

FINAL BILL REPORT

ESB 6166

PARTIAL VETO C 418 L 09 Synopsis as Enacted

Brief Description: Concerning the sale of timber from state trust lands.

Sponsors: Senators Hargrove, Ranker, Rockefeller, Jacobsen and Morton.

Senate Committee on Ways & Means
House Committee on Ways & Means

Background: The Department of Natural Resources (DNR) sells the majority of timber from state forest lands by putting tracts of timber up for bid. The DNR establishes an appraised value for the timber, and this value becomes the minimum bid for the timber sale. The successful bidder who is awarded the contract generally has three years to harvest the timber from the sale.

In current law, the DNR has the authority to directly contract for the harvest of up to 10 percent of the total annual volume of timber offered for sale from state forest lands. All receipts from the gross proceeds of logs that are harvested under the contract harvesting program are deposited into the Contract Harvest Revolving Account (Account). The funds in the Account can only be used to pay harvesting costs incurred on contract harvesting sales. The Board of Natural Resources has oversight of the Account, and no legislative appropriation is needed for expenditures from the Account. All interest created by the Account is deposited into the Account, but the Account may not exceed \$1 million at the end of each fiscal year. Monies in excess of \$1 million must be disbursed to the trust beneficiaries in accordance with existing procedures.

Summary: The DNR is given the authority to directly contract for the harvest of up to 20 percent of the total annual volume of timber offered for sale from state forest lands. When establishing a final appraisal value for a sale, the DNR must base this amount on current market prices. The Account balance may not exceed \$5 million at the end of each calendar year. Monies in excess of \$5 million must be disbursed to the trust beneficiaries in accordance with existing procedures. The DNR must report to the Legislature by December 1, 2013, on the effectiveness of the 20 percent contract harvesting program. The report must include a comparison of the revenues generated compared to other sale processes and must provide recommendations regarding the contract harvesting program and the contract harvest volume limit.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

To the extent possible under current law, the DNR is directed to consider requests from purchasers for timber sale extensions and to provide flexibility in timber sale contract administration to mitigate against the potential for contract default. By December 1, 2009, the DNR must report to the Legislature on the status of existing contracts, contract extensions, contract defaults, and must provide a timber market forecast for 2010 and 2011.

This act expires January 1, 2014.

Votes on Final Passage:

Senate	32	17
House	94	0

Effective: July 26, 2009

Partial Veto Summary: The Governor vetoed Section 6 which required DNR to report to the Legislature by December 1, 2013, on the effectiveness of the 20 percent contract harvesting program.