



Ohio Revised Code

Section 1503.05 Timber sale agreements.

Effective: October 3, 2023

Legislation: House Bill 33

(A) The chief of the division of forestry may sell timber and other forest products from the state forest, state forest nurseries, and federal lands in accordance with the terms of an agreement under section 1503.271 of the Revised Code whenever the chief considers such a sale desirable. With the approval of the attorney general and the director of natural resources, the chief may sell portions of the state forest lands when such a sale is advantageous to the state.

(B) Except as otherwise provided in this section, a timber sale agreement shall not be executed unless the person or governmental entity bidding on the sale executes and files a surety bond conditioned on completion of the timber sale in accordance with the terms of the agreement in an amount determined by the chief. All bonds shall be given in a form prescribed by the chief and shall run to the state as obligee.

The chief shall not approve any bond until it is personally signed and acknowledged by both principal and surety, or as to either by the attorney in fact thereof, with a certified copy of the power of attorney attached. The chief shall not approve the bond unless there is attached a certificate of the superintendent of insurance that the company is authorized to transact a fidelity and surety business in this state.

In lieu of a bond, the bidder may deposit cash, negotiable certificates of deposit, or irrevocable letters of credit issued by any bank organized or transacting business in this state having a par value equal to or greater than the amount of the bond.

The cash or securities shall be deposited on the same terms as bonds. If one or more certificates of deposit are deposited in lieu of a bond, the chief shall require the bank that issued any of the certificates to pledge securities of the aggregate market value equal to the amount of the certificate or certificates that is in excess of the amount insured by the federal deposit insurance corporation. The securities to be pledged shall be those designated as eligible under section 135.18 of the Revised Code. The securities shall be security for the repayment of the certificate or certificates of deposit.



Upon a deposit of cash, certificates of deposit, or irrevocable letters of credit described in division (B) of this section, the chief shall hold them in trust for the purposes for which they have been deposited. If the bidder deposits cash, the cash shall be credited to the performance cash bond refunds fund created in section 1501.16 of the Revised Code. If the bidder deposits certificates of deposit or letters of credit, the chief is responsible for the safekeeping of those certificates or letters. A bidder making a deposit of cash, certificates of deposit, or letters of credit may withdraw and receive, from the chief, all or any portion of the cash, certificates of deposit, or letters of credit upon depositing with the chief other negotiable certificates of deposit or irrevocable letters of credit that are equal in par value to the par value of the cash, certificates of deposit, or letters of credit withdrawn.

A bidder that deposits negotiable certificates of deposit may demand and receive from the chief all interest or other income from any such certificate as it becomes due. If certificates so deposited with and in the possession of the chief mature or are called for payment by their issuer, the chief, at the request of the bidder who deposited them, shall convert the proceeds into other negotiable certificates of deposit, or cash as the bidder designates.

When the chief finds that a person or agency has failed to comply with the conditions of the person's or governmental agency's bond, the chief shall make a finding of that fact and declare the bond, cash, certificates, or letters of credit forfeited. The chief thereupon shall certify the total forfeiture to the attorney general, who shall proceed to collect the amount of the bond, cash, certificates, or letters of credit.

In lieu of total forfeiture, the surety, at its option, may cause the timber sale to be completed or pay to the chief the cost thereof.

All money collected as a result of forfeitures of bonds, cash, certificates, and letters of credit under this section shall be credited to the state forest fund created in this section.

(C) The chief may grant easements and leases on portions of the state forest lands and state forest nurseries under terms that are advantageous to the state, and the chief may grant mineral rights on a royalty basis on those lands and nurseries, with the approval of the attorney general and the director.



(D) All money received from the sale of state forest lands, or in payment for easements or leases on or as rents from those lands or from state forest nurseries, shall be paid into the state treasury to the credit of the state forest fund, which is hereby created. In addition, all money received from federal grants, payments, and reimbursements, from the sale of reforestation tree stock, from the sale of forest products, other than standing timber, and from the sale of minerals taken from the state forest lands and state forest nurseries, together with royalties from mineral rights, shall be paid into the state treasury to the credit of the state forest fund. Any other revenues derived from the operation of the state forests and related facilities or equipment also shall be paid into the state treasury to the credit of the state forest fund, as shall contributions received for the issuance of Smokey Bear license plates under section 4503.574 of the Revised Code and any other money required by law to be deposited in the fund. Any revenue generated from agreements entered into under section 1503.271 of the Revised Code shall be deposited in the fund.

The state forest fund shall not be expended for any purpose other than the administration, operation, maintenance, development, or utilization of the state forests, forest nurseries, and forest programs; for facilities or equipment incident to them; for the further purchase of lands for state forest or forest nursery purposes; for wildfire suppression payments; for fire prevention purposes in the case of contributions received pursuant to section 4503.574 of the Revised Code; or for forest management projects associated with federal lands in the case of revenues received pursuant to agreements entered into under section 1503.271 of the Revised Code.

(E) All money received from the sale of standing timber taken from state forest lands and state forest nurseries shall be deposited into the state treasury to the credit of the forestry holding account redistribution fund, which is hereby created. The money shall remain in the fund until they are redistributed in accordance with this division.

The redistribution shall occur at least once each year. To begin the redistribution, the chief first shall determine the amount of all standing timber sold from state forest lands and state forest nurseries, together with the amount of the total sale proceeds, in each county, in each township within the county, and in each school district within the county. The chief next shall determine the amount of the direct costs that the division of forestry incurred in association with the sale of that standing timber. The amount of the direct costs shall be subtracted from the amount of the total sale proceeds



and shall be transferred from the forestry holding account redistribution fund to the state forest fund.

The remaining amount of the total sale proceeds equals the net value of the standing timber that was sold. The chief shall determine the net value of standing timber sold from state forest lands and state forest nurseries in each county, in each township within the county, and in each school district within the county and shall send to each county treasurer a copy of the determination at the time that money is paid to the county treasurer under this division.

Thirty-five per cent of the net value of standing timber sold from state forest lands and state forest nurseries located in a county shall be transferred from the forestry holding account redistribution fund to the state forest fund. The remaining sixty-five per cent of the net value shall be transferred from the forestry holding account redistribution fund and paid to the county treasurer for the use of the general fund of that county.

The county auditor shall do all of the following:

- (1) Retain for the use of the general fund of the county one-fourth of the amount received by the county under division (E) of this section;
- (2) Pay into the general fund of any township located within the county and containing such lands and nurseries one-fourth of the amount received by the county from standing timber sold from lands and nurseries located in the township;
- (3) Request the board of education of any school district located within the county and containing such lands and nurseries to identify which fund or funds of the district should receive the money available to the school district under division (E)(3) of this section. After receiving notice from the board, the county auditor shall pay into the fund or funds so identified one-half of the amount received by the county from standing timber sold from lands and nurseries located in the school district, distributed proportionately as identified by the board.

The division of forestry shall not supply logs, lumber, or other forest products or minerals, taken from the state forest lands or state forest nurseries, to any other agency or subdivision of the state unless payment is made therefor in the amount of the actual prevailing value thereof. This section is



applicable to the money so received.

(F) The chief may enter into a personal service contract for consulting services to assist the chief with the sale of timber or other forest products and related inventory. Compensation for consulting services shall be paid from the proceeds of the sale of timber or other forest products and related inventory that are the subject of the personal service contract.