

HOUSE BILL REPORT

HB 1946

As Reported by House Committee On:
Rural Development, Agriculture, & Natural Resources

Title: An act relating to community forests.

Brief Description: Concerning community forests.

Sponsors: Representatives Chapman, Maycumber, Fitzgibbon, Steele and Ramos.

Brief History:

Committee Activity:

Rural Development, Agriculture, & Natural Resources: 2/13/19, 2/20/19 [DPS].

Brief Summary of Substitute Bill

- Creates the Community Forest Grant Program and Community Forestland Account administered by the Department of Natural Resources.

HOUSE COMMITTEE ON RURAL DEVELOPMENT, AGRICULTURE, & NATURAL RESOURCES

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Blake, Chair; Shewmake, Vice Chair; Chapman, Fitzgibbon, Lekanoff, Pettigrew, Ramos and Springer.

Minority Report: Do not pass. Signed by 6 members: Representatives Chandler, Ranking Minority Member; Dent, Assistant Ranking Minority Member; Dye, Orcutt, Schmick and Walsh.

Minority Report: Without recommendation. Signed by 1 member: Representative Kretz.

Staff: Rebecca Lewis (786-7339).

Background:

Community Forest Trust.

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.

The Department of Natural Resources (DNR) manages the Community Forest Trust (CFT), created in 2011. The CFT is a discrete category of nonfiduciary trust lands held by the DNR and actively managed to generate financial support for the CFT and to sustain working forest conservation objectives. The DNR 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. Designated in 2013, the Teanaway Community Forest was the first community forest in Washington.

Prior to acquiring land for a CFT, the DNR 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. The DNR must submit a prioritized list of parcels suitable for transfer into the CFT by November 1 of each even-numbered year.

Community Forest Program Development.

In the 2017-19 Supplemental Capital Budget, the Legislature directed the DNR to consult with nonprofit stakeholders, counties, municipalities, tribes, and small and large private forest landowners, to develop a nonstate-owned community forest project list and a process to prioritize and recommend projects to the Legislature. The list was due November 1, 2018, and the DNR was directed to further prioritize a list of community forest projects to submit to the Legislature as required under the CFT.

The project list was required to include projects solicited from both Eastern and Western Washington that have demonstrable community support. An appropriation was provided for the DNR to perform an economic and ownership modeling analysis using at least one project proposed through the DNR's Rural Communities Partnership Initiative as a case study.

Summary of Substitute Bill:

Community Forest Program.

The Community Forest Grant Program (Grant Program) and Community Forestland Account (Account) are created. The Department of Natural Resources (DNR) is responsible for administration of both the Grant Program and the Account, and may retain no more than 15 percent of the Account funds for administration of the Grant Program.

The Grant Program is a competitive grant program. The DNR must establish scoring criteria based on a variety of factors including securing community access and support, likelihood of potential land conversion of a site to a nonforest use, and the viability of the site for continued use as a working forest. The DNR may not establish Grant Program rules that are more restrictive than state Forest Practices Rules.

Grant Program funds must be used for acquisition, development, and restoration activities related to a community forest project. "Project sponsors," defined as certain state and local agencies, tribes, and nonprofit nature conservancies, may apply for Account funds, and may be required to provide no more than 15 percent matching funds. To the extent possible, awarded funds must be used consistent with applicable local, state, or federal land use or management plans, and the DNR's 20-year Forest Health Plan. Property or property interests acquired with Account funds may not be converted to a use other than the use for which funds were originally approved without prior approval from the DNR. Community forests are not eligible for the Forest Riparian Easement Program.

Project sponsors must coordinate with local, county, or city officials on a variety of factors that may include project purpose and scope, estimated project cost, public access, and plans for project management and maintenance.

If a project sponsor receives Grant Program funds for a project, they must submit a post-acquisition review every five years attesting that the site has not been converted to a nonforest use or a use inconsistent with the management plan. The DNR may conduct spot checks to ensure adherence to the management plan. Entities who fail to submit a post-acquisition review or fail to manage the community forest consistent with the management plan are ineligible for future Grant Program funds.

The DNR must report to the Legislature by October 31, 2025, on the outcomes of the program. The report must include: statistics on the number of community forests created under the Grant Program; acreage; land use; tax and other revenue derived from the land; the use of revenue; and other economic impacts and considerations. Additionally, the report must cover results of any post-acquisition reviews conducted and any recommended changes to the Grant Program.

Before November 1 of each year, the DNR must submit to the Governor a prioritized list of projects proposed to be funded from the Account as a part of the Grant Program. The Governor may remove projects from the list, and must subsequently submit the amended list as part of the Governor's Capital Budget request to the Legislature.

Substitute Bill Compared to Original Bill:

The substitute bill specifies that the Community Forest Grant Program (Grant Program) is a competitive grant program and requires Department of Natural Resources (DNR) to establish scoring criteria. The DNR may not establish Grant Program rules that are more restrictive than state Forest Practices Rules. Community forests are not eligible for the Forest Riparian Easement Program. The provision requiring matching funds is changed to specify that a project proponent may not be required to provide more than 15 percent matching funds, and such matching funds may be repaid on a schedule agreed to by both the DNR and the project proponent. If a project sponsor receives Grant Program funds for a project, they must submit a post-acquisition review every five years attesting that the site has not been converted to a nonforest use or a use inconsistent with the management plan. The DNR may conduct spot checks to ensure adherence to the management plan. Entities who fail to submit a post-acquisition review or fail to manage the community forest consistent with the management

plan are ineligible for future Grant Program funds. The substitute bill also requires the DNR to report to the Legislature on the outcomes of the Grant Program.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 21, 2019.

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 Department of Natural Resources (DNR) supports this bill. Rural lands are important to the state's quality of life and rely on economic benefits of forests. People do not always understand what a working forest looks like, and community forests can provide an opportunity to provide that understanding. Community forests are an opportunity for communities to protect forestland and manage problems they are facing, including protecting rural jobs, recreation opportunities, addressing climate change and forest health issues, and addressing salmon recovery. The state has already recognized the importance of these types of projects in the Community Forest Trust program. This bill extends the opportunity to develop community forests to other entities including nonprofits and local governments when appropriate. A DNR study over the interim identified about 20 projects that could be designed with this model. A project is in development in Cowlitz County, which is a natural resource-based community. Forestlands near urban areas are threatened by urban encroachment. Educational programs can be designed using community forests.

(Opposed) None.

(Other) Industrial forestland is a likely market for purchases for community forests. There are potential benefits to community forests, but also risks. Connecting communities with the benefits of working forests is a potential benefit. Another benefit is the potential to avoid forestland being converted to other uses. However, private landowners do not like competing in real estate markets with public dollars. There is some uncertainty with how the community forests will be managed in the future. The high matching fund requirement could trigger negative fundraising, even if it is not the fundraiser's intent. There should either be no matching fund requirement, or a match that could be repaid. The Forest Practices Act is one of the most stringent forest management standards. State agencies should not be eligible to be considered community forest owners. A consistent, reliable supply of timber is important to the mills who have invested a great deal in the state. Potential efforts to move state trust lands into community forest status is a concern as those lands could lose trust status. New programs should not affect the lands which have been set aside for the marbled murrelet plan.

Persons Testifying: (In support) Representative Chapman, prime sponsor; Brock Milliern, Department of Natural Resources; Max Webster, Washington Environmental Council; Dennis Weber, Cowlitz County Commission; and Justin Hall, Nisqually Community Forest.

(Other) Matthew Comisky, American Forest Resource Council; and Jason Callahan, Washington Forest Protection Association.

Persons Signed In To Testify But Not Testifying: None.