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**SUBSTITUTE HOUSE BILL 2398**

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**State of Washington**

**57th Legislature**

**2002 Regular Session**

**By** House Committee on Natural Resources (originally sponsored by Representatives Buck, Doumit, Eickmeyer, Rockefeller, Jackley, Woods, McDermott and Haigh; by request of Department of Natural Resources)

Read first time 02/01/2002. Referred to Committee on .

1 AN ACT Relating to contract harvesting; amending RCW 76.12.030,  
2 76.12.120, 79.64.040, 43.85.130, and 84.33.078; reenacting and amending  
3 RCW 43.84.092 and 84.33.035; adding a new chapter to Title 79 RCW;  
4 creating new sections; and making appropriations.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** The legislature finds that it is in the best  
7 interest of the trust beneficiaries to capture additional revenues  
8 while providing for additional environmental protection on timber  
9 sales. Further, the legislature finds that contract harvesting is one  
10 method to achieve these desired outcomes. Therefore, the legislature  
11 directs the department of natural resources to establish and implement  
12 contract harvesting where there exists the ability to increase revenues  
13 for the beneficiaries of the trusts while obtaining increases in  
14 environmental protection.

15 NEW SECTION. **Sec. 2.** The definitions in this section apply  
16 throughout this chapter unless the context clearly requires otherwise.

17 (1) "Commissioner" means the commissioner of public lands.

1 (2) "Contract harvesting" means a timber operation occurring on  
2 state forest lands, in which the department contracts with a firm or  
3 individual to perform all the necessary harvesting work to process  
4 trees into logs sorted by department specifications. The department  
5 then sells the individual log sorts.

6 (3) "Department" means the department of natural resources.

7 (4) "Harvesting costs" are those expenses related to the production  
8 of log sorts from a stand of timber. These expenses typically involve  
9 road building, labor for felling, bucking, and yarding, as well as the  
10 transporting of sorted logs to the forest product purchasers.

11 (5) "Net proceeds" means gross proceeds from a contract harvesting  
12 sale less harvesting costs.

13 NEW SECTION. **Sec. 3.** (1) The department may establish a contract  
14 harvesting program by directly contracting for the removal of timber  
15 and other valuable materials from state lands.

16 (2) The contract requirements must be compatible with the office of  
17 financial management's guide to public service contracts.

18 (3) Contract harvesting may be used anywhere in the state except  
19 for the area east of the Okanogan river, north of the Columbia river  
20 and main fork of the Spokane river as these rivers flow east of the  
21 crest of the Cascade mountains.

22 (4) The department may not use contract harvesting for more than  
23 ten percent of the total annual volume of timber offered for sale.

24 NEW SECTION. **Sec. 4.** The contract harvesting revolving account is  
25 created in the custody of the state treasurer. All receipts from the  
26 gross proceeds of the sale of logs from a contract harvesting must be  
27 deposited into the account. Expenditures from the account may be used  
28 only for the payment of harvesting costs incurred on contract  
29 harvesting sales. Only the commissioner or the commissioner's designee  
30 may authorize expenditures from the account. The board of natural  
31 resources has oversight of the account, and the commissioner must  
32 periodically report to the board of natural resources as to the status  
33 of the account, its disbursement, and receipts. The account is subject  
34 to allotment procedures under chapter 43.88 RCW, but an appropriation  
35 is not required for expenditures.

36 When the logs from a contract harvesting sale are sold, the gross  
37 proceeds must be deposited into the contract harvesting revolving

1 account. Moneys equal to the harvesting costs must be retained in the  
2 account and be deducted from the gross proceeds to determine the net  
3 proceeds. The net proceeds from the sale of the logs must be  
4 distributed in accordance with RCW 43.85.130(1)(b). The final receipt  
5 of gross proceeds on a contract harvesting sale must be retained in the  
6 contract harvesting revolving account until all required costs for that  
7 sale have been paid. The contract harvesting revolving account is an  
8 interest-bearing account and the interest must be credited to the  
9 account. The account may not exceed one million dollars. Moneys in  
10 excess of one million dollars must be disbursed according to RCW  
11 76.12.030, 76.12.120, and 79.64.040. If the department permanently  
12 discontinues the use of contract harvesting sales, any sums remaining  
13 in the contract harvesting revolving account must be returned to the  
14 resource management cost account and the forest development account in  
15 proportion to each account's contribution to the initial balance of the  
16 contract harvesting revolving account.

17 NEW SECTION. **Sec. 5.** The board of natural resources must  
18 determine whether any special appraisal practices are necessary for  
19 logs sold by the contract harvesting processes, and if so, must adopt  
20 the special appraisal practices or procedures. In its consideration of  
21 special appraisal practices, the board of natural resources must  
22 consider and adopt procedures to rapidly market and sell any log sorts  
23 that failed to receive the required minimum bid at the original  
24 auction, which may include allowing the department to set a new  
25 appraised value for the unsold sort.

26 The board of natural resources must establish and adopt policy and  
27 procedures by which the department evaluates and selects certified  
28 contract harvesters. The procedures must include a method whereby a  
29 certified contract harvester may appeal a decision by the department or  
30 board of natural resources to not include the certified contract  
31 harvester on the list of approved contract harvesters.

32 **Sec. 6.** RCW 76.12.030 and 1997 c 370 s 1 are each amended to read  
33 as follows:

34 If any land acquired by a county through foreclosure of tax liens,  
35 or otherwise, comes within the classification of land described in RCW  
36 76.12.020 and can be used as state forest land and if the department  
37 deems such land necessary for the purposes of this chapter, the county

1 shall, upon demand by the department, deed such land to the department  
2 and the land shall become a part of the state forest lands.

3 Such land shall be held in trust and administered and protected by  
4 the department as other state forest lands. Any moneys derived from  
5 the lease of such land or from the sale of forest products, oils,  
6 gases, coal, minerals, or fossils therefrom, shall be distributed as  
7 follows:

8 (1) The expense incurred by the state for administration,  
9 reforestation, and protection, not to exceed twenty-five percent, which  
10 rate of percentage shall be determined by the board of natural  
11 resources, shall be returned to the forest development account in the  
12 state general fund.

13 (2) Any balance remaining shall be paid to the county in which the  
14 land is located to be paid, distributed, and prorated, except as  
15 hereinafter provided, to the various funds in the same manner as  
16 general taxes are paid and distributed during the year of payment:  
17 PROVIDED, That any such balance remaining paid to a county with a  
18 population of less than sixteen thousand shall first be applied to the  
19 reduction of any indebtedness existing in the current expense fund of  
20 such county during the year of payment.

21 In the event that the department sells logs using the contract  
22 harvesting process described in chapter 79.-- RCW (sections 2 through  
23 5 of this act), the moneys derived subject to this section are the net  
24 proceeds from the contract harvesting sale.

25 **Sec. 7.** RCW 76.12.120 and 2000 c 148 s 2 are each amended to read  
26 as follows:

27 Except as provided in RCW 76.12.125, all land, acquired or  
28 designated by the department as state forest land, shall be forever  
29 reserved from sale, but the timber and other products thereon may be  
30 sold or the land may be leased in the same manner and for the same  
31 purposes as is authorized for state granted land if the department  
32 finds such sale or lease to be in the best interests of the state and  
33 approves the terms and conditions thereof.

34 Except as provided in RCW 79.12.035, all money derived from the  
35 sale of timber or other products, or from lease, or from any other  
36 source from the land, except where the Constitution of this state or  
37 RCW 76.12.030 requires other disposition, shall be disposed of as  
38 follows:

1 (1) Fifty percent shall be placed in the forest development  
2 account.

3 (2) Fifty percent shall be prorated and distributed to the state  
4 general fund, to be dedicated for the benefit of the public schools,  
5 and the county in which the land is located according to the relative  
6 proportions of tax levies of all taxing districts in the county. The  
7 portion to be distributed to the state general fund shall be based on  
8 the regular school levy rate under RCW 84.52.065 as now or hereafter  
9 amended and the levy rate for any maintenance and operation special  
10 school levies. With regard to the portion to be distributed to the  
11 counties, the department shall certify to the state treasurer the  
12 amounts to be distributed within seven working days of receipt of the  
13 money. The state treasurer shall distribute funds to the counties four  
14 times per month, with no more than ten days between each payment date.  
15 The money distributed to the county shall be paid, distributed, and  
16 prorated to the various other funds in the same manner as general taxes  
17 are paid and distributed during the year of payment.

18 In the event that the department sells logs using the contract  
19 harvesting process described in chapter 79.-- RCW (sections 2 through  
20 5 of this act), the moneys received subject to this section are the net  
21 proceeds from the contract harvesting sale.

22 **Sec. 8.** RCW 79.64.040 and 2001 c 250 s 16 are each amended to read  
23 as follows:

24 The board shall determine the amount deemed necessary in order to  
25 achieve the purposes of this chapter and shall provide by rule for the  
26 deduction of this amount from the moneys received from all leases,  
27 sales, contracts, licenses, permits, easements, and rights of way  
28 issued by the department and affecting public lands, provided that no  
29 deduction shall be made from the proceeds from agricultural college  
30 lands. Moneys received as deposits from successful bidders, advance  
31 payments, and security under RCW 79.01.132 and 79.01.204 prior to  
32 December 1, 1981, which have not been subjected to deduction under this  
33 section are not subject to deduction under this section. The  
34 deductions authorized under this section shall in no event exceed  
35 twenty-five percent of the moneys received by the department in  
36 connection with any one transaction pertaining to public lands other  
37 than second class tide and shore lands and the beds of navigable  
38 waters, and fifty percent of the moneys received by the department

1 pertaining to second class tide and shore lands and the beds of  
2 navigable waters.

3 In the event that the department sells logs using the contract  
4 harvesting process described in chapter 79.-- RCW (sections 2 through  
5 5 of this act), the moneys received subject to this section are the net  
6 proceeds from the contract harvesting sale.

7 **Sec. 9.** RCW 43.85.130 and 1981 2nd ex.s. c 4 s 1 are each amended  
8 to read as follows:

9 (1) The department shall deposit daily all moneys and fees  
10 collected or received by the commissioner of public lands and the  
11 department of natural resources in the discharge of official duties as  
12 follows:

13 (a) The department shall pay moneys received as advance payments,  
14 deposits, and security from successful bidders under RCW 79.01.132 and  
15 79.01.204 to the state treasurer for deposit under subsection (1)(b) of  
16 this section. Moneys received from unsuccessful bidders shall be  
17 returned as provided in RCW 79.01.204;

18 (b) The department shall pay all moneys received on behalf of a  
19 trust fund or account to the state treasurer for deposit in the trust  
20 fund or account after making the deduction authorized under RCW  
21 76.12.030, 76.12.120, ~~((and))~~ 79.64.040, and section 4 of this act;

22 (c) The natural resources deposit fund is hereby created. The  
23 state treasurer is the custodian of the fund. All moneys or sums which  
24 remain in the custody of the commissioner of public lands awaiting  
25 disposition or where the final disposition is not known shall be  
26 deposited into the natural resources deposit fund. Disbursement from  
27 the fund shall be on the authorization of the commissioner or the  
28 commissioner's designee, without necessity of appropriation;

29 (d) If it is required by law that the department repay moneys  
30 disbursed under subsections (1)(a) and (1)(b) of this section the state  
31 treasurer shall transfer such moneys, without necessity of  
32 appropriation, to the department upon demand by the department from  
33 those trusts and accounts originally receiving the moneys.

34 (2) Money shall not be deemed to have been paid to the state upon  
35 any sale or lease of land until it has been paid to the state  
36 treasurer.

1       **Sec. 10.** RCW 43.84.092 and 2001 2nd sp.s. c 14 s 608, 2001 c 273  
2 s 6, 2001 c 141 s 3, and 2001 c 80 s 5 are each reenacted and amended  
3 to read as follows:

4       (1) All earnings of investments of surplus balances in the state  
5 treasury shall be deposited to the treasury income account, which  
6 account is hereby established in the state treasury.

7       (2) The treasury income account shall be utilized to pay or receive  
8 funds associated with federal programs as required by the federal cash  
9 management improvement act of 1990. The treasury income account is  
10 subject in all respects to chapter 43.88 RCW, but no appropriation is  
11 required for refunds or allocations of interest earnings required by  
12 the cash management improvement act. Refunds of interest to the  
13 federal treasury required under the cash management improvement act  
14 fall under RCW 43.88.180 and shall not require appropriation. The  
15 office of financial management shall determine the amounts due to or  
16 from the federal government pursuant to the cash management improvement  
17 act. The office of financial management may direct transfers of funds  
18 between accounts as deemed necessary to implement the provisions of the  
19 cash management improvement act, and this subsection. Refunds or  
20 allocations shall occur prior to the distributions of earnings set  
21 forth in subsection (4) of this section.

22       (3) Except for the provisions of RCW 43.84.160, the treasury income  
23 account may be utilized for the payment of purchased banking services  
24 on behalf of treasury funds including, but not limited to, depository,  
25 safekeeping, and disbursement functions for the state treasury and  
26 affected state agencies. The treasury income account is subject in all  
27 respects to chapter 43.88 RCW, but no appropriation is required for  
28 payments to financial institutions. Payments shall occur prior to  
29 distribution of earnings set forth in subsection (4) of this section.

30       (4) Monthly, the state treasurer shall distribute the earnings  
31 credited to the treasury income account. The state treasurer shall  
32 credit the general fund with all the earnings credited to the treasury  
33 income account except:

34       (a) The following accounts and funds shall receive their  
35 proportionate share of earnings based upon each account's and fund's  
36 average daily balance for the period: The capitol building  
37 construction account, the Cedar River channel construction and  
38 operation account, the Central Washington University capital projects  
39 account, the charitable, educational, penal and reformatory

1 institutions account, the common school construction fund, the contract  
2 harvesting revolving account, the county criminal justice assistance  
3 account, the county sales and use tax equalization account, the data  
4 processing building construction account, the deferred compensation  
5 administrative account, the deferred compensation principal account,  
6 the department of retirement systems expense account, the drinking  
7 water assistance account, the drinking water assistance administrative  
8 account, the drinking water assistance repayment account, the Eastern  
9 Washington University capital projects account, the education  
10 construction fund, the emergency reserve fund, the federal forest  
11 revolving account, the health services account, the public health  
12 services account, the health system capacity account, the personal  
13 health services account, the state higher education construction  
14 account, the higher education construction account, the highway  
15 infrastructure account, the industrial insurance premium refund  
16 account, the judges' retirement account, the judicial retirement  
17 administrative account, the judicial retirement principal account, the  
18 local leasehold excise tax account, the local real estate excise tax  
19 account, the local sales and use tax account, the medical aid account,  
20 the mobile home park relocation fund, the multimodal transportation  
21 account, the municipal criminal justice assistance account, the  
22 municipal sales and use tax equalization account, the natural resources  
23 deposit account, the oyster reserve land account, the perpetual  
24 surveillance and maintenance account, the public employees' retirement  
25 system plan 1 account, the public employees' retirement system combined  
26 plan 2 and plan 3 account, the public health supplemental account, the  
27 Puyallup tribal settlement account, the resource management cost  
28 account, the site closure account, the special wildlife account, the  
29 state employees' insurance account, the state employees' insurance  
30 reserve account, the state investment board expense account, the state  
31 investment board commingled trust fund accounts, the supplemental  
32 pension account, the teachers' retirement system plan 1 account, the  
33 teachers' retirement system combined plan 2 and plan 3 account, the  
34 tobacco prevention and control account, the tobacco settlement account,  
35 the transportation infrastructure account, the tuition recovery trust  
36 fund, the University of Washington bond retirement fund, the University  
37 of Washington building account, the volunteer fire fighters' and  
38 reserve officers' relief and pension principal fund, the volunteer fire  
39 fighters' and reserve officers' administrative fund, the Washington



1 fruit express account, the Washington judicial retirement system  
2 account, the Washington law enforcement officers' and fire fighters'  
3 system plan 1 retirement account, the Washington law enforcement  
4 officers' and fire fighters' system plan 2 retirement account, the  
5 Washington school employees' retirement system combined plan 2 and 3  
6 account, the Washington state health insurance pool account, the  
7 Washington state patrol retirement account, the Washington State  
8 University building account, the Washington State University bond  
9 retirement fund, the water pollution control revolving fund, and the  
10 Western Washington University capital projects account. Earnings  
11 derived from investing balances of the agricultural permanent fund, the  
12 normal school permanent fund, the permanent common school fund, the  
13 scientific permanent fund, and the state university permanent fund  
14 shall be allocated to their respective beneficiary accounts. All  
15 earnings to be distributed under this subsection (4)(a) shall first be  
16 reduced by the allocation to the state treasurer's service fund  
17 pursuant to RCW 43.08.190.

18 (b) The following accounts and funds shall receive eighty percent  
19 of their proportionate share of earnings based upon each account's or  
20 fund's average daily balance for the period: The aeronautics account,  
21 the aircraft search and rescue account, the county arterial  
22 preservation account, the department of licensing services account, the  
23 essential rail assistance account, the ferry bond retirement fund, the  
24 grade crossing protective fund, the high capacity transportation  
25 account, the highway bond retirement fund, the highway safety account,  
26 the motor vehicle fund, the motorcycle safety education account, the  
27 pilotage account, the public transportation systems account, the Puget  
28 Sound capital construction account, the Puget Sound ferry operations  
29 account, the recreational vehicle account, the rural arterial trust  
30 account, the safety and education account, the special category C  
31 account, the state patrol highway account, the transportation equipment  
32 fund, the transportation fund, the transportation improvement account,  
33 the transportation improvement board bond retirement account, and the  
34 urban arterial trust account.

35 (5) In conformance with Article II, section 37 of the state  
36 Constitution, no treasury accounts or funds shall be allocated earnings  
37 without the specific affirmative directive of this section.

1       **Sec. 11.** RCW 84.33.078 and 1986 c 65 s 1 are each amended to read  
2 as follows:

3       When any timber standing on public land, other than federally owned  
4 land, is sold separate from the land, the department of natural  
5 resources or other governmental unit, as appropriate, shall state in  
6 its notice of the sale or prospectus that timber sold separate from the  
7 land is subject to property tax and that the amount of the tax paid may  
8 be used as a credit against any tax imposed with respect to business of  
9 harvesting timber from publicly owned land under RCW 84.33.041. If the  
10 timber from public land is harvested by the state, its departments and  
11 institutions and political subdivisions, or any municipal corporation  
12 therein, the governmental unit, or governmental units, that harvest or  
13 market the timber must provide the harvester purchasing the timber with  
14 its harvesting and marketing costs as defined in RCW 84.33.035(7).

15       **Sec. 12.** RCW 84.33.035 and 2001 c 249 s 1 and 2001 c 97 s 1 are  
16 each reenacted and amended to read as follows:

17       Unless the context clearly requires otherwise, the definitions in  
18 this section apply throughout this chapter.

19       (1) "Agricultural methods" means the cultivation of trees that are  
20 grown on land prepared by intensive cultivation and tilling, such as  
21 irrigating, plowing, or turning over the soil, and on which all  
22 unwanted plant growth is controlled continuously for the exclusive  
23 purpose of raising trees such as Christmas trees and short-rotation  
24 hardwoods.

25       (2) "Average rate of inflation" means the annual rate of inflation  
26 as determined by the department averaged over the period of time as  
27 provided in RCW 84.33.220 (1) and (2). This rate shall be published in  
28 the state register by the department not later than January 1st of each  
29 year for use in that assessment year.

30       (3) "Composite property tax rate" for a county means the total  
31 amount of property taxes levied upon forest lands by all taxing  
32 districts in the county other than the state, divided by the total  
33 assessed value of all forest land in the county.

34       (4) "Forest land" is synonymous with "designated forest land" and  
35 means any parcel of land that is twenty or more acres or multiple  
36 parcels of land that are contiguous and total twenty or more acres that  
37 is or are devoted primarily to growing and harvesting timber.  
38 Designated forest land means the land only and does not include a

1 residential homesite. The term includes land used for incidental uses  
2 that are compatible with the growing and harvesting of timber but no  
3 more than ten percent of the land may be used for such incidental uses.  
4 It also includes the land on which appurtenances necessary for the  
5 production, preparation, or sale of the timber products exist in  
6 conjunction with land producing these products.

7 (5) "Harvested" means the time when in the ordinary course of  
8 business the quantity of timber by species is first definitely  
9 determined. The amount harvested shall be determined by the Scribner  
10 Decimal C Scale or other prevalent measuring practice adjusted to  
11 arrive at substantially equivalent measurements, as approved by the  
12 department.

13 (6) "Harvester" means every person who from the person's own land  
14 or from the land of another under a right or license granted by lease  
15 or contract, either directly or by contracting with others for the  
16 necessary labor or mechanical services, fells, cuts, or takes timber  
17 for sale or for commercial or industrial use. When the United States  
18 or any instrumentality thereof, the state, including its departments  
19 and institutions and political subdivisions, or any municipal  
20 corporation therein so fells, cuts, or takes timber for sale or for  
21 commercial or industrial use, the harvester is the first person other  
22 than the United States or any instrumentality thereof, the state,  
23 including its departments and institutions and political subdivisions,  
24 or any municipal corporation therein, who acquires title to or a  
25 possessory interest in the timber. The term "harvester" does not  
26 include persons performing under contract the necessary labor or  
27 mechanical services for a harvester.

28 (7) "Harvesting and marketing costs" means only those costs  
29 directly associated with harvesting the timber from the land and  
30 delivering it to the buyer and may include the costs of disposing of  
31 logging residues. Any other costs that are not directly and  
32 exclusively related to harvesting and marketing of the timber, such as  
33 costs of permanent roads or costs of reforesting the land following  
34 harvest, are not harvesting and marketing costs.

35 (8) "Incidental use" means a use of designated forest land that is  
36 compatible with its purpose for growing and harvesting timber. An  
37 incidental use may include a gravel pit, a shed or land used to store  
38 machinery or equipment used in conjunction with the timber enterprise,  
39 and any other use that does not interfere with or indicate that the

1 forest land is no longer primarily being used to grow and harvest  
2 timber.

3 (9) "Local government" means any city, town, county, water-sewer  
4 district, public utility district, port district, irrigation district,  
5 flood control district, or any other municipal corporation, quasi-  
6 municipal corporation, or other political subdivision authorized to  
7 levy special benefit assessments for sanitary or storm sewerage  
8 systems, domestic water supply or distribution systems, or road  
9 construction or improvement purposes.

10 (10) "Local improvement district" means any local improvement  
11 district, utility local improvement district, local utility district,  
12 road improvement district, or any similar unit created by a local  
13 government for the purpose of levying special benefit assessments  
14 against property specially benefited by improvements relating to the  
15 districts.

16 (11) "Owner" means the party or parties having the fee interest in  
17 land, except where land is subject to a real estate contract "owner"  
18 means the contract vendee.

19 (12) "Primarily" or "primary use" means the existing use of the  
20 land is so prevalent that when the characteristic use of the land is  
21 evaluated any other use appears to be conflicting or nonrelated.

22 (13) "Short-rotation hardwoods" means hardwood trees, such as but  
23 not limited to hybrid cottonwoods, cultivated by agricultural methods  
24 in growing cycles shorter than fifteen years.

25 (14) "Small harvester" means every person who from his or her own  
26 land or from the land of another under a right or license granted by  
27 lease or contract, either directly or by contracting with others for  
28 the necessary labor or mechanical services, fells, cuts, or takes  
29 timber for sale or for commercial or industrial use in an amount not  
30 exceeding two million board feet in a calendar year. When the United  
31 States or any instrumentality thereof, the state, including its  
32 departments and institutions and political subdivisions, or any  
33 municipal corporation therein so fells, cuts, or takes timber for sale  
34 or for commercial or industrial use, not exceeding these amounts, the  
35 small harvester is the first person other than the United States or any  
36 instrumentality thereof, the state, including its departments and  
37 institutions and political subdivisions, or any municipal corporation  
38 therein, who acquires title to or a possessory interest in the timber.  
39 Small harvester does not include persons performing under contract the

1 necessary labor or mechanical services for a harvester, and it does not  
2 include the harvesters of Christmas trees or short-rotation hardwoods.

3 (15) "Special benefit assessments" means special assessments levied  
4 or capable of being levied in any local improvement district or  
5 otherwise levied or capable of being levied by a local government to  
6 pay for all or part of the costs of a local improvement and which may  
7 be levied only for the special benefits to be realized by property by  
8 reason of that local improvement.

9 (16) "Stumpage value of timber" means the appropriate stumpage  
10 value shown on tables prepared by the department under RCW 84.33.091,  
11 provided that for timber harvested from public land and sold under a  
12 competitive bidding process, stumpage value shall mean the actual  
13 amount paid to the seller in cash or other consideration. The stumpage  
14 value of timber from public land does not include harvesting and  
15 marketing costs if the timber from public land is harvested by, or  
16 under contract for, the United States or any instrumentality of the  
17 United States, the state, including its departments and institutions  
18 and political subdivisions, or any municipal corporation therein.  
19 Whenever payment for the stumpage includes considerations other than  
20 cash, the value shall be the fair market value of the other  
21 consideration. If the other consideration is permanent roads, the  
22 value of the roads shall be the appraised value as appraised by the  
23 seller.

24 (17) "Timber" means forest trees, standing or down, on privately or  
25 publicly owned land, and except as provided in RCW 84.33.170 includes  
26 Christmas trees and short-rotation hardwoods.

27 (18) "Timber assessed value" for a county means a value, calculated  
28 by the department before October 1st of each year, equal to the total  
29 stumpage value of timber harvested from privately owned land in the  
30 county during the most recent four calendar quarters for which the  
31 information is available multiplied by a ratio. The numerator of the  
32 ratio is the rate of tax imposed by the county under RCW 84.33.051 for  
33 the year of the calculation. The denominator of the ratio is the  
34 composite property tax rate for the county for taxes due in the year of  
35 the calculation, expressed as a percentage of assessed value.

36 (19) "Timber assessed value" for a taxing district means the timber  
37 assessed value for the county multiplied by a ratio. The numerator of  
38 the ratio is the total assessed value of forest land in the taxing  
39 district. The denominator is the total assessed value of forest land

1 in the county. As used in this section, "assessed value of forest  
2 land" means the assessed value of forest land for taxes due in the year  
3 the timber assessed value for the county is calculated.

4 (20) "Timber management plan" means a plan prepared by a trained  
5 forester, or any other person with adequate knowledge of timber  
6 management practices, concerning the use of the land to grow and  
7 harvest timber. Such a plan includes:

8 (a) A legal description of the forest land;

9 (b) A statement that the forest land is held in contiguous  
10 ownership of twenty or more acres and is primarily devoted to and used  
11 to grow and harvest timber;

12 (c) A brief description of the timber on the forest land or, if the  
13 timber on the land has been harvested, the owner's plan to restock the  
14 land with timber;

15 (d) A statement about whether the forest land is also used to graze  
16 livestock;

17 (e) A statement about whether the land has been used in compliance  
18 with the restocking, forest management, fire protection, insect and  
19 disease control, and forest debris provisions of Title 76 RCW; and

20 (f) If the land has been recently harvested or supports a growth of  
21 brush and noncommercial type timber, a description of the owner's plan  
22 to restock the forest land within three years.

23 NEW SECTION. **Sec. 13.** (1) The sum of two hundred fifty thousand  
24 dollars, or as much thereof as may be necessary, is appropriated for  
25 the biennium ending June 30, 2003, from the resource management cost  
26 account to the contract harvesting revolving account for the purposes  
27 of this act.

28 (2) The sum of two hundred fifty thousand dollars, or as much  
29 thereof as may be necessary, is appropriated for the biennium ending  
30 June 30, 2003, from the forest development account to the contract  
31 harvesting revolving account for the purposes of this act.

32 NEW SECTION. **Sec. 14.** The department of natural resources must  
33 provide a report to the appropriate committees of the legislature  
34 concerning the costs and effectiveness of the contract harvesting  
35 program. The report must be submitted by December 31, 2005.

1        NEW SECTION.   **Sec. 15.**   Sections 2 through 5 of this act constitute  
2 a new chapter in Title 79 RCW.

3        NEW SECTION.   **Sec. 16.**   If any provision of this act or its  
4 application to any person or circumstance is held invalid, the  
5 remainder of the act or the application of the provision to other  
6 persons or circumstances is not affected.

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