

HOUSE BILL REPORT

SSB 5325

As Passed House

April 15, 1997

Title: An act relating to transfer of state forest lands back to counties.

Brief Description: Allowing counties to have certain lands transferred from the state back to the county.

Sponsors: Senate Committee on Natural Resources & Parks (originally sponsored by Senators Hargrove, Morton, Stevens, Rossi, Snyder and Loveland).

Brief History:

Committee Activity:

Natural Resources: 4/2/97, 4/3/97 [DP].

Floor Activity:

Passed House: 4/15/97, 59-36.

HOUSE COMMITTEE ON NATURAL RESOURCES

Majority Report: Do pass. Signed by 7 members: Representatives Buck, Chairman; Sump, Vice Chairman; Thompson, Vice Chairman; Alexander; Chandler; Hatfield and Pennington.

Minority Report: Do not pass. Signed by 3 members: Representatives Regala, Ranking Minority Member; Anderson and Sheldon.

Staff: Linda Byers (786-7129).

Background: The Department of Natural Resources (DNR) manages approximately 545,000 acres of state forest lands known as forest board transfer lands. Most of the forest board transfer lands were cut over and then came into county ownership as a result of tax lien foreclosures. Legislative action in 1927 and 1935 transferred these lands into state ownership, and the Legislature directed that these lands be reserved from sale and managed as trust lands, with the respective counties as beneficiaries. Up to 25 percent of the moneys derived from timber sales and other revenue-generating activities on the forest board transfer lands are deposited into the forest development account. Funds in this account are used for the management expenses for these lands. The remaining revenues go to the counties, where the funds are distributed in the same manner as general tax revenues are distributed.

In December 1996, the Joint Legislative Audit and Review Committee (JLARC) completed a report on the forest board transfer lands. The committee approved the following three recommendations directly related to the transfer lands:

- The Legislature should consider establishing relative priorities for the DNR in managing the transfer lands and identifying the primary beneficiaries of the trust;
- The Board of Natural Resources should reduce the management fee from 25 percent to 22 percent; and
- If the Legislature decides to authorize reconveyance, the Legislature should give consideration to a number of different issues including a time limit for counties to choose reconveyance, distribution of revenues from reconveyed lands, setting limitations on the use of the land, maintaining public access, the financial impact on other trust beneficiaries, and the method of transferring ownership.

The committee did not take a position for or against reconveyance of the forest board transfer lands.

Summary of Bill: Until December 31, 2017, a county legislative authority in a county with a population of less than 1.5 million people may file an application with the Board of Natural Resources requesting the reconveyance of all of its forest board transfer lands. Upon the filing of an application by the county legislative authority, the board will direct the department to reconvey the forest lands to the requesting county. The reconveyance must be done by quitclaim deed. The term of the reconveyance must be for a period of not less than 20 years.

Upon formal notification to the department by the respective county that the county desires its forest board transfer lands reconveyed, the department must transfer all data and documents concerning these lands to the respective county within 90 days of the notification. The department must also halt all proposed sale activity on the forest board transfer land within the county.

Once the lands have been reconveyed to a county, the lands must be kept in commercial forest status and may not be sold or leased. The lands may be exchanged in such manner as the Legislature may prescribe. The lands must be managed on a sustained yield basis and in a manner that maximizes the financial benefit to the trust beneficiaries in the county. The lands must be managed consistent with, but not in excess of, current state forest practices rules. Existing memorandums of agreement, memorandums of understanding, landscape plans, habitat conservation plans, and similar agreements may be continued at the discretion of the county. Any proposed habitat conservation plan inclusion of these lands is not permitted unless the county legislative authority agrees to the inclusion by resolution after public hearings and a full fiscal and forest management analysis.

A county may charge a maximum management fee of 20 percent. Revenues will continue to be dispersed as those revenues were distributed under state management of these lands. County personnel managing the lands must be trained to meet all the requirements established by the department for its personnel. A county legislative authority may contract with the department for the operation of the forest program for lands transferred back to the county.

Public access to the land must be allowed whenever possible, subject to the discretion of the local legislative authority. Lands will be open for public recreation consistent with timber management goals. Lands that have recreational use funded by the Interagency Committee for Outdoor Recreation or other similar source will remain in recreational use as dictated by agreement, contract, rule, or statute.

The department must replant all lands where there is an active sale occurring at the time the county gives formal notice to the department for reconveyance of the land. The county assumes liability for those lands not under contract for harvest by the purchaser at the date of the transfer of the quitclaim deed. Those lands under contract transfer to the county on the expiration date of the original contract. No extensions will be granted. The county will have the option of either having the department replant those lands, or having the lands replanted and billing the department for that activity. When billed, the department must make payment within 60 days.

All counties that exercise their option of reconveyance must make an annual report to the Legislature and to the Board of Natural Resources as to the activities on the reconveyed lands. The report must include, but is not limited to, the number of acres harvested; the volume of harvest from those acres; the number of acres replanted; the number of acres precommercially thinned; the annual cost on a per acre basis; the age of the timber on the acres harvested; and the number of acres not designated for harvest, and the reason why such a designation was made.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: The lands in question here are county lands, not the federal grant lands. Several counties over the last number of years have objected to the efficiency of management of their lands and feel frustrated at the amount of input they have been able to have regarding that management. Counties would like to have the option of managing these lands again themselves, as Grays Harbor County (GHC) does. In the JLARC study, the DNR looked good in comparison to other western states; other western states have terrible forest land, so this conclusion is obvious. The DNR did

not compare favorably with private lands in Washington or with GHC, which is managing the exact same type of lands. The only argument against the bill is that a county might do a worse job, and the one county managing its lands is doing a better job than the state. The sustained yield provision will keep counties from over-harvesting. Revenues will be distributed as they are now. This bill also allows counties to contract with the DNR for management of the lands, but counties get to make this decision. In Pacific County, timber land comprises 85 percent of the total land base, and of that, 85 percent is privately owned. It is being blocked off, but not at the county's direction; it is due to illegal dumping on the private property. The DNR has blocked off access to two areas that are natural area preserves, and this has caused great consternation in the community. The DNR's own practices show that they block areas off from public access. County commissioners are frontline political people, and they would hear if there were an access issue and would respond to people who came to them. The management fees would pay for start-up costs, and the counties could do it cheaper and better. The JLARC report also compared the DNR's management to management of private properties, not just to GHC; it is inappropriate to discount the comparisons. The bottom line is that there is a trust problem between the DNR and the counties. Counties have been overcharged and have been unable to get answers and information that they have repeatedly asked for. A better situation does not seem forthcoming. Counties could hire a manager just like a private company does, or they could choose to deal with DNR, hopefully on a more level footing. Counties have provided a great deal of information on this subject in earlier sessions. Clallam County has paid millions of dollars in management fees and additional fees and surcharges, and has asked repeatedly for responses to these issues and has not received responses. Clearly there is a communication problem. Counties are not saying that they will take back management of these lands, but it is an option that counties need to have.

Testimony Against: This bill is not in the best interests of the beneficiaries or the citizens of the state. The bill will impact those who benefit from the revenues, including the counties, the junior taxing districts, and the general fund. It will impact the markets and those who benefit from the raw materials. It will impact citizens who rely on these lands for public recreation and other values. It will impact programs like the fire suppression program. The JLARC committee chose to not take a position on reconveyance and said further evaluation was required before a transfer would occur. Grays Harbor County (GHC) does a fine job of managing its lands, but the character of those lands is different. Proponents say they would manage their lands like GHC does. There is no public access on GHC lands, so no associated costs with managing public recreation, and there are no spotted owls and Endangered Species Act issues to deal with. The DNR has consistently increased the sustainable harvest levels from the county lands, and revenues have also increased. State management of these lands is an outstanding success story. Statements have been made that the state has not made an investment in these lands; the record does not support this. The Legislature has appropriated general fund dollars to manage these

lands, to pay for conservation crews to reforest these lands, and to pay for part of the nursery to grow seedlings to plant on the cut-over lands. The DNR manages all of the forest lands in its care intensively. If counties change the rotation age as has been suggested, there will be a decrease in the long-term sustainable harvest, the long-term revenues, and recreational opportunities, and an increase in annual silvicultural costs and risk of stream siltation. This will fracture the state's blocked-up trust lands, reducing economies of scale. This will impact firefighting in the state by reducing the seasoned cadre of fire management teams. If counties take over control of these lands, they may do what GHC does and close those lands to off-road vehicle uses. Counties do not provide access on the lands that they control at this time. More and more people are using off-road vehicles, and we need more access, not less. This is an important issue for our children and especially our grandchildren. What is the value to the counties and the state of unraveling years of comprehensive work and management of the state forest lands? How will counties be beneficiaries and trustees at the same time? How will counties finance start-up costs for scientists, research, program development, and tree nurseries? How will counties deal with public recreation? It costs a lot of money to keep lands open to the public. Counties will have to operate under the Endangered Species Account because the habitat conservation plan will not apply. Editorials have said one of the Legislature's worst ideas is to let counties break up our state forests because they are peeved at the official elected to manage them. It has also been called a costly mistake that will hurt Washingtonians. Last year, revenues from timber harvests were higher than they ever have been. Improvements could and should be made on both sides of this issue. There is a concern about fire suppression. The fire chiefs have a good relationship with the DNR as it relates to fighting serious forest fires. Fire districts receive much of their training from the personnel at the DNR who have been highly trained at state expense. It is easy now to mobilize by sending word to the DNR about a fire, then the DNR employees come over to assist the fire districts. It would be difficult to have that kind of quick mobilization with this change.

Testified: Senator Jim Hargrove, prime sponsor; Phillip Kitchel, Clallam County Commissioner; Pat Hamilton, Pacific County Commissioner (all in favor); Kaleen Cottingham, Department of Natural Resources; Jim Putman, Pacific Northwest Four Wheel Drive Association; Jean Fairchild, citizen; Dorothy Duncan, citizen; and Gordon Walgren, Washington Fire Chiefs Association (all opposed).