

SENATE BILL REPORT

SB 5637

As Reported by Senate Committee On:
Agriculture, Water, Natural Resources & Parks, January 20, 2022

Title: An act relating to increasing forest practices fees to pay for program implementation costs and a new online system for forest practices review.

Brief Description: Increasing forest practices fees to pay for program implementation costs and a new online system for forest practices review.

Sponsors: Senators Rolfes and Nobles.

Brief History:

Committee Activity: Agriculture, Water, Natural Resources & Parks: 1/18/22, 1/20/22
[DPS, DNP, w/oRec].

Brief Summary of First Substitute Bill

- Increases certain forest practices fees to help cover the cost of the new forest practices online system.

SENATE COMMITTEE ON AGRICULTURE, WATER, NATURAL RESOURCES & PARKS

Majority Report: That Substitute Senate Bill No. 5637 be substituted therefor, and the substitute bill do pass.

Signed by Senators Van De Wege, Chair; Salomon, Vice Chair; Rolfes and Stanford.

Minority Report: Do not pass.

Signed by Senators Honeyford and Short.

Minority Report: That it be referred without recommendation.

Signed by Senator Warnick, Ranking Member.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Staff: Jeff Olsen (786-7428)

Background: The Forest Practices Act establishes four classes of forest practices based on the potential for a proposed operation to adversely affect public resources. The Forest Practices Board establishes standards that determine which forest practices are included in each class. Forest practices applications in which the land is to remain in forestry, Class II, III, and IV special, are \$150. This fee is reduced to \$100 for small forest landowners harvesting on a single, contiguous ownership. Class IV general applications involving conversion related activities are \$1,500.

The Department of Natural Resources (DNR) submitted a report to the Legislature required by a proviso in the 2021-23 biennial operating budget directing DNR to provide recommendations for ways that the forest products industry could help cover the cost of the new forest practices online system. The recommendations include proposed changes to the fees paid for forest practice applications and notifications. One recommendation is to require the payment of fees on all forest practice applications, not just those that generate revenue through commercial timber harvest. In addition, the report recommends that fees should be allowed to change over time based on the consumer price index.

Summary of Bill (First Substitute): Forest practice fees for all forest practices applications are established and other fees are increased to contribute to the costs of the new forest practices online system. The fees for class II, class III, and class IV practices for a small forest landowner are increased from \$100 to \$165. The fees for class II, class III, and class IV practices for other forest landowners are increased from \$150 to \$245.

EFFECT OF CHANGES MADE BY AGRICULTURE, WATER, NATURAL RESOURCES & PARKS COMMITTEE (First Substitute):

Removes the ability for the Department of Natural Resources to increase forest practices application fees by the fiscal growth factor.

Appropriation: None.

Fiscal Note: Requested on January 15, 2022.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill takes effect on July 1, 2022.

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: The DNR has requested funding in the budget to modernize a system that is 20 years old. The DNR submitted a report providing options for users of the system to help pay for the costs of the system. One

suggestion is to charge fees for all forest practices activities, not just the harvest of timber. Providing DNR the ability to adjust fees is reasonable, and having industry contribute to the system seems fair. This proposal is right down the middle of the options DNR provided to share costs of the new system with industry. The state contributes significant resources to run the Forest Practices Program, and this is a fair approach.

CON: The fee increases in the bill are 65 percent. DNR has not reached out to explain why fees need to be increased so much. DNR should not have the ability to increase fees by the fiscal growth factor. The new system should be more efficient and save money, not cost more. The state should fund information technology systems if it is for the public. Industry contributes a significant amount of money already through fees and taxes. Funding this system is the responsibility of the state, not the regulated community.

OTHER: DNR submitted a report providing alternatives for the Legislature to consider and is neutral on which option is chosen.

Persons Testifying: PRO: Senator Christine Rolfes, Prime Sponsor; Paula Swedeen, For Conservation Caucus, Conservation Northwest and WEC.

CON: HEATHER HANSEN, Washington Farm Forestry Assn.; Jason Callahan, Washington Forest Protection Association; Peter Godlewski, Association of Washington Business.

OTHER: Alex Smith, Department of Natural Resources.

Persons Signed In To Testify But Not Testifying: No one.