

April 7, 2008

Funding Timber Harvest Plan Review and Enforcement

LEGISLATIVE ANALYST'S OFFICE

Presented to:

Senate Budget and Fiscal Review, Subcommittee No. 2
Hon. Alan Lowenthal, Chair





Timber Harvest Plan (THP) Review and Enforcement

- ☒ ***Required Under Existing Statute.*** The Forest Practice Act requires timber harvesters to comply with a THP. The THPs describe the proposed logging methods and any required environmental mitigation measures.
- ☒ ***Performed by Multiple State Agencies.*** THPs are reviewed and enforced by the Department of Forestry and Fire Protection (the lead agency), the Department of Fish and Game, the Department of Conservation, and the Regional Water Quality Control Boards.
- ☒ ***No THP Review Fee in Place.*** Currently, THP proponents are not required to pay a THP review fee to cover the general cost of state agencies to review and monitor compliance with THPs. However, the Department of Fish and Game charges a nominal fee of \$850 per THP application as a "CEQA-equivalent process" fee set in statute (this only partially covers that department's review costs).
- ☒ ***The THP Review Generally Funded From General Fund.*** Under the current workload budget (before making any proposed budget-balancing reductions), the cost of THP review and enforcement across all state agencies is \$24 million, with about \$23 million funded from the General Fund.
- ☒ ***Governor's Proposed Budget-Balancing Reductions.*** The Governor proposes General Fund budget-balancing reductions totaling about \$1.9 million across the four agencies involved in THP review and enforcement. No alternative funding source is proposed to offset these reductions.



LAO Recommendation to Fund THP Review and Enforcement With Fees



Recommend Funding THP Review With Fees. We recommend the Legislature enact trailer bill legislation to establish a new, single THP review fee to fully fund THP review and enforcement across all agencies. This will offset the proposed budget-balancing reductions and create \$21.2 million in additional General Fund savings.



Enact THP Fee Based on the Value of Timber Harvested. We recommend that the THP fee be assessed on the value of timber to be harvested under a THP. This would allow the fee to be collected by the Board of Equalization when it collects the existing timber tax (in lieu of property tax on timber). It would also collect fees roughly in proportion to the revenues generated from the harvesting and thus also in proportion to the economic benefits of timber production allowed by the THP.

Funding for Timber Harvest Plan (THP) Review and Enforcement

2008-09
(In Thousands)

Agency	Workload Budget, All Funds ^a	Governor's Proposed Budget-Balancing Reductions	Current Fee or Special Fund Revenues	LAO Recommended New Fee Revenues
Conservation ^b	\$2,595	-\$190	—	\$2,595
Forestry and Fire Protection	13,657	-870	\$637	13,657 ^c
Fish and Game	3,500	-350	443	3,500 ^d
State Water Resources Control Board	4,400	-440	—	4,400
Totals	\$24,152	-\$1,850	\$1,080	\$24,152

^a Before Governor's proposed General Fund budget-balancing reductions. All funds General Fund except where specified.

^b The Department of Conservation's THP Review budget includes \$700,000 from Forestry and Fire Protection.

^c We recommend shifting support for the total cost of the program to the new fee, reducing the current support from several special fund sources that totals \$637,000.

^d We recommend shifting support for the total cost of the program to the new fee, eliminating the current fees of \$443,000.