

FISCAL NOTE

HB 427 - SB 1584

March 12, 1999

SUMMARY OF BILL: Among other things:

- (1) Transfers the Division of Forestry from the Department of Agriculture to the Department of Environment and Conservation and requires the commissioner to administer and enforce the provisions of the bill.
- (2) Requires any landowner who has an beneficial interest in more than 100 acres of land and who intends to engage in commercial harvesting on 20 or more acres within a 12 month period to obtain a permit
- (3) Requires the TWRA to provide the Division of Forestry with a standard list of recommendations by species to protect the habitats of wildlife if the application impacts an adjacent state park, natural area, wildlife management area or federally owned land.
- (4) Requires the Division of Forestry to make inspections on harvesting operations and issue notices of violations to the responsible landowner, timber owner or operator. Violators may be assessed a penalty not to exceed \$5,000 with each day of violation to constitute a separate violation. The Division of Forestry shall collect penalties which shall be retained for administration and enforcement; violators will be guilty of a Class A misdemeanor.
- (5) Requires the Division of Forestry to design a licensing program and obtain permit fee of \$200 from master loggers.
- (6) Requires certain chip mills or other facilities intending to use at least 250,000 tons of pulpwood forest resources in a year to obtain a permit and submit a fee of \$2,000.
- (7) Provides that a severance tax would be levied on pulpwood harvested in this state at a percentage of the current average stumpage market value of timber at a rate to produce revenue sufficient to administer this act, but in no case shall be less than 3%. The commissioner shall establish conversion tables to be used for converting board feet and cord to tons for the purpose of assessing the tax.
- (8) Establishes penalties for persons attempting to evade payment of the tax.
- (9) Provides that 80% of the collected severance tax would be allocated to the Division of Forestry and 20% would be returned to the county in which the pulpwood severance tax occurred and designated for road repair, erosion control or stream repair.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$1,500,000 Recurring
\$850,000 One-Time**

**Increase State Revenues - Exceeds \$2,000,000 FY99-00
Exceeds \$1,500,000 FY00 and thereafter**

**Increase Local Govt. Revenues - Exceeds \$400,000 FY99-00
Exceeds \$300,000 FY00 and thereafter**

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Estimate assumes:

- a one-time increase to the Department of Revenue of \$98,000 for computer changes and equipment and \$752,000 in the Division of Forestry for equipment and training.
- the addition of 31 positions in the Division of Forestry and four positions in the Department of Revenue to administer the bill.
- most logging sites will have to secure a permit and be inspected
- the Department of Revenue will enforce the tax provisions of the bill.
- an increase in state revenue allocated to the Division of Forestry for costs incurred in carrying out the provisions of this bill and an increase in local government revenues from the severance tax designated for road repair, erosion control or stream repair.
- the tax rate will be set at a rate sufficient to fund the program.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director