



2012 Legislative Concept Paper  
January 12, 2012

## **Replacing Encumbered State Forest Lands HB 2329 (Takko) SB 6195 (Hatfield)**

**Issue** Due to long-term impacts of federal endangered species-related conservation on State Forest trust lands in Southwest Washington, timber-dependent counties want to replace those encumbered trust lands with productive forestlands. Rural counties with small populations have been disproportionately affected by these requirements. Reestablishing a long-term revenue stream from State Forest trust lands is crucial to these economically hard-hit counties.

The Legislature established and funded a mechanism to replace encumbered State Forest lands within these counties. However, in some counties, the scarcity of available productive forest lands limits DNR's ability to replace these lands within the county, as required by current law.

**Background** Through passage of 2SHB 1484, the 2009 Legislature helped relieve the impact of long-term, endangered species-related habitat conservation on State Forest trust lands in small timber-dependent counties (Pacific, Wahkiakum, Skamania, and Klickitat). Implementation of 2SHB 1484 allows replacement lands to be purchased to maintain the extent and productivity of the trust lands that benefit those counties.

2SHB 1484 requires that the bare land value from real property that is transferred into a non-trust conservation category be used solely to purchase replacement working forest within the same county (RCWs 43.30.385 and 79.22.060). By law, proceeds from timber value on the transferred lands are paid to that county.

Also, current Board of Natural Resources (Board) statutory authority only allows the Board to disburse revenue from the management of State Forest trust lands to the county in which those lands are located (RCW 79.64.110). State Forest trust lands benefitting Wahkiakum County must be located in Wahkiakum County, Skamania in Skamania County, etc. The result of this requirement is that DNR confines ownership of State Forest trust lands for the benefit of a particular county to the boundaries of that county.

The Washington State Association of Counties and commissioners from the affected counties have partnered with DNR to request the legislature to authorize the creation of a single pool of replacement State Forest trust land (land pool) with lands from eligible and requesting counties. This would authorize DNR, with Board approval, to purchase replacement lands for eligible counties within other counties participating in the land pool. Revenue from management of those pooled lands would go to the counties contributing to the land pool, not simply the county in which the replacement State Forest trust lands are located.

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There is a need for prompt reinvestment in the State Forest trust. Small timber-dependent counties in Washington are pressing to move quickly towards the acquisition of productive unencumbered timberland for the trust. They suggest using some portion of the standing timber value of the encumbered lands— in addition to the bare land value alone—to acquire replacement lands. Funding for 2SHB 1484 by the Legislature began in FY 11. However, at the current rate, it will take decades to accumulate enough funding to acquire sufficient blocks of replacement state forest lands to provide significant income to county beneficiaries. This is because the bare land value alone is only a small portion of the overall property value of the encumbered parcels.

**Proposal** This bill authorizes the Board of Natural Resources, if requested by qualifying counties, to:

- ✓ **Create a State Forest Land Pool to purchase and manage replacement State Forest trust lands to help restore a long-term revenue stream to small timber-dependent counties in Southwest Washington, and**
- ✓ **Reinvest some or all of the timber value derived from the transfer of encumbered State Forest lands towards the purchase of new unencumbered State Forest trust lands within the land pool — in addition to reinvesting the bare land value.**

**Fiscal Impact** DNR anticipates the implementation of this bill to require no new funding. It uses existing Forest Development Account management funds to develop the program and administer the land pool. Land acquisitions are, and will continue to be, funded through the existing program established by 2SHB 1484 (2009). The Legislature already appropriated \$2 million in the capital budget to fund the initial phase of this program in FY11-13.

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