WASHINGTON STATE DEPARTMENT OF
Natural Resources
Peter Goldmark - Commissioner of Public Lands

May 31, 2012

TO: Senator Ed Murray, Chair, Senate Ways and Means
Senator Derek Kilmer, Vice Chair Capital, Senate Ways and Means
Senator Linda Evans Parlette, Ranking Minority Member Capital, Senate Ways and Means

FROM: Bridget Moran, Chair, Forest Practices Board

SUBJECT: Forestry Riparian Easement Program Recommendations for Permanent Funding

The Legislature created the Forestry Riparian Easement Program (FREP) to compensate small forest landowners for the diminished economic viability of their forest lands resulting from increased regulatory requirements of the Forests and Fish rules. The FREP purchases from small forest landowners 50-year conservation easements along riparian areas. To date, the program has spent approximately $25 million to purchase 290 easements at an average cost of $87,200 per easement on over 4,900 riparian acres encompassing approximately 170 miles of stream.

The 2011 FREP Reform legislation, ESHB 1509 § (6), directed the chair of the Forest Practices Board (FPB) to work with interested stakeholders to investigate and recommend potential long-term funding sources for the FREP to the appropriate committees of the legislature by May 31, 2012.

Highlights of the Recommendations
The Department of Natural Resources (DNR), at the request of the FPB chair, hosted a public meeting on February 8, 2012 to collect ideas for possible funding sources from interested stakeholders. A follow-up meeting was held on March 26, 2012 with staff from the Office of Financial Management and a subset of those stakeholders attending the February 8 meeting.

After careful consideration of stakeholder comments, DNR's experience implementing the FREP over the last eleven years and the stated intent from chapter 76.13 RCW, the FPB chair recommends legislative consideration of three potential permanent long-term funding sources for the FREP:

- Continued appropriation of capital budget funding for the FREP. This will fulfill the State's contributions to assist small forest landowners in meeting their obligations to the Forests and Fish Report, Forest Practices rules, and the FREP as outlined in chapter 76.13.120 RCW

- Redirecting existing funds through any one or more potential options including the Forests and Fish Support Account and Aquatic Land Enhancement Account

- Creating new revenue sources to fund the FREP such as Real Estate Excise Tax Surcharges on Transfer of Development Right Transactions, a New Lottery Game, or Vehicle or Driver's License "Opt Out" Fee similar to today's check box for state parks

For a more complete description of recommendations for permanent FREP funding, see the attached report. Please direct any questions about the report or the specific recommendations to Marc Engel, Assistance Division Manager for Policy and Services, Forest Practices Division at marc.engel@dnr.wa.gov or 360-902-1390.

Attachments (2)

c: Leonard Young, Department Supervisor
Heath Packard, Director of Legislative and External Affairs
Brian Sims, Capital Budget Committee, Senate Ways and Means
Craig Partridge, Director of Policy & Government Relations
Darin Cramer, Forest Practices Division Manager
Marc Engel, Forest Practices Assistant Division Manager, Policy and Services