IDAPA 20 – IDAHO DEPARTMENT OF LANDS

Timber Management Bureau

20.02.14 – Rules for Selling Forest Products on State-Owned Endowment Lands

Who does this rule apply to?
Purchasers of state endowment timber sales and forest products.

What is the purpose of this rule?
This rule governs the selling of forest products from state endowment lands and sets minimum requirements for timber sale auctions, initial deposits and bonding, stumpage and interest payment, and timber sale cancellation and termination.

What is the legal authority for the agency to promulgate this rule?
This rule implements the following statutes passed by the Idaho Legislature:

Forestry, Forest Products and Stumpage Districts -
Log Scaling:
- Section 38-1201, et seq., Idaho Code – Log Scaling

Public Lands -
Department of Lands:
- Section 58-104(6), Idaho Code – State Land Board — Powers and Duties
- Section 58-105, Idaho Code – Director

Idaho Administrative Procedure Act:
- Section 67-5201, et seq., Idaho Code – Idaho Administrative Procedure Act

Who do I contact for more information on this rule?

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This rule chapter will be reviewed in compliance with Section 67-5292, Idaho Code, and in accordance with the 8-year rule review schedule linked here.

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20.02.14 – RULES FOR SELLING FOREST PRODUCTS ON STATE-OWNED ENDOWMENT LANDS

000. LEGAL AUTHORITY.
This chapter is adopted under the legal authority of Sections 38-1201, et seq.; 58-104(6); 58-105; 67-5201, et seq.; Idaho Code. (4-6-23)

001. SCOPE.
These rules govern the selling of forest products from state endowment lands. (4-6-23)

002. -- 009. (RESERVED)

010. DEFINITIONS.

01. **Board**. The Idaho State Board of Land Commissioners. (4-6-23)

02. **Contract**. Timber sale contract in a form prescribed by the Department. (4-6-23)

03. **Department**. The Idaho Department of Lands. (4-6-23)

04. **Development Credits**. A stumpage credit received by the purchaser for road construction and improvements. (4-6-23)

05. **Director**. The director of the Idaho Department of Lands or his designee. (4-6-23)

06. **Forest Products**. Marketable forest materials. (4-6-23)

07. **Net Appraised Value**. The minimum estimated sale value of the forest products after deducting the development credit. (4-6-23)

08. **Net Sale Value**. The final sale bid value of the forest products after deducting the development credit. (4-6-23)

09. **Purchaser**. A successful bidder for forest products from a state sale who has executed a timber sale contract. (4-6-23)

011. -- 018. (RESERVED)

019. FIREWOOD AND OTHER PERSONAL USE PRODUCT PERMITS.
Forest product permits for personal use will be sold on a charge basis. The Director will determine permit rates and maximum permit values. (4-6-23)

020. DIRECT SALES.
The sale of forest products without advertisement may be authorized by the Director if the net appraised value does not exceed the maximum value established by the Board. The duration of a direct sale is six (6) months. The purchaser must furnish an acceptable performance bond in the amount of thirty percent (30%) of the sale value with a minimum bond of one hundred dollars ($100). (4-6-23)

021. TIMBER SALES.
Timber sales exceed the net appraised value or volume for direct sales established by the Board. (4-6-23)

022. -- 025. (RESERVED)

026. ANNUAL SALES PLAN.
The Department's annual sales plan will be presented to the Board for approval annually and upon approval made available to all interested parties. The plan may be altered to respond to changing market conditions or to expedite the sale of damaged or insect-infested forest products. (4-6-23)

027. -- 030. (RESERVED)

031. TIMBER SALE AUCTIONS.

01. **Requirements**. Timber and Delivered Products sales must be sold at public auction. (4-6-23)

02. Requirements for Bidding. Bidders must: (4-6-23)

a. Present a bid deposit in a form acceptable to the State in the amount of ten percent (10%) of the net appraised value. (4-6-23)

b. Not be delinquent on any payments to the State at the time of sale. (4-6-23)

c. Not be a minor as defined in Section 32-101, Idaho Code. (4-6-23)

d. If a foreign corporation, have a completed and accepted foreign registration statement with the secretary of state and comply with Title 30, Chapter 21, Part 5, Idaho Code in order to do business in Idaho and be eligible to bid on and purchase State timber. (4-6-23)

032. INITIAL DEPOSIT AND BONDS.

01. Initial Deposit. The initial deposit (ten percent (10%) of net sale value) is paid in cash and retained by the state as a cash reserve for the duration of the contract; the purchaser is not entitled to any interest earned thereon. All or a portion of the initial deposit may be applied to charges as the contract nears completion. Any remaining initial deposit will be forfeited in the event the contract is terminated without being completed. (4-6-23)

02. Performance Bond. A bond of sufficient amount to ensure compliance with he terms and conditions of the sale contract or fifteen percent (15%) of the net sale value of the forest products (whichever is greater) must be executed within thirty (30) days from the date of sale and prior to contract execution. Failure to fully perform the contract may result in forfeiture of all or part of the performance bond. (4-6-23)

03. Payment Bond. Prior to cutting any forest products, the purchaser must provide a bond acceptable to the Department as assurance of payment for products to be cut or removed, or both, within the succeeding ninety (90) days. The Department will determine the payment bond amount on delivered product sales. Failure to make full and timely payment per contract terms may result in forfeiture of all or a portion of the payment bond. (4-6-23)

033. -- 040. (RESERVED)

041. STUMPAGE AND INTEREST PAYMENT.
The Department will prepare and forward to the purchaser a monthly stumpage summary of forest products measured during the prior month and a statement of account. The statement will include interest computed from the date of sale to the date of the billing at a rate specified in the contract. The purchaser must make payments within thirty (30) days of the end of the billing period or the payment is considered delinquent. Interest will not be charged on delivered product sales. (4-6-23)

042. TIMBER SALE CANCELLATION.
It is the purchaser's responsibility to initiate cancellation by submitting a written request to the applicable supervisory area office. Once the cancellation process has finished, any credit balances and all cash bonds will be returned and/or transferred to other timber sale accounts within forty-five (45) days, as requested by the purchaser. (4-6-23)

043. PREMATURE TIMBER SALE TERMINATION.

01. Request. A timber sale purchaser may, for reasons of hardship, make written request to terminate a timber sale contract before harvesting is completed. In such cases, the Board will determine if a hardship exists and if the contract should be terminated. (4-6-23)

02. Termination Policy. (4-6-23)

a. The Board may authorize premature termination of any sale under any terms considered reasonable and appropriate. Any remaining amount of the ten percent (10%) initial deposit will be retained in full and applied towards assessed damages and may not be used as payment for forest products cut and/or removed. Assessed damages in excess of the initial deposit will be applied against the performance bond. (4-6-23)

b. The following damages will be assessed by the Board for premature sale terminations. The Board will seek payment: (4-6-23)

i. Of the value of the overbid for the uncut residual volume. For example, if white pine had been bid up by five dollars ($5) per thousand board feet over the appraised price and there are one hundred thousand (100,000) board feet of white pine remaining on the sale area, the purchaser will be assessed five hundred dollars ($500) upon termination. (4-6-23)

ii. Of the accrued stumpage interest due the endowed institutions based on the interest rate specified in the contract and calculated on all remaining volume from the date of sale to the date the Board approved termination of the contract. (4-6-23)

iii. For any credits given for developments that remain incomplete at the time of termination. (4-6-23)

iv. For estimated Department costs associated with reoffering the timber sale. (4-6-23)

v. For other expenses including, but not limited to, legal costs and Department staff time. (4-6-23)

c. If logging has occurred on the sale, the purchaser must complete the units that have been partially logged according to contract standards and complete all development work as specified in the contract to the extent of allowances that have been credited to the purchaser. (4-6-23)

d. The purchaser who has terminated a timber sale contract is not eligible to rebid that particular sale unless specifically authorized to do so by the Board. (4-6-23)

044. -- 999. (RESERVED)