

HOUSE BILL NO. 605
INTRODUCED BY J. JAYNE

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THAT STATE LAND TIMBER SALE COSTS AND REVENUE BE ACCOUNTED FOR AND REPORTED ON A TIMBER SALE BASIS; PROVIDING FOR THE REPORTING AND AUDITING OF INFORMATION; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1. Definitions.** As used in [sections 1 through 5], the following definitions apply:

(1) (a) "Costs" means department administrative, personnel, operations, and capital costs directly associated with the timber sale, including but not limited to:

(i) timber sale preparation, delineation, analysis, marking, cruising, and other field efforts taken to define and describe the natural and physical attributes of the sale;

(ii) public involvement efforts, including any environmental and economic analyses of the sale;

(iii) timber sale contract marketing, bid selection, management, administration, enforcement, and legal costs;

(iv) the amount of sale revenue or income that is deducted under:

(A) 77-1-109 for deposit into the trust land administration account;

(B) 77-1-607 for deposit into the resource development account; and

(C) 77-1-613 for deposit into the state timber sale account;

(v) road construction and improvement, weed control, gate installation and other traffic management, water and soil management controls, and slash and forest debris management;

(vi) soil preparation, planting, reforestation, and revegetation; and

(vii) any other costs incidental or unique to the subject timber sale that, without the sale, would not have been incurred by the department.

(b) The term does not include:

(i) indirect or administrative costs necessary for department management above the department's forest management bureau level other than those indirectly accounted for in subsection (1)(a)(iv);

(ii) the department's forest land fire protection costs or costs for other general forest management

activities that would have ordinarily occurred in the absence of the subject timber sale.

(2) "Revenue" means:

(a) money paid or offered to be paid to the state by the successful bidder for the merchantable timber sold or offered for sale by the department;

(b) funds obtained by the department from the forfeiture of any bonds provided by a bidder for merchantable timber sold by the department; and

(c) forest improvement fees paid by the successful bidder under 77-5-204, identified and accounted for separately for each sale.

NEW SECTION. Section 2. Timber sale cost accounting. (1) The department shall identify and account for the agency costs incurred and the revenue generated for each timber sale initiated under this part and shall report as much of the information as is available at the time of the sale to the board prior to board approval of each timber sale under 77-5-205.

(2) The board may not approve and confirm a sale of timber from state land without receipt and review of the information required in subsection (1).

(3) Costs and revenue for each timber sale must be reported and identifiable through the use of the statewide accounting system by establishing a separate accounting unit for each timber sale regardless of whether or not the timber sale is ever sold and harvested.

NEW SECTION. Section 3. Reporting. In addition to providing the report to the board in [section 2], the department shall provide the final timber sale cost and revenue totals for each timber sale to the board within 6 months of the completion of each sale. The report must indicate the net revenue or loss to the state and to each respective trust for each timber sale and must include the finalized information from the report provided in [section 2].

NEW SECTION. Section 4. Auditing of reports. The department shall make its timber sale accounting information available upon request to any person, trust beneficiary, legislative auditor, or independent auditor.

NEW SECTION. Section 5. Net timber sale income report. The board shall annually prepare and provide to each trust beneficiary a report showing the revenue, costs, and net income for each timber sale for

which timber is sold and for each timber sale that is completed during the previous fiscal year. Timber sale costs and revenue must be reported separately by beneficiary. The report must be provided to each beneficiary at the end of the fiscal year beginning with the fiscal year ending June 30, 2004.

NEW SECTION. **Section 6. Codification instruction.** [Sections 1 through 5] are intended to be codified as an integral part of Title 77, chapter 5, part 2, and the provisions of Title 77, chapter 5, part 2, apply to [sections 1 through 5].

NEW SECTION. **Section 7. Effective date.** [This act] is effective July 1, 2003.

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