

SENATE BILL REPORT

ESHB 1421

As Reported by Senate Committee On:
Natural Resources & Marine Waters, March 23, 2011
Ways & Means, April 1, 2011

Title: An act relating to providing the authority to create a community forest trust to be managed by the department of natural resources.

Brief Description: Providing authority to create a community forest trust.

Sponsors: House Committee on Agriculture & Natural Resources (originally sponsored by Representatives Rolfes, Lytton, Moscoso, Van De Wege, Green, Sells, Blake, Sullivan, Eddy, Fitzgibbon, Frockt, Dunshee, Ryu, Upthegrove, Kenney, Reykdal and Tharinger; by request of Commissioner of Public Lands).

Brief History: Passed House: 3/05/11, 55-43.

Committee Activity: Natural Resources & Marine Waters: 3/17/11, 3/23/11 [DP-WM, w/oRec].

Ways & Means: 3/31/11, 4/01/11 [DP, DNP, w/oRec].

SENATE COMMITTEE ON NATURAL RESOURCES & MARINE WATERS

Majority Report: Do pass and be referred to Committee on Ways & Means.
Signed by Senators Ranker, Chair; Regala, Vice Chair; Fraser, Hargrove and Swecker.

Minority Report: That it be referred without recommendation.
Signed by Senator Morton, Ranking Minority Member.

Staff: Sherry McNamara (786-7402)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.
Signed by Senators Murray, Chair; Kilmer, Vice Chair, Capital Budget Chair; Zarelli, Ranking Minority Member; Parlette, Ranking Minority Member Capital; Brown, Conway, Fraser, Hewitt, Kastama, Keiser, Kohl-Welles, Pridemore, Regala, Rockefeller and Schoesler.

Minority Report: Do not pass.
Signed by Senators Baxter and Holmquist Newbry.

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.

Minority Report: That it be referred without recommendation.

Signed by Senators Honeyford and Pflug.

Staff: Chris Godwin (786-7441)

Background: The Legislature has delegated management of 5.6 million acres of state-owned forest, aquatic, agricultural and conservation lands to the Department of Natural Resources (DNR).

DNR manages over 2 million acres of state trust lands with oversight from the Board of Natural Resources (Board). Beneficiaries of these state trust lands include the public schools and higher education institutions. Revenue earned through land management activities conducted by DNR benefits the trust beneficiaries.

The Board is authorized in statute to deduct a percentage of the revenue earned from the activities on the state trust lands. This deduction is transferred to the Resource Management Cost Account and used to defray costs incurred by DNR in managing and administering the trusts.

Summary of Bill: Authorizes the Commissioner of Public Lands, if Deemed Practical, to Create and Manage a Discrete Category of Natural Resource Lands in a Nonfiduciary Community Forest Land Trust (CFT). All lands held in CFT are required to be actively managed, with a community working forest management plan, to generate financial support for the management of CFT.

Requires DNR to Identify Lands for Inclusion into CFT and Manage the Lands According to Department Goals and Minimum Program Management Principles. Some of the stated principles are:

- protecting into perpetuity working forest lands that are at a significant risk of conversion;
- maintaining the land in a working status, through traditional forestry, renewable energy opportunities, and other sources of revenue appropriate for the community forest to generate; and
- generating revenue at levels that are capable of reimbursing DNR for management costs.

Authorizes DNR to Acquire by Purchase, Gift, Donation, Grant, Transfer, or Other Means Lands Suitable for Management as Part of CFT. The fair market value of any property, and the associated valuable materials, of any land transferred into the CFT from state lands is required to be provided to the beneficiaries of the transferee trust. The Board must approve all acquisitions of real property for CFT.

Requires DNR to Develop Criteria to be Used for the Identification and Prioritization of Forest Land to be Included in the CFT. There are 11 items that DNR is required to give priority consideration to when prioritizing land for inclusion in the forest trust land, such as lands that are:

- at greatest risk of conversion;

- the subject of established management and revenue production objectives of potential local community partners;
- helping buffer commercial public or private forest lands from encroaching development;
- eligible for trust land transfer capital appropriations;
- supporting existing or expanded forest product manufacturing infrastructure; and
- repositioning underperforming state trust lands to provide short- and long-term revenues to that trust.

Requires DNR to Submit Biennially to the Legislature and the Office of Financial Management a Prioritized List that Identifies Nominated Parcels of State Land or State Forest Land that are Suitable for Transfer into CFT. DNR must solicit and consider input from the Board on a draft list before submitting a final prioritized list. The list must be submitted by November 1 of each even-numbered year.

Requires DNR to Obtain a Commitment from the Local Community to Preserving the Land as a Working Forest before Acquiring the Land for Inclusion in the CFT. The local commitment must be demonstrated by the county, city, or other local entity by providing a financial contribution to the community forest of at least 50 percent of the difference between the parcel's appraised fair market value and the parcel's timber and forestland value. The local community contribution may be provided through any means deemed acceptable by DNR and the local contributor, including:

- traditional financing or bonding;
- purchase of conservation easements; or
- purchase of transfer of development rights.

The local financial contribution must be deposited into the park land trust revolving fund and used for acquisition of CFT land parcel.

Requires All Lands Transferred into the CFT to be Managed with a Post-Acquisition Management Plan. DNR must establish a local advisory committee and use the committee as a source of advice and comment on the post-acquisition management plan. At a minimum, comments and advice should include plans for how DNR will maintain the land's working status.

If after a good faith effort by all parties, DNR and the local committee fail to reach a consensus on a conceptual post-acquisition management plan, DNR may either adopt a management plan or recommend to the Board that the parcel be divested through the existing authority of DNR and the Board. Prior to depositing the proceeds of a land divestiture into the park land trust revolving fund, DNR must first reimburse local entities that have made financial contributions to the parcel's acquisition. Local entities are only eligible for reimbursement upon divestiture if the Board determines that the parcel use is likely to remain a working forest, DNR secures full fair market value for the parcel, and the local entity's contribution was not provided by a state or federal grant.

Allocates Revenues Produced on CFT Lands. Revenue produced from CFT lands must first be used to reimburse DNR for its management costs and for funding the management objectives of the land. The Board may, if it chooses, reimburse the state government and the

local partners with any remaining revenue. If reimbursement is provided, it must be provided equally to the state and local partners.

Allows a Statewide Advisory Committee. DNR may establish a statewide advisory committee for the entire CFT Program. Members to the advisory committee are not to be paid or be reimbursed for travel costs.

Allows the Creation of Local Working Forest Districts. These districts would be partnerships with local governments in order to synchronize the management of CFT lands with other public and private lands located near one another to accomplish a common set of community goals.

Other Provisions. A review and update of the community forest trust program is required every ten years beginning September 1, 2014. Certain existing funds and accounting mechanisms available to DNR are expanded to include CFT funds.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony (Natural Resources & Marine Waters): PRO: This bill provides for a local and state commitment to working forests. Currently, there are two choices: one is to sell the land for development and the second is to purchase the land for open space. This bill provides a third option to allow for maintaining lands in a working forest. It tailors the need to the local community and provides them with resources and benefits of having forested land such as recreation, clean air and water, wildlife habitat, and a better quality of life. It is important to make any tools that we can available to keep working forest lands working.

Persons Testifying (Natural Resources & Marine Waters): PRO: Representative Rolfes, prime sponsor; Craig Partridge, DNR; Eric Erler, Capitol Land Trust; Joe Kane, Nisqually Land Trust; Leda Chahim, Cascade Land Conservancy; Bill Robinson, The Nature Conservancy; Miguel Perez-Gibson, Washington Environmental Council.

Staff Summary of Public Testimony (Ways & Means): PRO: This bill provides the state the opportunity to protect land that is at risk of conversion and allows the state to better participate in community-based preservation of forest land. Revenue from the land management will cover administrative costs and yields no General Fund State costs.

Persons Testifying (Ways & Means): PRO: Representative Rolfes, prime sponsor; Craig Partridge.