

---

## Natural Resources Committee

---

### HB 2870

**Brief Description:** Studying timber supply barriers.

**Sponsors:** Representatives Orcutt, Morell and Doumit.

Brief Summary of Bill
<ul style="list-style-type: none"><li>Directs the Department of Natural Resources to review the laws of other western states that limit the ability of Washington wood processors to purchase timber.</li></ul>



**Hearing Date:** 2/6/02

**Staff:** Jason Callahan (786-7117).

**Background:**

Washington's Constitution and Enabling Act both mandate that the forestlands owned by the state be held in trust by Washington and managed for the benefit of a select group of beneficiaries. These beneficiaries include the public schools and the state university system. Management of these forestlands has been entrusted to the Department of Natural Resources (DNR).

In an effort to achieve maximum benefit for the beneficiaries, the DNR sells the timber and other natural resources on the land to the highest responsible bidder. The DNR makes no distinction in the bid process between bids from potential buyers that will process the wood in Washington mills and bids from buyers who will take the wood outside of Washington's borders for processing. The DNR's only restriction is that they cannot sell the timber to a buyer who will either process the wood outside of the United States, or who could export wood grown on private forestland in Washington and substitute that wood in their processing mills with state timber.

At least one western state does make a distinction between bids from mills within its state and mills from another state. Idaho law only allows 5 percent of its annual state timber harvest to be sold to someone other than a "qualified bidder". The Idaho statutes define a "qualified bidder" to be someone who has not processed more than 5 percent of Idaho timber outside of Idaho. This provision effectively bars Washington mills from bidding on 95 percent of Idaho state timber since, presumably, Washington mills would process more than

5 percent of the Idaho state timber it purchased within the borders of Washington.

**Summary of Bill:**

The Department of Natural Resources (DNR) is directed to review the laws of other western states that limit the ability of Washington wood processors to purchase timber. The DNR must generate a report to the Legislature, after discussing with in-state wood processors and labor, that includes:

- Data regarding the number of bids that have been submitted by Washington mills on out-of-state timber and rejected due to exclusionary laws;
- An estimate of the number of mills that would bid on out-of-state timber;
- An estimate of possible expansion or prevention of layoffs in the wood processing industry if Washington mills could bid on out-of-state timber;
- An estimate of additional tax revenues that would benefit Washington if Washington mills could bid on out-of-state timber; and
- Any recommendations regarding how the barriers to interstate commerce can be removed.

The recommendations put forth by the DNR may include the creation of interstate compacts, the adoption of reciprocal language in Washington, and the filing of a lawsuit to contest the constitutionality of the exclusionary laws.

**Appropriation:** None.

**Fiscal Note:** Requested on January 31, 2002.

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