

# HOUSE BILL REPORT

## HB 2126

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**As Reported by House Committee On:**  
Agriculture & Natural Resources

**Title:** An act relating to the community forest trust account.

**Brief Description:** Creating the community forest trust account.

**Sponsors:** Representatives Lytton, Warnick, Tharinger, Chandler, Blake, Van De Wege, MacEwen, Pettigrew, Dunshee, Stanford, Fitzgibbon, Haler, Ross, Buys, Morrell, Roberts and Ryu; by request of Commissioner of Public Lands.

**Brief History:**

**Committee Activity:**

Agriculture & Natural Resources: 1/16/14, 1/23/14 [DPS].

**Brief Summary of Substitute Bill**

- Creates a new, unappropriated account to be used by the Department of Natural Resources as an accounting tool for community forest trust management.

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### HOUSE COMMITTEE ON AGRICULTURE & NATURAL RESOURCES

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 13 members: Representatives Blake, Chair; Lytton, Vice Chair; Buys, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Chandler, Dunshee, Haigh, Hurst, Pettigrew, Schmick, Stanford, Van De Wege and Warnick.

**Minority Report:** Do not pass. Signed by 2 members: Representatives Kretz and Orcutt.

**Staff:** Jason Callahan (786-7117).

**Background:**

The Department of Natural Resources (Department) is authorized to create and manage the Community Forest Trust (CFT). The CFT is a discrete category of non-fiduciary trust lands

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held by the Department and actively managed to generate financial support for the CFT and to sustain working forest conservation objectives.

The Department may acquire parcels for the CFT through purchase, gift, donation, grant, transfer, or other means other than eminent domain. If state trust lands are transferred into the CFT, then the value of that transfer must be provided to the beneficiaries of the trust.

Prior to acquiring land for a CFT, the Department must obtain a commitment from the local community to preserve the land as a working forest. This community commitment must be demonstrated by a reimbursable financial contribution of at least 50 percent of the difference between the parcel's fair market value and its timber value. Each parcel added to the CFT must be accompanied by a management plan developed in cooperation with a local advisory committee.

Revenue produced from CFT lands must first be used to reimburse the Department for its management costs and for funding the management objectives of the land. The Board of Natural Resources 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.

The Department has the authority to use certain funds and accounting mechanisms to help account for money connected to the CFT. These include the Real Property Replacement Account, the Park Land Trust Revolving Fund, and the Resource Management Cost Account.

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### **Summary of Substitute Bill:**

A new, unappropriated account is created and named the Community Forest Trust Account (Account). Money in the Account may only be used for the management of the CFT, including the reimbursement of the Department for CFT management costs, the acquisition of property interests for new CFT lands, and technical assistance grants to local governments.

Funding from the Account may come from the General Fund and any public or private gift, grant, or endowment. The Account must also be used to deposit all monies received by the Department from or for the acquisition, sale, management, or administration of CFT lands. This includes the sale of any valuable materials from CFT lands and any interest earned on relevant investments.

Changes are made to the Park Land Trust Revolving Fund and the Resource Management Cost Account to remove their use as a component of CFT accounting management.

### **Substitute Bill Compared to Original Bill:**

The substitute bill makes nonsubstantive language changes to the creation of a new account to fit standard drafting conventions and clarifies that the new account will retain the interest earned by the account and not have the interest credited to the General Fund.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) The CFT was created in 2011 to help protect working forests from the threat of conversion to a nonforestry use. Accounting for the CFT is currently comingled within two other accounts that also handle the finances of the fiduciary trust lands managed by the Department. Segregating the finances of the CFT lands and the fiduciary trust lands helps to define the difference between the two management regimes and ensures that revenues from fiduciary trust lands are not used in a manner that is incompatible with the law as it applies to those lands. The new account is structured similarly to other accounts managed by the Department.

(Opposed) None.

**Persons Testifying:** Representative Lytton, prime sponsor; and Lisa Largent, Department of Natural Resources.

**Persons Signed In To Testify But Not Testifying:** None.