



2013 Legislative Concept Paper

Continuing DNR's Existing Contract Harvesting Authority for State Trust Lands

HB1243 (Haigh) SB 5337 (Pearson)

Issue DNR requests a legislative extension of the existing contract harvest authorities for state land trusts.

Background The 2009 Legislature authorized the Washington State Department of Natural Resources (DNR) to conduct 20 percent of annual timber sales volume through contract harvesting bids, along with other associated authorities. This authorization expires January 2014.

DNR generates revenue for **trust beneficiaries**—such as public K-12 schools and universities—by selling at public auction the rights to harvest standing timber from forested state trust lands. The high bidder enters into a contract to cut and remove the timber. Typically, trust beneficiaries receive funding from timber removals anywhere from 18 months to three years from the date of the auction.

Under the Contract Harvesting Program, DNR enters into a harvesting services contract with a pre-qualified logging contractor. Working directly under DNR, the contractor removes trees and manufactures logs according to specifications established by the market and DNR. DNR sells the manufactured logs at auction to various mills in the Pacific Northwest. Harvest, delivery and revenue earned under this program generally occur within a shorter three- to six-month time frame.

Benefits of DNR's Contract Harvesting Authority include:

- Capturing added revenue for trust beneficiaries.
- Providing a more hands-on approach to harvesting to achieve environmental protections in sensitive areas.
- Carrying out forest health objectives in specific areas.
- Providing quick turnaround and revenue flow with the three- to six-month contracts.

Proposal Change the expiration date of the 2009 legislative authorities to continue through 2019.

Fiscal Impact This proposal would increase revenue—from about \$1 million to \$1.5 million annually, depending on harvest levels—most to trust beneficiaries such as K-12 public schools.



State trust lands generate \$1 to \$1.5 million annually in revenue—mostly for beneficiaries such as K-12 public schools.