

SB 6166 - S AMD 456

By Senators Hargrove, Morton

ADOPTED 04/22/2009

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** The legislature finds that it is in the
4 best interest of the trust beneficiaries to capture additional revenues
5 while providing for additional environmental protection and improving
6 forest health on state trust lands. Further, the legislature finds
7 that contract harvesting is one method to achieve these desired
8 outcomes while also providing the department of natural resources with
9 the ability to offer opportunities to merchandise high value wood. The
10 legislature intends that the department of natural resources should
11 have the ability to expand their contract sales in areas where other
12 sales do not generate as much revenue or provide resource management
13 benefits. The legislature further intends that the department of
14 natural resources distribute the increased contract harvest authority
15 across all trusts and markets.

16 **Sec. 2.** RCW 79.15.510 and 2004 c 218 s 6 are each amended to read
17 as follows:

18 (1) The department may establish a contract harvesting program for
19 directly contracting for the removal of timber and other valuable
20 materials from state lands and for conducting silvicultural treatments
21 consistent with RCW 79.15.540.

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

24 (3) The department may not use contract harvesting for more than
25 (~~ten~~) twenty percent of the total annual volume of timber offered for
26 sale. However, volume removed primarily to address an identified
27 forest health issue under RCW 79.15.540 may not be included in
28 calculating the ten percent annual limit of contract harvesting sales.

1 **Sec. 3.** RCW 79.15.520 and 2004 c 218 s 7 are each amended to read
2 as follows:

3 (1) The contract harvesting revolving account is created in the
4 custody of the state treasurer. All receipts from the gross proceeds
5 of the sale of logs from a contract harvesting sale must be deposited
6 into the account. Expenditures from the account may be used only for
7 the payment of harvesting costs incurred on contract harvesting sales
8 and for payment of costs incurred from silvicultural treatments
9 necessary to improve forest health conducted under RCW 79.15.540. Only
10 the commissioner or the commissioner's designee may authorize
11 expenditures from the account. The board of natural resources has
12 oversight of the account, and the commissioner must periodically report
13 to the board of natural resources as to the status of the account, its
14 disbursement, and receipts. The account is subject to allotment
15 procedures under chapter 43.88 RCW, but an appropriation is not
16 required for expenditures.

17 (2) When the logs from a contract harvesting sale are sold, the
18 gross proceeds must be deposited into the contract harvesting revolving
19 account. Moneys equal to the harvesting costs must be retained in the
20 account and be deducted from the gross proceeds to determine the net
21 proceeds. The net proceeds from the sale of the logs must be
22 distributed in accordance with RCW 43.30.325(1)(b). The final receipt
23 of gross proceeds on a contract harvesting sale must be retained in the
24 contract harvesting revolving account until all required costs for that
25 sale have been paid. The contract harvesting revolving account is an
26 interest-bearing account and the interest must be credited to the
27 account. The account balance may not exceed (~~one~~) five million
28 dollars at the end of each (~~fiscal~~) calendar year. Moneys in excess
29 of (~~one~~) five million dollars must be disbursed according to RCW
30 79.22.040, 79.22.050, and 79.64.040. If the department permanently
31 discontinues the use of contract harvesting sales, any sums remaining
32 in the contract harvesting revolving account must be returned to the
33 resource management cost account and the forest development account in
34 proportion to each account's contribution to the initial balance of the
35 contract harvesting revolving account.

36 **Sec. 4.** RCW 79.15.060 and 2003 c 334 s 329 are each amended to
37 read as follows:

1 (1) For the sale of valuable materials under this chapter, if the
2 board is required by law to appraise the sale, the board must establish
3 a minimum appraisal value that is valid for a period of one hundred
4 eighty days, or a longer period as may be established by resolution.
5 The board may reestablish the minimum appraisal value at any time. For
6 any valuable materials sales that the board is required by law to
7 appraise, the board may by resolution transfer this authority to the
8 department.

9 (2) Where the board has set a minimum appraisal value for a
10 valuable materials sale, the department may set the final appraisal
11 value of valuable materials for auction, which must be (~~equal to or~~
12 ~~greater than the board's minimum appraisal value~~) based on current
13 market prices. The department may also appraise any valuable materials
14 sale not required by law to be approved by the board.

15 NEW SECTION. Sec. 5. A new section is added to chapter 79.15 RCW
16 to read as follows:

17 (1) The department is directed, to the extent possible under
18 current law consistent with its responsibility to the trust
19 beneficiaries, to consider requests from purchasers for timber sale
20 extensions and to provide flexibility in timber sale contract
21 administration to help mitigate against the potential for contract
22 default.

23 (2) By December 1, 2009, the department shall report to the
24 appropriate committees of the legislature on the status of existing
25 contracts, contract extensions, contract defaults, and shall provide a
26 timber market forecast for 2010 and 2011.

27 NEW SECTION. Sec. 6. The department of natural resources must
28 report to the appropriate committees of the legislature by December 1,
29 2013, on the effectiveness of the twenty percent contract harvesting
30 program. The report must include a comparison of the revenues
31 generated through contracts compared to other sale processes, including
32 differences in management costs, efficiencies, and market
33 opportunities. The report must provide recommendations regarding the
34 department's contract harvesting program and the contract harvest
35 volume limit.

1 NEW SECTION. **Sec. 7.** This act expires January 1, 2014."

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2 On page 1, line 1 of the title, after "lands;" strike the remainder
3 of the title and insert "amending RCW 79.15.510, 79.15.520, and
4 79.15.060; adding a new section to chapter 79.15 RCW; creating new
5 sections; and providing an expiration date."

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