be applied to the reduction
9 of any indebtedness existing in the current expense fund of the
10 county during the year of payment.

11 (iv) With regard to moneys remaining under this subsection
12 (1)(a), within seven working days of receipt of these moneys, the
13 department shall certify to the state treasurer the amounts to be
14 distributed to the counties. The state treasurer shall distribute
15 funds to the counties four times per month, with no more than ten
16 days between each payment date.

17 (b) For state forestlands acquired through RCW 79.22.010 or by
18 exchange for lands acquired through RCW 79.22.010, except as provided
19 in RCW 79.64.120:

20 (i) Fifty percent shall be placed in the forest development
21 account.

22 (ii) Fifty percent shall be prorated and distributed to the state
23 general fund, to be dedicated for the benefit of the public schools,
24 to the county in which the land is located or, for counties
25 participating in a land pool created under RCW 79.22.140, to each
26 participating county proportionate to its contribution of asset value
27 to the land pool as determined by the board, and according to the
28 relative proportions of tax levies of all taxing districts in the
29 county. The portion to be distributed to the state general fund shall
30 be based on the regular school levy rate under RCW 84.52.065 and the
31 levy rate for any maintenance and operation special school levies.
32 With regard to the portion to be distributed to the counties, the
33 department shall certify to the state treasurer the amounts to be
34 distributed within seven working days of receipt of the money. The
35 state treasurer shall distribute funds to the counties four times per
36 month, with no more than ten days between each payment date. The
37 money distributed to the county must be paid, distributed, and
38 prorated to the various other funds in the same manner as general
39 taxes are paid and distributed during the year of payment.

1 (2) A school district may transfer amounts deposited in its debt
2 service fund pursuant to this section into its capital projects fund
3 as authorized in RCW 28A.320.330.

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

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

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

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

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

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

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

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

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

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

4 NEW SECTION. **Sec. 8.** If any provision of this act or its
5 application to any person or circumstance is held invalid, the
6 remainder of the act or the application of the provision to other
7 persons or circumstances is not affected.

8 NEW SECTION. **Sec. 9.** If specific funding for the purposes of
9 this act, referencing this act by bill or chapter number, is not
10 provided by June 30, 2017, in the omnibus appropriations act, this
11 act is null and void."

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By Committee on Ways & Means

ADOPTED 04/10/2017

12 On page 1, line 2 of the title, after "treatments;" strike the
13 remainder of the title and insert "amending RCW 79.64.040 and
14 79.64.110; reenacting and amending RCW 43.30.325 and 43.79A.040;
15 adding new sections to chapter 79.10 RCW; adding a new section to
16 chapter 79.64 RCW; and creating a new section."

EFFECT: Makes the specific provisions of the act subject to
available appropriated funds.

--- END ---