"Stewards of the land... for generations to come."

Washington FARM FORESTRY ASSOCIATION

P.O. Box 1010
Chehalis, WA 98532
Phone (360) 388-7074
info@wafarmforestry.com
www.wafarmforestry.com

June 3, 2025

Washington Forest Practices Board
1111 Washington St SE
PO Box 47012
Olympia, WA 98504-7012
Sent via email to:
Forest.practicesboard@dnr.wa.gov
Cc: Senator Mike Chapman, Chair Senate Agriculture and Natural Resources committee
Representative Kristine Reeves, Chair House Agriculture and Natural Resources committee
Owen Roe, Senior Policy Advisor for Natural Resources, Office of the Governor

Re: Np Buffer Rulemaking Cost/Benefit Analysis (CBA) and Small Business Economic Impact Statement

The Washington Farm Forestry Association (WFFA) is a membership based non-profit organization that has served as the voice for small forest landowners since 1953. Our objectives include educating small landowners about improved management of forest land, and representing small forest landowners in the legislative process and by participation in the Adaptive Management Program Cooperative Monitoring, Evaluation and Research (CMER) and TFW Policy committees. WFFA also supports educational efforts directed towards the general public regarding the contribution of small forest landowners to the environment and rural economies in Washington. Our members are a part of the forest sector. They represent a cohort of (mostly) larger small forest landowners who contribute to the forest economy while providing intergenerational stewardship of the forests under their care. WFFA submits the following information for the record and to aid in decision making at the Forest Practices Board's (FPB) June 6, 2025 meeting on Non-fish Perennial (Np) buffer rulemaking (hereafter Np rule).

Industrial Economics Corp (IEc) was retained to complete the Cost Benefit Analysis (CBA) and Small Business Economic Impact Statement (SBEIS) for the Np rule as required for rule changed under Washington statute. A WFFA volunteer with over 50 years of forest land appraisal expertise participated in the ad hoc advisory committee to IEc while they completed the CBA and SBEIS. Over the past year WFFA has provided detailed comments to support IEc, including links to data sources on small forest landowners when IEc asserted there were no data available. IEc chose to ignore all that information. The cavalier attitude towards asserting that there were no data to assess small forest landowner impacts was so egregious that we were forced to do some analysis of our own. We had the University of Washington Natural Resource Spatial Infomatics Group (UW team) complete an assessment of immediate impacts of the Np rule. The UW Team developed Washington's forest land database starting with its first iteration in 2007, with major updates in 2019, and then a significant improvement in timber volume assessment completed in 2024 in response to the Climate Commitment Act request for methods to aggregate carbon data for small forest landowners. Their unique state-of-the-art database was used to generate spatially explicit estimates of the impact of the proposed Np rule on western Washington's private forest landowners.

Unlike the other analyses submitted for this rule, (i.e. IEc CBA and the WFPA CBA), the UW Team's forestland database isn't a sample. It's a census. It maps every parcel, who owns it, identifies all forest land down to an acre in size, and integrates it with about 60 data layers in a sophisticated GIS system that can assess nearly any natural resource within Washington's boundary. The database has been used by nearly every natural resource state agency in Washington over the past 2 decades to answer their critical questions. From it we know that over 400,000 stream segments in the DNR hydro layer are untyped, meaning that they are predicted to be non-fish, but it is unknown if they are seasonal (Ns) or perennial (Np). It is also known from prior studies that the DNR hydro layer underestimates the number of streams found when field work commences prior to a timber harvest so estimates built from the hydro layer are likely to be an under-estimate of total impact.

Given that caveat, the UW Team applied the complicated formulas proposed in the Np rule to develop a robust estimate of the change in harvestable acres, timber volume, timber value and carbon value under current rule and under the Np rule proposal. Using the ratio of typed Np to Ns (60%) found in the hydro layer to estimate Np stream length and combining those values with currently typed Np waters the UW Team found that there are 204,000 – 206,000 acres that would no longer be harvestable under the Np rule. This accounts for partial harvest opportunities in the outer parts of the Np rule buffer. This is near the midpoint of the WFPA CBA and more than the IEc estimated upper bound.

Gradient Nearest Neighbor (GNN) data were used by IEc to generate their timber volume and value estimates. The UW Team used their (2024) AI model based on remote sensing, digital aerial photogrammetry (DAP), and all available DNR and USFS Forest Inventory and Analysis (FIA) plot data, to create species and volume estimates that are 25% better than the GNN (gradient nearest neighbor) data as determined by USFS evaluations of each method.

Using Department of Revenue (DOR) data by species they calculated total stumpage value that would be lost to private landowners under the proposed rule. They were also able to generate an estimate of carbon value that would be taken from landowners if the rule is adopted. The changes in harvestable timber value are shown in Table 1 by county. Estimated lost value in Table 1 assumed Type Np streams would be closest to the Type F waters (Np Packed) and remove 204,000 acres from production. Values were calculated for all privately owned forested parcels over 5 acres (minimum size of Designated Forest Land (DFL) parcels).

Table 1 shows that the current standing inventory that would be taken by the Np Rule has a current value of $1.8 Billion. Lost land value, estimated at a conservative $900/acre, increases the immediate asset value loss to $2.0 Billion, or double the upper limit of the IEc CBA cost estimate.

Table 1: Immediate timber asset forfeiture resulting from application of the Np rule on western Washington's Private Forest Landowners by County.

Water Typing Assumption: Buffer 60% of Unknown As Np Packed (closest to fish streams) For all Western Washington Private Forest Lands for parcels with forest cover of 5 acres or more.						
		Estimated immediate stumpage value lost to the proposed Np buffer rule based on species specific log prices from DOR stumpage value tables Jan-June 2025				**Timber Excise Tax Impact calculated at 5%**
Impact ranking by lost asset value	County	Current harvestable inventory value	Proposed harvest inventory value	**Change in harvestable value**	**% Change**	*** (Total not yearly.)**
6	**Clallam**	$1,837,640,183	$1,757,123,801	-$80,516,382	-4.4%	-$4,025,819
16	**Clark**	$922,543,639	$888,970,039	-$33,573,601	-3.6%	-$1,678,680
3	**Cowlitz**	$3,597,641,990	$3,352,262,187	-$245,379,803	-6.8%	-$12,268,990
4	**Grays Harbor**	$3,407,343,376	$3,191,309,241	-$216,034,134	-6.3%	-$10,801,707
19	**Island**	$825,011,669	$820,971,509	-$4,040,159	-0.5%	-$202,008
10	**Jefferson**	$1,450,451,504	$1,395,655,037	-$54,796,467	-3.8%	-$2,739,823
9	**King**	$2,225,772,010	$2,159,120,326	-$66,651,683	-3.0%	-$3,332,584
17	**Kitsap**	$978,078,947	$962,803,146	-$15,275,802	-1.6%	-$763,790
1	**Lewis**	$5,130,018,561	$4,758,848,414	-$371,170,148	-7.2%	-$18,558,507
14	**Mason**	$1,893,366,546	$1,852,504,743	-$40,861,803	-2.2%	-$2,043,090
2	**Pacific**	$2,183,976,439	$1,924,323,736	-$259,652,702	-11.9%	-$12,982,635
7	**Pierce**	$2,362,927,135	$2,286,379,447	-$76,547,688	-3.2%	-$3,827,384
18	**San Juan**	$971,601,181	$967,482,473	-$4,118,707	-0.4%	-$205,935
5	**Skagit**	$2,305,748,777	$2,207,308,056	-$98,440,721	-4.3%	-$4,922,036
15	**Skamania**	$676,321,258	$640,959,589	-$35,361,668	-5.2%	-$1,768,083
12	**Snohomish**	$2,247,559,137	$2,199,722,800	-$47,836,337	-2.1%	-$2,391,817
13	**Thurston**	$1,417,322,453	$1,372,414,806	-$44,907,647	-3.2%	-$2,245,382
8	**Wahkiakum**	$625,736,755	$557,374,538	-$68,362,217	-10.9%	-$3,418,111
11	**Whatcom**	$1,445,016,503	$1,394,401,898	-$50,614,605	-3.5%	-$2,530,730
	Grand Total	$36,504,078,062	$34,689,935,789	-$1,814,142,273	-5.0%	-$90,707,114

While the most recent IEc CBA asserts that carbon values are of minimal importance, in prior drafts they asserted that the carbon value of retained buffers provided a worldwide benefit in reduced carbon emissions. Nothing could be further from the truth as life cycle analysis of PNW forests shows that greatest carbon benefit to the atmosphere arises from how wood is used and for how long[1]. What is critical in this analysis is that by removing acreage from the forest land base, any opportunity for landowners to avail themselves of carbon value through carbon credit sales is lost. It is lost because carbon credit sales require

[1] https://corrim.org/wp-content/uploads/2022/11/The-Plant-a-Trillion-Trees-Campaign-to-Reduce-Global-Warming-Fleshing-Out-the-Concept.pdf

additionality, meaning that carbon left in the forest must be additional to what would have happened without the credit sale. If trees are removed from the harvest land base by regulation, they are no longer additional. Therefore, there is a carbon cost that needs to be included in the analysis. Using a conservative estimate of $50/ton of carbon, the UW Team calculated that the carbon value lost under the Np rulemaking is $461M. So, in total the immediate asset value loss to western Washington private forest landowners is easily $2.275B in today's dollars plus lost land value of $184M. This DOES NOT include the additional impacts of lost revenue to counties through lost excise tax ($90M), economic multiplier effects, and loss in future values. Those values, as shown by IEc and the WFPA CBA ($5-8B), are easily in the multi-billion-dollar range assuming that our mill infrastructure can survive the supply shock that this Np rule would deliver. If the mill infrastructure were to decline, the lost value would be even higher. This immediate asset value loss has been segregated into small forest landowner, industrial and other private in Table 2.

Table 2: Immediate timber and carbon asset forfeiture resulting from application of the Np rule by landowner type for western Washington's Private Forest Landowners.

	WWA SFLO (5-2500 acres)	WWA Industry	Conservation/Utility/ Real Estate and NIPF> 2500 ac	WWA All Private
total lost timber value	-$276,884,015	-$1,455,510,007	-$81,748,251	-$1,814,142,273
total lost carbon value	-$69,221,564	-$372,289,183	-$19,913,690	-$461,424,438
total lost timber and carbon value	-$346,105,579	-$1,827,799,191	-$101,661,941	-$2,275,566,711

Simply put, these data do not support the Forest Practices Board accepting the CBA and SBEIS findings as sufficient to proceed with the Np rulemaking as a least cost alternative. Furthermore, the IEc SBEIS asserts that there will be a disproportionate impact on small forest landowners, though they provide no data to support it. They also assert in the SBEIS that because Washington has a Forest Riparian Easement Program (FREP), landowners will be compensated for this taking. In theory, 90% of the lost timber value could be obtained from the state under RCW 76.13.120 and RCW 76.13.140, if and when small forest landowners have an adjacent commercial harvest with some limits. Estimated **extra** costs from the state coffers for the Np rule change would be in the range of $250M (90% of 276M) based on current forest inventory and value. WFFA works hard every biennium to advocate for full funding of FREP to meet current needs. In state budget deficit years, we struggle to meet that goal. In state budget surplus years, it's easier, but it is never easy to ensure that the funds are there to meet the need. Assuming FREP will have the funds to triple its payments to small forest landowners is not supported by historical precedent, or by current budget realities.

There is significant variance in the estimates between the three methods that were used to identify impacts (IEc, WFPA CBA, and UW Team). While each method has some scientific uncertainty associated with it, in all cases the impact is massive without any clear and substantial benefit articulated in the CBA. While the proposed Np rule generates significant impacts to all private forest landowners, analysis shows that small private forest landowners take a massive hit to their asset value, lose carbon market opportunities and there is no clear mitigation path and no plan to develop one. Forcing the legislature to use appropriated funds to cover these increased FREP liabilities generated by advancing the Np rule, for perceived public benefit that has not been articulated in the CBA is problematic at best.

In short, the Np rule is the most significant taking of private forestland, since the 1999 Forests and Fish law.

In 1999, we passed a law to protect salmon habitat in forested areas, protect endangered species, provide for clean water, and ensure logging could continue. In this voluntary, negotiated agreement, private forest landowners gave up billions in timber and land value, and spent millions to address roads and water crossings. In return, we were promised 50 years of stability in rules, a collaborative adaptive management process to tweak the rules as necessary, and support for small forest landowners, including a map-based rule. Fast forward 25 years and we are on the cusp of another taking, with no clear plan for the future and certainly no map-based rule. In contrast to 1999, this taking does not address salmon recovery as the streams involved are - by definition - non-fish bearing. Proponents say adding these continuous buffers will result in cooler water flowing into our fish-bearing streams. That may be true, though the paucity of study sites used to develop this rule found insignificant measurable change downstream; none of which exceeded the threshold for beneficial designated uses (16C) needed for our cold-water fish species. On 2 of 14 sites where maximum harvest levels were tested, there were instances of too much temporary warming for some of our fish species, <u>if they had been in these waters</u>. These same tests also showed that current rules on non-fish streams meet the maximum temperature thresholds (designated use threshold for coldwater fish species of which there are none in non-fish streams), even during the hot summers we've had over the past 15 years.

In essence, the Np rule is looking for a problem to solve. The problem came in the form of an interpretation of the Department of Ecology's Tier II Antidegradation standard that was changed in 2017 to assert no temperature change is allowed beyond 0.3C, no matter if the water is already cold enough. At the last minute (May 14th FPB meeting), that interpretation was modified, thus nullifying years of effort to design solutions within the 0.3C temperature change limit.

If this rule is adopted, it will be a definitive nail in the coffin of the forest sector in this state and all the economic, ecological, and social benefits that go with it. So to individual board members my question is: **What greater good do you perceive will be achieved by obliterating an industry, the lifestyle of 1000's of small forest landowners, and all the rural communities that go with it?**

And to the FPB as a whole: **Why is the FPB proposing to remove billions of dollars in value from private forest landowners and the rural forestry dependent communities, for the sake of a rule interpretation that has just been retracted?** And **What is your justification for accepting a CBA that characterizes an immediate asset forfeiture value of $2.275B to private forest landowners as somehow less than some amorphous, feel-good qualitative benefits as stated in the CBA you are using to justify the CR102 for the Np rule?** Please pause the Np rule making to look at other options given the recent shift in Department of Ecology language on the 0.3C warming limit.

Thank you.

Elaine Oneil, PhD
Executive Director
Washington Farm Forestry Association
Stewards of the Land, For Generations to Come