



**DEPARTMENT OF
NATURAL RESOURCES**

**OFFICE OF THE
COMMISSIONER OF PUBLIC LANDS**
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November 30, 2023

The Honorable Bernard Dean
Chief Clerk of the House
338B Legislative Building
Olympia, WA 98504

The Honorable Sarah Bannister
Secretary of the Senate
312 Legislative Building
Olympia, WA 98504

Dear Chief Clerk Dean and Secretary Bannister:

Please accept the enclosed legislative progress report on the Carbon and Forest Sequestration – Repositioning State Trust Lands, submitted on behalf of Department of Natural Resources (DNR), as required in Section 3130 (1) of the 2023-25 Capital Budget (ESSB 5002). The bill provided \$70 million in funding to DNR to purchase forestlands in counties west of the Cascade Mountains, all of Skamania County, and the western portion of Klickitat County as part of the Land Bank.

The bill directed DNR to prioritize lands at risk of conversion to a nonforested use when feasible and allowed up to 2,000 acres of structurally complex, carbon dense forestland to be transferred out of trust status with the support of the County's legislative authority. Those lands must be replaced with lands purchased under this proviso. The initial progress report on implementation of this appropriation is due to the legislature by December 1, 2023.

Should you have any questions, please contact me at 360-486-3469 or Brian.Considine@dnr.wa.gov.

Sincerely,

Brian Considine
Legislative Director
Office of the Commissioner of Public Lands

Enclosure: Legislative Report – Carbon and Forest Sequestration - Repositioning State Trust Lands

cc:

Members of the Senate Agriculture, Water, Natural Resources, and Parks Committee

Members of the House Agriculture and Natural Resources Committee

Members of the Senate Ways and Means Committee

Members of the House Appropriations Committee

Members of the House Capital Budget Committee

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Carbon Sequestration and Forests

Repositioning State Trust Lands

Report to the Washington State Legislature



December 1, 2023



WASHINGTON STATE DEPARTMENT OF
NATURAL RESOURCES

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Carbon Sequestration and Forests Repositioning State Trust Lands

Report to the Washington State Legislature

December 1, 2023

Prepared by



WASHINGTON STATE DEPARTMENT OF
NATURAL RESOURCES

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Executive Summary

In the past several years, the world has experienced high temperatures, marine heat waves, wildfires, and catastrophic flooding. These events provide an insight into a possible future under climate change, especially if the concentration of carbon in the atmosphere continues to increase.

The Washington State Legislature has taken a significant step toward mitigating climate change by including a proviso in the Capital Budget ([Chapter 474](#), Laws of 2023, Section 3130) to address carbon sequestration on forested state trust lands. This proviso allocates \$83 million to the Washington State Department of Natural Resources (DNR) for land repositioning and a broker to assist DNR with land purchases, along with silvicultural treatments and the establishment of a work group¹.

DNR manages 2.1 million acres of forested [state trust lands](#) in Washington State. These lands are managed to generate revenue for trust beneficiaries such as counties, schools, and universities, and to meet a suite of conservation objectives. DNR generates revenue through timber harvest and other activities.

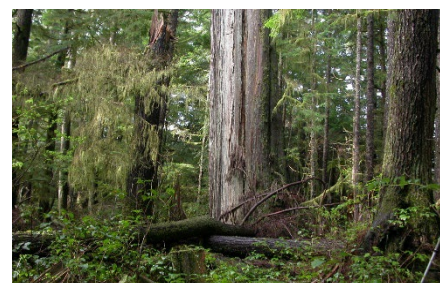
In addition to its fiduciary responsibilities to trust beneficiaries, DNR also has special responsibilities to Tribes. State trust lands are the ancestral homelands and territories of native people who have a relationship with these lands that stretches back to time immemorial. For example, in respect for the sovereignty of Tribal Nations and their rights, titles, and treaties, DNR has a responsibility to engage in government-to-government relationships to ensure access, protection of cultural resources, and sustainable use of shared natural resources. DNR operates under a set of guiding principles as described in the Commissioner's Order on Tribal Relations and DNR's Tribal Consultation Policy.

Following is a summary of the major sections of the proviso and the work that DNR is performing to meet its requirements.

Structurally Complex Forest

Per Section 1(b) of the budget proviso, DNR may transfer up to 2,000 acres of carbon-dense, structurally complex forest on state trust lands out of trust status to assist with climate mitigation efforts. Managed for their ecological function, these forests should continue to sequester and store large amounts of carbon for decades to come.

DNR has made considerable progress on fulfilling this section of the proviso. To begin, DNR conducted a careful screening



Structurally complex forest on state trust lands

¹ DNR addressed the Carbon and Forest Management Work Group in a separate legislative report.

process to identify carbon-dense, structurally complex forest on state trust lands. To complete this work, DNR used existing definitions of mature and old forests that were developed by DNR scientists and university researchers in 2007². These nationally recognized, peer-reviewed definitions are well suited to meet the intent of this proviso, as DNR uses them to identify and conserve old-growth forests on DNR-managed lands. DNR also screened these forests for a minimum amount of live carbon (in other words, live tree biomass) per acre.

Next, DNR considered where these forests are on the landscape. To create larger blocks of habitat or provide better continuity between habitat areas, DNR identified carbon-dense, structurally complex forests that are near riparian (streamside) areas, wetlands, unstable slopes, northern spotted owl and marbled murrelet habitat, DNR-managed Natural Area Preserves (NAP) or Natural Resource Conservation Areas (NRCA), and mature forest on federal land (Text Box ES-1).

DNR also discussed this budget proviso with counties across western Washington. For example, DNR presented on this topic at the quarterly meeting of the Washington State Association of Counties Timber Counties Caucus, and at individual county council and commissioners meetings. While some counties requested that DNR not identify structurally complex forests within their borders, other counties were willing to participate and some nominated forests for this proviso. DNR focused its efforts on the latter. Some counties requested that DNR avoid proposing forests that have planned timber sales on state forestlands³ to avoid near-term impacts to junior taxing district beneficiaries.

These screening and outreach efforts resulted in a preliminary list of forests to meet the requirements of the proviso. DNR will submit the proposed forests to the [Board of Natural Resources](#) in mid-December 2023 for their consideration. In addition, DNR will send letters to each affected county that describe the proposed areas and request their concurrence on setting these areas aside under this proviso. DNR also will conduct outreach with Tribes. As a first step on Tribal outreach, DNR will send letters to the Tribes that describe the proposed forests, and will follow up as needed through calls, emails, or meetings. The proposed forests may change as a result of Board, county, and Tribal input.

Text Box ES-1. Natural Areas Managed Under DNR's Natural Areas Program

- **Natural Area Preserves (NAP)** protect the highest quality, most ecologically important sites on DNR-managed lands, with a focus on environmental education and research.
- **Natural Resources Conservation Areas (NRCAs)** protect outstanding examples of native ecosystems; habitat for endangered, threatened and sensitive plants and animals; and scenic landscapes. In addition to environmental education and research, opportunities for low-impact public uses are provided when they do not impair protected features.

² Refer to [Identifying Mature and Old Forests in Western Washington](#).

³ State forestlands are lands that DNR has acquired from the counties, purchased, or received as a gift after statehood. The beneficiaries of these lands are the counties in which these lands are located.

Future Management

DNR's understanding of the budget proviso language is that it may transfer the 2,000 acres of carbon-dense, structurally complex forest out of trust status to its [Natural Areas Program](#). However, DNR also has the flexibility to keep these lands in trust status and permanently defer them from stand replacement harvest instead, in the same manner that DNR permanently defers old-growth forests under its [Policy for Sustainable Forests](#). DNR is open to discussion with the Legislature if this understanding of legislative intent is not correct.

Some forests may be good candidates for transfer to the Natural Areas Program because they are near existing DNR-managed natural areas. Others may warrant nomination as a new natural area.

However, some proposed forests may be too far from existing natural areas to transfer to the Natural Areas Program. Structurally complex forests that are interspersed with other state trust lands would be difficult for the Natural Areas Program to manage. The Natural Areas Program also would need additional funding to cover the cost of managing these lands. In addition, parcels of structurally complex forests that are irregular in shape, rather than the more typical legal parcel, would be cumbersome to transfer.

To mitigate these issues, forests that are not good candidates for the Natural Areas Program could be kept in trust status but permanently deferred from stand-replacement timber harvest. DNR would either not manage these forests at all, or lightly manage *only as necessary* to keep them healthy, safe, and functioning as carbon-dense, structurally complex forests.

Permanently deferring these forests, rather than transferring them out of trust status, would protect their ability to sequester and store carbon, while avoiding lengthy and cumbersome land transactions and the challenge and expense of managing dispersed areas of structurally complex forest under DNR's Natural Areas Program.

Whether the proposed forests are transferred out of trust status or not, they will remain in their current classification until DNR has purchased replacement lands. To enable DNR to select commensurate replacement lands, all areas of carbon-dense, structurally complex forest ultimately selected under Section 1(b) of this proviso will be appraised at fair market value.

Purchase of Replacement Land

Section 1(a) of the budget proviso allots DNR \$70 million to purchase working forest to replace the 2,000 acres of carbon-dense, structurally complex forest identified under Section 1(b). DNR will prioritize the purchase of working forests at risk of conversion to non-forestry uses.

Once sufficient lands are purchased to replace the 2,000 acres of structurally complex forest, remaining funds will be used to purchase working forests for counties in western Washington that have been disproportionately affected by DNR's [State Trust Lands Habitat Conservation Plan](#) (HCP): Clallam, Jefferson, Pacific, Skamania, and Wahkiakum counties. The HCP is a contractual agreement between DNR and the Federal Services⁴ that describes how DNR can meet its fiduciary responsibilities to trust beneficiaries and provide habitat for at-risk species, and is the primary means by which DNR meets the requirements of the federal [Endangered Species Act](#). The HCP includes conservation strategies for northern spotted owl and marbled murrelet habitat. Implementing these two strategies has resulted in harvest restrictions on habitat in these five counties.



Working forest on state trust lands

In addition to ensuring that trust beneficiaries receive the funding they need, all of these purchases will help mitigate climate change in two ways. One, they will keep working forests working, preventing the net loss of stored carbon that can result from conversion to other uses, such as commercial or residential developments. Two, trees planted in working forests absorb carbon rapidly as they grow. Once the trees are harvested, the carbon in wood products made from these trees may continue to be sequestered for the lifespan of that material. As stated in the [Contribution of Working Group III to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change](#), "In the long term, a sustainable forest management strategy aimed at maintaining or increasing forest carbon stocks, while producing an annual sustained yield of timber, fiber, or energy from the forest, will generate the largest sustained mitigation benefit."

Replacement lands purchased under this budget proviso will be placed into the Land Bank for use as replacement land. Created by [RCW 79.19.020](#), the Land Bank is a mechanism that enables DNR to reposition state trust lands without diminishing the corpus (body) of the trust.

Deep River Woods Purchase

DNR is in the process of completing its first major land purchase under this proviso. Called Deep River Woods, this purchase was approved by the Board of Natural Resources at its November 7, 2023, meeting.

Located in Wahkiakum County, the Deep River Woods purchase comprises 9,115 acres of working forest with highly productive soils. Of these, 8,174 acres will be purchased using \$47.8 million of the funding in this proviso. The remaining acres will be purchased for the Common School Trust using existing funding from prior land transactions in the Natural Resources Real Property Replacement Account.

⁴ U.S. Fish and Wildlife Service and NOAA Fisheries

Combined, these 9,115 acres include approximately 1,000 acres of forest that can be harvested now, and roughly 1,050 acres that should become merchantable (trees large enough for harvest) within the next decade. Other areas include younger forest that will require more time to grow, as well as riparian (streamside) forests and non-forested areas such as roads. All parcels are in a prime timber-producing area and located adjacent to existing blocks of state trust lands, making them an ideal addition to the portfolio.

DNR staff will continue to acquire working forests across western Washington utilizing the remaining \$22.2 million in funding. Using the funding in Section 4 of the proviso, DNR has hired a consultant to assist with these purchases.

Taken together, DNR is confident that the transfer or deferral of 2,000 acres of carbon-dense, structurally complex forest and the purchase of working forests with proviso funding will improve the state trust lands portfolio and assist with climate mitigation efforts, placing state trust lands and the people of Washington on a sustainable path forward.

Introduction

The summer of 2015 in Washington State provided a sobering glimpse into a possible future under climate change. The previous winter was warm and the snowpack in the mountains was [well below average](#). Snow melted quickly in the unusually warm days of spring. By late summer, streams fed by snowmelt were running too low and hot for cool-water fish like salmon. Hundreds of thousands of salmon and other fish died⁵.

In the meantime, record high summer temperatures and low rainfall primed the landscape for fire. Wildfires raced across nearly a million acres, destroying 500 structures along with timber⁶. Three firefighters lost their lives and four more were severely burned when their position was overrun by flames. Other impacts include a [toxic algal bloom](#) along the coast amidst a marine heat wave, and agricultural losses due to drought⁷.



2015 Okanogan Complex Fire in Eastern Washington

In coming years, conditions such as these may become more common. According to the [University of Washington’s Climate Impacts Group](#), consistently warmer temperatures anticipated under climate change could affect the type, timing, and amount of precipitation, which in turn could affect streams, forests, and other components of the state’s natural systems.

Washington State lawmakers take this threat very seriously and are taking steps to mitigate it. In 2021, the State Legislature passed the [Climate Commitment Act](#) (SB 5126), which requires Washington to reduce its carbon emissions by 95 percent by 2050. To achieve this goal, the Act directs the Washington Department of Ecology to develop and implement a cap-and-invest program.

In its 2023 legislative session, the Washington State Legislature dedicated a portion of the funding generated from the cap-and-invest program to address carbon sequestration across 2.1 million acres of forested [state trust lands](#) managed by the Washington State Department of Natural Resources (DNR). DNR manages these forests to provide revenue for specific trust beneficiaries such as counties, universities, and public school districts, primarily through timber harvest. DNR also manages these lands to meet specific conservation objectives as well as its responsibilities to Tribes, as will be explained in Part One of this report.

⁵ Washington Department of Fish and Wildlife. 2016. Drought Response 2015.

⁶ Northwest Area Coordination Center. 2019. Significant Incident Summary Spreadsheet for GACC Incidents (GACC is Geographic Area Coordination Center). Incidents over 100 acres or an IMT Type of 1 or 2.

⁷ McLain et al. 2017. 2015 Drought and Agriculture. Washington State Department of Agriculture.

Forests are an important component of climate mitigation efforts because trees sequester (absorb) carbon as they grow and store it in the wood, leaves, and roots. Carbon also is stored in the soil and may continue to be stored in wood products made from harvested trees, in particular durable goods such as furniture and houses.

This sweeping budget proviso includes \$83 million in funding for land purchases and exchanges, silvicultural treatments, establishment of a work group, and a broker to assist DNR with land purchases. The following report is specific to Sections 1 (a-e) and 4 of this proviso.

Section 1 (b): Structurally Complex Forest

Section 1 (b) of this proviso enables DNR to transfer up to 2,000 acres of carbon-dense, structurally complex forest out of trust status. Part One of this report discusses the criteria DNR used to identify these lands, outreach to Tribes and the counties in which these lands are located, and the future management of these lands.

Sections 1 (a, c, d, and e): Land Purchases

This budget proviso includes \$70 million to purchase working forests in Washington counties located west of the Cascade Crest, all of Skamania County, and the western portion of Klickitat County. Purchased lands will replace the 2,000 acres selected under Section 1 (b) of the proviso.

Any additional funding not needed to purchase replacement lands for the 2,000 acres of structurally complex forest will be used to purchase working forest for the western Washington counties most impacted by the implementation of DNR's 1997 [State Trust Lands Habitat Conservation Plan](#) (HCP): Clallam, Jefferson, Pacific, Skamania, and Wahkiakum counties. A contractual agreement between DNR and the Federal Services, the HCP includes conservation strategies for northern spotted owl and marbled murrelet habitat, much of which is located in these counties. Harvest restrictions on habitat in these counties has reduced timber revenue needed for essential services. DNR will designate and manage purchased lands as State Forest Transfer lands, which are a type of state forestlands.



Marbled murrelets nest on the large branches of trees in older forests. Photo courtesy Hammer Environmental.

The budget proviso requires DNR to utilize the Land Bank for these purchases and to prioritize the purchase of lands at risk of conversion to non-forest uses. Part Two of this report discusses the Land Bank, the criteria DNR will use to select these lands, and the first purchase that DNR is making under this proviso.

Section 4: Land Broker

This section of the proviso provides DNR with \$500,000 to hire a consultant to assist with identifying working forests for purchase. DNR has recently hired a consultant through a competitive process. Refer to Part Two of this report for more information.

Part One: Structurally Complex Forest

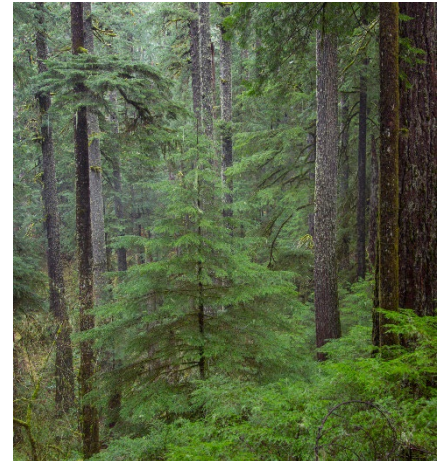
As they grow, forests move through several stand development stages. In the early stages, young trees grow until they fully occupy the site. As the forest continues to develop, the tree canopy closes, preventing light from reaching the forest floor. Forest structure is fairly simple at this stage, with one canopy layer and little-to-no understory.

Over time, the natural forces of competition, wind, fire, insects, and disease start affecting forest structure. Some trees succumb to these forces and become standing dead trees called snags. Others fall over. When trees fall, they can create a gap in the canopy that allows light to reach the forest floor. In this sunny area, new trees begin to grow, forming a second canopy layer. As these processes continue over time, the structure of the forest becomes multilayered and otherwise more complex.

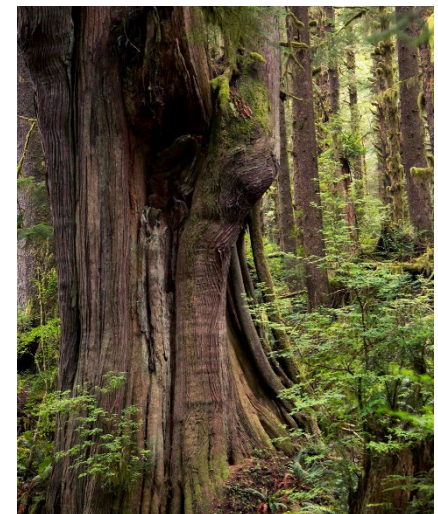
In the DNR publication [Identifying Mature and Old Forest Washington](#), ecologist Dr. Robert Van Pelt describes these later stages of stand development as “Maturation 1 and 2.” In Maturation 1, trees have reached 60 to 70 percent of their ultimate height, the tree canopy is less dense than in earlier stages, and enough light is reaching the forest floor to support shade-tolerant plants in the understory, including young trees.

Forests in the Maturation 2 stage are beginning to develop more diverse structure, including multiple canopy layers and trees of different heights and diameters. Some forests in this stage have trees of impressive size, particularly those growing in the wet coastal areas of Washington.

As explained in the introduction, this budget proviso involves conserving up to 2,000 acres of carbon-dense, structurally complex forest on state trust lands. To meet this requirement, DNR first identified forests that 1) met a minimum threshold for live carbon (in other words, live tree biomass) per acre, and 2) had structural characteristics that are typical of forests in the later stages of stand development, such as Maturation 1 and 2. To determine if forest stands met these structural requirements, DNR used a variety of data, such as trees per acre over a specific diameter and number of canopy layers. DNR used its remote sensing forest inventory system (RS-FRIS) to complete this work. DNR excluded any forests that are already permanently deferred from stand replacement



Young tree growing in a structurally complex forest



Massive western redcedar growing in a structurally complex forest on state trust lands

harvest, for example field-verified old-growth forests deferred under DNR's [Policy for Sustainable Forests](#).

Next, DNR considered where these forests are located on the landscape. To create larger blocks of habitat or provide better continuity between habitat areas, DNR identified carbon-dense, structurally complex forests near riparian (streamside) forests, unstable slopes, northern spotted owl and marbled murrelet habitat, DNR-managed natural areas, and other areas deferred from stand-replacement harvest. DNR also considered whether the forest is adjacent to mature forest on federal land.

County Outreach

DNR has been discussing this proviso with numerous counties across western Washington since July 2023. DNR gave presentations on this topic at the quarterly meeting of the Washington State Association of Counties (WSAC) Timber Counties Caucus, and at individual county council and commissioners' meetings. Many of the individual meetings were held as part of DNR's Collaborative Asset Management Outreach initiative, which involves discussing the management of State Forest Transfer⁸ lands and other trust assets with each county.

During these meetings, some counties nominated forests for inclusion and others requested that no forests be identified in their county. DNR focused its efforts in those counties that indicated a preference for participation in this part of the proviso. Of these, some counties requested that DNR avoid forests that have planned timber sales on state forestlands, to avoid near-term impacts to junior taxing district beneficiaries.

The result of DNR's careful screening process and outreach to counties was a set of proposed forests to meet the 2,000-acre requirement of this budget proviso. DNR has drafted letters for each affected county. Each letter describes the areas being considered under this proviso in their county, and requests the county's concurrence on conserving these forests under this part of the proviso.

Board of Natural Resources

As required by this budget proviso and DNR's own processes, all of these proposed areas will be submitted to the [Board of Natural Resources](#) in mid-December, well ahead of the proviso's December 31 deadline. All forests presented to the Board are subject to change based on Board, County, and Tribal feedback.

⁸ A type of state forestland

Tribal Outreach

DNR recognizes that the lands in its care are the ancestral homelands and territories of native people, and that Tribes have a relationship with these lands that stretches back to time immemorial. For these reasons, DNR has special obligations and responsibilities to Tribes. In respect for the sovereignty of Tribal Nations and their rights, titles, and treaties, one responsibility is to engage in government-to-government relationships to ensure access, protection of cultural resources, and sustainable use of shared natural resources. DNR operates under a set of guiding principles as described in the Commissioner's Order on Tribal Relations and DNR's Tribal Consultation Policy.

For this project, DNR will begin Tribal outreach by sending letters to Tribes that describe the proposed forests and how they will be managed. DNR will follow up as needed through calls, emails, or meetings.

Future Management

DNR's understanding of the budget proviso language is that it may transfer the 2,000 acres of carbon-dense, structurally complex forest out of trust status to its [Natural Areas Program](#). However, DNR also has the flexibility to keep these lands in trust status and permanently defer them from stand replacement harvest instead, in the same manner that DNR permanently defers old-growth forests under its *Policy for Sustainable Forests*. DNR is open to discussion with the Legislature if this understanding of legislative intent is not correct.

Some forests may be good candidates for transfer to the Natural Areas Program because they are near existing DNR-managed natural areas. Others may warrant nomination as a new natural area. The budget proviso grants DNR the authority to transfer lands into new or expanded DNR-managed natural areas without the public hearings required under chapters [79.70](#) and [79.71](#) RCW.

However, some forests may be too far from existing natural areas to transfer to the Natural Areas Program. Structurally complex forests that are interspersed with other state trust lands would be difficult for the Natural Areas Program to manage. The Natural Areas Program also would need additional funding to cover the cost of managing these lands.

In addition, parcels of structurally complex forests that are irregular in shape, rather than the more typical legal parcel, would be cumbersome to transfer. DNR could create more uniformly shaped parcels to make transfer easier, but that may require the inclusion of younger, less-complex forest in the parcel. In that case, DNR would have to transfer significantly more land to reach 2,000 acres of structurally complex forest.

To mitigate these issues, forests that are not good candidates for the Natural Areas Program could be kept in trust status but permanently deferred from stand-replacement timber harvest. DNR would either not manage these forests at all, or lightly manage *only as necessary* to keep them healthy, safe, and functioning as carbon-dense, structurally complex forests.

Permanently deferring these forests from stand replacement harvest, rather than transferring them out of trust status, would protect their ability to sequester and store carbon, while avoiding lengthy and cumbersome land transactions and the challenge and expense of managing dispersed areas of structurally complex forest under DNR's Natural Areas Program.

Whether the selected areas are transferred out of trust status or not, they will remain in their current classification until DNR has purchased replacement lands. To enable DNR to select commensurate replacement lands, all areas of structurally complex forest ultimately selected under Section 1(b) of this proviso will be appraised at fair market value.

DNR currently is deferring stand replacement harvest on all of the proposed areas, but will not officially change the status of any of the 2,000 acres until the final selections are made, and it has deposited sufficient replacement land into the Land Bank. The Land Bank is discussed in Part 2 of this report.

Part Two: Land Purchases

As stated in the introduction, this budget proviso allocates DNR \$70 million to purchase working forests in Washington counties located west of the Cascade Crest, all of Skamania County, and the western portion of Klickitat County. The proviso directs DNR to prioritize the purchase of working forests at risk of conversion to non-forested uses. Converting working forests to other uses can greatly reduce the ability of these lands to sequester and store carbon.

DNR estimates that roughly half of the \$70 million in this proviso may be needed to replace the 2,000 acres of structurally complex forest that will be deferred or transferred out of trust status as described in Part One of this report. The reason is that DNR must replace the land being set aside with land that is commensurate in value. Because the lands being set aside have mature timber, their appraised value could be high.

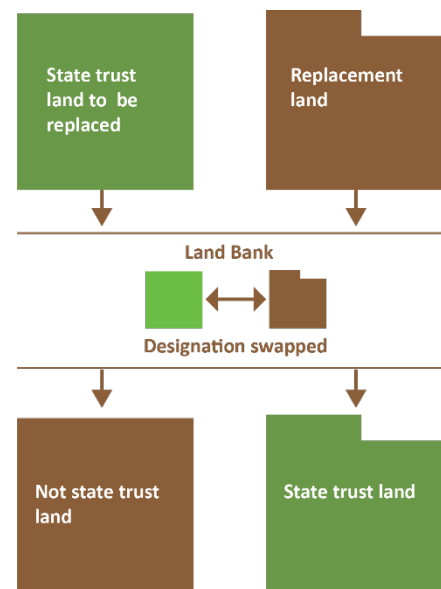
DNR will use remaining funding to purchase lands for the benefit of Clallam, Jefferson, Pacific, Skamania, and Wahkiakum counties. These counties have been disproportionately impacted by the implementation of the HCP, as described in the introduction to this report. DNR will designate these purchased lands as State Forest Transfer lands. All replacement land will be managed under the HCP and DNR's *Policy for Sustainable Forests*.

Once purchased, the budget proviso directs DNR to place the replacement land into the Land Bank. Created by [RCW 79.19.020](#), the Land Bank is a mechanism that enables DNR to reposition state trust lands without diminishing the corpus (body) of the trust.

To use the Land Bank, DNR must first purchase replacement land and place it into the bank. DNR then deposits the land that it wishes to transfer out of trust status or defer from harvest. What happens next depends on the type of land repositioning being completed:

- In the case of a transfer, the trust designation of the two parcels is swapped. The replacement land is assigned the same trust designation as the land being transferred, and the land being transferred is taken out of trust status, meaning it is no longer state trust land (Figure 1). Once the land is out of trust status, it can be transferred into the Natural Areas Program.
- In the case of a deferral, the replacement land is assigned to the same trust as the land being deferred

Figure 1. The Land Bank: Transfers



from harvest. The land being deferred remains in trust status, but is no longer available for stand-replacement harvest (Figure 2).

In both cases, the Land Bank functions as a holding area for replacement land to ensure that the corpus of the trust remains whole until sufficient lands are available to replace the lands being permanently conserved.

Selecting Lands

The opportunity presented by this proviso is to both support carbon sequestration and other ecological goals, and simultaneously maintain or improve the revenue-generating potential of the state trust lands portfolio by buying productive replacement lands as working forests.

With this in mind, DNR is seeking land with soils that are capable of growing timber on a continual basis. The lands should be free of environmental contamination, and should have minimal characteristics that could impede use of the property for long-term revenue generation for DNR's trust beneficiaries. For example, the land should not include a preponderance of potentially unstable slopes, large areas of habitat for federally listed species, or a high concentration of environmentally sensitive areas, such as wetlands. DNR also will ensure that it has access to the property through adjacent lands or the ability to obtain access. Ideally, these parcels will be adjacent to or near other parcels of state trust lands for ease of management.

Section 4 of the budget proviso provides DNR with \$500,000 to engage a consultant to assist DNR with these transactions. Specifically, the contractor will provide DNR with options for purchasing properties that meet or exceed DNR's desired criteria, and assist with developing the purchase and sale agreements with selected property owners. DNR has hired a contractor through a competitive process, and expects them to begin work in December 2023.

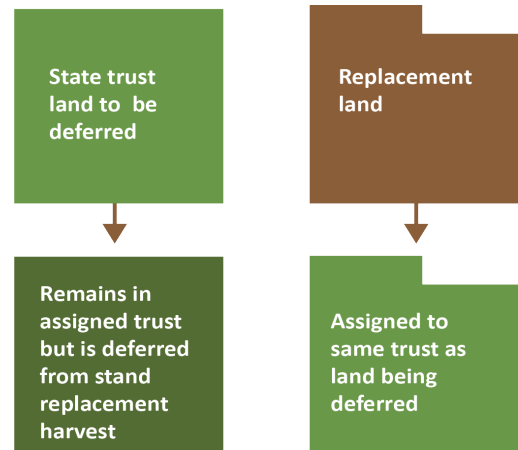
Deep River Woods Land Purchase

DNR is in the process of completing its first purchase of replacement land under this proviso. Called Deep River Woods, this purchase was approved by the Board of Natural Resources at its November 7, 2023, meeting.

Located in Wahkiakum County, the Deep River Woods purchase consists of four parcels:

- Parcel A is 941 acres and is being purchased using existing funds from previous land transactions in the Natural Resources Real Property Replacement Account, *not* the funding allocated by this

Figure 2. The Land Bank: Deferrals



proviso. Once purchased, this parcel will be designated as part of the Common School Trust, which generates revenue for school construction across the state.

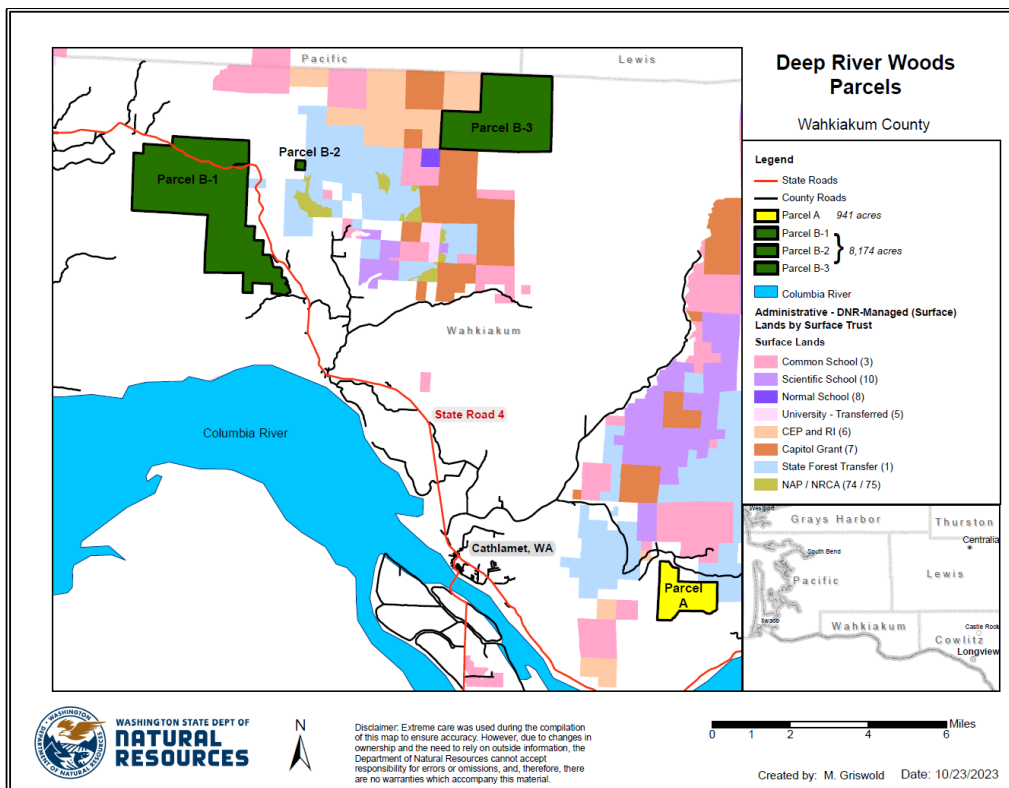
- Parcels B1, B2, and B3 total 8,174 acres and are being purchased with approximately \$47.8 million of the \$70 million in this budget proviso. These parcels will be deposited into the Land Bank for use as replacement lands.

Together, the four parcels comprise 9,115 total acres of working forest with highly productive soils. Combined, these four parcels include approximately 1,000 acres of forest that can be harvested now, and roughly 1,050 acres that will become merchantable (trees large enough for harvest) within the next decade. Other areas include younger forest that will require more time to grow, as well as streamside forests and non-forested areas such as roads. All parcels are in a prime timber-producing area and located adjacent to existing blocks of state trust lands, making them an ideal addition to the state trust lands portfolio.



Mix of stand ages on the Deep River Woods land purchase

DNR staff will continue to acquire working forest across western Washington utilizing the remaining \$22.2 million in funding, prioritizing lands at risk of conversion.



Conclusion

Once a side issue discussed by climate scientists and environmental activists, climate change is now making regular and frequent appearances in video and print media across the world. This past summer included stories of record heat, massive wildfires, catastrophic floods, melting glaciers, and other events. Whether any specific event can be ascribed directly to climate change is uncertain, but taken together, these events underscore a pressing need for action.

The State of Washington took a bold step forward in 2021 with the passage of the Climate Commitment Act, and this budget proviso is another positive step forward toward a more manageable future. This funding will enable DNR to not only conserve carbon-dense, structurally complex forest, but to keep working forests working and simultaneously support trust beneficiaries. Whether conserved or actively managed for timber harvest, forests play a vitally important role in climate mitigation.

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Appendix A: Fiscal Year 2023-25 Capital Budget Proviso, Carbon Sequestration Forests

[Chapter 474](#), Laws of 2023, Section 3130 (1, 2, and 4), pages 148-151

(1)

- a) \$70,000,000 of the appropriation is provided solely to purchase forestland in counties west of the crest of the Cascade Mountains, all of Skamania County, and the western portion of Klickitat County. When feasible and appropriate, the department should prioritize the purchase of lands at risk of conversion to a non-forested use. Once purchased, the land must be considered as part of the land bank created in RCW 79.19.020. The property must be purchased before the transfer of any existing trust land is fully executed. The department must transfer the appropriated amount into the Natural Resources Real Property Replacement Account in accordance with RCW 79.17.210.
- b) Up to 2,000 acres of structurally complex, carbon-dense forestland currently existing on state trust lands may be transferred out of trust status with, prior to the transfer, a letter of support issued to the department by the legislative authority of the county in which the forestland is located. Forestland transferred out of trust status according to this subsection (1)(b) must be replaced with lands purchased in (a) of this subsection (1). Replacement lands must be of equal value to the lands transferred. The department must prepare a preliminary identification of the acres intended to be transferred out of trust status under this subsection (1)(b) and submit it to the Board of Natural Resources no later than December 31, 2023.
- c) The remainder of the new purchased land may be used as exchange land for any encumbered state forestlands in Clallam, Jefferson, Pacific, Skamania, and Wahkiakum counties. Any exchanged land under this purpose must be designated as State Forest Transfer land and be managed under the department's *Habitat Conservation Plan and Policy for Sustainable Forests*.
- d) Forested state trust lands exchanged with lands purchased under this subsection (1) may be designated by the department as Natural Area Preserves or Natural Resource Conservation Areas without being subject to the requirements of Chapter 79.70 and 79.71 RCW. The legislative authority of the county from which the real property was transferred may not request that the department distribute a percentage of the proceeds associated with the valuable materials to the legislative authority of the county from which the real property was transferred.
- e) By December 1, 2023, the department must submit an initial progress report to the legislature on the implementation of this subsection (1).

(4) \$500,000 of the appropriation is provided solely for the department to analyze the appropriateness of using consulting businesses for buying large forest parcels in a competitive marketplace as a way to execute the provisions of this section, and, if appropriate, enter into contracts for that purpose. If the department does not enter into a contract or contracts with consultants for the purposes of purchasing large forest parcels, the funding appropriated for this subsection (4) may be solely used for the purposes of subsection (3) of this section.