

# SENATE BILL REPORT

## SB 5337

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As of February 6, 2013

**Title:** An act relating to expiration dates affecting the department of natural resources' timber sale program.

**Brief Description:** Modifying expiration dates affecting the department of natural resources' timber sale program.

**Sponsors:** Senators Pearson, Fraser, Hargrove, Nelson, Smith, Fain, Kline, Hobbs, Shin, Tom and Parlette; by request of Department of Natural Resources.

**Brief History:**

**Committee Activity:** Natural Resources & Parks: 2/05/13.

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### SENATE COMMITTEE ON NATURAL RESOURCES & PARKS

**Staff:** Curt Gavigan (786-7437)

**Background:** State Timber Sales Generally. Historically, the Department of Natural Resources (DNR) has primarily sold timber by identifying the timber stand to be sold, appraising the timber, and detailing the terms and conditions of the sale. The successful bidder at auction then has the right to harvest and remove the timber within a specified period.

Contract Harvest Authority Generally. In 2003, the Legislature authorized DNR to create a contract harvest program, where DNR contracts with an individual to harvest timber and process that timber into logs sorted to DNR's specifications. DNR was prohibited from using contract harvesting for more than 10 percent of the annual timber volume offered for sale.

The Legislature created a revolving account to accept proceeds from contract harvest log sales and to pay the associated costs of such sales. After making deductions for its management costs, DNR distributes the net proceeds from contract harvest sales to the appropriate beneficiary account. The 2003 law set the maximum account balance at \$1 million, measured at the end of the fiscal year, with any excess funds subject to automatic distribution.

2009 Changes to Contract Harvest and Timber Sale Statutes. In 2009, ESB 6166 temporarily modified DNR's contract harvest and timber sale authority in several ways. The bill:

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- increased the maximum authorized use of contract harvesting from 10 to 20 percent of DNR's total annual volume of timber offered for sale;
- increased the maximum account balance from \$1 million to \$5 million, as measured by the end of the calendar year instead of the fiscal year;
- applicable to timber sales generally, directed DNR to set final timber appraisal value based on current market prices; and
- also applicable to timber sales generally, directed DNR to provide flexibility where possible in timber sale contract management to mitigate against contract defaults.

Each of the changes made in 2009 are set to expire January 1, 2014.

**Summary of Bill:** Extends the effect of each of the changes made by the Legislature in ESB 6166 (2009) for an additional five years, which is January 1, 2019.

**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:** PRO: Contract harvest is a valuable tool for DNR as it gives greater control over harvest activities, generates revenue faster, and benefits the trust beneficiaries by adding value to timber sales.

**Persons Testifying:** PRO: Kyle Blum, DNR.