

WAC 222-46-090 Financial assurances. (1) The purpose in requiring financial assurances is to ensure that the landowner or operator has sufficient resources to cover any penalties and mitigation measures, which might be assessed.

(2) The department may require financial assurance prior to the conduct of any further forest practices from an operator or landowner who within the preceding three-year period has:

(a) Operated without an approved forest practices application, other than an unintentional operation in connection with an approved application outside the approved boundary of such an application;

(b) Continued to operate in breach of, or failed to comply with, the terms of an effective stop work order or notice to comply; or

(c) Failed to pay any civil or criminal penalty.

(3) The department must deny any application or notification for failure to submit financial assurances as required.

(4) In deciding whether to require financial assurances, the department shall consider:

(a) The organizational size of the operator or landowner;

(b) Whether the violation was self-reported;

(c) The cooperation exhibited when the violation was discovered; and

(d) Any other factors the department believes indicate that financial assurances are, or are not, warranted.

(5) When the department determines that a financial assurance is required, a notice will be issued to the landowner or operator with violations listed above. The notice cannot be appealed. The financial assurances will be required with all future forest practices activities submitted within the time frame indicated in the notice. The notice shall include the following:

(a) A reference to subsection (6) of this section which identifies the criteria for establishing the amount of the financial assurance;

(b) The types of financial assurance which can be submitted;

(c) The time period during which financial assurances will be required with every future application or notification;

(d) A statement that the department must deny any application or notification from a landowner or operator who submits an application or notification without their required financial assurance;

(e) A statement that an application or notification can be appealed pursuant to RCW 76.09.205, and the requirement to submit financial assurances may be challenged at that time.

(6) The amount shall be set by the department within 10 days of receipt of a Class III or IV application, or within 3 days of receipt of a Class II notification. Applicants who have been notified of a financial assurance requirement are encouraged to use the early review process for applications outlined in WAC 222-20-090. In establishing the amount of the financial assurances to be required, the department shall begin with the following base amounts:

Class II Notifications - \$10,000

Class III Applications - \$30,000

Class IV General Applications - \$20,000

Class IV Special Applications - \$50,000

The base amounts listed above are based on an estimate of the potential for civil penalties, fees and required mitigation that could result from noncompliance with forest practices rules and department directives on forest practices applications or notifications of that

classification. The base amounts can be increased or decreased depending on application specific factors including, but not limited to, size of the proposed harvest area, miles of new road construction and road maintenance, proximity to water, proximity to unstable soils, proximity to threatened or endangered species, and types of violations committed by the applicant in the past. In addition, the department should consider the risk to the state of the applicant being unable to pay civil penalties or perform required mitigation work. In weighing this risk, the department should consider the applicant's past history of payment to the department, and any other financial information the applicant chooses to submit to the department. The base amount of financial assurance to be required may be increased or decreased depending on the department's assessment of this risk.

(7) The financial assurance provided shall protect the department and the state from the risk that the landowner or operator may be financially unable to pay civil penalties, fees and/or perform mitigation work required by the department, including mitigation work performed by the department pursuant to RCW 76.09.120, because of violations of the Forest Practices Act or rules. The department may, for any reason, refuse any financial assurance not deemed adequate. The financial assurance provided may be in the following form:

- (a) Bank letter of credit;
- (b) Cash deposit;
- (c) Savings account assignment; or
- (d) Corporate surety bond executed in favor of the department.

(8) The department may obtain compensation from a financial assurance whenever the landowner or operator has failed to pay a civil penalty that is due and owing or has failed to complete mitigation as required. Payment for a specific civil penalty or mitigation does not relieve the surety, operator or landowner of financial responsibility for any other civil penalty or mitigation.

(9) Liability under the financial assurance shall be maintained until all forest practices under the forest practices notification or application issued by the department are completed or until the notification or application expires, and all of the landowner or operator's obligations under the Forest Practices Act and rules are completed to the satisfaction of the department including payment of civil penalties and completion of required mitigation work. Liability under the financial assurance may be released only upon written notification by the department. Notification shall be given upon completion of compliance or acceptance of a substitute financial assurance.

(10) Financial assurances are estimates only. Nothing in this section shall be construed to limit the department's authority to assess and collect civil penalties and fees and to require mitigation work in amounts that exceed existing financial assurances.

[Statutory Authority: RCW 76.09.040. WSR 10-23-077, § 222-46-090, filed 11/15/10, effective 12/16/10. Statutory Authority: Chapter 34.05 RCW, RCW 76.09.040, [76.09.]050, [76.09.]370, 76.13.120(9). WSR 01-12-042, § 222-46-090, filed 5/30/01, effective 7/1/01.]