

HOUSE BILL REPORT

HB 2461

As Reported By House Committee On:

Natural Resources

Title: An act relating to moneys derived from state forest lands.

Brief Description: Requiring a timely distribution of certain state forest land funds back to the counties.

Sponsors: Representatives Buck, Sump, Kessler, Schoesler, Benson, Koster, DeBolt, McMorris, Alexander, Gardner, Linville, Thompson and Mulliken.

Brief History:

Committee Activity:

Natural Resources: 1/23/98, 2/5/98 [DPS].

HOUSE COMMITTEE ON NATURAL RESOURCES

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Buck, Chairman; Sump, Vice Chairman; Thompson, Vice Chairman; Butler, Assistant Ranking Minority Member; Alexander; Anderson; Chandler; Hatfield and Pennington.

Minority Report: Do not pass. Signed by 1 member: Representative Regala, Ranking Minority Member.

Staff: Linda Byers (786-7129).

Background: The Department of Natural Resources manages forest board lands— in 21 counties. The forest board lands come in two categories: forest board transfer lands and forest board purchase lands. The forest board transfer lands are forest lands that were largely acquired by counties through tax lien foreclosures, then transferred to state ownership for management by the department as state forest lands. The department manages approximately 545,000 acres of these lands. When a revenue-generating activity such as a timber sale occurs on the lands, the department may deduct up to 25 percent of the proceeds for administration, reforestation, and protection of the forest lands. The balance of the revenue goes to the respective counties and is distributed among various funds in the same manner as general tax dollars are distributed. Forest board purchase lands were acquired by the state by either purchase or gift; the department manages just under 78,000 acres of these forest lands. After a 50 percent

deduction for the department, the revenue from these lands goes to the state general fund for the support of public schools and to the counties with the same distribution as the transfer land revenues.

When revenues are generated from the forest board lands, the department receives the revenue first. After deducting a percentage, the department transfers the money to the State Treasurer, who then distributes the funds to the counties.

Summary of Substitute Bill: With regard to the distribution of revenues to counties from forest board lands, the Department of Natural Resources must certify to the State Treasurer the amounts to be distributed to the counties within seven working days of receipt of the money. The State Treasurer must distribute the funds to the counties four times per month, with no more than 10 days between each payment date.

Substitute Bill Compared to Original Bill: In the original version of the bill, the department would sell timber or other products from the forest board lands or lease these lands if the department finds the sale or lease to be in the best financial interests of the respective county trust beneficiaries, rather than in the best interests of the state. The substitute bill does not contain this provision.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For (original bill): The department has retrofitted its accounting system and supports the changes regarding the timing on the distribution of funds. It used to take the state 30 days to have the revenues reach the counties. It's now taking 22 days on average, and this transfer time should be shortened. In the smaller taxing districts, they need this money quickly. The Joint Legislative Audit and Review Committee study recommended clarifying the relative priorities and primary beneficiaries of the trust. This would be upholding a long-held state priority.

Testimony Against (original bill): The other amendatory language is a fundamental change in state policy. Counties are not the only beneficiaries of this trust.

Testified: Ruth Gerdon and Phillip Kitchel, Clallam County (both in favor); and Rose Amurao, Department of Natural Resources (opposed).