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**Natural Resources, Ecology &  
Parks Committee**

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**HB 1704**

**Brief Description:** Creating the timber land revitalization board.

**Sponsors:** Representatives Upthegrove, B. Sullivan, McCoy and Chase.

**Brief Summary of Bill**

- Establishes the Timber Land Revitalization Board to award grants and loans to sustain the forest land base, preserve forest lands for working forestry, and conduct research and policy development to revitalize forest lands.
- Designates the Cascade Foothills Focus Area to assist landowners and communities in developing and implementing innovative approaches to forest revitalization.
- Creates the Forestry Revitalization Account and directs certain moneys received from the timber excise tax to the new account.

**Hearing Date:** 2/18/05

**Staff:** Jeff Olsen (786-7157).

**Background:**

Washington has approximately 21.8 million acres of forest lands. The Washington Forest Practices Board was established in 1975 by the Legislature under the state Forest Practices Act, and is charged with establishing rules to protect the state's natural resources while maintaining a viable timber industry.

The Department of Natural Resources (DNR), with the approval of the Board of Natural Resources, may exchange any state land for any land of equal value in order to acquire other lands when the exchange is determined to be in the best interest of the trust. The DNR may directly transfer or dispose of real property without public auction by transferring directly to a public agency.

The state levies a 5 percent excise tax on the stumpage value of timber harvested. On private lands, counties may levy up to a 4 percent county tax rate that is credited against the state tax. The Department of Revenue (DOR) administers and collects the timber excise tax. After appropriation by the legislature, the DOR may use a portion of the timber excise tax moneys to pay for the costs

of administering and collecting the tax. A tax credit for harvesters impacted by aquatic resource requirements is allowed up to 0.8 percent. Beginning January 1, 2005, counties may begin imposing a county excise tax on the harvest of timber from public lands. The rate begins at 1.2 percent in 2005, increasing to 4 percent by 2014.

**Summary of Bill:**

The Timber Land Revitalization Board (Board) is created composed of five members including four members appointed by the Governor and the Commissioner of Public Lands. The Governor must appoint members representing interests of industrial and nonindustrial forest land owners, local governments, and nonprofit citizen organizations involved with protecting the state's forest land base. Members of the board shall serve four year terms and must be compensated and reimbursed for travel. Staff support to the Board must be provided by the Department of Natural Resources (DNR).

The Board is responsible for making grants and loans for the revitalization of timber lands. During each fiscal biennium, grants and loans are subject to the following limitations:

- Between 30 percent and 40 percent of loans and grants must be for projects that sustain the forest land base and strengthen the connection between economic health and forest conservation;
- Between 30 Percent and 40 percent of loans and grants must be for projects that preserve forest lands for working forestry; and
- Between 30 percent and 40 percent of loans and grants must be for planning, research, and policy development related to revitalizing the state's working forests.

The Cascade Foothills Focus Area (focus area) is created to assist landowners and communities in developing and implementing innovative approaches to forest revitalization. The focus area is composed of the nonurbanized lands within the Cascade mountain range and its drainages that lie between 300 and 3,000 feet above sea level in Whatcom, Skagit, King, Pierce, and Thurston counties. In fiscal years 2005 and 2006, the board may provide grants for programs that address specific criteria relating to working forests in the focus area.

The DNR is authorized to transfer real property, without public auction, to a nonprofit land conservation organization where the transaction is approved by the Board of Natural Resources.

The Forestry Revitalization Account is created to distribute moneys for working forestry revitalization. Moneys to the account come from the state portion of the timber excise tax and other sources. The Forestry Revitalization Revolving Account is also created to accept appropriations and loan repayments and to provide funds for working forestry revitalization loans.

**Appropriation:** \$7,500,000 is appropriated from the Forestry Revitalization Account to the board for the biennium ending June 30, 2007. \$2,500,000 is appropriated from the Forestry Revitalization Revolving Account to the board for the biennium ending June 30, 2007.

**Fiscal Note:** Requested on 2/8/05.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.