

SENATE BILL REPORT

SB 5157

As Reported by Senate Committee On:
Agriculture & Natural Resources, February 13, 2025

Title: An act relating to the direct sale of valuable materials for habitat restoration projects.

Brief Description: Concerning the direct sale of valuable materials for habitat restoration projects.

Sponsors: Senators Salomon and Chapman.

Brief History:

Committee Activity: Agriculture & Natural Resources: 1/16/25, 2/13/25 [DPS].

Brief Summary of First Substitute Bill

- Authorizes the Department of Natural Resources to conduct direct sales of valuable materials on public lands up to \$250,000 for qualifying habitat restoration projects.

SENATE COMMITTEE ON AGRICULTURE & NATURAL RESOURCES

Majority Report: That Substitute Senate Bill No. 5157 be substituted therefor, and the substitute bill do pass.

Signed by Senators Chapman, Chair; Krishnadasan, Vice Chair; Short, Ranking Member; Liias, Muzzall, Saldaña, Schoesler, Shewmake and Wagoner.

Staff: Jeff Olsen (786-7428)

Background: The Department of Natural Resources (DNR) sells timber and other valuable resources from state lands. Most sales conducted by DNR must be done at public auction to the highest bidder. Before valuable materials can be sold, the sale must be properly advertised so that the maximum number of potential buyers are aware of the pending sale. DNR does have the authority to offer a direct sale without notice or advertising for sales

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

appraised at \$25,000 or less.

Summary of Bill (First Substitute): Direct sales of valuable materials from public lands up to \$250,000 in appraised value may be sold to entities using those materials for habitat restoration projects under certain conditions. To qualify for the direct sale, DNR must determine the direct sale is in the best interest of the state or the affected trust, and the project proponent must have all appropriate permits and approvals required for the habitat restoration project. In addition, the project proponent must submit a report as defined by DNR describing how the materials will be used in the habitat restoration project. The DNR must appraise the valuable materials to be sold based on an arms-length market value. An "arms-length market value" means the cost to acquire similar materials used in aquatic restoration projects within the previous 24 months. If the DNR is unable to determine an arms-length market value, the appraisal shall be based on the average minimum bid for similar quality logs from the previous 12 months of product sales. The DNR must also collect all required fees, including those for access roads. The valuable materials may not be resold or remanufactured for other uses by the project proponent. Any resale or remanufacture of timber is a violation subject to treble damages.

EFFECT OF CHANGES MADE BY AGRICULTURE & NATURAL RESOURCES COMMITTEE (First Substitute):

- Adds conditions that must be met before the DNR may sell up to \$250,000 of valuable materials including appraising materials based on an arms-length market value and collecting all required fees for users of access roads.
- Allows project proponents to use remaining valuable materials for future habitat projects.
- Removes the authority for the DNR to establish rules to sell valuable materials to a purchaser to stockpile for subsequent purchase by project proponents that are used for eligible projects.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: Salmon restoration projects are becoming more large scale, and there is a need for large timber with their root wads intact. Project proponents find it challenging to find a supply of timber that matches with project timelines. The DNR has conducted a pilot project in the Snohomish watershed and is aware of difficulties in sourcing timber for projects. Some grants are not able to participate in the

DNR auction process, and salvage or road right of ways may offer an option for sourcing timber. By increasing the direct sale amount, large wood can be secured and the money goes to the trust beneficiaries. Large wood plays a critical role in ecosystems, and alternatives are typically not as effective and are more costly. Transportation can be a major cost, so sourcing wood near a project is important.

OTHER: The Legislature is the trustee of state trust lands, and the sale should be in the best interest of the state and the trust. Certain timber sales are going for much more than appraised value, so a direct sale may not capture the same amount as an auction price. It is not clear how the ability to do stockpiling would work and there are concerns about stockpiling and reselling.

Persons Testifying: PRO: Senator Jesse Salomon, Prime Sponsor; Duane Emmons, Department of Natural Resources; Alexei Calambokidis, Trout Unlimited; Jessica Helsley, Wild Salmon Center; Brock Milliern, Recreation and Conservation Office; Don Gourlie, Puget Sound Partnership.

OTHER: Ed Bowen; Heath Heikkila, American Forest Resource Council.

Persons Signed In To Testify But Not Testifying: No one.