

FINAL BILL REPORT

SSB 5667

C 158 L 24
Synopsis as Enacted

Brief Description: Concerning eligibility, enrollment, and compensation of small forestland owners volunteering for participation in the forestry riparian easement program.

Sponsors: Senate Committee on Agriculture, Water, Natural Resources & Parks (originally sponsored by Senators Muzzall, Van De Wege, Short, Wagoner and Wellman).

Senate Committee on Agriculture, Water, Natural Resources & Parks

Senate Committee on Ways & Means

House Committee on Agriculture & Natural Resources

House Committee on Capital Budget

Background: The Forestry Riparian Easement Program (FREP) is a voluntary program that reimburses small forest landowners for the value of the trees they are required to leave unharvested due to forest practices rules to protect fish and other habitat. FREP is managed by the Small Forest Landowner Office (SFLO) in the Department of Natural Resources (DNR), and acquires 50-year easements along riparian and other sensitive aquatic areas from small forest landowners who are willing to sell or donate easements to the state. Small forest landowners are landowners who harvest less than an average of 2 million board feet per year.

Subject to funding availability, the SFLO may offer compensation for qualifying timber in the amount of 50 percent of the value of the unharvested trees, plus participation compliance costs. Once a contract under FREP is executed, DNR is required to reimburse the landowner for the actual costs to establish streamside buffers and timber marking.

The value of the easement is determined by DNR based on the fair market value of the timber volume covered by the easement. This calculation is made by DNR after it conducts a timber cruise of the entire proposed easement. The data gathered in the timber cruise are then applied to a stumpage value table to calculate the fair market value. Value is calculated only on qualifying timber. Compensation for qualifying timber on potentially unstable slopes or landforms may not exceed \$50,000.

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.

For approved forest practices applications for which the regulatory impact is greater than the average percentage impact for all small forestland owners as determined by an analysis by DNR under the Regulatory Fairness Act, the compensation offered will be increased to 100 percent for that portion of the regulatory impact that is in excess of the average.

Qualifying timber in FREP must meet all of the following criteria:

- the trees are ones that the owner is required to leave unharvested under fish protection rules, or that are made uneconomic to harvest by the forest practices rules;
- the trees are located within or bordering a commercially reasonable harvest unit, or for which an approved forest practices application cannot be obtained because of forest practices rules restrictions; and
- the trees are in certain sensitive areas, including sensitive aquatic areas, channel migration zones, and areas of potentially unstable slopes or landforms.

The Natural Climate Solutions Account (NCSA) is an account established to increase the resilience of the state's waters, forests, and other vital ecosystems to the impacts of climate change and conserve working forestlands at risk of conversion. Funding must be used for projects and activities that will increase forest and community resilience to wildfire, improve forest health, prevent emissions by preserving natural and working lands from the threat of conversion, or increase support to small forestland owners through FREP and the family forest fish passage program.

Legislative intent was established that not less than \$10 million be expended each biennium for the FREP, or for riparian easement projects funded under the agricultural conservation easements program, or similar riparian enhancement programs.

Summary: Qualifying timber for FREP means those forest trees on land owned by a qualifying small forest landowner. Minimum lease terms for forestlands owners participating in the FREP program are reduced from 50 years to 40 years. The SFLO shall attempt to determine the fair market value of qualifying timber for an easement as of the date of the completed harvest, rather than the date of the completed application. Participation in FREP does not preclude inclusion of the land in future mitigation programs.

The SFLO shall process FREP applications in the order received to the extent reasonably possible. Subject to availability of funding, the amount of compensation the SFLO shall offer for qualifying timber in FREP is increased from 50 percent to 90 percent of the value. The SFLO may use a landowner's actual mill receipts to help determine fair market value. Compensation for qualifying timber on potentially unstable slopes or landforms may not exceed \$150,000 during any biennial funding period.

It is the intent of the Legislature that the SFLO complete FREP application transactions within two years of the application receipt consistent with the goals of the NCSA.

At least semiannually, DNR shall consult with the small forestland owner advisory committee to review landowner complaints, administrative processes, rule recommendations, and related issues for potential improved efficiencies and effectiveness.

The provision allowing for approved forest practices applications for which the regulatory impact is greater than the average percentage impact for all small forestland owners to receive up to 100 percent for that portion of the regulatory impact that is in excess of the average is repealed.

Votes on Final Passage:

Senate 49 0

House 96 0

Effective: June 6, 2024