

CERTIFICATION OF ENROLLMENT
ENGROSSED SUBSTITUTE HOUSE BILL 1531

65th Legislature
2017 Regular Session

Passed by the House March 2, 2017
Yeas 98 Nays 0

Speaker of the House of Representatives

Passed by the Senate March 30, 2017
Yeas 49 Nays 0

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE HOUSE BILL 1531** as passed by House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

ENGROSSED SUBSTITUTE HOUSE BILL 1531

Passed Legislature - 2017 Regular Session

State of Washington

65th Legislature

2017 Regular Session

By House Agriculture & Natural Resources (originally sponsored by Representatives Chapman, DeBolt, Blake, Koster, Orcutt, Tharinger, Kraft, Pettigrew, Smith, Dolan, and Fitzgibbon)

READ FIRST TIME 02/10/17.

1 AN ACT Relating to the forestry riparian easement program; and
2 amending RCW 76.13.120.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 76.13.120 and 2011 c 218 s 1 are each amended to
5 read as follows:

6 (1) The legislature finds that the state should acquire easements
7 primarily along riparian and other sensitive aquatic areas from
8 qualifying small forest landowners willing to sell or donate (~~such~~)
9 easements to the state provided that the state will not be required
10 to acquire (~~such~~) the easements if they are subject to unacceptable
11 liabilities. Therefore the legislature (~~therefore~~) establishes a
12 forestry riparian easement program.

13 (2) The definitions in this subsection apply throughout this
14 section and RCW 76.13.100, 76.13.110, 76.13.140, and 76.13.160 unless
15 the context clearly requires otherwise.

16 (a) "Forestry riparian easement" means an easement covering
17 qualifying timber granted voluntarily to the state by a qualifying
18 small forest landowner.

19 (b) "Qualifying small forest landowner" means a landowner meeting
20 all of the following characteristics as of the date the department
21 offers compensation for a forestry riparian easement:

1 (i) Is a small forest landowner as defined in (d) of this
2 subsection; and

3 (ii) Is an individual, partnership, corporation, or other
4 nongovernmental for-profit legal entity.

5 (c) "Qualifying timber" means those forest trees for which the
6 small forest landowner is willing to grant the state a forestry
7 riparian easement and (~~must~~) meets all of the following:

8 (i) The forest trees are covered by a forest practices
9 application that the small forest landowner is required to leave
10 unharvested under the rules adopted under RCW 76.09.040, 76.09.055,
11 and 76.09.370 or that is made uneconomic to harvest by those rules;

12 (ii) The forest trees are within or bordering a commercially
13 reasonable harvest unit as determined under rules adopted by the
14 forest practices board, or for which an approved forest practices
15 application for timber harvest cannot be obtained because of
16 restrictions under the forest practices rules;

17 (iii) The forest trees are located within, or affected by forest
18 practices rules pertaining to any one, or all, of the following:

19 (A) Riparian or other sensitive aquatic areas;

20 (B) Channel migration zones; or

21 (C) Areas of potentially unstable slopes or landforms, verified
22 by the department, and must meet all of the following:

23 (I) Are addressed in a forest practices application;

24 (II) Are adjacent to a commercially reasonable harvest area; and

25 (III) Have the potential to deliver sediment or debris to a
26 public resource or threaten public safety.

27 (d) "Small forest landowner" means a landowner meeting all of the
28 following characteristics:

29 (i) A forest landowner as defined in RCW 76.09.020 whose interest
30 in the land and timber is in fee or who has rights to the timber to
31 be included in the forestry riparian easement that extend at least
32 fifty years from the date the completed forestry riparian easement
33 application associated with the easement is submitted;

34 (ii) An entity that has harvested from its own lands in this
35 state during the three years prior to the year of application an
36 average timber volume that would qualify the owner as a small
37 harvester under RCW 84.33.035; and

38 (iii) An entity that certifies at the time of application that it
39 does not expect to harvest from its own lands more than the volume
40 allowed by RCW 84.33.035 during the ten years following application.

1 If a landowner's prior three-year average harvest exceeds the limit
2 of RCW 84.33.035, or the landowner expects to exceed this limit
3 during the ten years following application, and that landowner
4 establishes to the department's reasonable satisfaction that the
5 harvest limits were or will be exceeded to raise funds to pay estate
6 taxes or equally compelling and unexpected obligations such as court-
7 ordered judgments or extraordinary medical expenses, the landowner
8 shall be deemed to be a small forest landowner. For purposes of
9 determining whether a person qualifies as a small forest landowner,
10 the small forest landowner office, created in RCW 76.13.110, shall
11 evaluate the landowner under this definition, pursuant to RCW
12 76.13.160, as of the date that the forest practices application is
13 submitted and the date that the department offers compensation for
14 the forestry riparian easement. A small forest landowner can include
15 an individual, partnership, corporation, or other nongovernmental
16 legal entity. If a landowner grants timber rights to another entity
17 for less than five years, the landowner may still qualify as a small
18 forest landowner under this section. If a landowner is unable to
19 obtain an approved forest practices application for timber harvest
20 for any of his or her land because of restrictions under the forest
21 practices rules, the landowner may still qualify as a small forest
22 landowner under this section.

23 (e) "Completion of harvest" means that the trees have been
24 harvested from an area and that further entry into that area by
25 mechanized logging or slash treating equipment is not expected.

26 (3) The department is authorized and directed to accept and hold
27 in the name of the state of Washington forestry riparian easements
28 granted by qualifying small forest landowners covering qualifying
29 timber and to pay compensation to ((such)) the landowners in
30 accordance with this section. The department may not transfer the
31 easements to any entity other than another state agency.

32 (4) Forestry riparian easements shall be effective for fifty
33 years from the date of the completed forestry riparian easement
34 application, unless the easement is voluntarily terminated earlier by
35 the department, based on a determination that termination is in the
36 best interest of the state, or under the terms of a termination
37 clause in the easement.

38 (5) Forestry riparian easements shall be restrictive only, and
39 shall preserve all lawful uses of the easement premises by the
40 landowner that are consistent with the terms of the easement and the

1 requirement to protect riparian functions during the term of the
2 easement, subject to the restriction that the leave trees required by
3 the rules to be left on the easement premises may not be cut during
4 the term of the easement. No right of public access to or across, or
5 any public use of the easement premises is created by this statute or
6 by the easement. Forestry riparian easements shall not be deemed to
7 trigger the compensating tax of or otherwise disqualify land from
8 being taxed under chapter 84.33 or 84.34 RCW.

9 (6) The small forest landowner office shall determine what
10 constitutes a completed application for a forestry riparian easement.
11 (~~Such~~) An application shall, at a minimum, include documentation of
12 the owner's status as a qualifying small forest landowner,
13 identification of location and the types of qualifying timber, and
14 notification of completion of harvest, if applicable.

15 (7) Upon receipt of the qualifying small forest landowner's
16 forestry riparian easement application, and subject to the
17 availability of amounts appropriated for this specific purpose, the
18 following must occur:

19 (a) The small forest landowner office (~~shall~~) must determine
20 the compensation to be offered to the qualifying small forest
21 landowner for qualifying timber after the department accepts the
22 completed forestry riparian easement application and the landowner
23 has completed marking the boundary of the area containing the
24 qualifying timber. The legislature recognizes that there is not
25 readily available market transaction evidence of value for easements
26 of the nature required by this section, and thus establishes the
27 methodology provided in this subsection to ascertain the value for
28 forestry riparian easements. Values so determined may not be
29 considered competent evidence of value for any other purpose.

30 (b) The small forest landowner office, subject to the
31 availability of amounts appropriated for this specific purpose, is
32 responsible for assessing the volume of qualifying timber. However,
33 no more than fifty percent of the total amounts appropriated for the
34 forestry riparian easement program may be applied to determine the
35 volume of qualifying timber for completed forestry riparian easement
36 applications. Based on the volume established by the small forest
37 landowner office and using data obtained or maintained by the
38 department of revenue under RCW 84.33.074 and 84.33.091, the small
39 forest landowner office shall attempt to determine the fair market
40 value of the qualifying timber as of the date the complete forestry

1 riparian easement application is received. Removal of any qualifying
2 timber before the expiration of the easement must be in accordance
3 with the forest practices rules and the terms of the easement. There
4 shall be no reduction in compensation for reentry.

5 (8)(a) Except as provided in subsection (9) of this section and
6 subject to the availability of amounts appropriated for this specific
7 purpose, the small forest landowner office shall offer compensation
8 for qualifying timber to the qualifying small forest landowner in the
9 amount of fifty percent of the value determined by the small forest
10 landowner office, plus the compliance and reimbursement costs as
11 determined in accordance with RCW 76.13.140. However, compensation
12 for any qualifying small forest landowner for qualifying timber
13 located on potentially unstable slopes or landforms may not exceed a
14 total of fifty thousand dollars during any biennial funding period.

15 (b) If the landowner accepts the offer for qualifying timber, the
16 department shall pay the compensation promptly upon:

17 (i) Completion of harvest in the area within a commercially
18 reasonable harvest unit with which the forestry riparian easement is
19 associated under an approved forest practices application, unless an
20 approved forest practices application for timber harvest cannot be
21 obtained because of restrictions under the forest practices rules;

22 (ii) Verification that the landowner has no outstanding
23 violations under chapter 76.09 RCW or any associated rules; and

24 (iii) Execution and delivery of the easement to the department.

25 (c) Upon donation or payment of compensation, the department may
26 record the easement.

27 (9) For approved forest practices applications for which the
28 regulatory impact is greater than the average percentage impact for
29 all small forest landowners as determined by an analysis by the
30 department under the regulatory fairness act, chapter 19.85 RCW, the
31 compensation offered will be increased to one hundred percent for
32 that portion of the regulatory impact that is in excess of the
33 average. Regulatory impact includes all trees identified as
34 qualifying timber. A separate average or high impact regulatory
35 threshold shall be established for western and eastern Washington.
36 Criteria for these measurements and payments shall be established by
37 the small forest landowner office.

38 (10) The forest practices board shall adopt rules under the
39 administrative procedure act, chapter 34.05 RCW, to implement the
40 forestry riparian easement program, including the following:

1 (a) A standard version of a forestry riparian easement
2 application as well as all additional documents necessary or
3 advisable to create the forestry riparian easements as provided for
4 in this section;

5 (b) Standards for descriptions of the easement premises with a
6 degree of precision that is reasonable in relation to the values
7 involved;

8 (c) Methods and standards for cruises and valuation of forestry
9 riparian easements for purposes of establishing the compensation. The
10 department shall perform the timber cruises of forestry riparian
11 easements required under this chapter and chapter 76.09 RCW. Timber
12 cruises are subject to amounts appropriated for this purpose.
13 However, no more than fifty percent of the total appropriated funding
14 for the forestry riparian easement program may be applied to
15 determine the volume of qualifying timber for completed forestry
16 riparian easement applications. Any rules concerning the methods and
17 standards for valuations of forestry riparian easements shall apply
18 only to the department, qualifying small forest landowners, and the
19 small forest landowner office;

20 (d) A method to determine that a forest practices application
21 involves a commercially reasonable harvest, and adopt criteria for
22 entering into a forestry riparian easement where a commercially
23 reasonable harvest is not possible or a forest practices application
24 that has been submitted cannot be approved because of restrictions
25 under the forest practices rules;

26 (e) A method to address blowdown of qualified timber falling
27 outside the easement premises;

28 (f) A formula for sharing of proceeds in relation to the
29 acquisition of qualified timber covered by an easement through the
30 exercise or threats of eminent domain by a federal or state agency
31 with eminent domain authority, based on the present value of the
32 department's and the landowner's relative interests in the qualified
33 timber;

34 (g) High impact regulatory thresholds;

35 (h) A method to determine timber that is qualifying timber
36 because it is rendered uneconomic to harvest by the rules adopted
37 under RCW 76.09.055 and 76.09.370;

38 (i) A method for internal department review of small forest
39 landowner office compensation decisions under this section; and

1 (j) Consistent with RCW 76.13.180, a method to collect
2 reimbursement from landowners who received compensation for a
3 forestry riparian easement and who, within the first ten years after
4 receipt of compensation for a forestry riparian easement, sells the
5 land on which an easement is located to a nonqualifying landowner.

6 (11) The legislature finds that the overall societal benefits of
7 economically viable working forests are multiple, and include the
8 protection of clean, cold water, the provision of wildlife habitat,
9 the sheltering of cultural resources from development, and the
10 natural carbon storage potential of growing trees. As such, working
11 forests and the forest riparian easement program may be part of the
12 state's overall carbon sequestration strategy. If the state creates a
13 climate strategy, the department must share information regarding the
14 carbon sequestration benefits of the forest riparian easement program
15 with other state programs using methods and protocols established in
16 the state climate strategy that attempt to quantify carbon storage or
17 account for carbon emissions. The department must promote the
18 expansion of funding for the forest riparian easement program and the
19 ecosystem services supported by the program based on the findings
20 stated in RCW 76.13.100. Nothing in this subsection allows a
21 landowner to be reimbursed by the state more than once for the same
22 forest riparian easement application.

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