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**Agriculture and Natural Resources  
Committee**

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**HB 1740**

**Brief Description:** Concerning eligibility, enrollment, and compensation of small forestland owners volunteering for participation in the forestry riparian easement program.

**Sponsors:** Representatives Orcutt, Chapman, Dent, Reeves, Morgan, Chandler, Kretz, Klicker, Tharinger, Graham and Cheney.

**Brief Summary of Bill**

- Provides that easements under the Forestry Riparian Easement Program (FREP) are effective for 40 years, rather than 50 years.
- Changes the maximum amount of compensation to a small forest landowner under the FREP from \$50,000 to \$150,000.
- Requires the Small Forest Landowner Office to complete FREP application transactions within two years of receipt of the application.
- Provides that if the amounts appropriated for the FREP are insufficient to cover FREP reimbursement over the upcoming two-year period, the DNR shall make a declaration that will temporarily allow all small forest landowners to be eligible for small parcel alternative management plans.

**Hearing Date:** 2/10/23

**Staff:** Robert Hatfield (786-7117).

**Background:**

Forestry Riparian Easement Program.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.*

The Forestry Riparian Easement Program (FREP) is managed by the Small Forest Landowner Office (SFLO) in the Department of Natural Resources (DNR) and acquires 50-year easements along riparian and other sensitive aquatic areas from small forest landowners who are willing to sell or donate easements to the state. The DNR may purchase easements from small forest landowners and hold the easements in the name of the state. Small forest landowners are generally landowners who harvest less than an average of 2 million board feet per year. The easements are restrictive only and allow landowners to engage in activities except as necessary to protect the riparian functions of the habitat for the term of the easement.

The easements represent 50 percent of the value of the unharvested trees, plus participation compliance costs. Once a contract under the FREP is executed, the DNR is required to reimburse the landowner for the actual costs to establish streamside buffers and timber marking.

The value of the easement is determined by the DNR based on the fair market value of the timber volume covered by the easement. This calculation is made by the DNR after it conducts a timber cruise of the entire proposed easement. The data gathered in the timber cruise are then applied to a stumpage value table to calculate the fair market value. Value is calculated only on qualifying timber.

#### Small Parcel Alternative Management Plans.

Parcels of 20 acres or less which are held by landowners owning less than 80 acres total are exempted from requirements to leave riparian buffers adjacent to streams. These landowners must comply with permanent forest practices rules in effect as of January 1, 1999, but may additionally be required to leave timber adjacent to streams equivalent to 15 percent of the volume of timber covering the harvest area. The SFLO is required to work with such landowners to develop alternative management plans for such riparian buffers.

#### **Summary of Bill:**

##### Forestry Riparian Easement Program.

Forestry riparian easements shall be effective for 40 years, rather than 50 years.

The maximum amount of compensation to a small forest landowner under the Forestry Riparian Easement Program (FREP) is increased from \$50,000 to \$150,000.

At least semiannually, the Department of Natural Resources (DNR) must consult with the small forest landowner advisory committee to review landowner complaints, administrative processes, rule recommendations, and related issues where the DNR is actively seeking the small forestland owner advisory committee's advice on potential improved efficiencies and effectiveness.

The Small Forest Landowner Office must complete FREP application transactions within two years of receipt of the application.

Funding through the Natural Climate Solutions Account created through the enactment of the

Climate Commitment Act for payments to the FREP are provided solely for the easement's timber value and are not considered payment for the net carbon value of the timber remaining on-site, nor its potential for sequestering additional carbon during the term of the FREP easement.

Small Parcel Alternative Management Plans.

If the amounts appropriated are insufficient to cover FREP reimbursement over the upcoming two-year period, the DNR shall make a declaration that will temporarily allow all small forest landowners to be eligible for small parcel alternative management plans, provided the parcels' harvests do not exceed 20 acres. If a small forest landowner chooses to participate in a small parcel alternative management plan due to their eligibility as a result of insufficient funds for the FREP, they are not eligible for forestry riparian easement compensation on that harvest.

Qualifying small forest landowners are intended to be able to net 90 percent, rather than 50 percent, of the trees left in the riparian buffer area. The SFLO may utilize landowners' actual mill receipts to help determine fair market value but may not require these documents in any valuation process.

**Appropriation:** None.

**Fiscal Note:** Requested on February 7, 2023.

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