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

Washington FARM FORESTRY ASSOCIATION

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Special Washington Forest Practices Board Meeting
June 6, 2025

Chairman Young and members of the Forest Practices Board, my name is Victor Musselman. I am a Past President of the Washington Farm Forestry Association and a current chapter president. I am also a retired consulting forester with 51 years' experience in forest appraisal and economic analysis of the forest products industry, including as an expert witness in taking cases.

The Appraisal Institute Dictionary of Real Estate Appraisal defines a real property taking as "The application of police power restrictions to a parcel, or parcels, of land that are so restrictive as to preclude any reasonable use." If any significant benefits will accrue to a real property taking, economic theory and Washington State Courts allow those benefits to be added to the fair market value of the property to mitigate the taking.

IEc estimated that the value of the benefits of the proposed Type Np rule would range from $170 million to $210 million over 10 years with an average of $190 million. To convert that number to a market value of those benefits, it is necessary to calculate the Present Net Worth of the $190 million at the current forestland market discount rate of 4% which would equal $184 million. Using the $2 billion figure mentioned in Dr. Elaine Oneil's letter to this Board as a total value of private land that will be affected by the new rule, the $184 million represents an additional 9% in value. This would not be considered significant enough to mitigate a taking that will result from the proposed rule if adopted.

The Washington State Court system prefers the Before and After method of arriving at the market value of a taking for just compensation. The study completed by the University of Washington Natural Resources Spatial Informatics Group resulted in a total estimated lost timber value of $1.814 billion to all private forestland owners in Western Washington if the proposed Type NP rule is adopted. Adding in a land value of $184 million would result in a total before value of $1.998 billion.

Currently the market value that is assigned to stream buffers by forest appraisers ranges from $0 to $200 per acre. Using a median of $100 would result in an after value of the taking of $20 million. Therefore a market value of $1.978 billion would be the value of a taking that could be claimed in a court of law.

Thank you for your time!