

CERTIFICATION OF ENROLLMENT
ENGROSSED SECOND SUBSTITUTE HOUSE BILL 1711

65th Legislature
2017 Regular Session

Passed by the House April 19, 2017
Yeas 97 Nays 0

Speaker of the House of Representatives

Passed by the Senate April 10, 2017
Yeas 48 Nays 0

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SECOND SUBSTITUTE HOUSE BILL 1711** as passed by House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

ENGROSSED SECOND SUBSTITUTE HOUSE BILL 1711

AS AMENDED BY THE SENATE

Passed Legislature - 2017 Regular Session

State of Washington **65th Legislature** **2017 Regular Session**

By House Appropriations (originally sponsored by Representatives Kretz, Springer, Pettigrew, Schmick, Short, and Condotta)

READ FIRST TIME 02/24/17.

1 AN ACT Relating to prioritizing lands to receive forest health
2 treatments; amending RCW 79.64.040 and 79.64.110; reenacting and
3 amending RCW 43.30.325 and 43.79A.040; adding new sections to chapter
4 79.10 RCW; adding a new section to chapter 79.64 RCW; and creating a
5 new section.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 NEW SECTION. **Sec. 1.** A new section is added to chapter 79.10
8 RCW to read as follows:

9 (1)(a) Subject to the availability of amounts appropriated for
10 this specific purpose, the department shall, to the extent feasible
11 given all applicable trust responsibilities, develop and implement a
12 policy for prioritizing investments on forest health treatments to
13 protect state lands and state forestlands, as those terms are defined
14 in RCW 79.02.010, to: (i) Reduce wildfire hazards and losses from
15 wildfire; (ii) reduce insect infestation and disease; and (iii)
16 achieve cumulative impact of improved forest health and resilience at
17 a landscape scale.

18 (b) The prioritization policy in (a) of this subsection must
19 consider whether state lands and state forestlands are within an area
20 that is subject to a forest health hazard warning or order pursuant
21 to RCW 76.06.180.

1 (2)(a) The department's prioritization of state lands and state
2 forestlands must be based on an evaluation of the economic and
3 noneconomic value of:

4 (i) Timber or other commercial forest products removed during any
5 mechanical treatments;

6 (ii) Timber or other commercial forest products likely to be
7 spared from damage by wildfire;

8 (iii) Homes, structures, agricultural products, and public
9 infrastructure likely to be spared from damage by wildfire;

10 (iv) Impacts to recreation and tourism; and

11 (v) Ecosystem services such as water quality, air quality, or
12 carbon sequestration.

13 (b) The department's evaluation of economic values may rely on
14 heuristic techniques.

15 (3) The definitions in this subsection apply throughout this
16 section and sections 2 and 3 of this act unless the context clearly
17 requires otherwise.

18 (a) "Forest health" has the same meaning as defined in RCW
19 76.06.020.

20 (b) "Forest health treatment" or "treatment" means actions taken
21 by the department to restore forest health including, but not limited
22 to, sublandscape assessment and project planning, site preparation,
23 reforestation, mechanical treatments including timber harvest, road
24 realignment for fire protection and aquatic improvements, and
25 prescribed burning.

26 NEW SECTION. **Sec. 2.** A new section is added to chapter 79.10
27 RCW to read as follows:

28 (1)(a) Subject to the availability of amounts appropriated for
29 this specific purpose, consistent with the prioritization policy
30 developed pursuant to section 1 of this act, and to the extent
31 feasible given all applicable trust responsibilities, the department
32 must identify areas of state lands and state forestlands that would
33 benefit from forest health treatments at the landscape level for the
34 next twenty years, and ones that would benefit the most during the
35 following six years, and prioritize and list specific lands for
36 treatment during the subsequent biennium. The department shall update
37 this list by November 15th of each even-numbered year.

38 (b) To expedite initial treatments under this act, for the
39 2017-2019 biennium the department may prioritize and, if funds are

1 appropriated for this purpose, address lands for treatment that are
2 currently identified by the department as pilot treatment projects.

3 (2) In order to develop a prioritized list that evaluates forest
4 health treatments at a landscape scale, the department should consult
5 with and take into account the land management plans and activities
6 of nearby landowners, if available, including federal agencies, other
7 state agencies, local governments, tribes, and private property
8 owners, in addition to any statewide assessments done by the
9 department. The department may include federally, locally, or
10 privately managed lands on the list. The department may fund
11 treatment on these lands provided that the treatments are funded with
12 nontrust funds, and provided that the treatments produce a net
13 benefit to the health of state lands and state forestlands.

14 (3) By December 1st of each even-numbered year, the department
15 must submit a report to the legislature consistent with the
16 requirements of RCW 43.01.036, to the office of financial management,
17 and to the board of natural resources. The report must include:

18 (a) A brief summary of the department's progress towards treating
19 the state lands and state forestlands included on the preceding
20 biennium's prioritization list;

21 (b) A list of lands prioritized for forest health treatments in
22 the next biennium, including state lands and state forestlands
23 prioritized for treatment pursuant to subsection (1) of this section;

24 (c) Recommended funding amounts required to carry out the
25 treatment activities for the next biennium, including a summary of
26 potential nontimber revenue sources that could finance specific
27 forest health treatments pursuant to section 1 of this act, including
28 but not limited to ecosystem services such as water and carbon
29 sequestration as well as insurance and fire mitigation; and

30 (d) A summary of trends in forest health conditions.

31 NEW SECTION. **Sec. 3.** A new section is added to chapter 79.64
32 RCW to read as follows:

33 (1)(a) The forest health revolving account is created in the
34 custody of the state treasurer. All receipts from the proceeds of
35 forest health treatment sales as defined in this section and sections
36 1 and 2 of this act and all legislative transfers, gifts, grants, and
37 federal funds must be deposited into the account. Expenditures from
38 the account may be used only for the payment of costs, including
39 management and administrative costs, incurred on forest health

1 treatments necessary to improve forest health as defined in section 1
2 of this act. Only the commissioner or the commissioner's designee may
3 authorize expenditures from the account. The board of natural
4 resources has oversight of the account, and the commissioner must
5 periodically report to the board of natural resources as to the
6 status of the account, its disbursement, and receipts. The account is
7 subject to allotment procedures under chapter 43.88 RCW, but an
8 appropriation is not required for expenditures.

9 (b) The forest health revolving account is an interest-bearing
10 account and the interest must be credited to the account.

11 (2) Beginning calendar year 2018, the fund balance attributable
12 to the receipts from the proceeds of forest health treatment sales is
13 subject to the following:

14 (a) Any unobligated amounts up to ten million dollars at the end
15 of the calendar year are not subject to disbursements to trust
16 beneficiaries, the resource management account, or the forest
17 development account.

18 (b) Any unobligated amounts exceeding ten million dollars at the
19 end of the calendar year must be disbursed to the appropriate trust
20 beneficiaries as determined by the board of natural resources and
21 these disbursements are not subject to the deductions for the
22 resource management cost account described in RCW 79.64.040 or the
23 forest development account described in RCW 79.64.110.

24 (c) If the board of natural resources determines that the
25 department has permanently discontinued using the forest health
26 revolving account for the forest health treatments under sections 1
27 and 2 of this act, the board must disburse all remaining fund balance
28 attributable to the proceeds of forest health treatment sales to the
29 appropriate trust beneficiaries, and these disbursements are not
30 subject to the deductions for the resource management cost account
31 described in RCW 79.64.040 or the forest development account
32 described in RCW 79.64.110.

33 (3)(a) Except as provided in (b) and (c) of this subsection,
34 expenditures on state lands and state forestlands for forest health
35 treatments by the department from the forest health revolving account
36 must be consistent with the prioritization policy under section 1 of
37 this act and the prioritization list created under section 2 of this
38 act.

39 (b) The department is not bound to adhere to the list submitted
40 to the legislature under section 1 of this act in the event that

1 emerging information or changed circumstances support a
2 reprioritization of lands consistent with the policy created under
3 section 1 of this act.

4 (c) The department is not required to apply the prioritization
5 policy of section 1 of this act where doing so would be incompatible
6 with the conditions of funding provided by the federal government or
7 another organization that is contributing funds to forest health
8 treatments involving the department.

9 **Sec. 4.** RCW 43.30.325 and 2003 c 334 s 125 and 2003 c 313 s 9
10 are each reenacted and amended to read as follows:

11 (1) The department shall deposit daily all moneys and fees
12 collected or received by the commissioner and the department in the
13 discharge of official duties as follows:

14 (a) The department shall pay moneys received as advance payments,
15 deposits, and security from successful bidders under RCW 79.15.100
16 and 79.11.150 to the state treasurer for deposit under (b) of this
17 subsection. Moneys received from unsuccessful bidders shall be
18 returned as provided in RCW 79.11.150;

19 (b) The department shall pay all moneys received on behalf of a
20 trust fund or account to the state treasurer for deposit in the trust
21 fund or account after making the deduction authorized under RCW
22 (~~79.22.040~~) 79.64.110, 79.22.050, 79.64.040, and 79.15.520, except
23 as provided in section 3 of this act;

24 (c) The natural resources deposit fund is hereby created. The
25 state treasurer is the custodian of the fund. All moneys or sums
26 which remain in the custody of the commissioner of public lands
27 awaiting disposition or where the final disposition is not known
28 shall be deposited into the natural resources deposit fund.
29 Disbursement from the fund shall be on the authorization of the
30 commissioner or the commissioner's designee, without necessity of
31 appropriation;

32 (d) If it is required by law that the department repay moneys
33 disbursed under (a) and (b) of this subsection the state treasurer
34 shall transfer such moneys, without necessity of appropriation, to
35 the department upon demand by the department from those trusts and
36 accounts originally receiving the moneys.

37 (2) Money shall not be deemed to have been paid to the state upon
38 any sale or lease of land until it has been paid to the state
39 treasurer.

1 **Sec. 5.** RCW 79.64.040 and 2015 3rd sp.s. c 4 s 972 are each
2 amended to read as follows:

3 (1) The board shall determine the amount deemed necessary in
4 order to achieve the purposes of this chapter and shall provide by
5 rule for the deduction of this amount from the moneys received from
6 all leases, sales, contracts, licenses, permits, easements, and
7 rights-of-way issued by the department and affecting state lands and
8 aquatic lands, except as provided in section 3 of this act, provided
9 that no deduction shall be made from the proceeds from agricultural
10 college lands.

11 (2) Moneys received as deposits from successful bidders, advance
12 payments, and security under RCW 79.15.100, 79.15.080, and 79.11.150
13 prior to December 1, 1981, which have not been subjected to deduction
14 under this section are not subject to deduction under this section.

15 (3) Except as otherwise provided in subsection (5) of this
16 section, the deductions authorized under this section shall not
17 exceed twenty-five percent of the moneys received by the department
18 in connection with any one transaction pertaining to state lands and
19 aquatic lands other than second-class tide and shore lands and the
20 beds of navigable waters, and fifty percent of the moneys received by
21 the department pertaining to second-class tide and shore lands and
22 the beds of navigable waters.

23 (4) In the event that the department sells logs using the
24 contract harvesting process described in RCW 79.15.500 through
25 79.15.530, the moneys received subject to this section are the net
26 proceeds from the contract harvesting sale.

27 (5) During the 2013-2015 fiscal biennium, the twenty-five percent
28 limitation on deductions set in subsection (3) of this section may be
29 increased up to thirty percent by the board. During the 2015-2017
30 fiscal biennium, the board may increase the twenty-five percent
31 limitation up to thirty-two percent.

32 **Sec. 6.** RCW 79.64.110 and 2015 3rd sp.s. c 4 s 973 are each
33 amended to read as follows:

34 (1) Any moneys derived from the lease of state forestlands or
35 from the sale of valuable materials, oils, gases, coal, minerals, or
36 fossils from those lands, except as provided in section 3 of this
37 act, or the appraised value of these resources when transferred to a
38 public agency under RCW 79.22.060, except as provided in RCW
39 79.22.060(4), must be distributed as follows:

1 (a) For state forestlands acquired through RCW 79.22.040 or by
2 exchange for lands acquired through RCW 79.22.040:

3 (i) The expense incurred by the state for administration,
4 reforestation, and protection, not to exceed twenty-five percent,
5 which rate of percentage shall be determined by the board, must be
6 returned to the forest development account created in RCW 79.64.100.
7 During the 2015-2017 fiscal biennium, the board may increase the
8 twenty-five percent limitation up to twenty-seven percent.

9 (ii) Any balance remaining must be paid to the county in which
10 the land is located or, for counties participating in a land pool
11 created under RCW 79.22.140, to each participating county
12 proportionate to its contribution of asset value to the land pool as
13 determined by the board. Payments made under this subsection are to
14 be paid, distributed, and prorated, except as otherwise provided in
15 this section, to the various funds in the same manner as general
16 taxes are paid and distributed during the year of payment.

17 (iii) Any balance remaining, paid to a county with a population
18 of less than sixteen thousand, must first be applied to the reduction
19 of any indebtedness existing in the current expense fund of the
20 county during the year of payment.

21 (iv) With regard to moneys remaining under this subsection
22 (1)(a), within seven working days of receipt of these moneys, the
23 department shall certify to the state treasurer the amounts to be
24 distributed to the counties. The state treasurer shall distribute
25 funds to the counties four times per month, with no more than ten
26 days between each payment date.

27 (b) For state forestlands acquired through RCW 79.22.010 or by
28 exchange for lands acquired through RCW 79.22.010, except as provided
29 in RCW 79.64.120:

30 (i) Fifty percent shall be placed in the forest development
31 account.

32 (ii) Fifty percent shall be prorated and distributed to the state
33 general fund, to be dedicated for the benefit of the public schools,
34 to the county in which the land is located or, for counties
35 participating in a land pool created under RCW 79.22.140, to each
36 participating county proportionate to its contribution of asset value
37 to the land pool as determined by the board, and according to the
38 relative proportions of tax levies of all taxing districts in the
39 county. The portion to be distributed to the state general fund shall
40 be based on the regular school levy rate under RCW 84.52.065 and the

1 levy rate for any maintenance and operation special school levies.
2 With regard to the portion to be distributed to the counties, the
3 department shall certify to the state treasurer the amounts to be
4 distributed within seven working days of receipt of the money. The
5 state treasurer shall distribute funds to the counties four times per
6 month, with no more than ten days between each payment date. The
7 money distributed to the county must be paid, distributed, and
8 prorated to the various other funds in the same manner as general
9 taxes are paid and distributed during the year of payment.

10 (2) A school district may transfer amounts deposited in its debt
11 service fund pursuant to this section into its capital projects fund
12 as authorized in RCW 28A.320.330.

13 **Sec. 7.** RCW 43.79A.040 and 2016 c 203 s 2, 2016 c 173 s 10, 2016
14 c 69 s 21, and 2016 c 39 s 7 are each reenacted and amended to read
15 as follows:

16 (1) Money in the treasurer's trust fund may be deposited,
17 invested, and reinvested by the state treasurer in accordance with
18 RCW 43.84.080 in the same manner and to the same extent as if the
19 money were in the state treasury, and may be commingled with moneys
20 in the state treasury for cash management and cash balance purposes.

21 (2) All income received from investment of the treasurer's trust
22 fund must be set aside in an account in the treasury trust fund to be
23 known as the investment income account.

24 (3) The investment income account may be utilized for the payment
25 of purchased banking services on behalf of treasurer's trust funds
26 including, but not limited to, depository, safekeeping, and
27 disbursement functions for the state treasurer or affected state
28 agencies. The investment income account is subject in all respects to
29 chapter 43.88 RCW, but no appropriation is required for payments to
30 financial institutions. Payments must occur prior to distribution of
31 earnings set forth in subsection (4) of this section.

32 (4)(a) Monthly, the state treasurer must distribute the earnings
33 credited to the investment income account to the state general fund
34 except under (b), (c), and (d) of this subsection.

35 (b) The following accounts and funds must receive their
36 proportionate share of earnings based upon each account's or fund's
37 average daily balance for the period: The 24/7 sobriety account, the
38 Washington promise scholarship account, the Washington advanced
39 college tuition payment program account, the Washington college

1 savings program account, the accessible communities account, the
2 Washington achieving a better life experience program account, the
3 community and technical college innovation account, the agricultural
4 local fund, the American Indian scholarship endowment fund, the
5 foster care scholarship endowment fund, the foster care endowed
6 scholarship trust fund, the contract harvesting revolving account,
7 the Washington state combined fund drive account, the commemorative
8 works account, the county enhanced 911 excise tax account, the toll
9 collection account, the developmental disabilities endowment trust
10 fund, the energy account, the fair fund, the family leave insurance
11 account, the food animal veterinarian conditional scholarship
12 account, the forest health revolving account, the fruit and vegetable
13 inspection account, the future teachers conditional scholarship
14 account, the game farm alternative account, the GET ready for math
15 and science scholarship account, the Washington global health
16 technologies and product development account, the grain inspection
17 revolving fund, the industrial insurance rainy day fund, the juvenile
18 accountability incentive account, the law enforcement officers' and
19 firefighters' plan 2 expense fund, the local tourism promotion
20 account, the multiagency permitting team account, the pilotage
21 account, the produce railcar pool account, the regional
22 transportation investment district account, the rural rehabilitation
23 account, the Washington sexual assault kit account, the stadium and
24 exhibition center account, the youth athletic facility account, the
25 self-insurance revolving fund, the children's trust fund, the
26 Washington horse racing commission Washington bred owners' bonus fund
27 and breeder awards account, the Washington horse racing commission
28 class C purse fund account, the individual development account
29 program account, the Washington horse racing commission operating
30 account, the life sciences discovery fund, the Washington state
31 heritage center account, the reduced cigarette ignition propensity
32 account, the center for childhood deafness and hearing loss account,
33 the school for the blind account, the Millersylvania park trust fund,
34 the public employees' and retirees' insurance reserve fund, and the
35 radiation perpetual maintenance fund.

36 (c) The following accounts and funds must receive eighty percent
37 of their proportionate share of earnings based upon each account's or
38 fund's average daily balance for the period: The advanced right-of-
39 way revolving fund, the advanced environmental mitigation revolving
40 account, the federal narcotics asset forfeitures account, the high

1 occupancy vehicle account, the local rail service assistance account,
2 and the miscellaneous transportation programs account.

3 (d) Any state agency that has independent authority over accounts
4 or funds not statutorily required to be held in the custody of the
5 state treasurer that deposits funds into a fund or account in the
6 custody of the state treasurer pursuant to an agreement with the
7 office of the state treasurer shall receive its proportionate share
8 of earnings based upon each account's or fund's average daily balance
9 for the period.

10 (5) In conformance with Article II, section 37 of the state
11 Constitution, no trust accounts or funds shall be allocated earnings
12 without the specific affirmative directive of this section.

13 NEW SECTION. **Sec. 8.** If any provision of this act or its
14 application to any person or circumstance is held invalid, the
15 remainder of the act or the application of the provision to other
16 persons or circumstances is not affected.

17 NEW SECTION. **Sec. 9.** If specific funding for the purposes of
18 this act, referencing this act by bill or chapter number, is not
19 provided by June 30, 2017, in the omnibus appropriations act, this
20 act is null and void.

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