

SENATE BILL REPORT

SB 5272

As Reported by Senate Committee On:
Natural Resources & Marine Waters, February 14, 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: Senators Fraser, Swecker, Hargrove, Regala, Sheldon, Nelson and Ranker; by request of Commissioner of Public Lands.

Brief History:

Committee Activity: Natural Resources & Marine Waters: 1/31/11, 2/14/11 [DPS-WM, w/oRec].

SENATE COMMITTEE ON NATURAL RESOURCES & MARINE WATERS

Majority Report: That Substitute Senate Bill No. 5272 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Ranker, Chair; Regala, Vice Chair; Morton, Ranking Minority Member; Fraser, Hargrove and Swecker.

Minority Report: That it be referred without recommendation.

Signed by Senator Stevens.

Staff: Sherry McNamara (786-7402)

Background: The Legislature has delegated management of the 2.2 million acres of state lands held in trust for identified trust beneficiaries to the Department of Natural Resources (DNR), 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 trust lands. This deduction is transferred to the Resource Management Cost Account (RMCA) and used to defray costs incurred by DNR in managing and administering the trusts.

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.

Summary of Bill (Recommended Substitute): 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. All lands held in the community forest trust are required to be actively managed, with a community working forest management plan, to generate financial support for the management of the community forest trust, if deemed practical.

Requires DNR to Identify Lands for Inclusion into the Community Forest Trust 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 the Community Forest Trust. Requires the fair market value of any property, and the associated valuable materials, of any land transferred into the community forest trust from state lands to be provided to the beneficiaries of the transferee trust. The Board must approve all acquisitions of real property for the community forest trust.

Requires DNR to Develop Criteria to be Used for the Identification and Prioritization of Forest Land to be Included in the Community Forest Trust. Lists 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 the Community Forest Trust. 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 Community Forest Trust. 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 forest land 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 the community forest trust land parcel.

The management plan developed for the community forest must outline a process for reimbursing the entity providing the local contribution from revenues generated from the community forest. All reimbursement procedures must be approved by the Board.

Requires All Lands Transferred into the Community Forest Trust to be Managed with a Postacquisition Management Plan. DNR must establish a local advisory committee and use the committee as a source of advice and comment on the management plan. If after a good faith effort by all parties, DNR and the local committee fail to reach a consensus on the 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. If there is a failed good faith effort, the local entities who made financial contributions are to be reimbursed first. Local entities are only eligible for the reimbursements if the subsequent parcel use is not open space, parks, or habitat lands.

A review and update of the community forest trust program is required every ten years beginning September 1, 2014.

The commissioner is allowed to establish a statewide advisory committee to assist in the implementation of this program.

The commissioner is allowed to cooperate with local governments in establishing community forest districts.

EFFECT OF CHANGES MADE BY NATURAL RESOURCES & MARINE WATERS COMMITTEE (Recommended Substitute):

- Replaces language relating to community forest management plans developed by a diverse array of community partners with established management and revenue production objectives of potential local community partners.
- Changes the requirement for the local communities' financial contribution from the highest and best use to 50 percent of the difference between the parcel's appraised fair market value and the parcel's timber and forest land value.
- Requires the local financial contribution to be deposited into the park land trust revolving account and to be used solely for acquiring community forest trust land.
- Clarifies that proceeds returned to the park land trust revolving account after a failed good faith effort are reimbursed first to the local entities who made financial contributions.

- Allows reimbursement of financial contributions to local entities only if the land is not used for open space, parks, or habitat lands.
- Clarifies that deductions authorized for transactions relating to community forest trust lands include management activities prescribed in a parcel's management plan and to reimburse local entities their financial contribution.

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 on Original Bill: PRO: It is important to the state to maintain the working forest land base. In order to have forestry prevail into the foreseeable future, it is vital that we recognize the jobs, recreational opportunities, and the ecological benefits that our forests provide. The Legislature has provided us with many tools such as, the Trust Land Transfer Program and using the replacement account for purchasing lands at risk of conversion, to protect working forestlands. This bill would provide a new tool to allow for a new category, the Community Forest Trust. A forest in the Community Forest Trust would be an actively managed forest with a management plan developed with participation of the local community. The Community Forest Trust would generate enough revenue to pay for itself and any community activities that take place on the lands. This bill would authorize the transfer of appropriate state forest lands or trust lands into the Community Forest Trust.

Persons Testifying: PRO: Peter Goldmark, Commissioner of Public Lands.