

2SHB 1711 - H AMD 130

By Representative Kretz

ADOPTED 03/06/2017

1 Strike everything after the enacting clause and insert the  
2 following:

3 "NEW SECTION. **Sec. 1.** A new section is added to chapter 79.10  
4 RCW to read as follows:

5 (1)(a) The department shall, to the extent feasible given all  
6 applicable trust responsibilities, develop and implement a policy for  
7 prioritizing investments on forest health treatments to protect state  
8 lands and state forestlands, as those terms are defined in RCW  
9 79.02.010, to: (i) Reduce wildfire hazards and losses from wildfire;  
10 (ii) reduce insect infestation and disease; and (iii) achieve  
11 cumulative impact of improved forest health and resilience at a  
12 landscape scale.

13 (b) The prioritization policy in (a) of this subsection must  
14 consider whether state lands and state forestlands are within an area  
15 that is subject to a forest health hazard warning or order pursuant  
16 to RCW 76.06.180.

17 (2)(a) The department's prioritization of state lands and state  
18 forestlands must be based on an evaluation of the economic and  
19 noneconomic value of:

20 (i) Timber or other commercial forest products removed during any  
21 mechanical treatments;

22 (ii) Timber or other commercial forest products likely to be  
23 spared from damage by wildfire;

24 (iii) Homes, structures, agricultural products, and public  
25 infrastructure likely to be spared from damage by wildfire;

26 (iv) Impacts to recreation and tourism; and

27 (v) Ecosystem services such as water quality, air quality, or  
28 carbon sequestration.

29 (b) The department's evaluation of economic values may rely on  
30 heuristic techniques.

1 (3) The definitions in this subsection apply throughout this  
2 section and sections 2 and 3 of this act unless the context clearly  
3 requires otherwise.

4 (a) "Forest health" has the same meaning as defined in RCW  
5 76.06.020.

6 (b) "Forest health treatment" or "treatment" means actions taken  
7 by the department to restore forest health including, but not limited  
8 to, sublandscape assessment and project planning, site preparation,  
9 reforestation, mechanical treatments including timber harvest, road  
10 realignment for fire protection and aquatic improvements, and  
11 prescribed burning.

12 NEW SECTION. **Sec. 2.** A new section is added to chapter 79.10  
13 RCW to read as follows:

14 (1)(a) Consistent with the prioritization policy developed  
15 pursuant to section 1 of this act, and to the extent feasible given  
16 all applicable trust responsibilities, the department must identify  
17 areas of state lands and state forestlands that would benefit from  
18 forest health treatments at the landscape level for the next twenty  
19 years, and ones that would benefit the most during the following six  
20 years, and prioritize and list specific lands for treatment during  
21 the subsequent biennium. The department shall update this list by  
22 November 15th of each even-numbered year.

23 (b) To expedite initial treatments under this act, for the  
24 2017-2019 biennium the department may prioritize and, if funds are  
25 appropriated for this purpose, address lands for treatment that are  
26 currently identified by the department as pilot treatment projects.

27 (2) In order to develop a prioritized list that evaluates forest  
28 health treatments at a landscape scale, the department should consult  
29 with and take into account the land management plans and activities  
30 of nearby landowners, if available, including federal agencies, other  
31 state agencies, local governments, tribes, and private property  
32 owners, in addition to any statewide assessments done by the  
33 department. The department may include federally, locally, or  
34 privately managed lands on the list. The department may fund  
35 treatment on these lands provided that the treatments are funded with  
36 nontrust funds, and provided that the treatments produce a net  
37 benefit to the health of state lands and state forestlands.

38 (3) By December 1st of each even-numbered year, the department  
39 must submit a report to the legislature consistent with the

1 requirements of RCW 43.01.036, to the office of financial management,  
2 and to the board of natural resources. The report must include:

3 (a) A brief summary of the department's progress towards treating  
4 the state lands and state forestlands included on the preceding  
5 biennium's prioritization list;

6 (b) A list of lands prioritized for forest health treatments in  
7 the next biennium, including state lands and state forestlands  
8 prioritized for treatment pursuant to subsection (1) of this section;

9 (c) Recommended funding amounts required to carry out the  
10 treatment activities for the next biennium, including a summary of  
11 potential nontimber revenue sources that could finance specific  
12 forest health treatments pursuant to section 1 of this act, including  
13 but not limited to ecosystem services such as water and carbon  
14 sequestration as well as insurance and fire mitigation; and

15 (d) A summary of trends in forest health conditions.

16 NEW SECTION. **Sec. 3.** A new section is added to chapter 79.64  
17 RCW to read as follows:

18 (1)(a) The forest health revolving account is created in the  
19 custody of the state treasurer. All receipts from the proceeds of  
20 forest health treatment sales as defined in this section and sections  
21 1 and 2 of this act and all legislative transfers, gifts, grants, and  
22 federal funds must be deposited into the account. Expenditures from  
23 the account may be used only for the payment of costs, including  
24 management and administrative costs, incurred on forest health  
25 treatments necessary to improve forest health as defined in section 1  
26 of this act. Only the commissioner or the commissioner's designee may  
27 authorize expenditures from the account. The board of natural  
28 resources has oversight of the account, and the commissioner must  
29 periodically report to the board of natural resources as to the  
30 status of the account, its disbursement, and receipts. The account is  
31 subject to allotment procedures under chapter 43.88 RCW, but an  
32 appropriation is not required for expenditures.

33 (b) The forest health revolving account is an interest-bearing  
34 account and the interest must be credited to the account.

35 (2) Beginning calendar year 2018, the fund balance attributable  
36 to the receipts from the proceeds of forest health treatment sales is  
37 subject to the following:

38 (a) Any unobligated amounts up to ten million dollars at the end  
39 of the calendar year are not subject to disbursements to trust

1 beneficiaries, the resource management account, or the forest  
2 development account.

3 (b) Any unobligated amounts exceeding ten million dollars at the  
4 end of the calendar year must be disbursed to the appropriate trust  
5 beneficiaries as determined by the board of natural resources and  
6 these disbursements are not subject to the deductions for the  
7 resource management cost account described in RCW 79.64.040 or the  
8 forest development account described in RCW 79.64.110.

9 (c) If the board of natural resources determines that the  
10 department has permanently discontinued using the forest health  
11 revolving account for the forest health treatments under sections 1  
12 and 2 of this act, the board must disburse all remaining fund balance  
13 attributable to the proceeds of forest health treatment sales to the  
14 appropriate trust beneficiaries, and these disbursements are not  
15 subject to the deductions for the resource management cost account  
16 described in RCW 79.64.040 or the forest development account  
17 described in RCW 79.64.110.

18 (3)(a) Except as provided in (b) and (c) of this subsection,  
19 expenditures on state lands and state forestlands for forest health  
20 treatments by the department from the forest health revolving account  
21 must be consistent with the prioritization policy under section 1 of  
22 this act and the prioritization list created under section 2 of this  
23 act.

24 (b) The department is not bound to adhere to the list submitted  
25 to the legislature under section 1 of this act in the event that  
26 emerging information or changed circumstances support a  
27 reprioritization of lands consistent with the policy created under  
28 section 1 of this act.

29 (c) The department is not required to apply the prioritization  
30 policy of section 1 of this act where doing so would be incompatible  
31 with the conditions of funding provided by the federal government or  
32 another organization that is contributing funds to forest health  
33 treatments involving the department.

34 **Sec. 4.** RCW 43.30.325 and 2003 c 334 s 125 and 2003 c 313 s 9  
35 are each reenacted and amended to read as follows:

36 (1) The department shall deposit daily all moneys and fees  
37 collected or received by the commissioner and the department in the  
38 discharge of official duties as follows:

1 (a) The department shall pay moneys received as advance payments,  
2 deposits, and security from successful bidders under RCW 79.15.100  
3 and 79.11.150 to the state treasurer for deposit under (b) of this  
4 subsection. Moneys received from unsuccessful bidders shall be  
5 returned as provided in RCW 79.11.150;

6 (b) The department shall pay all moneys received on behalf of a  
7 trust fund or account to the state treasurer for deposit in the trust  
8 fund or account after making the deduction authorized under RCW  
9 (~~79.22.040~~) 79.64.110, 79.22.050, 79.64.040, and 79.15.520, except  
10 as provided in section 3 of this act;

11 (c) The natural resources deposit fund is hereby created. The  
12 state treasurer is the custodian of the fund. All moneys or sums  
13 which remain in the custody of the commissioner of public lands  
14 awaiting disposition or where the final disposition is not known  
15 shall be deposited into the natural resources deposit fund.  
16 Disbursement from the fund shall be on the authorization of the  
17 commissioner or the commissioner's designee, without necessity of  
18 appropriation;

19 (d) If it is required by law that the department repay moneys  
20 disbursed under (a) and (b) of this subsection the state treasurer  
21 shall transfer such moneys, without necessity of appropriation, to  
22 the department upon demand by the department from those trusts and  
23 accounts originally receiving the moneys.

24 (2) Money shall not be deemed to have been paid to the state upon  
25 any sale or lease of land until it has been paid to the state  
26 treasurer.

27 **Sec. 5.** RCW 79.64.040 and 2015 3rd sp.s. c 4 s 972 are each  
28 amended to read as follows:

29 (1) The board shall determine the amount deemed necessary in  
30 order to achieve the purposes of this chapter and shall provide by  
31 rule for the deduction of this amount from the moneys received from  
32 all leases, sales, contracts, licenses, permits, easements, and  
33 rights-of-way issued by the department and affecting state lands and  
34 aquatic lands, except as provided in section 3 of this act, provided  
35 that no deduction shall be made from the proceeds from agricultural  
36 college lands.

37 (2) Moneys received as deposits from successful bidders, advance  
38 payments, and security under RCW 79.15.100, 79.15.080, and 79.11.150

1 prior to December 1, 1981, which have not been subjected to deduction  
2 under this section are not subject to deduction under this section.

3 (3) Except as otherwise provided in subsection (5) of this  
4 section, the deductions authorized under this section shall not  
5 exceed twenty-five percent of the moneys received by the department  
6 in connection with any one transaction pertaining to state lands and  
7 aquatic lands other than second-class tide and shore lands and the  
8 beds of navigable waters, and fifty percent of the moneys received by  
9 the department pertaining to second-class tide and shore lands and  
10 the beds of navigable waters.

11 (4) In the event that the department sells logs using the  
12 contract harvesting process described in RCW 79.15.500 through  
13 79.15.530, the moneys received subject to this section are the net  
14 proceeds from the contract harvesting sale.

15 (5) During the 2013-2015 fiscal biennium, the twenty-five percent  
16 limitation on deductions set in subsection (3) of this section may be  
17 increased up to thirty percent by the board. During the 2015-2017  
18 fiscal biennium, the board may increase the twenty-five percent  
19 limitation up to thirty-two percent.

20 **Sec. 6.** RCW 79.64.110 and 2015 3rd sp.s. c 4 s 973 are each  
21 amended to read as follows:

22 (1) Any moneys derived from the lease of state forestlands or  
23 from the sale of valuable materials, oils, gases, coal, minerals, or  
24 fossils from those lands, except as provided in section 3 of this  
25 act, or the appraised value of these resources when transferred to a  
26 public agency under RCW 79.22.060, except as provided in RCW  
27 79.22.060(4), must be distributed as follows:

28 (a) For state forestlands acquired through RCW 79.22.040 or by  
29 exchange for lands acquired through RCW 79.22.040:

30 (i) The expense incurred by the state for administration,  
31 reforestation, and protection, not to exceed twenty-five percent,  
32 which rate of percentage shall be determined by the board, must be  
33 returned to the forest development account created in RCW 79.64.100.  
34 During the 2015-2017 fiscal biennium, the board may increase the  
35 twenty-five percent limitation up to twenty-seven percent.

36 (ii) Any balance remaining must be paid to the county in which  
37 the land is located or, for counties participating in a land pool  
38 created under RCW 79.22.140, to each participating county  
39 proportionate to its contribution of asset value to the land pool as

1 determined by the board. Payments made under this subsection are to  
2 be paid, distributed, and prorated, except as otherwise provided in  
3 this section, to the various funds in the same manner as general  
4 taxes are paid and distributed during the year of payment.

5 (iii) Any balance remaining, paid to a county with a population  
6 of less than sixteen thousand, must first be applied to the reduction  
7 of any indebtedness existing in the current expense fund of the  
8 county during the year of payment.

9 (iv) With regard to moneys remaining under this subsection  
10 (1)(a), within seven working days of receipt of these moneys, the  
11 department shall certify to the state treasurer the amounts to be  
12 distributed to the counties. The state treasurer shall distribute  
13 funds to the counties four times per month, with no more than ten  
14 days between each payment date.

15 (b) For state forestlands acquired through RCW 79.22.010 or by  
16 exchange for lands acquired through RCW 79.22.010, except as provided  
17 in RCW 79.64.120:

18 (i) Fifty percent shall be placed in the forest development  
19 account.

20 (ii) Fifty percent shall be prorated and distributed to the state  
21 general fund, to be dedicated for the benefit of the public schools,  
22 to the county in which the land is located or, for counties  
23 participating in a land pool created under RCW 79.22.140, to each  
24 participating county proportionate to its contribution of asset value  
25 to the land pool as determined by the board, and according to the  
26 relative proportions of tax levies of all taxing districts in the  
27 county. The portion to be distributed to the state general fund shall  
28 be based on the regular school levy rate under RCW 84.52.065 and the  
29 levy rate for any maintenance and operation special school levies.  
30 With regard to the portion to be distributed to the counties, the  
31 department shall certify to the state treasurer the amounts to be  
32 distributed within seven working days of receipt of the money. The  
33 state treasurer shall distribute funds to the counties four times per  
34 month, with no more than ten days between each payment date. The  
35 money distributed to the county must be paid, distributed, and  
36 prorated to the various other funds in the same manner as general  
37 taxes are paid and distributed during the year of payment.

38 (2) A school district may transfer amounts deposited in its debt  
39 service fund pursuant to this section into its capital projects fund  
40 as authorized in RCW 28A.320.330.

1       **Sec. 7.** RCW 43.79A.040 and 2016 c 203 s 2, 2016 c 173 s 10, 2016  
2 c 69 s 21, and 2016 c 39 s 7 are each reenacted and amended to read  
3 as follows:

4       (1) Money in the treasurer's trust fund may be deposited,  
5 invested, and reinvested by the state treasurer in accordance with  
6 RCW 43.84.080 in the same manner and to the same extent as if the  
7 money were in the state treasury, and may be commingled with moneys  
8 in the state treasury for cash management and cash balance purposes.

9       (2) All income received from investment of the treasurer's trust  
10 fund must be set aside in an account in the treasury trust fund to be  
11 known as the investment income account.

12       (3) The investment income account may be utilized for the payment  
13 of purchased banking services on behalf of treasurer's trust funds  
14 including, but not limited to, depository, safekeeping, and  
15 disbursement functions for the state treasurer or affected state  
16 agencies. The investment income account is subject in all respects to  
17 chapter 43.88 RCW, but no appropriation is required for payments to  
18 financial institutions. Payments must occur prior to distribution of  
19 earnings set forth in subsection (4) of this section.

20       (4)(a) Monthly, the state treasurer must distribute the earnings  
21 credited to the investment income account to the state general fund  
22 except under (b), (c), and (d) of this subsection.

23       (b) The following accounts and funds must receive their  
24 proportionate share of earnings based upon each account's or fund's  
25 average daily balance for the period: The 24/7 sobriety account, the  
26 Washington promise scholarship account, the Washington advanced  
27 college tuition payment program account, the Washington college  
28 savings program account, the accessible communities account, the  
29 Washington achieving a better life experience program account, the  
30 community and technical college innovation account, the agricultural  
31 local fund, the American Indian scholarship endowment fund, the  
32 foster care scholarship endowment fund, the foster care endowed  
33 scholarship trust fund, the contract harvesting revolving account,  
34 the Washington state combined fund drive account, the commemorative  
35 works account, the county enhanced 911 excise tax account, the toll  
36 collection account, the developmental disabilities endowment trust  
37 fund, the energy account, the fair fund, the family leave insurance  
38 account, the food animal veterinarian conditional scholarship  
39 account, the forest health revolving account, the fruit and vegetable  
40 inspection account, the future teachers conditional scholarship



1 account, the game farm alternative account, the GET ready for math  
2 and science scholarship account, the Washington global health  
3 technologies and product development account, the grain inspection  
4 revolving fund, the industrial insurance rainy day fund, the juvenile  
5 accountability incentive account, the law enforcement officers' and  
6 firefighters' plan 2 expense fund, the local tourism promotion  
7 account, the multiagency permitting team account, the pilotage  
8 account, the produce railcar pool account, the regional  
9 transportation investment district account, the rural rehabilitation  
10 account, the Washington sexual assault kit account, the stadium and  
11 exhibition center account, the youth athletic facility account, the  
12 self-insurance revolving fund, the children's trust fund, the  
13 Washington horse racing commission Washington bred owners' bonus fund  
14 and breeder awards account, the Washington horse racing commission  
15 class C purse fund account, the individual development account  
16 program account, the Washington horse racing commission operating  
17 account, the life sciences discovery fund, the Washington state  
18 heritage center account, the reduced cigarette ignition propensity  
19 account, the center for childhood deafness and hearing loss account,  
20 the school for the blind account, the Millersylvania park trust fund,  
21 the public employees' and retirees' insurance reserve fund, and the  
22 radiation perpetual maintenance fund.

23 (c) The following accounts and funds must receive eighty percent  
24 of their proportionate share of earnings based upon each account's or  
25 fund's average daily balance for the period: The advanced right-of-  
26 way revolving fund, the advanced environmental mitigation revolving  
27 account, the federal narcotics asset forfeitures account, the high  
28 occupancy vehicle account, the local rail service assistance account,  
29 and the miscellaneous transportation programs account.

30 (d) Any state agency that has independent authority over accounts  
31 or funds not statutorily required to be held in the custody of the  
32 state treasurer that deposits funds into a fund or account in the  
33 custody of the state treasurer pursuant to an agreement with the  
34 office of the state treasurer shall receive its proportionate share  
35 of earnings based upon each account's or fund's average daily balance  
36 for the period.

37 (5) In conformance with Article II, section 37 of the state  
38 Constitution, no trust accounts or funds shall be allocated earnings  
39 without the specific affirmative directive of this section.

1        NEW SECTION.    **Sec. 8.**    If any provision of this act or its  
2 application to any person or circumstance is held invalid, the  
3 remainder of the act or the application of the provision to other  
4 persons or circumstances is not affected.

5        NEW SECTION.    **Sec. 9.**    If specific funding for the purposes of  
6 this act, referencing this act by bill or chapter number, is not  
7 provided by June 30, 2017, in the omnibus appropriations act, this  
8 act is null and void."

9        Correct the title.

EFFECT: Permits the department of natural resources to fund forest health treatments on nonstate-owned lands as long as the treatments are funded by nontrust funds and as long as the treatments produce a net benefit to the health of state lands and state forestlands. Makes the following changes to the forest health revolving account: Changes the limit on the amount of forest health proceeds that remain in the account from 20 million dollars to 10 million dollars, distributes any forest health proceeds in the account to trust beneficiaries in the event the account's use is discontinued, specifies that management and administrative costs are an allowable use, and specifies that forest health proceeds in the account are not distributed to the resource management cost account or forest development account.

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