

FINAL BILL REPORT

SB 5270

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Synopsis as Enacted

Brief Description: Concerning expiration dates affecting the department of natural resources' contract harvesting program.

Sponsors: Senators Hawkins, Takko and Pearson; by request of Department of Natural Resources.

Senate Committee on Natural Resources & Parks
House Committee on Agriculture & Natural Resources
House Committee on Capital Budget

Background: Department of Natural Resources (DNR). DNR exercises general supervision and control over the sale of valuable materials, including timber. Valuable materials on state lands may be sold separately from the land, when DNR determines that it is in the best interest of the state to do so.

Contract Harvest Program. DNR appraises timber stands for sale, details the sale terms, and sells the right to harvest and remove the timber to the highest bidder at auction. In 2003, DNR was authorized to create a contract harvest program. This allows DNR to contract with an individual to harvest the timber and sort the logs for DNR while DNR maintains ownership of the harvested timber and may sell it at market price. Initially, DNR was permitted to contract up to 10 percent of the total timber available for sale.

The Legislature created a revolving fund account to accept proceeds from contract harvest log sales and to pay the associated costs of such sales. After making deductions for its management costs, DNR distributes the net proceeds from contract harvest sales to the appropriate beneficiary account.

The 2003 law set the maximum account balance at \$1 million, measured at the end of the fiscal year, with any excess funds subject to automatic distribution.

In 2009, the Legislature modified DNR's contract harvest and timber sale authority in several ways. The Legislature:

- increased the maximum authorized use of contract harvesting from 10 to 20 percent of DNR's total annual volume of timber offered for sale;
- increased the maximum account balance from \$1 million to \$5 million, as measured by the end of the calendar year instead of the fiscal year;

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- directed DNR to set final timber appraisal value based on current market prices; and
- directed DNR to provide flexibility where possible in timber sale contract management to mitigate against contract defaults.

Each of the changes made in 2009 were set to expire January 1, 2014. In 2014, the Legislature approved the extension of the contract harvest program until January 1, 2019. The 2014 legislation maintained the 2009 changes.

Summary: The sunset provision of the Contract Harvest Program is repealed, which makes DNR's authority to use contract harvesting for up to 20 percent of DNR's total volume of timber sales permanent.

One provision of the Contract Harvest Program will still expire January 1, 2019. That provision directs DNR to:

- consider sale extension requests;
- provide flexibility in timber sale contract administration to help mitigate against the potential for contract default; and
- produce timber market forecasts for 2010 and 2011.

Votes on Final Passage:

Senate	46	0
House	96	0

Effective: July 23, 2017