

HAZARD REDUCTION MANUAL

REVISED 2014



**Forestry Assistance Bureau
Forestry Division**



HRA MANUAL

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1. Introduction

A. The Law

The HRA law is an old law. It was recognized early in the nineteen hundreds that slash from timber harvest posed a fire hazard to citizens and property. The basic premise of the law then and now requires those creating a slash fire hazard to abate the hazard to an acceptable standard.

The present law, passed in 1947, has been amended numerous times; most recently in 2001. Currently, fees are collected from contractors harvesting trees. Those monies partially fund DNRC Forestry Division, which administers the program, and the MS Forestry Extension Service, which provides forest landowner education. The law is 76-13-401 through 424 MCA and is in this manual beginning on page 7.

Today's law applies to all private land with two exceptions: certain tribal harvests and harvests within incorporated towns. Most Tribal lands fall into two categories: Tribal landowners' free land or Indian trust land. Free land is private land within the reservation and is subject to the HRA law. Indian trust land is regulated by the individual tribe or BIA and is not subject to Montana hazard reduction regulation. Hazard abatement of tree harvesting residues inside incorporated towns is regulated by local municipal codes and not this law. However, if wood products harvested are sold, the seller must get an exemption from DNRC to sell the wood products. The exemption is free. When an activity creates slash but does not result in the sale of any wood product(s), the activity must meet hazard reduction standards. However, the HRA permit requirement and payment of fees is waived for such non-commercial activities.

B. The Rules

Extensions of the law that further define legal regulation are called "administrative rules." They carry the force of law. HRA rules are written by DNRC personnel and go through a public review process before being approved and implemented.

The current rules last approved/amended in 2000:

- Clarified terminology by defining important terms.
- Established the basic hazard reduction standard.
- Established seven "Special Management Areas" (SMAs) which have slash abatement standards differing from the basic standard.
- Established the right for DNRC staff to inspect for compliance.
- Established minimum requirements to qualify for a MHRA.

C. EXPLANATION OF HRA TERMINOLOGY

In the HRA Manual and database, certain terms have specific meanings. Please keep this in mind, as otherwise, misunderstandings might arise.

- Contractor = HRA Holder. It only refers to the logger if the logger takes out the HRA.
- Cutter = Person or company who will do the actual logging.
- Purchaser = Mill or other wood products buyer.

D. Responsibilities

DNRC Forestry Division administers this law and program. The following delineates responsibilities within the agency and for parties regulated by the law.

STATE FORESTER

The State Forester has the primary responsibility for administering the Fire Hazard Reduction or Management Law.

FORESTRY ASSISTANCE BUREAU (FAB)

The Forestry Assistance Bureau enforces State HRA laws, rules, regulations, and Department policies. The Bureau also ensures that Hazard Reduction Agreements (HRAs) are administered uniformly.

The Business Management Bureau in cooperation with the Forestry Assistance Bureau (FAB) provides accounting services to maintain and update slash records, handle Hazard Reduction Agreements and purchaser deposits, produce delinquent mill and pending account reports, and otherwise process data for the slash accounting computer program.

FIRE AND AVIATION MANAGEMENT BUREAU

The Fire and Aviation Management Bureau provides technical assistance to teach foresters how to manage fuels and smoke.

Airshed Coordinator website: www.smokemu.org.

LAND OFFICES

Area Managers are responsible for administering the Hazard Reduction Law within their areas.

The Area Manager or their designee (most often the Unit Manager and/or Service Forester) is responsible for:

- Issuing Hazard Reduction Agreements (HRAs) and attachments to Master Hazard Reduction Agreements (MHRAs).
- Writing slash hazard reduction prescriptions for private lands to reduce the chances of wildfire, to protect residual stands and the property of others.
- Inspecting harvested sites.
- Carrying out on-the-ground tasks required for the Hazard Reduction Program.
- Writing necessary reports explained in this manual.
- Making sure that contractors finish all slash projects within the time specified by the HRA.
- Notifying Contractors (HRA holders), verbally or in writing, of actions they must take to remain in compliance with their HRA agreement.
- Originating all law enforcement.
- Reporting all violations not handled at the land office to the FPPM for recommendations.
- Taking over uncompleted sites when necessary and managing the resulting hazard reduction projects.
- Making sure contractors in their areas follow their agreements and train their personnel

CONTRACTORS

Legal Requirements:

- The person signing the HRA must recognize that they are signing a valid, binding contract that contains requirements for certain actions and expiration dates.
- The person signing the HRA must be at least 21 years old and is responsible for reducing the fire hazard created to a state standard of hazard reduction.
- To sell forest products, the Contractor must present a valid HRA to the forest products purchaser.
- The Contractor must reduce the fire hazard when clearing rights-of-way.

- Upon completion of hazard reduction work, the Contractor notifies the appropriate state official so completion of work can be verified, the HRA can be closed, and the outstanding bond can be refunded.

PURCHASERS

- Purchasers must ensure that Contractors have a valid HRA before purchasing forest products.
- Purchasers must withhold required bonds and fees and furnish DNRC with accurate, appropriate records and fee receipts as required by law.

E. Definitions of Standards and Guidelines

Agency procedures to carry out the law and rules are called "Standards and Guidelines" (S&G). In 1997 and 2002 substantial HRA program updates were completed to reduce cost, improve administrative efficiency, and give better customer service. All sectors had input, and because our customers deserve consistent service, it is incumbent that these standards and guidelines be implemented as described herein. The same is true of the forms, many of which have been updated. If you have questions or problems, please contact the State Forest Practices Program Manager (FPPM) or the Slash Financial Specialist (SFS).

If you have proposed manual changes, put them in writing and forward them to the FPPM.

STANDARDS

Standards are required actions. They are developed out of laws and Department policy. This manual describes the standards, explains how to implement them and who is legally responsible for meeting them. The manual is written for DNRC foresters, but it also explains the requirements for Landowners, Cutters, Contractors, and Purchasers.

GUIDELINES

Guidelines describe how to meet a standard. Like standards, guidelines tell you to do something. However, guidelines are suggestions, not mandates. The Department suggests them as the best way to achieve a standard. You can use another method if you can justify why that method works better.

Note: Standards and Guidelines are not meant to be limits of performance.

F. RELEASING INFORMATION TO THE PUBLIC

All information contained in DNRC's HRA files is open to public inspection. However, the DNRC does not give out name lists of any kind from these files. If a person wants to come in to one of our offices and examine a specific file under DNRC supervision, that is allowed.

2. The Law - Control of Timber Slash and Debris

As regulators, it is important that we are familiar with the law. Please familiarize yourself with it. Direct all questions to the Forest Practices Program Manager.

76-13-401. Definitions. As used in this part, the following definitions apply:

- (1) "Certificate of clearance" means a certificate issued by the department acknowledging that the fire hazard has been reduced or managed in accordance with this part and the fire hazard reduction agreement or agreements.
- (2) "Contractor" means the person who executes the fire hazard reduction agreement and is responsible to fulfill the obligations established by the agreement.
- (3) "Department" means the department of natural resources and conservation provided for in Title 2, chapter 15, part 33.
- (4) "Exemption certificate" means an exemption from the provisions of this part that must be granted by the department for the harvest of merchantable trees within the boundaries of an incorporated city or town.
- (5) "Fire hazard" means slash and debris resulting from timber cutting, timber stand improvement, or right-of-way clearing operations that produce a cover of flammable material in which fire could spread through a cutting or adjacent area.
- (6) "Fire hazard reduction agreement" means a contract made to ensure compliance with this part and with the rules adopted under [76-13-403](#) for fire hazard reduction or management on private forest lands.
- (7) "Fire hazard reduction or management" means the abatement of a fire hazard on private forest lands by methods that include but are not limited to separation, removal, scattering, lopping, crushing, piling and burning, broadcast burning, burying, or chipping.
- (8) "Forest product" means trees or their component parts, including but not limited to logs, poles, branches, or bark.
- (9) "Master fire hazard reduction agreement" means a fire hazard reduction agreement between the department and persons engaged in continuing cutting operations of sufficient number and size to warrant covering these operations under a single agreement and a single bond.
- (10) "Minimum slash hazard" means an amount of slash and debris generated by noncommercial activities, which may include but are not limited to weeding, pruning, or clearing on private land within the state.
- (11) "Person" means an individual, association, partnership, corporation, estate, or any other entity.
- (12) "Private forest lands" means all lands of whatever character containing merchantable timber that are not owned by the state, a political subdivision of the state, the United States, any agency of the United States, or an Indian tribe.
- (13) "Purchaser" means a person who purchases or contracts to purchase any forest products cut from private forest lands within the state. The term includes persons who purchase products manufactured on the cutting area.

History: En. 28-403.1 by Sec. 1, Ch. 522, L. 1975; R.C.M. 1947, 28-403.1; amd. Secs. 1, 2, Ch. 529, L. 1981; amd. Sec. 1, Ch. 513, L. 1989; amd. Sec. 265, Ch. 418, L. 1995; amd. Sec. 1, Ch. 279, L. 1999; amd. Sec. 1, Ch. 234, L. 2001.

76-13-402. Basis for management of fire hazards. The fire hazard reduction or management referred to in this part must be carried on by the department in keeping with modern and progressive forest practices and effective fire protection and may include but is not limited to the taking of protective measures to prevent injury or the destruction of forest resources without actual abatement of the hazard.

History: Ap. p. Sec. 5, Ch. 207, L. 1959; amd. Sec. 1, Ch. 147, L. 1971; amd. Sec. 31, Ch. 253, L. 1974; amd. Sec. 6, Ch. 522, L. 1975; Sec. 28-408, R.C.M. 1947; Ap. p. Sec. 8, Ch. 207, L. 1959; amd. Sec. 33, Ch. 253, L. 1974; Sec. 28-411, R.C.M. 1947; R.C.M. 1947, 28-408(2), 28-411(part); amd. Sec. 2, Ch. 513, L. 1989; amd. Sec. 111, Ch. 2, L. 2009.

76-13-403. Supervision by department. The department shall adopt and enforce rules by October 1, 2000, to supervise and inspect the fire hazard reduction or management of all fire hazards created by forest products harvesting, timber stand improvement, and right-of-way clearing on private forest lands in the state, recognizing the benefits of slash retention.

History: En. Sec. 5, Ch. 207, L. 1959; amd. Sec. 1, Ch. 147, L. 1971; amd. Sec. 31, Ch. 253, L. 1974; amd. Sec. 6, Ch. 522, L. 1975; R.C.M. 1947, 28-408(1); amd. Sec. 3, Ch. 513, L. 1989; amd. Sec. 9, Ch. 27, L. 1997; amd. Sec. 2, Ch. 279, L. 1999.

76-13-404. Repealed. Sec. 13, Ch. 513, L. 1989.

History: En. Sec. 7, Ch. 207, L. 1959; amd. Sec. 2, Ch. 147, L. 1971; amd. Sec. 32, Ch. 253, L. 1974; amd. Sec. 7, Ch. 522, L. 1975; R.C.M. 1947, 28-410; amd. Sec. 1, Ch. 670, L. 1979.

76-13-405. Contracts with fire protection agencies. The department is authorized to enter into contracts with fire protection agencies, including agencies of the United States, for fire hazard reduction or management when in its opinion the work can best be accomplished in that manner.

History: En. Sec. 8, Ch. 207, L. 1959; amd. Sec. 33, Ch. 253, L. 1974; R.C.M. 1947, 28-411(part); amd. Sec. 4, Ch. 513, L. 1989; amd. Sec. 112, Ch. 2, L. 2009.

76-13-406. Limitation on liability. The department and other recognized fire protection agencies, including any agency of the United States, with which the department has entered into an agreement for fire hazard reduction or management as provided in [76-13-405](#) and any officer, official, or employee of the department or other recognized fire protection agency is not liable for any damage to the land, product, improvement, or other things of value upon the lands on which the fire hazards are being managed or reduced in accordance with provisions of this part, the rules adopted under [76-13-403](#), and the fire hazard reduction agreement when reasonable care and caution has been used and the work is being or has been performed in compliance with the rules provided in [76-13-403](#).

History: En. Sec. 8, Ch. 207, L. 1959; amd. Sec. 33, Ch. 253, L. 1974; R.C.M. 1947, 28-411(part); amd. Sec. 5, Ch. 513, L. 1989; amd. Sec. 113, Ch. 2, L. 2009.

76-13-407. Reduction of slash and debris along right-of-way. (1) A person clearing right-of-way for any railroad, public highway, public trail, private road, trail, ditch, dike, pipeline or wire lines, or any other transmission or transportation utility right-of-way, except temporary roads located within the boundaries of the cutting area and which are used in the actual logging operations, shall reduce the hazard resulting from the clearing or from the cutting of material for the construction of the public or private utility unless exempted by the department. At least 10 days before commencement of the clearing, the person conducting the clearing shall notify the department of commencement of the clearing in the form and manner the department provides.

(2) Hazard reduction, excluding burning where this method is used, shall be done as rapidly as cutting or clearing progresses.

(3) This section applies to all clearing of rights-of-way across private land and on behalf of the state, county, highway districts, and road districts, whether the work is done by day labor or by contract, and unless unavoidable emergency prevents, provision shall be made by the proper officials conducting, directing, or letting the work for withholding until it is complete a sufficient portion of the payment to assure compliance with this part.

History: En. Sec. 2, Ch. 207, L. 1959; amd. Sec. 28, Ch. 253, L. 1974; amd. Sec. 3, Ch. 522, L. 1975; R.C.M. 1947, 28-405; amd. Sec. 2, Ch. 670, L. 1979; amd. Sec. 6, Ch. 513, L. 1989.

76-13-408. Fire hazard reduction agreement and bond -- bond release and penalty -- exemption. (1) Before cutting any forest product, constructing or reconstructing any road in contemplation of cutting any forest product, or conducting timber stand improvement, such as but not limited to precommercial thinning, weeding, or pruning, upon private forest lands within the state, the person conducting the work must be issued an exemption certificate by the department or shall provide for the reduction or management of the fire hazard to be created, except where a minimum slash hazard would exist, by entering into a fire hazard reduction agreement or a master fire hazard reduction agreement with the department, providing for the full and faithful compliance with all requirements under this part and the faithful reduction or management of the fire hazard in the manner prescribed by law and by rules adopted under this part.

(2) Either the person conducting the work or the purchaser, as provided in [76-13-409](#)(2), shall post a bond to the state in a form and for an amount prescribed by the department, but the amount may not exceed \$6 for each 1,000 board feet (log scale) or the equivalent if forest products other than logs are cut. Bond amounts for master fire hazard reduction agreements are calculated to cover the potential cost to the department for fire hazard abatement in case of default and are based on the average annual volume of uncompleted abatement. Master fire hazard reduction agreement bonds are to be administered as nonsite-specific umbrella bonds, for which the entire bond or any portion of the bond may be collected to pay for unabated fire hazards on all sites covered by the bond. The department shall review master fire hazard reduction agreement bond amounts at least annually. The bonds must be adjusted according to the volume of timber harvested and the level of compliance of the bond provider.

(3) The agreement must provide that:

(a) all fire hazard reduction or management work comprising nonburning methods and preparations for burning must be completed within 18 months of commencement of cutting in the area covered by the agreement; and

(b) all burning work must be completed as specified in the agreement and in compliance with rules adopted under this part.

(4) The bond must be released upon the issuance of the certificate of clearance. At the request of the fire hazard reduction agreement holder, cash bonds for fire hazard reduction agreements exceeding 200,000 board feet, or the equivalent, must be partially released upon satisfactory completion of slash piling if the fire hazard reduction agreement holder has a record of compliance with the provisions of [76-13-407](#) or this section. The department may inspect the sites for which release or partial release is being requested, or it may rely on the submittal of a signed affidavit provided by the person posting the bond. A person that submits a fraudulent affidavit is subject to the penalty provisions of [45-7-202](#), may have other fire hazard reduction agreements revoked, or may be denied the issuance of fire hazard reduction agreements in the future.

(5) If a minimum slash hazard will be created, the activity is exempt from the provisions of this part.

History: En. Sec. 1, Ch. 207, L. 1959; amd. Sec. 27, Ch. 253, L. 1974; amd. Sec. 2, Ch. 522, L. 1975; R.C.M. 1947, 28-404; amd. Sec. 5, Ch. 423, L. 1989; amd. Sec. 7, Ch. 513, L. 1989; amd. Sec. 1, Ch. 577, L. 1991; amd. Sec. 10, Ch. 27, L. 1997; amd. Sec. 3, Ch. 279, L. 1999; amd. Sec. 2, Ch. 234, L. 2001; amd. Sec. 1, Ch. 242, L. 2003.

76-13-409. Duty of purchaser to ensure compliance -- statement -- bond. (1) The initial purchaser of forest products that have been cut or are about to be cut from any private forest lands within the state shall, before making the purchase or contract to purchase, determine that the person engaged or about to engage in the cutting of these forest products has provided for the reduction or management of the fire hazard by entering into a fire hazard reduction agreement or that the person has been issued an exemption certificate as provided in [76-13-408](#).

(2) The purchaser shall withhold sufficient money to meet the requirements of the bond provided for in [76-13-408](#) plus the fees for administration, inspection, and enforcement by the department as provided in the fire hazard reduction agreement. The purchaser shall transmit all money and fees that are withheld and a report of volumes of products purchased to the department on or before the 15th day of the following month, clearly identifying by number the fire hazard reduction agreement to which the withheld money, fees, and product volumes pertain. The purchaser shall keep accurate records of the purchase and the amounts withheld, which may be inspected by the department at any reasonable time.

(3) If forest products are not received or purchased in a given month, a report showing a zero balance and stating that products were not purchased must be submitted to the department.

(4) The department may require the purchaser to post a bond to the state in a form and for an amount as may be prescribed by the department to ensure faithful compliance with this part.

History: En. Sec. 3, Ch. 207, L. 1959; amd. Sec. 29, Ch. 253, L. 1974; amd. Sec. 4, Ch. 522, L. 1975; R.C.M. 1947, 28-406; amd. Sec. 3, Ch. 670, L. 1979; amd. Sec. 8, Ch. 513, L. 1989; amd. Sec. 4, Ch. 279, L. 1999.

76-13-410. (Temporary) Failure to comply. (1) If a person fails, refuses, or neglects to properly reduce or manage the fire hazard in accordance with the requirements of [76-13-407](#) and [76-13-408](#), the person may be enjoined from further cutting, clearing, and construction operations until the department has found the person to be in compliance with [76-13-407](#) and [76-13-408](#). The department may initiate the proceedings and may obtain a temporary restraining order, injunction, or writ of mandate. The proceedings must be conducted in the district court of the county where the land is located.

(2) If a person claims to have a minimum slash hazard but the department's inspection determines otherwise, the hazard reduction requirements of this part apply.

(3) If a person fails to comply with [76-13-407](#) or [76-13-408](#) and fails to comply within 30 days after being notified to do so by the department, the department may complete, direct, or authorize the fire hazard reduction or management at the expense of the contractor or of the owner of the timber or other forest products cut or produced from the land upon which the unabated fire hazard remains.

(4) (a) The cost and expense of the fire hazard reduction or management work, plus 20% of the cost and expense of the work as a penalty, constitute a lien upon the forest products cut or produced from the land and upon the real and personal property of the contractor. If payment of the sum demanded is not made to the department within 15 days of its written demand, the performance bond required by [76-13-408](#) and [76-13-409](#), upon notice to the contractor, must be automatically forfeited to the extent needed to cover the cost and expenses of reducing or managing the fire hazard, plus a penalty of 20% of the cost and expenses. If the bond is insufficient to cover the cost, expenses, and penalty, the department may bring legal action on behalf of the state to recover the cost, expenses, and penalty.

(b) Revenue from forfeited performance bonds required by [76-13-408](#) and [76-13-409](#) must be deposited into the fire hazard reduction fund established in [76-13-416](#).

(5) In addition to other remedies provided in this part, the department may, after notice, require a person to show cause why the department should not withhold the issuance of any further fire hazard reduction agreement or exemption certificate to a person that:

(a) harvests timber without a valid fire hazard reduction agreement; or

(b) has forfeited the performance bond on a fire hazard reduction agreement within the 2 preceding years and fails, refuses, or neglects to properly reduce or manage the fire hazard in accordance with [76-13-407](#) or [76-13-408](#) within 30 days after being notified by the department.

(6) If the person fails to show sufficient cause as required by subsection (5), the department may withhold the issuance of any further fire hazard reduction agreement or exemption certificate for a period not to exceed 3 years. (*Effective July 1, 2019*)

76-13-410. (Effective July 1, 2019) . Failure to comply. (1) If a person fails, refuses, or neglects to properly reduce or manage the fire hazard in accordance with the requirements of [76-13-407](#) and [76-13-408](#), the person may be enjoined from further cutting, clearing, and construction operations until the department has found the person to be in compliance with [76-13-407](#) and [76-13-408](#). The department may initiate the proceedings and may obtain a temporary restraining order, injunction, or writ of mandate. The proceedings must be conducted in the district court of the county where the land is located.

(2) If a person claims to have a minimum slash hazard but the department's inspection determines otherwise, the hazard reduction requirements of this part apply.

(3) If a person fails to comply with [76-13-407](#) or [76-13-408](#) and fails to comply within 30 days after being notified to do so by the department, the department may complete, direct, or authorize the fire hazard reduction or management at the expense of the contractor or of the owner of the timber or other forest products cut or produced from the land upon which the unabated fire hazard remains.

(4) The cost and expense of the fire hazard reduction or management work, plus 20% of the cost and expense of the work as a penalty, constitute a lien upon the forest products cut or produced from the land and upon the real and personal property of the

contractor. If payment of the sum demanded is not made to the department within 15 days of its written demand, the performance bond required by [76-13-408](#) and [76-13-409](#), upon notice to the contractor, must be automatically forfeited to the extent needed to cover the cost and expenses of reducing or managing the fire hazard, plus a penalty of 20% of the cost and expenses. If the bond is insufficient to cover the cost, expenses, and penalty, the department may bring legal action on behalf of the state to recover the cost, expenses, and penalty.

(5) In addition to other remedies provided in this part, the department may, after notice, require a person to show cause why the department should not withhold the issuance of any further fire hazard reduction agreement or exemption certificate to a person that:

(a) harvests timber without a valid fire hazard reduction agreement; or

(b) has forfeited the performance bond on a fire hazard reduction agreement within the 2 preceding years and fails, refuses, or neglects to properly reduce or manage the fire hazard in accordance with [76-13-407](#) or [76-13-408](#) within 30 days after being notified by the department.

(6) If the person fails to show sufficient cause as required by subsection (5), the department may withhold the issuance of any further fire hazard reduction agreement or exemption certificate for a period not to exceed 3 years.

History: En. Sec. 4, Ch. 207, L. 1959; amd. Sec. 30, Ch. 253, L. 1974; amd. Sec. 5, Ch. 522, L. 1975; R.C.M. 1947, 28-407(1) thru (3); amd. Sec. 4, Ch. 670, L. 1979; amd. Sec. 9, Ch. 513, L. 1989; amd. Sec. 5, Ch. 279, L. 1999; amd. Sec. 3, Ch. 234, L. 2001; amd. Sec. 2, Ch. 61, L. 2011.

76-13-411. Certificate of clearance. When the department makes a determination of faithful compliance by the contractor with this part, the rules adopted under [76-13-403](#), and the fire hazard reduction agreement, the contractor must be issued a certificate of clearance by the department and be relieved of any further liability or responsibility for fire hazard reduction or management under the fire hazard reduction agreement.

History: (1)En. Sec. 9, Ch. 207, L. 1959; amd. Sec. 3, Ch. 147, L. 1971; amd. Sec. 34, Ch. 253, L. 1974; amd. Sec. 8, Ch. 522, L. 1975; Sec. 28-412, R.C.M. 1947; (2)En. Sec. 4, Ch. 207, L. 1959; amd. Sec. 30, Ch. 253, L. 1974; amd. Sec. 5, Ch. 522, L. 1975; Sec. 28-407, R.C.M. 1947; R.C.M. 1947, 28-407(4), 28-412; amd. Sec. 10, Ch. 513, L. 1989; amd. Sec. 6, Ch. 279, L. 1999.

76-13-412. Violations. A person convicted of violating this part, except 76-13-408(4), is guilty of a misdemeanor and shall be fined not less than \$100 or more than \$1,000.

History: En. 28-413 by Sec. 9, Ch. 522, L. 1975; R.C.M. 1947, 28-413; amd. Sec. 7, Ch. 279, L. 1999.

76-13-413. Failure to submit withholding -- remedy. (1) If a purchaser does not submit withheld money and required reports on or before the 15th day of the following month as provided in [76-13-409](#), the purchaser must be notified by certified mail that the purchaser is in noncompliance and be given 15 days to submit all money and reports then due. If the purchaser fails to submit all money due within the required time, the department may initiate a lien upon the real property of the purchaser and may initiate proceedings to enjoin further processing of all wood products until all money due is paid in full and all required reports are submitted.

(2) If payment and reports are not received by the department within the 15-day period after notification as provided in subsection (1), a penalty of 5% of the payment amount due must be assessed. The department may abate the penalty if the purchaser establishes that the failure to submit the amount due or the reports as required was due to reasonable cause and was not due to neglect on the purchaser's part. The department, in addition to the penalty, may impose interest at the rate of 10% a year on any balance remaining unpaid.

(3) All money withheld by a purchaser for the contractor's bond and for department fees is considered to be excise taxes withheld for the benefit of the state within the meaning of 11 U.S.C. 507.

History: En. Sec. 5, Ch. 670, L. 1979; amd. Sec. 1, Ch. 115, L. 1981; amd. Sec. 11, Ch. 513, L. 1989; amd. Sec. 2522, Ch. 56, L. 2009.

76-13-414. Fees. (1) In addition to any bond, the department shall charge the contractor fees for administration, inspections, and enforcement work conducted in the exercise of its duties under this part. The fees must be deposited in the state special revenue fund to the credit of the department.

(2) (a) The fee for a fire hazard reduction agreement is \$25 and must be collected by the department upon issuance of the agreement.

(b) In addition, a fee of 60 cents for each 1,000 board feet (log scale) must be charged or an equivalent fee must be charged if products other than logs are cut. This fee must be withheld by the purchaser as provided in [76-13-409\(2\)](#), except that any fee money withheld for product volumes exceeding 500,000 board feet for each agreement in a calendar year must be returned to the contractor by the department.

(c) Either the person conducting the work or the purchaser, as described in [76-13-409](#), shall pay 15 cents for each 1,000 board feet (log scale) or the equivalent measure if forest products other than logs are cut. The assessment may not exceed \$20,000 a year. The full amount of this money must be deposited in the forestry extension service account provided for in [76-13-415](#).

(3) (a) The fee for master fire hazard reduction agreements must be equal to 100% of the department's actual costs incurred in the direct administration, inspection, and enforcement of each agreement, and the department shall submit a detailed bill to the contractor annually to collect the fees.

(b) In addition, each contractor with a master fire hazard reduction agreement shall pay to the department 15 cents for each 1,000 board feet (log scale) or equivalent measure if forest products other than logs are cut. The assessment may not exceed \$20,000 a year for each master fire hazard agreement. The full amount of this money must be deposited in the forestry extension service account provided for in [76-13-415](#).

(c) The fee required under subsection (3)(b) must be paid annually in conjunction with the fee paid under subsection (3)(a). The department may, in its discretion, conduct an audit to determine the volume of forest products harvested by a contractor. If the department conducts an audit, the contractor shall cooperate and make available to the department all requested records, inventories, and other information relevant to the audit.

History: En. Sec. 12, Ch. 513, L. 1989; amd. Sec. 2, Ch. 577, L. 1991; amd. Sec. 11, Ch. 27, L. 1997; amd. Sec. 8, Ch. 279, L. 1999.

76-13-415. Forestry extension service account -- purpose -- appropriation. (1) There is a forestry extension service account in the current restricted fund provided for in [17-2-102](#).

(2) There must be deposited in the account:

(a) all revenue from the fire hazard reduction agreement provided for in [76-13-414](#)(2)(c);

(b) all revenue from the master fire hazard reduction agreement provided for in [76-13-414](#)(3)(b); and

(c) money received by the department in the form of legislative appropriations, reimbursements, gifts, federal funds, or appropriations from any source intended to be used for the purposes of this account.

(3) Money in the account is available to the Montana university system by appropriation for the uses set forth in subsection (4). Any unencumbered and unexpended balance remaining in this account at the end of a fiscal year does not lapse but must be carried forward for the purposes of this section until expended or appropriated.

(4) Except as provided in subsection (5), money in the account may be used by the university system only to fund forestry services through the Montana cooperative extension service of Montana state university-Bozeman. The forestry services must be conducted at Montana state university-Bozeman, the university of Montana-Missoula, and Flathead Valley community college.

(5) The use of money in this account by the Montana university system is contingent upon the university system funding the extension service's forestry and natural resources program at a biennial level of at least \$108,000 from sources other than the account.

History: En. Sec. 3, Ch. 577, L. 1991; amd. Sec. 266, Ch. 418, L. 1995; amd. sec. 36, Ch. 308, L. 1995; amd. Sec. 9, Ch. 279, L. 1999.

76-13-416. (Temporary) Fire hazard reduction fund. (1) There is a fire hazard reduction fund in the state special revenue fund established in [17-2-102](#).

(2) There is deposited in the fund all revenue from forfeited performance bonds provided for in [76-13-410](#).

(3) The fund is statutorily appropriated, as provided in [17-7-502](#), to the department of natural resources and conservation for the purposes of authorizing, managing, and completing fire hazard reduction activities pursuant to this part. (*Terminates June 30, 2019--sec. 6, Ch. 61, L. 2011.*)

History: En. Sec. 3, Ch. 61, L. 2011.

76-13-417 through 76-13-419 reserved.

76-13-420. Notification prior to forest practices -- department response. (1) An operator or, pursuant to subsection (3), an owner shall notify the department prior to conducting forest practices. The notification may be provided as part of the notification made with respect to an agreement under [76-13-408](#).

(2) (a) Except as provided in subsection (3), within 5 working days, but not exceeding 7 calendar days, of receiving notification of forest practices, the department shall mail to the operator and, if an address has been provided, to the owner:

(i) a receipt of notification;

(ii) information on best management practices for forestry;

(iii) information on conservation district permit requirements related to stream crossings; and

(iv) any other information the department believes would assist the operator or the owner with conducting forest practices.

(b) The receipt of notification must include a statement that:

(i) forest practices may proceed; or

(ii) an onsite consultation is required prior to conducting forest practices.

(3) (a) An owner may submit to the department a notice providing an annual, semiannual, or quarterly operating plan that indicates the estimated starting date of forest practices for each timber sale planned by the owner during the operating period. The plan must be submitted no less than 15 days before the beginning of the operating period covered.

(b) Upon receipt of an operating plan, the department may:

(i) meet with the owner to review the proposed timber sales, discuss watershed concerns, and schedule onsite consultations at appropriate sites; or

(ii) provide a receipt of notification, as described in subsection (2)(b), for individual timber sales.

(c) If the department requires an onsite consultation for any of the timber sales, it shall notify the owner of this requirement as soon as possible but no less than 10 calendar days prior to the estimated starting date of forest practices associated with the timber sale. The onsite consultation must then be scheduled according to the provisions of [76-13-421](#)(2) through (4).

History: En. Sec. 4(1) thru (3), Ch. 423, L. 1989; Sec. [76-13-131](#), MCA 2005; redes. [76-13-420](#) by Sec. 32(3), Ch. 336, L. 2007.

76-13-421. Onsite consultation. (1) The department shall make its decision on whether or not to require an onsite consultation based on whether:

(a) the proposed timber sale is in a high-priority location for watershed resources;

(b) a consultation could contribute to improved watershed management; and

(c) the department has sufficient resources to conduct the consultation.

(2) The department shall schedule an onsite consultation at a time mutually agreeable to the operator, the owner (if the owner can be contacted and wishes to participate), and the department. Unless otherwise agreeable to the operator and a participating owner, a consultation must be held no later than:

(a) 10 calendar days after the mailing of the notice by the department, if the site is accessible; or

(b) if the site is temporarily inaccessible due to road conditions, weather conditions, or other factors, 10 calendar days after the operator indicates that the site is accessible.

(3) The onsite consultation must include representatives of the department, the operator, and, if the owner desires representation, the owner. Representatives of the department of environmental quality, the department of fish, wildlife, and parks, and the local conservation district may also participate but shall meet the consultation schedule established under [76-13-420](#)(3)(c) or subsection (2) of this section.

(4) If the department and the operator are not able to schedule an onsite consultation within the time limits provided in subsection (2)(a) or (2)(b) or at another mutually agreeable time, the requirement for a consultation is terminated. The operator may then proceed with forest practices immediately upon the expiration of the time limits provided in subsection (2)(a) or (2)(b).

History: En. Sec. 4(4) thru (7), Ch. 423, L. 1989; amd. Sec. 263, Ch. 418, L. 1995; Sec. [76-13-132](#), MCA 2005; redes. [76-13-421](#) by Sec. 32(3), Ch. 336, L. 2007.

76-13-422. Purpose of onsite consultation -- department responsibility. (1) The onsite consultation provided for in [76-13-421](#) is intended only for the purpose of providing information to owners and operators and does not confer upon the department or any other agency of state or local government authority to compel an owner or operator to undertake or refrain from undertaking specific management practices that are not otherwise regulated by law or rule.

(2) The department does not incur any obligation or liability by virtue of a decision to conduct or not conduct an onsite consultation.

(3) To the extent practicable, the department shall evaluate the application of forest practices as part of an onsite inspection, relating to the control of timber slash and debris, conducted under the provisions of Title 76, chapter 13, part 4.

History: En. Sec. 4(8), (9), (12), Ch. 423, L. 1989; Sec. [76-13-133](#), MCA 2005; redes. [76-13-422](#) by Sec. 32(3), Ch. 336, L. 2007.

76-13-423. When additional notification required. (1) Except as provided in subsection (2), the department may require only one notification for each timber sale, even though multiple forest practices may be conducted.

(2) If an operator modifies the operator's proposed forest practices in a manner that substantially alters the potential watershed disturbance, the operator shall submit a revised notification to the department.

History: En. Sec. 4(10), Ch. 423, L. 1989; Sec. [76-13-134](#), MCA 2005; redes. [76-13-423](#) by Sec. 32(3), Ch. 336, L. 2007; amd. Sec. 2523, Ch. 56, L. 2009.

76-13-424. Emergency forest practices. Nothing in [76-13-420](#) through [76-13-424](#) precludes an operator from undertaking any forest practice in an emergency to prevent watershed damage or the loss of timber resources.

History: En. Sec. 4(11), Ch. 423, L. 1989; Sec. [76-13-135](#), MCA 2005; redes. [76-13-424](#) by Sec. 32(3), Ch. 336, L. 2007.

3. The Rules

FOREST MANAGEMENT

36.11.211

Sub-Chapter 2

Control of Timber Slash and Debris

36.11.201 PURPOSE OF FIRE HAZARD REDUCTION OR MANAGEMENT LAW AND THIS SUB-CHAPTER (IS HEREBY REPEALED) (History: 76-13-403, MCA; IMP, 76-13-403, MCA; NEW, Eff. 11/3/75; AMD, 1980 MAR p. 2659, Eff. 9/26/80; TRANS, from Dept. of Nat. Res., C. 529, L. 1981, Eff. 7/1/81; TRANS, 1995 MAR p. 1958, Eff. 7/1/95; REP, 1996 MAR p. 774, Eff. 3/22/96.)

36.11.202 DEFINITIONS (IS HEREBY REPEALED) (History: 76-13-403, MCA; IMP, 76-13-403, MCA; NEW, Eff. 11/3/75; AMD, 1980 MAR p. 2659, Eff. 9/26/80; TRANS, from Dept. Nat. Res., C. 529, L. 1981, Eff. 7/1/81; TRANS, 1995 MAR p. 1958, Eff. 7/1/95; REP, 1996 MAR p. 774, Eff. 3/22/96.)

36.11.203 CONTROL OF TIMBER SLASH AND DEBRIS (IS HEREBY REPEALED) (History: 76-13-403, MCA; IMP, 76-13-408, 76-13-410, and 76-13-411, MCA; NEW, Eff. 11/3/75; AMD, 1980 MAR p. 2660, Eff. 9/26/80; TRANS, from Dept. of Nat. Res., C. 529, L. 1981, Eff. 7/1/81; TRANS, 1995 MAR p. 1958, Eff. 7/1/95; REP, 1996 MAR p. 774, Eff. 3/22/96.)

36.11.204 REDUCTION OF SLASH AND DEBRIS ALONG RIGHT-OF-WAY (IS HEREBY REPEALED) (History: 76-13-403, MCA; IMP, 76-13-407, MCA; NEW, Eff. 11/3/75; REP, 1980 MAR p. 2659, Eff. 9/26/80; TRANS, from Dept. of Nat. Res., C. 529, L. 1981, Eff. 7/1/81; TRANS, 1995 MAR p. 1958, Eff. 1/7/95.)

Rules 36.11.205 through 36.11.210 reserved

36.11.211 FORMS (IS HEREBY REPEALED) (History: 76-13-403, MCA; IMP, 76-13-403, MCA; NEW, Eff. 11/3/75; AMD, 1980 MAR p. 2659, Eff. 9/26/80; TRANS, from Dept. of Nat. Res., C. 529, L. 1981, Eff. 7/1/81; TRANS, 1995 MAR p. 1958, Eff. 7/1/95; REP, 1996 MAR p. 774, Eff. 3/22/96.)

Rules 36.11.212 through 36.11.220 reserved

36.11.221 PURPOSE OF CONTROL OF TIMBER SLASH AND DEBRIS LAW AND THIS SUBCHAPTER

(1) The primary objectives of 76-13-401 through 76-13-414, MCA, are to:

(a) provide fire hazard reduction, protection, or management to the extent necessary for reasonable safety of the residual timber stand, future stands, and the property of others;

(b) reduce the fire hazard created by forest practices upon private forest lands, by methods found to be economical and yet accomplish the objectives; and

(c) reduce, protect or manage fire hazards within the constraints of proper land management.

(2) The purpose of this subchapter is to set forth rules implementing the fire hazard reduction or management law under the objectives stated above.

(History: 76-13-403, MCA; IMP, 76-13-402 through 76-13-414, MCA; NEW, 2000 MAR p. 2526, Eff. 9/22/00.)

36.11.222 DEFINITIONS

Wherever used in this subchapter, unless a different meaning clearly appears from the context:

(1) "Average annual volume of uncompleted abatement" means the volume in thousand board feet (MBF) or equivalent, representing the acres of untreated slash and the acres of treated slash not yet cleared by inspection or affidavit based upon a prior three-year rolling average, the first of which ends January 1, 2000.

(2) "Fire break" means the removal of all vegetative material to bare mineral soil.

(3) "Fuel break" means the removal of all down or dead woody material with a diameter of three inches or less.

(4) "General standard" means the level to which slash must be reduced such that a fire starting under conditions similar to a standard day, as defined by the department's HRA Manual, would burn with a flame length of four feet or less, as calculated by the fire science BEHAVE model, or other fire behavior model selected by the department.

(5) "MHRA" means a master fire hazard reduction agreement.

(6) "Slash" means the woody debris that is dropped to the forest floor during forest practices and consists of stems, branches, and twigs.

(7) "Special management area" or "SMA" means a situation in which the general hazard reduction standard is not required.

(History: 76-13-403, MCA; IMP, 76-13-403, 76-13-407 and 76-13-408, MCA; NEW, 2000 MAR p. 2526, Eff. 9/22/00.)

36.11.223 CONTROL OF SLASH AND DEBRIS

(1) Slash, including slash generated by right-of-way clearing, road construction and maintenance, must be reduced to meet the general standard for 90% of the total area within each cutting unit. No single area greater than two acres or 10% of the cutting unit area, whichever is less, may exceed the general standard.

(2) The cutting unit must meet the general standard within 100 feet of:

(a) the perimeter of a cutting unit;

(b) all roads with legal public access that pass through or are adjacent to the cutting unit; and

(c) active railroad right-of-ways.

(3) At least 90% of the slash piles generated by forest practices activity must be burned in areas where the general standard applies.

(4) All slash piles within 100 feet of a public road, cutting unit or property boundary, or active railroad right-of-way must be burned, except as provided in ARM 36.11.224 through 36.11.230.

(History: 76-13-403, MCA; IMP, 76-13-403 and 76-13-407, MCA; NEW, 2000 MAR p. 2526, Eff. 9/22/00.)

36.11.224 RESIDENTIAL STRUCTURES AND PUBLIC CAMPGROUNDS SMA

(1) For this SMA:

(a) 90% of slash within 100 feet of any residence, and for 100 feet inside any portion of a cutting unit boundary that lies within 1000 feet of a residential structure or public campground must be treated by piling, chipping, burying or removing.

(b) Slash treatment must be completed within 60 days of its generation when the slash is generated during the legal fire season or by May 1 for slash created during the previous 6 months.

(c) If piling is the chosen slash treatment, then slash piles must be burned within 18 months of their generation.

(d) The department may approve other appropriate slash treatment measures that would maintain public and firefighter safety.

(History: 76-13-403, MCA; IMP, 76-13-403, 76-13-406, 76-13-407, 76-13-408 and 76-13-410, MCA; NEW, 2000 MAR p. 2526, Eff. 9/22/00.)

36.11.225 HIGH VALUE COMMUNICATIONS STRUCTURES AND POWERLINES SMA

(1) For this SMA, all slash within 100 feet of power lines and high value communications structures such as microwave stations, radio relay stations, and television translators must meet a 2.8 foot flame length standard. (History: 76-13-403, MCA; IMP, 76-13-403, 76-13-406, 76-13-407, 76-13-408 and 76-13-410, MCA; NEW, 2000 MAR p. 2526, Eff. 9/22/00.)

36.11.226 PRECOMMERCIAL THINNING UNITS SMA

(1) For this SMA:

(a) Slash on the perimeter of, or adjacent to, a precommercial thinning unit must meet the general standard.

(b) If the boundary of the unit coincides with a change in land ownership, it must have either:

(i) a 12-foot fire break;

(ii) a 33-foot fuel break; or

(iii) the slash must be lopped to a height of 18 inches for 66 feet inside the unit boundary.

(c) The department may approve other methods when such methods would maintain public and firefighter safety.

(History: 76-13-403, MCA; IMP, 76-13-403, 76-13-406, 76-13-407, 76-13-408 and 76-13-410, MCA; NEW, 2000 MAR p. 2526, Eff. 9/22/00.)

36.11.227 STEEP SLOPE/PARTIAL CUT UNITS SMA

(1) For this SMA:

(a) A partial cut occurring on a slope greater than 40% may be treated as an SMA when there is advanced regeneration or a manageable overstory that the owner wishes to save. The area must meet the following requirements:

(i) The entire SMA must be lopped such that 90% of all slash, three inches or less in diameter, is reduced to a height of 24 inches or less above the ground.

(ii) The boundaries of the SMA must be treated as follows:

(A) The top of the unit must have a 100-foot wide fuel break which may include the road prism from the top of the cut bank to the bottom of the fill slope.

(B) The sides of the unit must be treated so as to meet the general standard for a minimum width of 33 feet.

(iii) The bottom boundary of the unit must be treated to the same standards as required for the sides, if the bottom boundary of an SMA coincides with a change in land ownership.

(iv) All required boundary treatments must be completed entirely on the ownership of the person or entity doing the harvesting, unless otherwise approved by the department.

(History: 76-13-403, MCA; IMP, 76-13-403, 76-13-406, 76-13-407, 76-13-408 and 76-13-410, MCA; NEW, 2000 MAR p. 2526, Eff. 9/22/00.)

36.11.228 HELICOPTER LOGGING SMA

(1) For this SMA:

(a) The entire SMA must be lopped such that 90% of all slash three inches or less in diameter is reduced to a height of 24 inches or less above the ground.

(b) Slash piles at the landing area must be treated in compliance with ARM 36.11.223 or this rule, whichever is applicable.

(c) The department may approve other methods when such methods would maintain public and firefighter safety.

(History: 76-13-403, MCA; IMP, 76-13-403, 76-13-406, 76-13-407, 76-13-408 and 76-13-410, MCA; NEW, 2000 MAR p. 2526, Eff. 9/22/00.)

36.11.229 WET AREAS AND AREAS WITH HIGHLY ERODIBLE SOILS SMA

(1) For this SMA:

(a) The landowner may treat any portion of a harvest unit as an SMA where best management practices recommend against equipment operation.

(b) The entire SMA must be lopped such that 90% of all slash three inches or less in diameter is reduced to a height of 24 inches or less above the ground.

(History: 76-13-403, MCA; IMP, 76-13-403, 76-13-406, 76-13-407, 76-13-408 and 76-13-410, MCA; NEW, 2000 MAR p. 2526, Eff. 9/22/00.)

36.11.230 SLASH RETENTION SITES SMA

(1) For this SMA:

(a) Sufficient slash may be retained for the purposes of soil nutrient recycling, wildlife habitat and control of surface water runoff.

(b) This may include slash broadcast over the timber harvest unit and skid trails; concentrated slash in the form of slash filter windrows and other appropriate surface water runoff controls as defined by the Montana best management practices; and designated piles for wildlife habitat. Any such designated wildlife pile shall not be placed within 100 feet of a residence, property line, road with legal public access or active railroad right-of-way.

(c) The slash inspector shall recognize such beneficial and legitimate uses of slash and shall discount such slash from the general standard during the hazard assessment inspection.

(History: 76-13-403, MCA; IMP, 76-13-403, 76-13-406, 76-13-407, 76-13-408 and 76-13-410, MCA; NEW, 2000 MAR p. 2526, Eff. 9/22/00.)

36.11.231 RIGHT TO INSPECT

(1) The department may inspect slash treatments on any private land in this state to assess compliance with the provisions of 76-13-401 through 76-13-414, MCA, and these rules.

(History: 76-13-403, MCA; IMP, 76-13-403, MCA; NEW, 2000 MAR p. 2526, Eff. 9/22/00.)

36.11.232 MASTER FIRE HAZARD REDUCTION AGREEMENT

(1) To qualify for a MHRA, a person must be engaged in continuous cutting operations of sufficient size and number that would require a bond of no less than \$12,000.

(2) The person applying for the MHRA must post an initial cash or surety bond sufficient to cover the estimated annual volume of the person's uncompleted abatement or \$12,000, whichever is greater.

(3) After the initial MHRA year, the bond will be adjusted according to 76-13-408(2), MCA, and the average annual volume of uncompleted abatement. However, the MHRA bond will, in no case, be less than \$12,000.

(4) MHRA agreements approved prior to the implementation of this rule must maintain a bond according to 76-13-408(2), MCA, but will not be required to meet the minimum \$12,000 bond specified in (3), if the average annual volume of uncompleted abatement would not require that level of bond.

(History: 76-13-403, MCA; IMP, 76-13-403 and 76-13-408, MCA; NEW, 2000 MAR p. 2526, Eff. 9/22/00.)

4. Hazard Reduction Agreement (HRA) Standards and Guidelines

NOTE: All DS Forms Referenced in this Manual are on the HRA program.

A. HRA Application & Slash/Forest Practices Inspection Matrix (DS-120)

The DS-120 has two purposes:

- To obtain the required information from an HRA applicant to complete a Fire Hazard Reduction Agreement (Form DS-240); and
- To determine potential risk of the harvest, and if pre- and/or post-harvest site visits are appropriate.

Special Note: The application must be completely filled out, including the appropriate social security or company/corporate TIN number, and signed by the applicant and the DNRC before the application is submitted for approval. The Twenty-five Dollar (\$25.00) application fee must also be paid. The unique identifying HRA number will not be issued to the applicant until the paperwork is completed and the fee is paid

STANDARDS

- As part of the application and issuance of an HRA, the Slash/Forest Practices Inspection Matrix (DS-120) will be completed to assess the potential slash and forest practices risk associated with the logging operation. Based upon this risk, a two-dimensional matrix is used to determine whether the site will be inspected for final compliance with the slash and forest practices laws or a compliance affidavit used for completion.
- The Contractor must answer the questions on the Slash/Forest Practices Inspection Matrix form for every HRA, and an Inspection Matrix will be completed for every HRA. The matrix will help determine whether to conduct a pre-harvest inspection and whether the agreement will be closed by affidavit or inspection. The matrix should remain in the HRA file so the Service Forester can refer to it prior to HRA closure, and as a reminder of whether an inspection or affidavit is appropriate to clear the HRA.

A copy of the Slash/Forest Practices Inspection Matrix which has the scoring figures is at the end of this section. **This matrix form with scoring figures should ONLY be used to SCORE the completed Matrix form for the HRA.**

GUIDELINES

- Whenever possible, fully complete and sign the HRA when the Contractor applies for it. When information is incomplete or the Contractor isn't present to complete the HRA, use the Application and Slash/Forest Practices Inspection Matrix to obtain information to complete the Fire Hazard Reduction Agreement (DS-240).

- If the Contractor will not fill out the DS-120 and DS-240 in your presence, provide the applicant with DS-120 and DS-240 forms. He/she should complete both sides of the DS-120 and sign the blank DS-240. **The applicant should not fill in any information on the DS-240; he/she should only sign it on the second page.** When the forms are returned, enter the information from the application (DS-120) into the HRA program to create and print the HRA, using the signed second page instead of the one from the printout. The signature of the Contractor and an authorized DNRC representative and the unique five-digit HRA number assigned by the HRA program makes the HRA a completed contract.

In this way an HRA can be activated with one round trip through the mail. Completing the application is very similar to completing an HRA. For instructions, use the information in the following section, “Fire Hazard Reduction Agreement (DS-240).”

HRA No. _____

SLASH/FOREST PRACTICES INSPECTION MATRIX

***Attention Applicant: Please Complete Slash Questions 1-6 and Forest Practices Questions 1-8 Related to Your Logging Operation*
*Do Not Complete Shaded Portions of the Matrix***

SLASH QUESTIONS

- 1. _____ Is cutting unit boundary within 1000 ft. of a residence: N (0) Y (5)
- 2. _____ Is cutting unit boundary within 100 ft of a communication structure (microwave, radio, or TV relay): N (0) Y (3)
- 3. _____ Are there legal public access roads, power lines, or railroads that pass through or border the unit: N (0) Y (3)
- 4. _____ Slash treatment method (circle all that will be used): **Broadcast burn (1) Whole tree skidding (includes Timbco & Hahn) (1) Machine Pile & Burn (2) In-woods processor (Cut-to-Length Systems) (3) Lop & Scatter (3) Dozer crushing (3) Chipping (1)**
- 5. _____ Acres harvested - Unit size: **Western/Central Montana: 0-75 (1) 76-200 (3) 200+ (5) Eastern Montana: 0-1000 (1) 1001-5000 (2) 5001+ (3)**
- 6. _____ Estimate of harvested volume per acre (MBF): **0-3 (1) 3-6 (2) 6+ (3)**

FOREST PRACTICES QUESTIONS

- 1. _____ Have you received information about Best Management Practices or the Streamside Management Zone Law: **a. Within the past year (0) b. More than one year (1) c. Never (2)**
- 2. _____ Are SMZ Alternative Practices requested or planned? N (0) Y (Inspection)
- 3. _____ Is an inspection requested by landowner or contractor? N (0) Y (Inspection)
- 4. _____ Yarding/Skidding method: **Cable or helicopter (1), Non-conventional: farm tractors, horses, 4x4 pickup, etc. (1) Rubber-tire skidder or forwarder (2) Track skidder (3)**
- 5. _____ Slopes on cutting unit: **1-35% (1) 35-60% (2) Over 60 % (3)**
- 6. _____ Are _____ roads or _____ harvest units within 200 feet of a stream, lake, or wetland? N (0) Y: **Class 3 (3) Class 1 or 2 (5)**
- 7. _____ Will you _____ construct or _____ reconstruct roads to access harvest units? N (0) Y: **0-1 Mile (3) 1+ (5) Miles _____**
- 8. _____ Will you install stream crossings (culverts, bridges) to access harvest units? N (0) Y (5)
- 9. _____ Does road system log haul route cross stream on landowner's property? Y (0) N (0)
- 10. _____ Will there be harvest within an SMZ? Y (0) N (0)

*******FOR DNRC USE ONLY*******

<p>SLASH POINTS: _____</p> <p>Point adjustment: (-6 to +6): _____</p> <p>TOTAL: _____</p>	<p>FOREST PRACTICES POINTS: _____</p> <p>Point adjustment: (-6 to +6): _____</p> <p>TOTAL: (BMP/SMZ Pre-harvest Field Inspection if > 13) _____</p>
<p>RISK RATING: Low (2-6), Moderate (7-12), High (13+)</p>	

F O R E S T I N S P E C T I O N	SLASH		
	L	M	H
	L	A	I
	M	A	I
	H	I	I
I – Inspection		A – Affidavit	

***Under State Law, DNRC reserves the right to inspect any site regardless of the slash or forest practices risk rating.

B. HRA Contract (DS-240)

Create the Hazard Reduction Agreement (DS-240) using the “Create an HRA” option in the HRA program.

STANDARD

- Obtain all information required by the HRA program to fill out the “Edit HRA” screen from a completed HRA Application form and Slash/Forest Practices Inspection Matrix (DS-120) and questions posed to the applicant.

GUIDELINES

- Separate HRAs should be issued for logging operations on different ownerships or those that cross DNRC administrative boundaries. An exception can only be made for logging in rural subdivisions with small acreage and low volumes per Landowner. In this case, enter the name of the Landowner who will be the official contact person first and add the other Landowners whose land is part of the HRA as additional Landowners (their names will appear on the third “additional” page of the printed HRA. An HRA may also have more than one Cutter listed. However, there can only be one Contractor. The Contractor and DNRC are the only legal parties of the binding HRA contract.
- **Do not send out an unsigned HRA for the Contractor’s signature with the HRA number on it.** The contract is not official until it is signed by the Contractor and the DNRC representative. The HRA number should not appear on the HRA until those signatures are on the agreement. The HRA number should thereafter be on all correspondence pertaining to that contractual agreement.

Specific descriptions of information that will be entered into the HRA program and appear on the printed HRA form follow. Since HRAs are now created through the HRA program, these definitions will follow the format of the Edit HRA screen. If the HRA form headings differ, the different heading will be noted. .

BASIC HRA INFORMATION (Boxes I. & II. on HRA Contract)

HRA Number – The HRA program assigns an HRA number composed of the county number, option letter, and a unique five-digit number when the HRA is created. See “Agreement Option” below for information on different option letters. An example of an HRA number would be a B-option agreement in Powder River County to which the HRA program assigns the five-digit number 40673. The complete HRA number would in this case be 38-B-40673. **An HRA number is not valid, however, until both the Contractor and the DNRC representative have signed the form and the Contractor has paid the \$25.00 issuance fee.**

Counties are numbered in alphabetical order, as in the following table.

Number	County	Area	Number	County	Area	Number	County	Area
01	Beaverhead	CE	20	Granite	SW	39	Powell	SW
02	Big Horn	SO	21	Hill	NE	40	Prairie	EA
03	Blaine	NE	22	Jefferson	CE	41	Ravalli	SW
04	Broadwater	CE	23	Judith Basin	NE	42	Richland	EA
05	Carbon	SO	24	Lake	NW	43	Roosevelt	NE
06	Carter	EA	25	Lewis & Clark	CE/SW	44	Rosebud	EA
07	Cascade	SE	26	Liberty	NE	45	Sanders	NW
08	Choteau	NE	27	Lincoln	NW	46	Sheridan	NE
09	Custer	EA	28	Madison	CE	47	Silver Bow	SW
10	Daniels	SW	29	McCone	EA	48	Stillwater	SO
11	Dawson	EA	30	Meagher	CE	49	Sweetgrass	SO
12	Deerlodge	SW	31	Mineral	SW	50	Teton	CE
13	Fallon	EA	32	Missoula	SW/NW	51	Toole	CE
14	Fergus	NE	33	Musselshell	SO	52	Treasure	SO
15	Flathead	NW	34	Park	CE	53	Valley	NE
16	Gallatin	CE	35	Petroleum	SE	54	Wheatland	NE
17	Garfield	EA	36	Phillips	NE	55	Wibaux	EA
18	Glacier	CE	37	Pondera	CE	56	Yellowstone	SO
19	Golden Valley	NE	38	Powder River	EA			

Agreement Option (“Type of Agreement” on the HRA form) – The default agreement option in the HRA program is “B – Standard HRA.” If you wish to create an attachment to a Master Hazard Reduction Agreement (see paragraph below), change the Agreement Option to “M – MHRA Attachment.”

Master Hazard Reduction Agreements (MHRAs) are usually made with forest products companies that employ professional foresters who make hazard reduction prescriptions and carry out hazard reduction work. For full information about Master Hazard Reduction Agreements, go to Chapter 5. MHRA Attachments are not agreements in the same sense as a B Option because the MHRA is the contract between the company and the state, not the Attachment. However, the Hazard Reduction Agreement form is used for a Master Attachment, and the HRA program creates a number for it in the same format as a standard HRA; the only difference is that the option letter on an Attachment is “M.”

A third type of agreement is the D-option Agreement. A B-option agreement becomes a D-option agreement only when DNRC takes it over.

Status – the HRA status defaults as Unapproved. You should leave the HRA in this status until all information has been entered into the program and saved. When data entry is complete and the fee has been paid, you should change the HRA status to “Ready for Review.” Once an HRA is made “Ready for Review” most fields can only be changed by the Slash Financial Specialist; the field staff can still change “Date Last Visited,” process and/or upload forms and other documents (and maps) to “Documents / Maps,” and create Comments.

Unit, Area and County – The HRA program will automatically enter the Area and Unit abbreviations, as follows:

AREA ABBREVIATIONS

Use the following abbreviations or areas or land offices:

Code	Description
CE	Central Land Office
EA	Eastern Land Office
NE	Northeastern Land Office
NW	Northwestern Land Office
SO	Southern Land Office
SW	Southwestern Land Office

UNIT ABBREVIATIONS

Use the following abbreviations for units:

Code	Description
ANA	Anaconda Unit
BOZ	Bozeman Unit
CLW	Clearwater Unit
DIL	Dillon Unit
EAS	Eastern Land Office
HAM	Hamilton Unit
HLN	Helena Unit
FLZ	Flathead County Zone
LCZ	Lincoln County Zone
MSO	Missoula Unit
NES	Northeastern Land Office
SCZ	Sanders County Zone
POZ	Polson Office
SOS	Southern Land Office
SVZ	Swan Valley Zone

Some Units only issue HRAs for one county; most, however, administrate HRAs for areas that may include several counties. Since it is possible for any Unit to create an HRA for property from another Unit’s area, a drop-down list of counties has been provided; choose the correct county for the property covered by the HRA. **If you are creating an HRA for another Unit’s area of responsibility, which will thus be administered by that Unit, be sure to change the Unit field and Area field (if necessary) to reflect that.**

Check Number – the \$25 issuance fee may be paid for with cash, check, money order or cashier’s check; enter the correct number. If the fee is being paid in cash, enter “Cash.”

Date Cut Begins--Enter the date that the logger will begin cutting.

Other Dates – the HRA program enters the date on which you create the HRA as the default for most dates (Date App. Rec’d, FPM (Forest Practices Notification) Date, and Signed Date). Signed Date is the date the HRA is entered into as filled out in the box at the center of the second page of the HRA form.

Date Cut Ends (also the end date of the contract) defaults to the same date two years later; however, HRAs may be written for from 1-6 years. **If the end date is different from the default “Date Cut Ends,” change it to the appropriate date.** Keep in mind that two extensions are allowed for unexpired HRAs up to the maximum six-year contract period (see Extensions section under C. HRA Administration for more detailed information on extensions).

“Date Last Visited” remains blank until filled in. It can be changed over the life of an HRA by the service forester or his/her representative.

Contractor – the Contractor is the holder of the HRA, the responsible party for reducing the slash hazard, payment of any penalties associated with non-compliance, and the party entitled to any pay-out of bond monies withheld by any and all Purchasers. It is critical that the Contractor name or title (legal name or registered company/corporate name) is captured correctly. The Contractor can be one of a variety of parties, and it is your responsibility to determine the correct form. All correspondence and checks will be made out to the name or title in the Contractor field. Do not confuse the legal Contractor with the contract logger; they may not be the same.

The following are among the various types of applicants that can be legal Contractors:

- Landowner
- More than one individual – joint landowners (e.g., John & Carolyn Smith or John Smith and Carolyn Jones in the name record) Only one name record can be used in the HRA program as Contractor.
- Logger as an individual
- Logger as a company or corporation (generally using a Tax ID #, rather than an SSN#)
- Logger- individual doing business as (under SSN#)
- Mill/Purchaser
- Consultant
- Company
- Corporation
- Trust
- An Individual Doing Business As
- Legal representative of
- Power of Attorney for
- Estate of

Be sure you know which type the applicant is and fill in the name correctly. An HRA cannot be in both the name of a person and a business. The applicant will have to pick one or another and provide the appropriate SSN or TIN. **If the applicant has a business name, double-check to see if they want the HRA made out to their name or their**

business. Once the HRA is signed, any change will require an assignment form. Bond pay-out might be delayed if a Contractor takes out an HRA in his/her name and then wants the bond paid out using a business Tax ID #, or takes out the HRA as a business and wants it paid out using a SSN #.

The signature in the Signature Block for the Contractor at the end of the Agreement must match what is in the Contractor section. If the signature is not legible, print or type the name under the signature.

For an **MHRA Attachment** the Contractor would be the Master Holder (for example Stoltze Land and Lumber) followed by the name of the person requesting the Attachment in parenthesis (for contact purposes).

In the HRA program, you will do a “Name” search to see if the Contractor, Landowner(s), Cutter(s), and Purchaser(s) already have name records in the database. In some cases, you will have to search multiple possibilities (e.g., “MT” as well as “Montana,” “Dept” as well as “Department,” or “Bros.” as well as “Brothers”). For landowners, cutters, and purchasers, you may search out multiple entries; if the additional parties cannot print on the first page, their name, town and state will appear on the third “additional” page of the DS-240. Only if you cannot find a Contractor, Landowner, Cutter or Purchaser name record in the database should you create a new name record.

Landowner – Find the name, address and phone number of each legal owner of the property covered by the legal description(s) entered for this HRA. Identify each legal for each Landowner. You may permit the Contractor to enter additional Landowners to an existing HRA if the new Landowner(s) fit the “subdivision” definition (see first paragraph under “GUIDELINES” above).

Cutter – The Cutter is the logger(s) who will actually cut the trees. The Contractor who enters into the HRA and is responsible for reducing the fire hazard may or may not be the same as the logger(s) doing the cutting. In some cases, a Cutter may be added to an existing HRA – however, the Contractor must notify you of the addition or change.

PRODUCTS TO BE CUT (Box III. on HRA Contract)

In this section put in numbers for estimates of the different types of products that are to be harvested. The withholding rates for the different products are listed on the DS-240, as follows:

- Sawlogs--\$6.75/MBF.
- Green or dead pulpwood/chips--\$0.971/Ton
- Cordwood/Firewood--\$3.375/cord.
- Posts, 3-8 inches by less than 10 feet--\$.034/ea.
- Fence rails & poles, 10-20 feet--\$0.072/ea.
- Tree stakes, less than 3 inches--\$0.011/ea.

The form provides a place for the more common products and an “Other” block for adding products not on the form. The only products that can qualify as “Other” are those listed below.

- Power line & telephone poles, house logs and pilings--\$.023/linear foot.
- Railroad crossties--\$0.256/ea.

PURCHASERS/CITIES (Box IV. on HRA Contract)

Include all purchasers of forest products to which the Contractor expects to haul. Keep in mind that some companies have several mills but may report under only one name record (for example, Plum Creek reports all volume under their Columbia Falls mill). You may enter the other mills, but only the reporting mill will show up in the Slash Transactions report for the HRA.

If you create a name record for a new purchaser, make sure that purchaser understands reporting and withholding requirements. The Slash Financial Specialist will send the DS-94 Purchaser’s Report of Slash Withholding and its instructions, as well as the portions of the HRA law that spell out purchaser responsibilities, upon request. Both Microsoft Word and Microsoft Excel versions of the DS-94 are available.

A Contractor may add purchasers to an existing HRA by notifying you, preferably **before** taking volume to the new purchaser.

LEGAL DESCRIPTION OF CUTTING ACTIVITIES (Box V. on HRA Contract)

Your legal description(s) must be clear and thorough, since another forester may inspect the site. If more than one legal description is necessary, **enter each legal description into the HRA program separately.**

Identify the property down to the lot or quarter-section when possible. Only legal descriptions where harvest activity will take place should be listed. For subdivisions (lots and parcels, Homesteads, Mining Claims), identify the lot number or claim numbers and then the legal. An example would be the following:

V. Legal Description of Cutting Activities: (1/4, 1/4) Section Township Range Total Acres Harvest Acres

Lot 26, NW4	14	25N	20W	16	11
-------------	----	-----	-----	----	----

If multiple lots or quarter-sections are in the same section, they can be combined on one line; however, in cases where there are numerous, non-contiguous sections (separate physically and, in some cases, in different townships), use multiple lines. A Contractor may add additional parcels as they begin management. This facilitates easier tracking for slash abatement. Enter both total acres and harvest acres (estimated acres to be harvested within each property listed).

In some cases, the HRA applicant may not know the exact legal description. You can use Cadastral (<http://svc.mt.gov/msl/mtcadastral/>) to precisely locate their tract. If you copy multiple legal descriptions from Cadastral to insert in the legal description, when the HRA Contract is processed, check the Word document to make sure the first three legal descriptions all print on the first page; if not, add any missing legal description to the “additional” page, or reduce the font size to make them fit in the table.

Map of Cutting Activities – Attach a map (USGS or equivalent) to delineate cutting areas, topographic features, streams, roads, skid trails, and anything else to locate the unit and make inspections easier. Use USGS maps for the HRA original copy, which is maintained at the Unit or Land Office.

HAZARD REDUCTION STANDARDS (Box VII. On HRA Form)

The General Standard applies to all HRAs. Slash must be reduced to the level that a fire starting under conditions similar to a standard day (defined by the fire science BEHAVE model as 87% F, 17% relative humidity, with winds of 12 miles/hour at 20 feet above the ground) would burn with a flame length of four feet or less.

Special Management Area Requests – these specify areas with special requirements. Check the corresponding boxes for any SMAs appropriate to the Agreement. Give the applicant a copy of the HRA rules, indicating those that apply to checked SMAs. Consider a pre-harvest visit for agreements with SMAs.

Indicate **Special Management Areas (SMAs)** on the map. Prepare a base map (USGS Map when available) for all new HRAs. Draw cutting units and color in harvested areas. When you give an extension for subsequent cuttings in the same area, map the new cutting area.

SMA Closures – SMAs which are more restrictive than the General Standard may be closed in the usual manner, either by inspection or affidavit. Because these SMAs are more restrictive than the General Standard there is a greater risk associated. Strongly consider inspections for HRAS with SMAs. SMAs which are less restrictive than the General Standard should be closed with a Certificate of Compliance Affidavit.

A more restrictive SMA cannot be superseded by a less restrictive SMA on the same Agreement. The more restrictive SMA applies. For example, a Slash Retention SMA would **not** supersede the more restrictive requirements of the Residential Structures SMA.

SMA ARMs - The ARMs regarding SMAs are generally self-explanatory, but some specifics may require clarification.

- 36.11.224(1)d) – The statement “The Department may approve other methods when such methods would maintain public and firefighter safety” does **not** imply that the Department may require measures more or less restrictive than the rule. It does imply that the Department may accept a recommendation from the applicant or develop together with the applicant requirements different from those in the rule that meet the intent of the law and rule and maintain public and firefighter safety.

- 36.11.230 (Slash Retention Sites SMA) – This SMA was developed to comply with the legislation that required us to write ARMs for the slash law. Part of that legislation required the State to consider the benefits of slash while developing those laws. This SMA is the result of that requirement.

This SMA says that slash in excess of the 4 foot flame length and the 10% rule for piles may be left if the purpose of leaving additional slash is for nutrient cycling, wildlife habitat and control of surface runoff. It does not say that in doing so you can neglect providing for the protection of property and safety of the public. DNRC must recognize and compensate during inspections for the benefits of slash but must still meet the overall purpose of the Slash Law, which is the protection of life and property.

If a person requests the Slash Retention SMA, we do the following:

- * Inform the party (if not the Landowner) that the State will be contacting the Landowner to notify them of the request and that they are aware of the additional liabilities.
- * Discuss with the party the proposal they have for applying the SMA on the ground. This would include a detailed explanation as to how they will maintain public and firefighter safety and a knowledgeable discussion of their purposes for leaving additional slash and how their plan will meet their objectives.
- * If the proposal seems reasonable and well thought out, accept the SMA.
- * If the proposal is weak, work with the party to develop a plan that meets the objectives and provides for safety. You may consider a site visit appropriate before you can accept the SMA. If a workable plan is accomplished, accept the SMA.
- * If you cannot develop a plan that meets objectives and provides safety you can not allow the SMA. Make them aware that you will continue to be open to further discussion if they wish to pursue the request. You can always amend the Agreement if all parties reach agreement on a proposal at a later date.

All parties involved in the development of this SMA agree that the purpose is to provide flexibility within the HRA law to realize the benefits of retaining slash. There was also agreement that application of this SMA needs to maintain public and firefighter safety and that DNRC Service Foresters have discretion in approving this SMA.

When parties come to us with this request, our job is to seriously work with them to help them meet their objectives but maintain safety.

TERMS AND CONDITIONS OF THIS AGREEMENT and FURTHERMORES (Boxes VIII. & IX. on HRA Contract)

Before the Contractor signs the agreement, have him/her read these sections. These Terms and Conditions do not apply to MHRA Attachment applicants. The MHRA Agreement covers all the critical Terms and Conditions on the HRA Agreement. Filling out the HRA Application (DS-120 & Matrix) by a MHRA holder is an action that meets the requirements of the BMP Notification Law and provides the information the Service Forester needs to track the activity.

BMP/PFA/SMZ VIOLATION (DNRC Use Only box on the HRA Contract)

The Slash/Forest Practices Inspection Matrix will provide most of the information you need to fill out this section of the Edit HRA page correctly. BMP field review candidates are determined from this information. Click on all boxes that apply to the property covered by this HRA. If you click "Water on Cutting Area," make sure you also click on other appropriate water-related boxes. If you have processed an alternative practice, please put in the date the practice is approved.

On the HRA form, please check "Yes" or "No" based on the information entered into this section of the Edit HRA page as to whether a BMP pre-harvest visit has taken place, if water is on the cutting area, if a private forestry assist has taken place, and whether the Landowner is willing to participate in a BMP field review. This information is very helpful in screening potential BMP field review sites.

WRITING AGREEMENTS FOR ANOTHER FIELD OFFICE

Occasionally a member of the public will come into a field office and request an HRA for a location that is administered by a different field office. This practice is acceptable as long as the administering office can keep track of all the steps in the process and that all information, forms and checks are accounted for.

GUIDELINES

- Try to contact the administering office while the applicant is present to inform them of the request and get any instructions they may have regarding the process. Deviations from the guidelines (e.g., an alternative practice) must be worked out with the service forester for whose area the HRA is written – **no exceptions**.
- The office receiving the request for application may enter information from the HRA Application form (DS-120), collect the \$25.00 fee and create the HRA contract (DS-240). **Be sure to change the county if necessary and change the Unit to the administering office before processing the HRA Contract form.** Have the Contractor sign the agreement and sign the agreement for DNRC. Deposit the \$25.00 issuance fee. Distribute copies of the agreement as described in C. below.
- Forward the original of the signed Agreement to the administering Unit or field office.

C. Finalizing the HRA Contract

STANDARD

- **An HRA Contract is not valid until fully signed and the \$25.00 issuance fee is paid.** The DNRC Service Forester or DNRC Authorized Representative signs the contract last, after receipt of the issuance fee. The Department **must** collect the \$25.00 at the time the HRA is issued.

The Area Manager authorizes who may sign HRAs for the Department.

SIGNATURES

The Contractor signature(s) must match the name(s) entered in Section II of the Agreement. If more than one name is shown as the legal name of Contractor, both parties should sign the Agreement. **If anyone other than the Contractor signs the contract, it is not valid unless the DNRC Service Forester or Authorized Representative can witness that the signator has been given permission to sign the contract and initials the signature to attest to that.**

DISTRIBUTION OF DS-240 COPIES

STANDARDS

- After an agreement has been completely filled out, distribute signed copies, both sides, as follows:
 - * Original retained at the Unit or Land Office where the Agreement is to be administered.
 - * Copy to the Contractor.
 - * Copy to the Landowner, if different from the Contractor (or Landowners if more than one Landowner is on the Agreement).
 - * Copy to the Cutter, if different from the Contractor (or Cutters if more than one Cutter is on the Agreement).
 - * One copy to each Purchaser of forest products listed on the Agreement.
 - * Copy for the Slash Financial Specialist within five working days of signature. Also include a copy of the HRA Application and Matrix, issuance fee check or money order (no copy of cash), and the Other Deposits by Warrant Code TLMS report.
 - * One copy in the PFA Cooperator file (722.1) for that cooperator (optional).
- Record the HRA data in the HRA log (DS-116)

- Please be prompt in distributing copies. The Slash Financial Specialist will not open an HRA until a fully-signed copy is received. When a mill report entry does not have an HRA number, that entry will be put in Pending.

\$25 ISSUANCE FEE PAYMENT AND PROCESSING

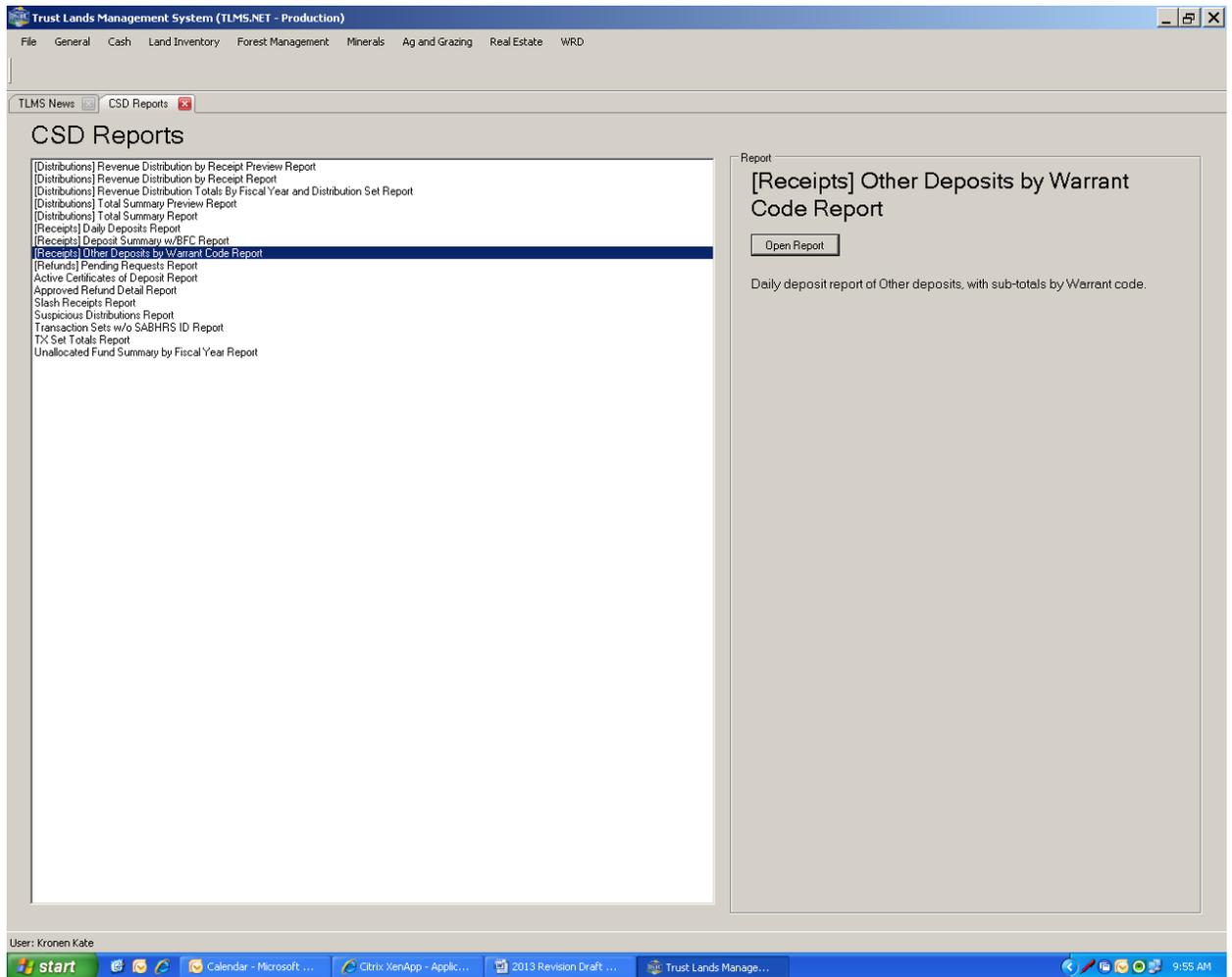
A \$25.00 issuance fee is required for B-option Hazard Reduction Agreements. It is not required for attachments to Master Hazard Reduction Agreements (MHRAs). HRA field offices should not receive mill reports/checks. If you should receive mill reports with checks by mistake, **DO NOT DEPOSIT THEM.** Please route them to the Forestry Division office for deposit.

Forestry Division and Field Offices utilize TLMS NET Production for depositing all incoming monies relating to Forestry Division programs, including HRA issuance fees (\$25.00). All money received, whether cash, check or money order, must follow the DNRC cash handling policy and have documentation attached. See Handling Money Transactions in the Appendix.

AT A MINIMUM, MAKE A DEPOSIT ONCE A WEEK and send transaction set documentation, copy of the check and completed HRA Contract directly to the Slash Financial Specialist at the Forestry Division office.

Instructions for depositing monies using TLMS are as follows:

1. Be sure to enter checks under the **Other Payments** tab. TLMS will autogenerate the receipt #, location, date, and Transaction Set #.
2. Complete the boxes as per usual, being careful to enter both **Payor** and **Applicant Name**.
3. In the **Warrant Code** field, select **Slash Unallocated 2506/07045**
4. In the **Invoice #** field, please enter the appropriate number of the agreement, as in this example: 32B12345
5. Under **Cash – Reports** generate and print a copy of the appropriate report, **Other Deposits By Warrant Code**.
6. **Make copies of the checks and signed HRA contracts and send them along a copy of the Other Deposits by Warrant Code report to the Slash Financial Specialist. DO NOT send copies of cash.**
7. See the following illustration:



D. SITUATIONS WHERE HRA MAY NOT BE REQUIRED

EXEMPTION CERTIFICATES

The Department must grant an exemption from the provisions of 76-13-401 et seq. MCA for the harvest of merchantable trees (not more than one truck load or 5,000 board feet) within the boundaries of an incorporated city or town. This is done by granting an exemption certificate.

STANDARD

- Issue an exemption certificate **only** when a request for one is made and merchantable trees are to be harvested **within** an incorporated city or town.

GUIDELINES

- Upon request for an exemption certificate, the DNRC representative or exemption applicant fills out an HRA application form (DS-120). If the applicant is not the Landowner, a DNRC representative should call the Landowner to confirm the harvest activity.
- A site visit may be required as indicated by the Slash Forest Practices Inspection Matrix.
- Forester verifies the town or city identified on the application is incorporated.
- Forester fills out and gives the applicant an exemption certificate and SMZ booklet.
- Exemption holder must show the exemption certificate to the Purchaser when delivering the product to the mill.
- No bond is withheld by the Purchaser.
- No volume is reported by the Purchaser to the Slash Financial Specialist.
- There is no closure process; the Purchaser is responsible to abide by the conditions of the exemption certificate.
- Field office files a copy of the exemption form with the Application Form (DS-120).
- Field office keeps all records of exemptions and reports number of exemptions and volume to Bureau by January 31st for the preceding calendar year.

RIGHT-OF-WAY AGREEMENTS

If Landowners or Cutters want to clear a right-of-way, and the right-of-way is not located in an area already covered by a valid HRA, then they must complete an HRA Application Form (DS-120), checking the box for 10-Day R/W Clearance. The form then goes into a R/W file. However, they must enter into an HRA agreement if they plan to sell commercial forest products from the right-of-way.

Keep the following organizations stocked with current **HRA Application Forms** (DS-120): Bonneville Power, Burlington Northern, county offices, electrical cooperatives, Northwestern Energy, Pacific Power, the primary wood processing plants, ranger districts, real estate and subdivision developers, telephone cooperatives, the Army Corps of Engineers, the State Highway Department, Yellowstone Pipeline, etc. Advise the other agencies that they would only use these notices for R/W clearing they do on private lands, as the slash law applies only to private land.

STANDARDS

- Notify Landowners and Cutters they are legally required to:
 - * Reduce the fire hazard when they clear rights-of-way.
 - * Treat slash cleared from the right-of-way during pre-roading concurrent with road construction; piles must be burned within two burning seasons.
- Also notify contractors, the Highway Department and other agencies that they must get burning and possibly air quality permits before burning right-of-way materials. In most cases, the Highway Department is not required to get an air quality permit since the burning does not involve more than 100 acres. The Air and Waste Management Bureau (in Department of Environmental Quality) decides whether individual contractors clearing the highway on bid jobs need an air quality permit or not.

GUIDELINES

- Send copies of HRA Agreement to the Landowners when appropriate.
- Enforcement of R/W shall follow the same procedures as any other HRA Enforcement Action (see the Enforcement Section of this manual).

5. HRA ADMINISTRATION

A. HRA AMENDMENTS

A Hazard Reduction Agreement is a legal contract between the Contractor and the State.

STANDARDS

- One party may change the contract, in writing, if the other party agrees in writing and both parties date the agreement. Keep in mind Department and Division policies, laws and rules and the intent of the law before agreeing to contract changes.

DO NOT WRITE ANY AMENDMENT INFORMATION ON THE ORIGINAL AGREEMENT. Document all amendments on a separate form or paper and attach it to the original or put it in the file.

Amendments to an HRA are usually necessary to:

- * Change legal descriptions, addresses, purchasers, products, volumes, the county or option of an agreement number.
- * Change the Landowner or add another Landowner.
- * Change the hazard reduction instructions.

GUIDELINES

- Write and sign an amendment memo or update a **copy** of the original HRA by highlighting, initialing and dating the changes.
- Distribute the memo or changed **copy** of the original HRA contract to:
 - * The Contractor.
 - * The Landowner(s).
 - * Each purchaser **if** logging is still taking place (only if Contractor or Landowner(s) have changed).
 - * The Slash Financial Specialist.
- Attach a copy of the memo or the original “changed” HRA copy to the original Agreement in the HRA file.

EXTENDING AN HRA

STANDARDS:

- Hazard Reduction Agreements may be extended twice. The extension must be requested before the HRA's expiration date. The total period of any HRA **should not exceed six (6) years.**
- When a Hazard Reduction Agreement is extended, send an extension letter (DS-244) to the Contractor and copies to all parties listed on the HRA who are not also the Contractor (Landowner(s), Cutter(s), Purchaser(s), Slash Financial Specialist). **Be sure to keep a copy in the field office's file for that HRA.**

GUIDELINES

Extending an HRA to Allow Continued Harvesting:

- HRA Extensions may be issued to allow additional time **for harvesting** as long as the extension does not result in an Agreement period in excess of 6 years total length from the Cut Begins date. When you receive a request to extend for the purpose of additional harvest, check the expiration date ((Date Cut Ends) to see if the HRA has already expired.
 - * **For HRAs issued before March 17, 2013**, an expired HRA may be extended if the service forester or Slash Financial Specialist gets the Forest Practices Program Manager's approval of the extension.
 - * **For HRAs issued after March 15, 2013**, the HRA cannot be extended once the HRA has expired. If an HRA has not yet expired, it may be extended **up to the maximum period of 6 years from the date the HRA was signed.**
- If the requested extension would extend the HRA past the maximum Agreement period of six years, you have the following options:
 - * Extend the HRA for less time, up to the maximum Agreement period.
 - * Deny the request for extension and issue a new HRA agreement for the additional cutting, collecting the usual \$25 issuance fee. **If there are multiple landowners on the HRA, and the proposal relates to the property of only one landowner, you must issue a new HRA to that landowner instead of requesting an extension.**
 - * Contact the Forest Practices Program Manager to request an exception to the maximum Agreement Period of up to six years. Extensions of HRAs beyond the six-year maximum Agreement period may, at the discretion of the Forest Practices Program Manager, be allowed under the following circumstances:

Harvesting must have occurred on the property covered by the HRA within the previous 24 months. If the acreage is being managed for long-term, historic harvest (e.g., a ranch), that makes sustaining a continuous HRA appropriate.

To request this type of extension you must draft a proposal outlining how these conditions apply to the specific Landowner's property and submit it to the Forest Practices Program Manager. Develop a site-specific approach to managing their HRA for slash abatement. This may involve tracking, removing and adding legal descriptions and/or inspecting the property with the Landowner annually.

Requests to Extend HRA for Slash Clean-Up and/or Burning:

- **An extension is not needed for slash clean-up and/or burning purposes.** The slash law and rules require the holder to clean up and dispose of their slash within 18 months of commencing cutting. The law remains in effect even after the Agreement has expired. **If all logging is complete, there is no reason to extend the HRA.** Extending an HRA for slash clean-up and/or burning may even be counter-productive, as the extension allows the Contractor to continue harvest and create more slash.
- If the Contractor/Contractor requests an extension solely for purposes of slash clean-up and/or burning:
 - * Notify the Contractor that the agreement will not be extended beyond the expiration date, even though slash work is outstanding.
 - * Allow the Agreement to expire.
 - * Develop a plan with the Contractor to abate the slash hazard. If you cannot work out an abatement plan with the Contractor, initiate the Assignment or Takeover process.

AMENDMENT DUE TO DEATH OF CONTRACTOR

STANDARDS

- When an HRA Contractor dies, find out how much of the hazard reduction work has been completed.
 - * If the Contractor finished the hazard reduction work, find out who the Personal Representative for the estate is or who is the sole survivor.
 - * If the Contractor did not finish the hazard reduction work, consult the estate's Personal Representative (PR) or sole survivor about assigning the HRA. If the HRA is over 18 months, you may initiate takeover procedures. Handle this with sensitivity. This is a business transaction to you, but may be a difficult, grieving time for the estate representative or sole survivor.

In either case, if the HRA is in the name of a corporation or a partnership, any partner or officer of the corporation may sign forms, including the HRA Pay-Out form or an assignment form. Have any partner signing in place of the deceased provide a photocopy of the written partnership agreement with the deceased and keep it in the HRA file.

- When the HRA is being assigned to the estate's Personal Representative (PR), sole survivor, or another party, certain documents are required.
 - * A copy of the Contractor's death certificate.
 - * If the contractor had a Personal Representative (PR), have them provide a photocopy of the testamentary (court documents) letters appointing them as the Personal Representative for the estate.
 - * If the value of the withheld hazard reduction funds is less than \$500 and the sole survivor of the deceased has not probated the estate, DNRC will accept a notarized Survivor Application for Refund form (DS-243).
- Once you have received the appropriate documentation from whoever can legally sign for the deceased, you can process an Assignment Form (DS-117) from the Estate of (John Doe) signed by the PR of the estate or the sole survivor as the Assignor (bottom left on form). The Assignee (top of form) should be whoever is to receive the bond money, and in many cases may be the PR or sole survivor. Attach copies of the documentation to the copy of the Assignment form sent to the Slash Financial Specialist. Once the SFS has processed the assignment in the HRA program, the HRA will be in the name of the Assignee, who can then sign all forms processed for that HRA, including the HRA Pay-Out form and Compliance Affidavit.

ASSIGNMENTS

An Assignment is the process whereby the legal responsibility for compliance with the Agreement is transferred from the current legal Contractor to a new Contractor (assignee). Contractor refers to the legal "Contractor" on the Agreement, not necessarily the logging contractor. Completion of the DS-117, Assignment of Fire HRA form (copy is in the appendix) is required to complete the Assignment. The dollars in the bond account for the HRA will transfer with the Assignment and any refund following clearance would go to the new Contractor.

Assignments are appropriate in two situations:

- A new Contractor is taking over the logging operations.
- Logging is complete, and a new Contractor is taking over the slash hazard reduction work.

Assignments can follow three general paths:

- Directly from the current Contractor to a new Contractor (B-option to B-option).
- From the current Contractor to the State (Take over B-option to D-option, see below), or
- From the State to a new Contractor (D-Option to B-Option)

STANDARDS

- Use the Assignment Form, DS-117, to replace the current Contractor with a new Contractor. In most cases, this will result in the balance of the bond account being transferred to Bond Forfeiture so the Department will issue a 1099 form at the end of the year in which the forfeited bond is paid out. The only exception to this is where an individual is assigning an HRA to his/her business (in order to use the business' TIN) or vice-versa (in order to use the individual's SSN, usually because the business' TIN is no longer valid).
- Any administrative fee payback that exists at time of assignment will be refunded to the current Contractor. Please check to see if the current Contractor's SSN or TIN is on file in the HRA program (in the name record it should say, "On File" in the SSN/TIN box). If it is not, please get the SSN/TIN if possible and call to have the Slash Financial Specialist enter it into the program. If the SSN/TIN is not in the program, it may delay processing of the assignment.
- Remind both the old and the new Contractors that the assignment is a legal contract and transfers all money and the responsibilities of the HRA to the new Contractor.
- The old Contractor, the new Contractor and an authorized DNRC representative must sign the same assignment form. It is not valid until all have signed.
- **Do not write any changes on the original Agreement.**
- Make copies and distribute them as follows:
 - * Original retained at the issuing unit or land office. Attach the original Assignment to the original Agreement.
 - * One copy each to the new Contractor, Old Contractor, Landowner(s), Cutter(s), each Purchaser if logging is still taking place, and the Slash Financial Specialist. The Slash Financial Specialist will not process an assignment until a copy of the fully-signed DS-117 is received.

B. INSPECTION AND COMPLIANCE

STANDARDS

- Prior to processing a HRA Pay-Out Invoice for a bond refund and/or closure of a Hazard Reduction Agreement, the site must either be inspected by a DNRC forester to document compliance, or the Contractor must furnish to DNRC a signed and notarized Certificate of Compliance Affidavit (DS-266).
- If, during the inspection process, you cannot make contact with the Contractor or if the slash work is not in compliance with the Agreement, Law or Rules and the Contractor will not bring the work into compliance begin the Enforcement process (see Enforcement for Non-Compliance, page 49).

SLASH/FOREST PRACTICES INSPECTIONS

As part of the application and issuance of a Hazard Reduction Agreement, the Slash/Forest Practices Inspection Matrix (back of the DS-120) should have been completed to assess the potential slash and forest practices risks associated with the logging operation. Based upon these risks, a two-dimensional matrix is used to determine whether the site will be inspected for final compliance with the slash and forest practices laws or a compliance affidavit completed.

STANDARDS

- The matrix in the HRA file should be referred to prior to HRA closure, to assist in determining whether an inspection or affidavit should be used to clear the HRA.
- The purpose of inspections is to monitor and assure compliance with the terms and conditions of the Agreement and the slash hazard abatement portions of the HRA Law and Rules. Inspections can be made for two purposes:
 1. Assure slash preparation is done concurrent with cutting and is accomplished within 18 months of commencement of cutting, **and**
 2. Assure that final hazard abatement (for example burning) is completed as required by the Agreement. The most current Agreement requires abatement within 18 months of completion of all cutting.

18-MONTH INSPECTIONS

18-month inspections are done to ensure slash preparation is concurrent with cutting. Concurrent means that no slash is left untreated for more than 18 months after the slash was created. The 18-month notice process also provides the opportunity for a status check on the operations. Is cutting complete? Do they want an extension? When do they plan to burn or otherwise clear the slash?

The Expiring HRAs status list in the HRA program provides you with a list of HRAs that have expired or will expire within three months. You can also use Advanced Search to find all open HRAs whose Agreement End Date is less than a particular date. Although you can look for HRAs that meet the 18-month criterion at any time, the recommended minimum is that you do so a month or two prior to commencement of burning seasons. You should do this at least twice a year. The important thing here is that the list is run often enough to monitor agreements for 18-month compliance.

STANDARDS

If an agreement shows up on the 18-month list, and you do not know the project's status, you can find it out in one of several ways: 1) make personal contact with the Contractor; 2) send a reminder letter (DS-43, Hazard Reduction Reminder Letter, “the friendly letter,” to the Contractor; or 3) send an 18-Month Notice (DS-69, 18-Month Notice Letter) by certified mail, return receipt requested.

- Making personal contact or sending a reminder letter may work best to get the Contractor to reduce the hazard. However, personal contacts and reminder letters are not considered legal enforcement actions. **Before takeovers or any legal enforcement actions can be taken, a certified 18-month letter MUST be sent.**
- Once the Contractor responds, determine if the work has been completed. When you are satisfied the prep work has been completed or is concurrent, determine the Contractor’s future plans regarding continued cutting or a final inspection.
- If cutting exceeds 18 months, either through extension or because the Agreement is for more than two years, you will need to continue verification that slash preparation stays concurrent with cutting. After the 18 month compliance check, make additional compliance checks annually until cutting is completed.

INTERMEDIATE INSPECTIONS

STANDARDS

- Do intermediate inspections only when slash work has been completed on an identifiable portion of the logged area or in response to a request for partial pay-out (see Pay-outs).

GUIDELINES

- Intermediate inspections are discouraged. If you receive a request for an intermediate inspection, whether for technical help or for partial pay-out, consider it lower priority than final inspections. Make intermediate inspections only in combination with other tasks in the area. Use the slash matrix to determine if an intermediate inspection is necessary or a Partial Compliance Affidavit (DS-239) can be used to clear a portion of the area.

FINAL INSPECTIONS

Final inspections must be made in compliance with the terms on the specific Agreement. We currently have at least five revisions of the Agreement active. In addition, “High Standard” areas or SMAs may have different requirements from the General Standard. You will need to check each Agreement to determine the compliance criteria.

Prior to Inspection:

When requests for slash inspections are received, schedule the inspection as soon as workload and site conditions allow an effective and efficient inspection. Generally, this should be within two weeks of the request.

GUIDELINES

- First, review the HRA file and print a Slash Transaction Record for the Agreement. This information is valuable for:
 - * Determining what the history of the agreement is, and if any special conditions (BMP reviews, SMZ concerns or violations, etc.) exist which need attention during the inspection.
 - * Ensure all log deliveries are accounted for on the transaction report.
 - * Ensuring that all slash deposits were made into the correct account.
 - * Completing the HRA Pay-Out Form
- The Slash/Forest Practices Inspection Matrix (part of the DS-120, HRA Application) on file will indicate whether the site should be inspected for compliance or cleared by Certificate of Compliance Affidavit (DS-266). Generally, the Matrix results should be followed. However, there may be mitigating circumstances that the DNRC forester feels warrants an inspection when the matrix indicates closure by affidavit, and vice versa.

During Inspection:

GUIDELINES

- It is preferable, but not necessary, for the Contractor to be present on inspections. If you are unsure of access or location of logging units, you should require the Contractor's presence.
- During the inspection, inspect a sufficient portion of the logging units to ensure that the slash standards have been met. Use the treatment prescription in the Hazard Reduction Agreement, the Hazard Reduction Standards and/or the Slash Photo Series to determine compliance with the slash standards. Areas not in compliance should be flagged on the ground, indicated on a map of the area, and/or shown to the Contractor.
- **Go through the transactions report with the Contractor to be sure all deliveries to the mill have been included on the report.**
- If a discrepancy exists in the slash account being refunded, then refer to the After Inspection guidelines below.

After Inspection:

GUIDELINES

- If discrepancies exist between the account balance and what you or the Contractor believes should be in the account, cross-reference the agreement with the delinquent mill report and pending accounts to determine the cause. Contractor receipts for volume hauled to purchasers could help determine which purchaser failed to make deposits, or which deposits were made in error. If the Purchaser is the source of the discrepancy, implement Purchaser Enforcement procedures.
- Problems with SMZ compliance or BMP application which are noted during the inspection should be handled in a manner consistent with forest practices standards and guidelines.

C. CLOSING HRAS

Depending on whether there is a balance in either Bond or Bond Forfeiture for an HRA, there are three main ways of closing one.

ZERO BALANCE LETTER (DS-250)

When an HRA has been inactive for two years or more and has a zero balance in Bond and Bond Forfeiture, you may use the Zero Balance Closure Letter to close it. **Note that this letter does not certify compliance**--it is an administrative letter used to close inactive agreements. It can also uncover problems caused by noncompliance or discrepancies in accounting.

STANDARDS

- Check the transaction records in the zero balance section of your files monthly for agreements that are over two years old. For zero balance agreements over two years old, send the Zero Balance Closure Letter, DS-250, original to the Contractor. Keep a copy in the unit files. **Copies should also go to the Slash Financial Specialist, Landowner, and each Purchaser** (or include on DS-178, Purchaser Notice of HRA Closure).
- If the Contractor does not respond within 15 days, as stated in the letter, the HRA can be closed. File a copy in the closed agreement file, pull the slash transaction record and mark it closed, and also file it in the closed file.
- **If the Contractor does respond, and you agree not to close the HRA, be sure to notify the Slash Financial Specialist so the HRA is not closed in the HRA program.**

COMPLIANCE AFFIDAVIT (DS-266)

A Compliance Affidavit (DS-266) is a method of closing a Hazard Reduction Agreement without a site inspection by a DNRC representative. Instead, the Contractor signs the Affidavit in the presence of a notary public, certifying that they have met the terms of the Hazard Reduction Agreement.

STANDARDS

- The original Certification of Compliance Affidavit (signed and notarized) must be placed in the file with the original Hazard Reduction Agreement, and copies sent to:
 1. The Slash Financial Specialist
 2. The Contractor
 3. The Landowner(s)
 4. The Purchaser(s)--this may be done through use of a "Purchaser's Notice of Hazard Reduction Agreement Closure" (DS-178).
- Because DNRC has not inspected the site, Certification of Clearance (DS-229) letters will **not** be sent to Contractors for HRAs that are cleared by Affidavit.

GUIDELINES

- Use the rating from the Slash/Forest Practices Inspection Matrix to determine if the HRA should be cleared by Affidavit. Workload problems or other factors may result in Affidavits being used when the matrix indicated an inspection was warranted, and vice versa. When a Certification of Compliance Affidavit is being used, send it to the Contractor (or have them sign in the office) with an HRA Pay-Out form to refund the HRA bond. The Affidavit must be notarized.

CERTIFICATION OF CLEARANCE (DS-229)

An HRA that has been inspected and where slash clearance was found to be sufficient is closed by a Certification of Clearance letter. This letter notifies the Contractor that the terms of the HRA have been met, that they are relieved of further liability and responsibility, and that the HRA is terminated.

STANDARD

- An HRA that has been inspected and where slash clearance was found to be sufficient is closed by a Certification of Clearance letter. This letter notifies the Contractor that the terms of the HRA have been met, that they are relieved of further liability and responsibility, and that the HRA is terminated.

GUIDELINES

- The original Certification of Clearance must be placed in the file with the original Hazard Reduction Agreement, and copies sent to:
 1. The Slash Financial Specialist

2. The Contractor
3. The Landowner(s)
4. The Purchaser(s) – this may be done through use of a "Purchaser's Notice of Hazard Reduction Agreement Closure" (DS-178).

CLEARING AND CLOSING HRA BOND ACCOUNTS

Occasionally, it is difficult to return money to the Contractor because they do not respond to phone calls, correspondence, or letters returned as “not deliverable.” When this happens, the agreement has expired, and the work is not complete, **it is usually best to take over the agreement and then assign it to someone who can complete the work** (i.e., Landowner, Cutter, fire crew, fire department). This, however, may not be possible or practical for agreements with small amounts of money, \$50.00 or less in them, or where there is little or no fire hazard* present. In these situations it is best to put the money into the DNRC Clearing Account. If the Contractor returns within three years and demands the money, Financial Services can pay the Contractor from this account. After three years, the money will be transferred to the Department of Revenue as unclaimed property, and the Contractor will have to go to them for payment (see “Repayment of Cleared HRA Monies” on the next page).

- All original documentation will still be housed at the Unit of Land Office initiating this process.
- **Do not attempt to put money into the DNRC Clearing Account before the agreement has expired simply because you cannot contact the person, even if the hazard reduction work has been completed.**
- **IF the slash is not abated and a fire hazard exists, DO NOT request the Slash Financial Specialist to clear the HRA. Begin the State Takeover Process.**

The criteria necessary for putting money into the DNRC Clearing Account is as follows:

FOR \$50.00 (< 8,330 BF cut) or less:

1. The agreement **must be expired.**
2. You are reasonably sure that “little or no” fire hazard exists, **and**;
3. You have made reasonable attempts** to contact the contractor and are unable to locate.

If these conditions have been met, you can send an e-mail or memo with statement of facts to Slash Financial Specialist to transfer funds to DNRC Clearing Account.

*A “small amount of hazard” is up to the service forester, Landowner or contractor. If the service forester, Landowner or contractor feel comfortable with what slash is left out there, define it as a small amount of hazard. If the slash passes according to the state slash standards, the agreement can be closed even if nothing was physically done as a fire hazard reduction treatment. **If you do not know** whether a hazard exists, inspect the site.

** “Reasonable attempt to contact” can be achieved by either; 1) sending a certified “Hazard Reduction Reminder Letter” with no response for the mandated 30 calendar day waiting period (or having it returned as undeliverable), or 2) send the letter and follow up with a phone call. Be sure to resend if it’s returned with a new/forwarding address. **A certified letter of some type must be sent before an HRA bond account can be cleared.**

FOR \$50.00 or more:

1. The agreement **must be expired**, **AND**;
2. A “certified 18-month notice” sent with no response for the mandated 30 calendar day waiting period, **AND**;
3. Slash abatement was inspected and “little or no” fire hazard exists

If these conditions have been met, you may send the Slash Financial Specialist a memo outlining the request to transfer funds to the DNRC Clearing Account and that the agreement should be closed. Include a copy of the certified letter and a copy of the "returned envelope".

REPAYMENT OF CLEARED HRA MONIES

If the Contractor contacts you requesting payment of cleared monies, first confirm whether the Contractor’s address and phone number in the HRA program are correct. If they are not, you will need to notify the Slash Financial Specialist and provide the updated contact information so the name record can be updated. (This may be done by phone or e-mail.) Second, determine whether the monies were cleared before July 1, 2011 or after July 1, 2011.

1. If the monies were cleared before July 1, 2011 send the Slash Financial Specialist an e-mail or memo requesting return of the bond monies to the bond account. Once that is done, process an HRA Pay-Out Invoice following the same procedure as if the HRA was never cleared.
2. If the monies were cleared after July 1, 2011, look at the Slash Transactions Report and note the date when the TC #21 was run. If it has been less than three years since the TC was run, send the Slash Financial Specialist an e-mail requesting the Contractor be paid from the DNRC Clearing Account including the HRA number, Contractor’s name and address, and the amount(s) cleared. DNRC Financial Services requires a W-9 form be filled out before payment can be made, so either have the Contractor fill one out or mail them one to fill out. Either the Service Forester or the Contractor should send the W-9 directly to The Trust Land Accountant (Joyce Naehner) at DNRC Financial Services in Helena. The Slash Financial Specialist will notify the Trust Land Accountant that repayment has been requested and provide all necessary information for her to process that payment, which will happen after she receives the W-9 form. The Trust Land Accountant will send the Service Forester and the Slash Financial Specialist an e-mail notifying them when the payment was sent to the Contractor. A copy of that e-mail should be attached to the HRA or put in the HRA’s file.

If the monies were cleared after July 1, 2011 and it has been more than three years, the Contractor must request reimbursement from the Department of Revenue. Have the Contractor call DOR at (406) 444-6900. (If it is just past three years, a phone call to the Trust Land Accountant to inquire if the money has been transferred to Revenue might be advisable.)

RETENTION OF CLOSED HRA FILES

Keep original closed HRA records for **eight years** from closure date, as required by Records Management. After eight years, submit a records disposal request to the Secretary of State and upon approval, dispose of records as required by the General Records Retention Schedule G-3, item 18.

D. HRA BOND OR BOND FORFEITURE PAY-OUTS

PREPARING THE HRA PAY-OUT FORM

The HRA Pay-Out form has three sections instead of the two that were on the old Slash Refund form.

The **Payment** section is used to pay out any “Bond Forfeiture Balance” (see top of Edit HRA screen). Bond money is moved to the Bond Forfeiture account when an HRA is taken over or assigned to another party. DNRC must issue a 1099 form for the assignee, whether the HRA has been assigned directly by the old Contractor or after State Take-over. An HRA that has never been taken over and assigned will have no Bond Forfeiture Balance.

The **Bond Refund** section is used to refund the “Current Bond Balance” (see top of Edit HRA screen). An HRA that has had no additional volume added after take-over/assignment will have no Current Bond Balance.

The **Administrative Fee Refund** section will be filled out by the Slash Financial Specialist (if necessary) when the form is processed.

STANDARDS

- Prepare an HRA Pay-Out Invoice when:
 1. Making a partial payment of Bond or Bond Forfeiture monies.
 2. Hazard reduction work has been satisfactorily completed and inspected and the HRA is being closed by a Certification of Clearance **OR** a Compliance Affidavit has been completed, signed and notarized.
- If an HRA is on the pending account report, payment should be delayed until the pending volume in question has been resolved and monies in pending allocated.

GUIDELINES

- Create the HRA Pay-Out Invoice **via the HRA program** and have the Contractor sign it, if possible, at the time of the final inspection. The current Contractor is the vendor. If an inspection is not being performed or it is more suitable, send the HRA Pay-Out form to the Contractor along with the closure document.

The following will autofill on the HRA Pay-Out Invoice:

Contractor's Name and Address--The name and address of the current Contractor will autofill here. Check your records to be sure the address in the HRA program is current and contact the Slash Financial Specialist to change the Contractor's name record if necessary.

Agreement #--The HRA program will autofill the HRA number using the number of the HRA whose Edit HRA screen you use to create the invoice. If you wish to pay out for more than one HRA on one invoice, you will have to enter the other HRA numbers on the form. Please pay-out no more than three HRAs on one invoice.

Amount—the HRA program will autofill the amounts in the Payment and Bond Refund sections of the form, and will enter that amount as the total for that section. If the HRA does not have money in the Bond Forfeiture account (has never been assigned or taken over), the amount for that section will be 0.00. If the HRA has money only in Bond Forfeiture, the amount for the Bond Refund section will be 0.00. You can delete these zeros if you wish – but if you do so, please also delete the HRA number from that section as well.

For Bond Forfeiture payments, it is advisable to send a W-9 form with the HRA Pay-Out form, as it has proved most Bond Forfeiture payments require a W-9 form. Helena will send them a form, but the payment will be delayed until they get it back.

If you are refunding more than one HRA per invoice, you will have to enter the additional amounts in the appropriate sections. If an HRA has a Bond Forfeiture Balance, enter it (aligned with the HRA number you typed in) in the Payment section. If an HRA has a Current Bond Balance, enter it (aligned with the HRA number) in the Bond Refund section. You will have to change the total for those sections that contain multiple HRA numbers.

If the HRA is being assigned just prior to pay-out, you will need to change not only the Contractor's Name and Address, but also put the amount being paid out into the Payment section instead of the Bond Refund section. If there is payback involved, it must be paid to the Contractor who had the HRA while it was accrued. Due to the peculiarities of the database, the Bond Refund pay-out to the assignee will be delayed until after Helena runs the batch containing the Administrative Fee Refund to the assignor.

DO NOT fill out the Refund Total and Grand Total fields. The Slash Financial Specialist will fill these out.

Enter information or alter the following on the HRA Pay-Out Invoice:

Remain Open/Close--Indicate the status of the agreement by circling either "remain open" or "close" in either the Payment or Bond Refund sections, whichever has been autofilled. If both sections have autofilled, circle "remain open" or "close" in the Payment section.

Tax ID or Social Security Number: We need to obtain the appropriate tax ID number for the Contractor. If the Contractor is a company, partnership, etc. the tax ID number may be either the company Federal Tax ID Number (TIN) or a person's Social Security number (SSN). If the HRA is in a person's name, however, they must provide their SSN. Delete whichever number type (SSN or TIN) does not apply, to prevent the Contractor from filling out the wrong type of ID number. **HRA PAY-OUT INVOICES WILL NOT be processed for refunds without the appropriate TIN or SSN (whichever applies). If the SSN or Tax ID number is already in the HRA program (it says "On File" in the SSN/TIN field in the Contractor's name record), you may simply write "On File" on the form.**

Contractor's Certification Box at Bottom Right of Form: Contractor's Name - Enter the Contractor's name as it appears in the upper left-hand corner of the slash refund invoice in this box next to "Contractor's Name."

Have the Contractor fill out the following:

Tax ID or Social Security Number: Have the Contractor fill out the appropriate SSN or TIN (unless you have already put in "On File." **HRA PAY-OUT INVOICES WILL NOT be processed unless the Contractor provides the appropriate tax ID number.**

"DATE LAST PRODUCT HAULED...TO MILL..."—The Contractor should fill this out with the date (or approximate date) they last hauled volume to a mill, and the name of that mill. **The date next to the last mill report line in the Slash Transactions Report is the date the Slash Financial Specialist entered the report, not the date last product hauled..**

Contractor Certification Box:

Contractor's Name: If you have not already filled out the Contractor's name, they should do so (please have them print it). It should match the Contractor's name as it appears in the upper left-hand corner of the HRA Pay-Out Invoice.

Date Signed: Have Contractor enter the date they sign the form.

Contractor's Signature: Have Contractor sign their **legal name**, not a nickname.

Title: In the case of a company representative, enter the person's title and company name.

Once the form is complete, have the Contractor sign original or send to Contractor for signature (signed original to be returned to Unit for approval) along with a copy for Contractor.

After the Contractor has signed the completed form:

Fill out the “State Use Only/Approved for Payment” box at the lower left of the HRA Pay-Out Invoice by checking whether or not the HRA meets BMP Audit Site minimum criteria or not and sign by “Service Forester Signature.” Then write in the date you signed. (The Slash Financial Specialist will fill out the rest of this box when the form is processed).

Attach a closure letter (Certification of Clearance, DS-229) **or** Certification of Compliance Affidavit (DS-266) to the HRA Pay-Out Invoice. Either of these letters will close the agreement, **DO NOT DO BOTH!**

Route copies of the HRA Pay-Out Invoice and closure document as follows:

1. The white original and a yellow copy of the HRA Pay-Out Invoice and a **copy** of closure certificate to the Slash Financial Specialist, **unless** Slash Financial Specialist has the original HRA; then send the original Certification of Compliance Affidavit.
2. A copy of the original DS-229 (Certification of Clearance) or **copy** of DS-266 (Certification of Compliance Affidavit) to the Contractor. (Contractor has already received copy of HRA Pay-Out Invoice.)
3. Copies of the Certification of Clearance/Certification of Compliance Affidavit to the Landowner with a copy of the Slash Transaction sheet.
4. Keep a copy of the HRA Pay-Out Invoice and the original DS-266 (if the unit has the original HRA) or copy of the DS-229 at the unit.
5. One copy of the certificate to each purchaser or DS-178, Purchaser's Notice of Hazard Reduction Agreement Closure.

Send the Slash Financial Specialist copies immediately to avoid a delay in payment processing.

PARTIAL PAY-OUTS

A partial pay-out is an authorized refund of a percentage of monies held in an HRA’s Bond and/or Bond Forfeiture account where the HRA is not being closed.

STANDARDS

- Cash bonds for hazard reduction may be partially released upon satisfactory completion of slash **piling**.

Make a partial pay-out **only** when all the following apply:

1. A request for partial pay-out has been made;
2. The hazard reduction agreements for which the request is made exceeds 200,000 board feet, or the equivalent;

3. All harvesting and slash piling has been completed on the area under agreement; and
 4. The Contractor has a record of compliance with the provisions of 76-13-407 and 76-13-408.
- Slash may be inspected or the Department may rely on submittal of a signed and notarized Partial Compliance Affidavit (DS-239).
 - In general, retain sufficient bond to cover estimated State-Do clean-up costs. If you wish to refund 60 percent or more of the accumulated bond, send the Slash Financial Specialist either a copy of a signed and notarized Partial Compliance Affidavit or an explanatory note or e-mail. Partial refunds of 60% or more of the bond monies must be approved by the Forest Practices Program Manager.

GUIDELINE

- Pay out the partial payment by submitting a HRA Pay-Out Invoice to the Slash Financial Specialist.

6. ENFORCEMENT AND STATE TAKEOVER PROCESS

A. CONTRACTOR ENFORCEMENT FOR NON-COMPLIANCE CUTTING WITHOUT AN HRA

STANDARDS

- Contact the Contractor, explain what HRAs are, and request that they enter into an HRA with the State.
- If the Contractor refuses to get an HRA, contact the Forest Practices Program Manager to begin enforcement actions.
- Contact the Purchaser(s) to reimburse the State for all money due. A purchaser audit may be necessary to determine monies due.

GUIDELINES

- Other options found in Sec 76-13-410 of the Slash Law include:
 1. Enjoin operation from further cutting through court action.
 2. Reduce hazard at Contractor or owner's expense.

LEGAL REQUIREMENTS

The Contractor must complete all non-burning methods of hazard reduction or all preparations for burning within 18 months after beginning to cut the area covered by the agreement.

All slash must be burned or otherwise cleared to an acceptable level as defined in the Agreement. There are several revisions of the DS-240 in effect. Make sure you know what the requirements are for the specific Agreement with which you are working. The current version states that burning must be completed within 18 months following completion of all cutting.

There must be an active Agreement in place to harvest timber. If the Agreement has expired, contact the Contractor and either extend, assign, take over or close the Agreement.

STANDARDS

- Contact the Contractor either in person, by mail or phone, and obtain pertinent information regarding the situation. Try to develop an action plan to resolve the enforcement problem.

YOU CANNOT START A STATE TAKEOVER OR TAKE ANY OTHER LEGAL ACTION WITHOUT SENDING AN 18-MONTH NOTICE (DS-69) BY CERTIFIED MAIL AND WAITING 30 DAYS FOR A RESPONSE.

- If the Contractor does not reply to a certified 18-month notice within 30 days, inspect the area, then send a Certified Takeover Letter (Form DS-245) to give the Contractor 15 days from receipt of the letter to pay the expense of fire hazard reduction plus 20% penalty. Contact the Landowner as well if you think that will help.
- If the Contractor does not respond or pay the costs of slash hazard reduction plus penalty in 15 days, send a Bond Forfeiture Letter (Form DS-242) to notify the Contractor that the Department intends to forfeit his/her bond in the amount necessary to complete slash reduction with penalty, unless the Contractor requests a contested case hearing within 15 days. If a hearing is requested within 15 days, a hearing examiner will be appointed. If a hearing is not requested within 15 days, the bond will be forfeit.
- If the Contractor replies and asks for an extension, and the reasons stated warrant the extension, you may grant it. (See Extension of an HRA under HRA Amendments.) **Remember: extend only for additional cutting, not for slash work.**
- When an extension expires and the Contractor has not asked for a service forester to inspect the work, inspect the area, and then contact the Contractor. Contact the Landowner as well if you think that will help.
- If the Contractor fails to reduce the hazard satisfactorily within the given timeframe, formulate a hazard reduction plan that would include one or more of the following alternatives:
 1. Assign the agreement to the Landowner or a new Contractor (see Assignments).
 2. Take over the reduction work on a cost-plus-penalty basis.
 3. Institute injunction proceedings to halt further operations on the agreement. You must contact the Bureau prior to instigating this action.

GUIDELINES

- If no hazard reduction work has been done, try to assign the Agreement (Assignment of Fire HRA, DS-117) to the Landowner or a new Cutter.

WITHHOLDING FUTURE AGREEMENTS FOR NON-COMPLIANCE (76-13-410(6))

Pursuant to §410(5), DNRC may withhold the issuance of HRAs or exemption certificate for two reasons: (1) if timber is harvested without a valid HRA; or, (2) if a person has forfeited the performance bond on an HRA within the two preceding years AND fails,

refuses or neglects to properly reduce or manage the fire hazard in accordance with §408 within thirty days after DNRC has notified the person.

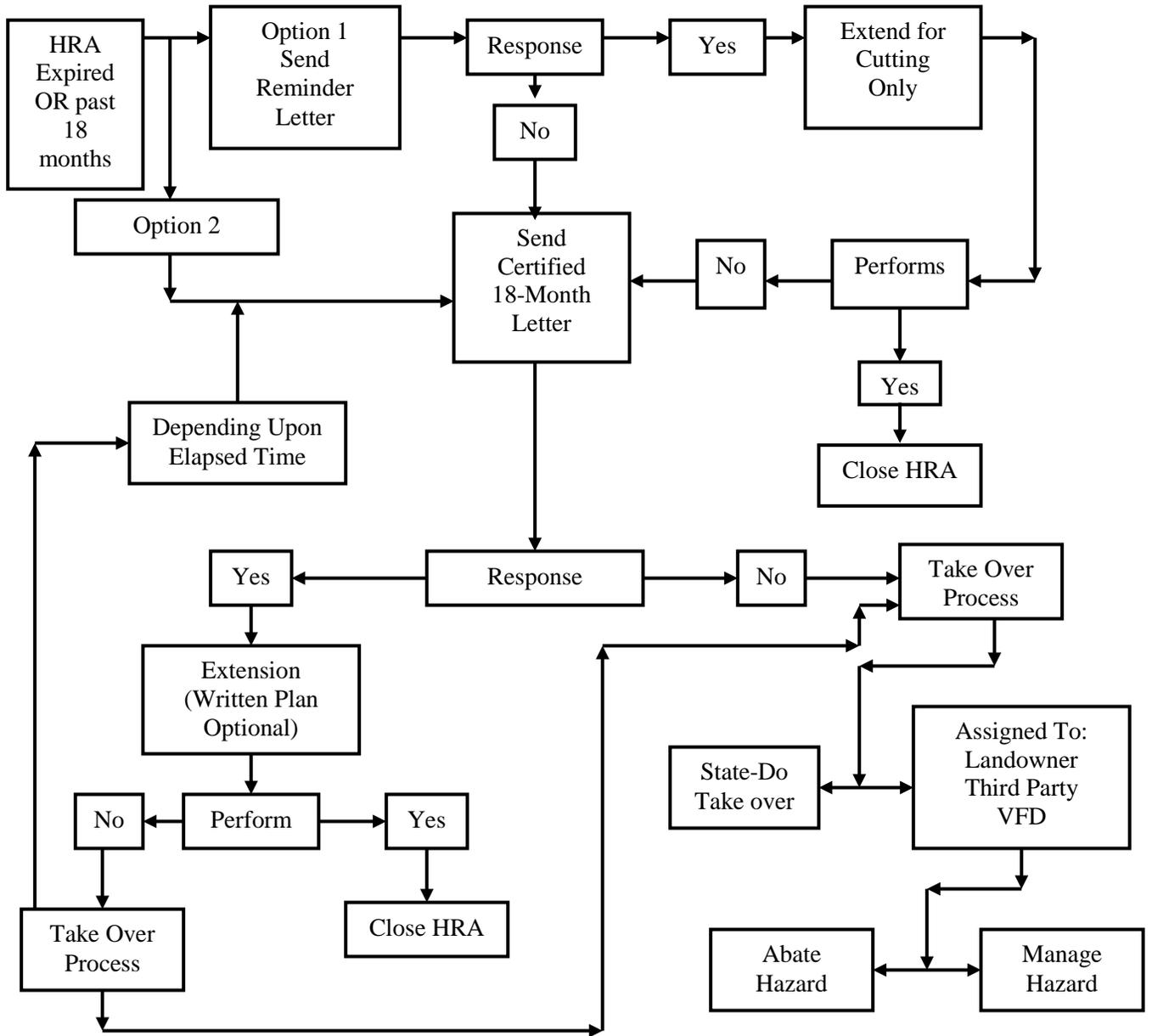
As can be seen, §410(5) has a two-pronged requirement. Initially, the person must have, with respect to a current HRA, failed to reduce the fire hazard after DNRC has notified the person that he or she has thirty days to reduce or manage the fire hazard (i.e., the thirty days have lapsed). Additionally, this person must have, within the two years previous to the current violation, forfeited his or her performance bond (i.e., on a prior HRA) pursuant to the procedure set out in §410(3) and (4). If DNRC determines that these two things have occurred, it must send notice to the person in question and provide this person an opportunity to show cause why DNRC should not withhold the issuance of an HRA or exemption certificate for a period of three years. If the person in question fails to show sufficient cause, DNRC may withhold the issuance of an HRA or exemption certificate for three years.

Process

When a Service Forester determines the need to withhold issuance of an Agreement for non-compliance reasons, contact the Forestry Assistance Bureau and legal counsel so the situation can be worked through together.

1. For the current HRA that is not in compliance, complete the entire non-compliance process as described in the non-compliance flow chart.
- 2. When you determine that you will need to take over the agreement and that you have a habitual offender, contact the Bureau.**
3. Search past records to determine if the Applicant had a non-compliance take over within the past two years.
4. Through discussions among the Field Office, Bureau and legal staff, a decision will be made to determine if we will pursue the issue further.
5. When it is determined that the Department will pursue withholding an HRA, the Bureau and legal staff will take the lead as is done with SMZ violations.
6. All Service Foresters and staff members connected with HRAs need to be contacted and informed of the status of these individual

HRA ENFORCEMENT PROCESS



DOCUMENTING ENFORCEMENT SITUATIONS

The majority of evidence gathered and used in court cases is written memorandums, letters and reports in the particular project file.

STANDARDS

- Write reports in a positive manner.
- Include in each document your name, the date you are writing or adding to the report, a detailed description of what you have seen and been told, and your signature. Also put on an HRA code number.
- Answer the following questions in writing and pass them on to the Forest Practices Program Manager before beginning any enforcement actions:
 1. What is the specific nature of the violation--who is responsible for hazard reduction (the Contractor), what had the Contractor agreed to do on the HRA, and when was it supposed to happen?
 2. What actions has DNRC taken to remedy the situation? When, and who took them?
 3. What actions should DNRC have taken that we didn't? When and who should have taken them?
 4. What can DNRC do now that has not been done before? Who should do those things, and when?
 5. What will remedy the situation? What alternative strategies exist--legal action or otherwise--for making that happen?
 6. What is the recommended strategy, and why?
 7. If the recommended strategy requires legal action, whom do we choose--the county attorney or Department legal staff, and why?
 8. What is the essential information we need to give the county attorney or our legal staff?
 9. Who should provide it?
 10. What, specifically, are we asking whichever attorney to do?
- Your report should cover the following:
 1. That the person indicated has failed, refused, or neglected to comply with Sections 76-13-40, 76-13-408, and 76-13-409 MCA.

2. That the person is cutting, either for themselves or for another, timber, or removing other forest products, and is creating a fire hazard on private lands in the State of Montana.
 3. That the person has been notified in writing that they have not complied with Sections 76-13-407 or 76-13-408, MCA.
 4. That they have still failed, refused or neglected to comply with whichever section(s) for 30 days after being notified.
 5. While inspecting the area described in Hazard Reduction Agreement No. _____, I noted the following unsatisfactory condition(s): (List the conditions.)
- The following are examples of appropriate statements to be included in the reports:
1. I tried to inspect the area covered by Hazard Reduction No. _____, and the (Contractor/Landowner) refused access to the area.
 2. DNRC notified the person on (date) that State crews had taken over the hazard reduction work.
 3. We attempted to do this on (date); the Landowner would not let the crew on the property.
 4. Refer to the correspondence and memorandums of Hazard Reduction File Number_____.
 5. It is apparent from this information that the Contractor will not comply with the Timber Slash Law.
 6. I, therefore, recommend that (appropriate legal action) should be taken to enforce the law.
- Make all reports neat and concise.
- Initial and date mistakes or corrections made on the file copy of any report.
- Clean project files periodically to remove all the temporary memorandums and notes.
- Keep the original of any memos or letters in the office files – only send duplicate copies through routing channels.

Evidence

Effective law enforcement depends on gathering and documenting information well.

Court cases have been lost because field personnel have gathered too few facts or insufficiently documented them.

Although lawyers will handle the legal action required to process a court case, the field personnel will need to gather most of the data and, as a rule, testify on behalf of the State.

Judicial procedure restricts information that will be used in court to facts.

STANDARDS

- Think of all project files pertaining to hazard reduction work as potential court case evidence.
- Prepare and write reports and correspondence included in the project file with this eventuality in mind.

Gathering Information

The source you gather the information from can be very important in a court action. For example:

- **Hearsay**--Evidence, oral or written, derived from something the witness has heard others say; any evidence depending upon the credibility and competency of some person other than the witness. Generally, testimony of this type is excluded in court, but may be admissible in some special matters.
- **Fact**--Evidence, oral or written, that the witness has actually seen, said or done. This evidence may include properly documented reports in the files, etc. This type of evidence is the information upon which juries and/or judges must base their verdict. It may be either direct or circumstantial.

The major difference between hearsay and fact stems from what the witness has seen or done. If the witness was in some way physically a part of what happened, it is fact; if the witness has simply in some way observed others, it is hearsay.

STATE TAKEOVERS

Takeovers should only occur when an HRA's slash work is out of compliance and the current holder does not appear to have any intention of cleaning up the slash; there will normally be a bond balance. Additionally, the current holder has either not tried to assign the Agreement to another party or has not successfully completed the assignment process. In essence, a State takeover means the State is assigning the Agreement to itself and assuming responsibility for the slash hazard reduction.

The State could take over an Agreement for one of two reasons:

1. To assign the slash responsibility to another party.
2. The State to handle the clean up.

In either case, the Bond account money for that HRA is transferred to the Bond Forfeiture account and is considered forfeited bond.

MANAGING TAKEOVERS

Whether taking over an HRA with the intention of assigning it to another party or planning a State-Do slash clearance, the non-compliance notification process (see Enforcement for Non-Compliance, Section 6, A.) must be complete.

A State Takeover **voids** the HRA for future mill purchases.

After taking over the HRA, first try assigning the HRA to the Landowner, who has a vested interest in reducing the hazard. If the Landowner is unwilling or unable, try assigning the HRA to a new Contractor. As a **last resort**, the State will manage or complete the hazard reduction work. Cooperate and communicate with the Landowner throughout the process.

Complete all State hazard reduction work within two burning seasons from the takeover date.

If an HRA is taken over and excess bond remains after deducting expenses and the 20% penalty, notify the Slash Financial Specialist of a remaining balance.

The HRA remains open until the hazard is properly reduced or managed.

State Assigning Slash Responsibility to Another Party:

Taking over an HRA with the intention of assigning it to another party usually arises when you cannot get the current Contractor's signature on an assignment. The following conditions must be met:

1. The slash work is out of compliance with the Agreement.
2. **You have gone through the non-compliance notification process** (see Enforcement for Non-Compliance earlier in this section).
3. It is evident the slash work will not be completed by the current holder.
4. You have a new party willing to be assigned the slash hazard reduction work.
5. For any of a variety of reasons, the current Contractor is unavailable and/or unwilling to complete the assignment paperwork.

In this situation you would complete the takeover and then assign the HRA to the new party using the Assignment Form (DS-117). Because you are making a direct assignment

following the takeover, you do not need to complete the Project Cost Report – HRA Forfeited Bond - State-Do Slash Clearance (DS-80 – see below).

State-Do Takeovers:

The State-Do Takeover is a situation where the State is assigning the slash hazard reduction work to itself with the intention of completing the slash reduction work.

State-Do Takeover of an HRA to comply with the Slash Law is discouraged. At times, however, the State needs to intervene or take over an HRA to ensure compliance. In those cases, the state will charge slash clean-up costs against the HRA's forfeited bond as a course of doing business.

Before initiating a State-Do Takeover:

1. Make a concerted effort to get the original Contractor to complete the job.
2. Try to get the current Contractor to find someone willing to accept an Assignment.
3. Try to get the Landowner to accept an Assignment.
4. Try and get the Landowner to find another Contractor to accept an Assignment.
5. Try to find a Contractor to accept an Assignment.
6. Check to see if a Volunteer Fire Department or a similar organization is willing to assume management of the hazard, especially if the HRA is not located within a DNRC fire protection boundary.

If there are no other solutions, or if you determine there is a compelling reason that is in the State's best interest to take over the Agreement and complete the work, then the State should do so.

If you foresee any problems with taking over an Agreement, contact the Forest Practices Program Manager. The following are examples of problems where the Bureau should be contacted.

1. There is not enough money in the account to complete the hazard reduction. If you plan to do the work, present the Bureau with a preliminary DS-80 Project Cost Report, **with "Estimate Only" checked**. This form should include all costs, penalties, and show the dollar shortfall.
2. If the process leads to the billing of the Contractor and potentially placing a lien against the Contractor, the Bureau will coordinate with the legal staff in working through the process.

Ensure that you inform and cooperate with the Landowner throughout the process.

If you choose to "**manage the hazard,**" and it is located within a DNRC direct protection area, consult with your Unit Fire Supervisor to ensure that the area will receive

additional security, i.e., additional patrols/visits during the fire season for as long as the hazard exists.

State-Do Takeover Process:

After you have gone through all the steps in the non-compliance process (see Enforcement for Non-Compliance, Section 6, A.), exhausted all assignment options and determined that a State-Do Takeover is necessary:

1. Contact the Slash Financial Specialist to get the Bureau in the loop that you are initiating the process, and to verify the bond and/or bond forfeiture account balance.
2. Calculate State-Do costs (see Calculating State-Do Costs below). This may require a site visit to clarify the specific costs.
3. Check the costs against the bond or bond forfeiture account balance.
 - a. If the forfeited bond will cover the costs:
 - 1) Send the takeover letter by certified mail to the current Contractor.
 - 2) Notify the Forestry Assistance Bureau of the State-Do Takeover by sending in the paperwork (including the DS-80 with “Estimate Only” checked).
 - 3) Continue the search for someone to accept an assignment.
 - 4) Complete the fuel hazard reduction work as conditions allow.
 - b. If the forfeited bond will not cover the costs, contact the Forest Practices Program Manager to determine the next step together.

Calculating State-Do Costs

STANDARD

- Always use the State-Do Project Cost Report, (DS-80), to calculate and report work and expenses incurred on State-Do projects, both for individual HRAs and MHRA attachments. If you are calculating costs for a potential State-Do project, check “Estimate Only” at the top of the page so that the Slash Financial Specialist knows this is an estimate and not a DS-80 for a completed project.

GUIDELINES

- The DS-80 is designed to report the costs for State-Do projects. You can include costs from more than one payroll period if necessary. Fill in the dates of the applicable payroll periods under Payroll Costs (by “DATE”) so you can specify exactly when each person worked on the project.

Payroll Costs – Under EMPLOYEE, enter the names of each person who worked on the project. Fill in the hours worked under the appropriate dates, total the number of hours, and multiply that by the hourly cost, which is their pay rate plus benefits, to come up with the total cost for each person. Consult your unit’s office manager or business manager to get the correct hourly cost. Under

“Charged to Org #, put down the org the employee used on his/her time sheet. If possible, set up an org specific to the project ahead of time and have the employees use that. If for some reason they do not, the cost can be transferred to the proper org later.

Operating Costs – The operating costs for the project include anything needed to complete slash clearance, from aircraft to ground vehicles, equipment used, supplies (including fuel, lodging, meals, etc.) Use aircraft and vehicle rates from the DNRC travel policy as guidelines.

Completing the Form – Using the bond forfeiture balance as a starting point, subtract total payroll and operating costs as well as a 20% penalty amount, which is calculated from total expenditures. The ending balance should be zero or a negative number. If it is not, consult the Slash Financial Specialist, to whom you will send the completed form. The Agreement Status should be “Close Agreement” unless there are special circumstances why it should remain open. Get the Forest Practices Program Manager’s approval if you do not wish to close the HRA.

B. PURCHASER COMPLIANCE AND ENFORCEMENT

LEGAL REQUIREMENTS

- Purchasers shall not buy forest products cut from private lands unless the seller has a valid HRA.
- Purchasers must understand that they are in violation of Montana law if they accept logs without the seller displaying a valid HRA.
- Purchasers must withhold money at the rates listed on the Purchaser Report of Slash Withholding (DS-94), also known as the mill report.
- Purchasers must report their withholdings for each month to the Slash Financial Specialist at DNRC Forestry Division by the 15th day of the following month. This includes making reports of zero withholdings for months when no private logs are delivered to the mill.
- Purchasers' monthly mill reports **must** include the month and year of report, the name of the contractor, the HRA number(s) that apply, the type of volume purchased, the volume of purchases, the withholding rates, the amount withheld and fill out the company name, address, e-mail, phone number, and signature of who processed the mill report.

STANDARD

- The Service Forester is responsible for notifying all sawmills, post and pole dealers, scragg mills, etc. of the reporting requirement, supplying them with the necessary forms and information or asking the Slash Financial Specialist to do so.

GUIDELINES

- Service Forester will make a personal visit when business is first established or on a scheduled basis.
- During this visit, discuss and clarify the procedures of reporting, law enforcement, withholding, and forwarding of monies withheld.
- Maintain close contact with the mills in your area to make sure purchasers get proof of HRAs before buying forest products.

PURCHASER ENFORCEMENT

A Service Forester should regularly generate a Reported Mills report, which is found under “Reports” in the HRA program. This report lists Purchasers active on the land office’s or units’ HRAs; if the Purchaser has filed a mill report during the time period specified, it will show the month and year of that mill report and the date on which the Slash Financial Specialist entered it into the HRA program. Some Purchasers file multiple mill reports each month; all will be included.

- There are several ways that a Service Forester or the Slash Financial Specialist may determine that a mill is not complying with the reporting requirements:
 - Having not reported for one month.
 - Being notified by a contractor or another mill.
 - Seeing or hearing non-compliance in person.
 - Receiving what appears to be an invalid request for refunds.

STANDARDS

- Generate a Reported Mills Report (preferably on a monthly basis) to determine the reporting status of the mills physically located in your area. Send a Non-Compliance Notice (DS-224) to any mill showing a sporadic or non-reporting history of one or more months.
- If you know of mills that should be on the Reported Mills Report which are not actually on the report, send the mill name, address and phone number to the Slash Financial Specialist and a list of your area’s HRA numbers with that mill as Purchaser.
- When a purchaser does not properly submit either the withheld money or the monthly mill report, or both, follow the notification and time limits outlined in this section; the State must follow these due process steps before administering penalties or taking further legal action.

DELINQUENT PURCHASERS

Purchasers remain as delinquent on the Reporting Mill Report as long as there are any open HRAs that list them as purchasers. Once all HRAs that list that mill as a purchaser have been closed, the mill will disappear from the report.

When you know that a mill has permanently closed, notify the Slash Financial Specialist, who will note that the mill has closed in the Company Name field in its name record. Service Foresters should not list a mill with such a name alteration as Purchaser on any new HRAs. If the mill should reopen, notify the Slash Financial Specialist immediately to remove the “closed” notation.

Temporary and seasonal closures or information that a mill is not purchasing volume from private timber sales should be noted under Comments in the mill’s name record. The Slash Financial Specialist should also be notified of such closures and notified again when the mill reopens or begins taking private timber sale volume.

Make frequent visits to area mills that do not report by the 15th of each month.

Mills Not Reporting for One Month

When Service Forester knows of an active purchaser that has been buying private timber sale volume and has not reported for one month, he/she should first ask the Slash Financial Specialist as to whether the SFS has any information pertinent to why the report does not appear. If the SFS does not know, initiate the following procedures.

STANDARDS

- Send the mill a Non-Compliance Notice (DS-224) by certified mail. Route copies of the notice to the Forest Practices Program Manager and Slash Financial Specialist.
- If sending the notice does not produce action, call the alleged violator.
- If the Purchaser fails to make a report as a result of these actions, contact the Forest Practice Program Manager in order to investigate and determine the need for legal action.

Mills Not Reporting for Two Months

If the Purchaser hasn’t responded for a second month, review the enforcement procedures taken so far and make sure that the Purchaser was actually sent a Purchaser Non-Compliance Notice (DS-224) via certified mail. If so, initiate the following procedures.

STANDARDS

- Ascertain that the mill has in fact been purchasing private logs and failed to submit mill reports with the money due within the required time. If that is the case, send the Forestry Assistance Program Manager a report describing the mill’s status and what actions you recommend.

- Refer to Documenting Enforcement Situations, (see pages 54-56, to see the specific questions you will need to answer in your report.
- The Forestry Assistance Bureau must, within ten days of the field reporting no response to a Purchaser Non-Compliance Notice, investigate and determine the need for legal action. The Forest Practices Program Manager will contact DNRC's attorneys and recommend what enforcement step to take next, and whether the county attorney or a DNRC attorney should pursue the case. However, turn to the DNRC legal staff only after all administrative remedies have been tried and have failed.

If DNRC chooses to use the county attorney, field personnel need to contact the county attorney and provide the information they will need to pursue the case--i.e., purchaser's name, their location, the section of law being violated, and proof of violation.

When the field asks a county attorney to prosecute a purchaser non-compliance case, the Forestry Assistance Bureau must immediately notify the State Forester, the DNRC Director and the DNRC legal staff.

If the case is not handled through the county attorney, then the State Forester, or the Forestry Assistance Bureau acting for the State Forester, will contact DNRC legal staff for prosecution or out-of-court settlement.

AUDITING PURCHASERS' RECORDS

Audit the records of mills as a part of enforcement or prevent non-compliance problems.

STANDARDS

- Target these mills in your audits: mills that are consistently late in reporting their monthly withholdings; mills that are not reporting; mills that are reporting suspect or incorrect withholdings; mills that are accepting forest products without a valid HRA; and any mill that has some other kind of reporting discrepancy.
- You can also audit a sampling of mills as a routine across-the-board mill audit.
- The Forestry Assistance Bureau and one or two field representatives may conduct the audits.
- The request for an audit normally will come from the service forester in the mill area to the Forest Practices Program Manager and/or Slash Financial Specialist.
- The auditor(s) should be familiar with the HRAs and contractors connected with the mill in question.
- The Bureau will coordinate the audit between Forestry Division and Field Office.

Visiting a Purchaser to Audit Them

When visiting a Purchaser, keep in mind that the type and quality of information available varies among mills. However, the accounting ledger that shows purchases is usually helpful.

STANDARDS

- The field office involved in the audit should call the mill and ask them to arrange a time for DNRC to visit, at the mill's earliest convenience.
- Before the audit visit, have the Slash Financial Specialist run the mill audit reports, generating two lists: one that shows purchases reported by month and HRA number, and another that lists Contractors' HRAs in numerical order with the dates and amounts of each.
- Tell the mill that you would like to look at the receipts that show the actual transaction between the Purchaser and the seller.
- Use the two reports you brought with you as a checklist at the Purchaser's office--check off HRA records that match your list and note any records that don't match or don't show up on your reports.
- If you don't get what you need the first time, go back to the Purchaser and ask for more information. After the audit, the Forest Practice Program Manager will summarize the findings and make any recommendations necessary for enforcement.

7. Master Hazard Reduction Agreements (MHRAs)

A. MHRA AND MHRA ATTACHMENT REQUIREMENTS

APPLYING FOR AN MHRA

Usually Master Hazard Reduction Agreements are made with forest products companies that employ professional foresters who make hazard reduction prescriptions and carry out hazard reduction work on their own or NIPF lands.

Each MHRA (DS-202) consists of a signed general contract (**MHRA**) between Company or Agreement Holder and DNRC; any number of signed **attachments** (DS-240, M-Option); and a valid **bond**.

STANDARDS

- Anyone may apply for a Master Hazard Reduction Agreement.
- An MHRA can be approved for a company or an individual engaged in ongoing cutting operations that are large enough, either in number of units or volume bond.
- The agreement holder is responsible for compliance with slash standards on all attachments to their MHRA.
- An MHRA requires the person to post a cash or surety bond (not a Letter of Credit) to cover the estimated average annual volume of the MHRA holders' uncompleted abatement or \$12,000.00, whichever is greater
- A person entering into an MHRA must pay fees equal to 100% of DNRC's actual costs that will be incurred in the administration, inspection, and enforcement of the agreement (76-13-414 3a, MCA). DNRC will bill the contractor annually. (For the MHRA billing process, see page 69.)

GUIDELINES

- The following factors may be used in determining whether an MHRA is approved:
 - * The applicant must be engaged in continuous cutting operations of sufficient size and number that would require a bond of no less than \$12,000.00.
 - * The agreement holder is the responsible party for all laws relating to forest practices on all attachments covered under the MHRA.
 - * The applicant does not have an unsatisfactory record of meeting slash standards.

PREPARING AN MHRA (DS-202)

STANDARDS

- Companies and individuals apply directly to the Forestry Assistance Bureau (FAB) for an MHRA. The Forest Practices Program Manager (FPPM) will canvass DNRC land offices to receive comments on the proposed MHRA. The FAB will then make a recommendation to the Division Administrator. The Division Administrator approves or denies the application.
- If approved, the FPPM will prepare the MHRA (DS-202) and coordinate its signing. The FPPM will also convert the MHRA holder's current HRAs to MHRA attachments if requested.
- When applicants have reviewed and signed the agreement, they must return all copies to the Forestry Division with a valid bond. Allow 60 days to complete the processing of a new MHRA.
- Distribute the original MHRA agreement to:
 - * The Land Office or Unit (COPY)
 - * Forestry Assistance Bureau (ORIGINAL).
 - * The agreement holder (COPY).
 - * The bonding company (if requested).

MHRA BONDS

All MHRA holders are required to post a reasonable bond for each calendar year. There are three steps associated with determining an appropriate MHRA bond.

1. Calculating the unabated volume for the previous calendar year.
2. Calculating the bond amount.
3. Mailing notification letters of the minimum bond amount to all MHRA Holders.

STANDARDS

- The Forest Practices Program Manager (FPPM) will review, monitor and recalculate the bond amount for each MHRA annually or more often if needed. To do this, MHRA holders and field foresters give the Forest Practices Program Manager information for the bond calculation.
- By March 1st every year, each agreement holder provides the FPPM a total of volume harvested by county for the previous calendar year. Field offices send the FPPM a listing (or calculation) for the year's unabated volume, including any

backlog. This volume is determined by mutual agreement between the Field Office and the MHRA holder.

- The bond is determined by averaging the annual volume of uncompleted abatement for the previous 3 years. This volume times the bond rate of \$6.00/MBF = the minimum bond the MHRA holder must post, or \$12,000, whichever is greater. Other options may be utilized if mutually agreed to by the MHRA holder and the DNRC.
- MHRA holders must provide the field foresters with the cutting block number, the timber sale name, or timber sale contract number, the county, and the sawlog volume harvested for all harvest units they want inspected and cleared.

MHRA TRACKING SCHEDULE

STANDARDS

- At the time of seasonal inspections, the agreement holder must provide the Service Forester or designated DNRC employee with a list of all uncleared blocks from all previous years. The DNRC will compare the company's list of uncleared sales/units/blocks with his/her own list of uncleared sales/units/blocks to assure that no uncleared sales/units/blocks have been dropped from the list.
- January 1 is the cutoff date for unabated volume considered in the bond volume calculations.
- March 1 is the date by which Service Foresters submit unabated volumes to the FPPM. These volumes are reached by mutual agreement with the MHRA holder. Submit unabated volume as specified by the Forest Practices Program Manager.
- Service Foresters should also send all direct cost bills to the MHRA holders before March 1. Put a due date on all bills. Bills sent out to complete the previous year's direct costs must have a due date of no later than March 30.
- MHRA Holders must submit Cut by County information, pay direct cost bills, and pay Extension Forestry monies from the previous calendar year by April 1 unless delayed by agreement with the DNRC.
- The FPPM will mail out letters notifying MHRA holders of their required bond amounts for the current calendar year by March 15 or as soon thereafter as practical.
- The MHRA Holder is the keeper of the official records for unabated slash. Foresters need to keep their own records to track attachments, cross check holder records and be knowledgeable participants in the unabated volume discussions. Determining the unabated volume should be a consensus process. If the Service Forester has serious concerns as to the accuracy of the MHRA holder records, he/she should contact the Forest Practices Program Manager.

PREPARING AN MHRA ATTACHMENT (DS-240)

MHRA attachments are NIPF timber sales/harvest units that the MHRA holder wishes to add to his/her MHRA. By doing so, forest products can be purchased and/or sold from that harvest unit without taking out individual HRAs. The hazard created must be reduced to the legal standard. The MHRA bond ensures compliance.

STANDARDS

- The MHRA holder applies to the Area Manager (or their designee) for MHRA attachments. The Area Manager (or their designee) will process and/or approve the attachment. Approval authority may be delegated to Unit Managers and Service Foresters. Attachment approval is recommended when:
 - * A separate attachment to the MHRA has been made for each distinct harvest site.
 - * The MHRA holder owns or has contracted for the stumpage.
 - * The agreement holder has reviewed, signed and returned the attachment.
- An MHRA attachment is created in the HRA program just like an HRA; the only difference is that it is an M-option rather than a B-Option, and a \$25 issuance fee is **not** charged for an attachment. **Change the option to M-option before making the attachment “Ready for Review”**. If you do not do so, the software program will add a \$25 issuance fee to the ledger.
- Once the attachment has been finalized and signed, send a copy to the Slash Financial Specialist, who will open the attachment and forward the copy to the Forest Practices Program Manager for his files. The original stays in the Land Office or Unit where the MRHA is managed.
- Also send the MHRA holder a copy.

B. MHRA & MHRA ATTACHMENT ADMINISTRATION

MHRAs and their attachments must fully comply with the same four-foot flame length, Special Management Area, and High Value Area standards as HRAs.

MHRA INSPECTION PROCEDURES

Fee Lands

The Area Manager or Assigned Unit/Area Inspecting Forester shall follow these procedures.

STANDARDS

- Service foresters will request a list of fee land and attachment blocks from each MHRA holder that is ready for inspection. They will inspect a sample of fee blocks and may choose to inspect up to 100%. If the blocks inspected meet the standard, they will be cleared. The remaining uninspected fee blocks will be assumed to meet the standard and cleared by affidavit. At least 95% of the blocks inspected must pass in order to clear uninspected blocks with an affidavit.

If less than 95% of inspected blocks pass, then:

- * The blocks that pass are cleared.
 - * A written report of further work required on the failed blocks will be provided to the MHRA holder.
 - * When additional work is completed, a second inspection will be done, including all previously failed blocks and another random sample of previously uninspected blocks. This process is repeated until an acceptable percentage of blocks pass inspection. All costs associated with this process will be billed to the MHRA holder being inspected.
- If the number of blocks ready for inspection is 10 or less, inspect all blocks.
 - Contact MHRA holders annually between April 1 and December 15 and make arrangements for joint inspection of slash work.
 - Schedule and begin inspections within two weeks of receiving a request to inspect completed slash work or within two weeks of the site being accessible.
 - Make both aerial and ground inspections available to all; contractors who choose aerial flight inspections must reimburse the State for the flight costs.
 - Use the MHRA Inspection Report form, DS-119, or Service Foresters printout to make notes on the following:
 - * The status of the hazard reduction work done on each of the units inspected.
 - * Further hazard reduction work that you require.
 - * A date by which the agreement holder must have this added work finished.
 - * Establish a rough cost estimate of the work still needed.
 - * Units or sales which are eligible for closure or partial reduction of bond.

GUIDELINES

- Consider using a fixed-wing aircraft to make inspections where the operations are widespread, or for the types of harvest where you can most clearly see the reduction work from the air.

Important considerations for what percentage of blocks to inspect include:

- * The MHRA holder's slash compliance history.
- * The responsible forester's slash compliance history.
- * Number of blocks to be inspected.
- * Increased ignition potential (blocks adjacent to public roads, etc.)
- * Values at risk (blocks near urban interface, power lines, etc.)
- * Sample should reflect an even geographic distribution of all the blocks.
- * MHRA holder may request up to 100% of the blocks be inspected. That is acceptable since they understand the costs involved and the time commitment required.

Other Considerations:

- * Hazard reduction method (especially if method is new to Cutter or service forester).
- * Block size and slash volume.
- * Presence and complexity of SMZ.
- * Type of slash standard (SMA, high hazard, standard).
- * Generally, the more blocks, the lower the inspection percentage needed.

MHRA NIPF Attachments

STANDARDS

- At the time of application for a MHRA attachment, the Service Forester will complete an inspection matrix. By doing this, the forester determines if the attachment block should be cleared through an inspection or an affidavit.

MHRA BILLING

A person or company entering into an MHRA must pay for 100% of DNRC's actual costs incurred in the administration, inspection, and enforcement of the agreement.

- DNRC bills the Contractor periodically to collect these fees.
- Make all MHRA billings reflect 100% of the costs incurred.

- Include a copy of the itemized bill with a cover letter to the MHRA holder.
- For time directly attributable to a specific MHRA holder, bill directly.

Itemize expenses separately on the bill you send. Include date, employee's name, activity, # of hours and billable rate (see Table 2). Itemize separately specific cost and expenses such as aircraft, take-over, mileage, or specialized equipment. When billing, round to the nearest half-hour.

STANDARDS

- The actual employee costs that the State incurs go beyond just the hours each employee worked on the MHRA.
- Each employee involved in the Master Hazard Reduction subprogram must record and track the hours they spend on all billing items.

Calculate the time billing rates by following the steps below:

Step 1 Use the MHRA worksheet (MHRA Inspection Record, DS-211) to total the time spent inspecting each MHRA.

Step 2 Consult your unit's office manager or business manager to get the correct hourly cost, which is pay rate plus benefits. If overtime rates apply, multiply the employee's hourly cost by 1.5.

Step 3 Multiply the hours each employee worked on direct items by the employee's adjusted hourly rate. Round dollar figure to the nearest penny and use this figure for direct billing purposes. Sum total the bill and include it in the billing cover letter. If more than one employee worked on an MHRA, the total bill will be the sum of the employees' costs.

- Agreement holders must clear all attachments and pay all outstanding bills before DNRC can totally close an MHRA.

When billing the agreement holder, include the following:

1. A copy of inspection report.
2. The hours expended and amount due per individual.
3. The total amount due.
4. Copy of MHRAs Inspection Record (DS-211) for all billed activities.
5. A cover letter summarizing the total bill, including the total amount due and that the check be made payable to DNRC, Forestry Division, 2705 Sprugin Road, Missoula, MT 59804-3199. **Always put a due date for bill payment on the billing letter.**

Send a copy of the bill to the Forest Practices Program Manager **and** the Slash Financial Specialist.

Billable Items

Billable items are MHRA services rendered and expenses incurred assisting a specific MHRA Holder. However, not all services and expenses are billable.

Examples of Billable Items:

- Aircraft expenses
- Billing letters & reports
- Correspondence to companies and significant (> 15 minutes) phone time
- Inspection time in the field
- Printing reports
- Take over expenses
- Writing inspection reports
- Filing records and maps
- Maintaining/updating records
- Recommending, writing or closing MHRA and attachments
- Scheduling inspections
- Setting bonds
- Any employee's time directly attributable to an individual MHRA.

C. MHRA HOLDER COMPLIANCE – LEGAL REQUIREMENTS

STANDARDS

- For each attachment or individual timber sale harvested under an attachment, the agreement holder must complete all non-burning methods of hazard reduction or all preparations for burning within 18 months after the starting to cut date covered by the attachment.
- All burning must be completed as defined in the attachment. There are several revisions in effect. Make sure you know what the requirements are for the specific Attachment you are working with. The current version states that burning must be completed within 18 months following completion of all cutting.

GUIDELINES

- Each year after the inspecting season, print out a list from the field office HRA Program listing the sites that have exceeded the allowed time for reducing the slash hazard. Send the list of overdue sites to the forester(s) at the company who inspect that area.
- Inform the company that they have units that exceed the treatment period and that DNRC may take over those sites.

- Ask them to review the list and send you back two lists and an action plan in response--a list of sites that they feel have met the slash reduction standards and a list of the delinquent logging sites/sales/units/blocks that are not ready for inspection, with a written plan of action to reduce slash on each of them. The written plan of action must detail what the reduction includes and dates of completion for each block.
- Allow the MHRA holder thirty days to respond.
- When the lists and action plan are received, evaluate them and either agree or recommend changes to the plan. If you agree with the plan, send the company a letter saying so and giving the extension dates for each site.

ATTACHMENT TAKEOVERS

If an MHRA holder fails or refuses to complete the necessary hazard reduction work, the Area Manager may recommend to the State Forester that the State take over certain sites.

STANDARDS

- If you recommend taking over MHRA sites, include a list of the sites, an estimate of the reduction costs and dates by which the State would complete the reduction work.
- If DNRC does take over MHRA sites, the field office must send a letter announcing the takeover to the MHRA holder by certified mail/return receipt requested.
- Enforcement action means DNRC will either bill the MHRA holder for the costs of doing the work or liquidate the bond and use it to treat the hazard properly. Follow the procedures for taking over a standard HRA, altering the required documents to reflect that you are taking over an MHRA attachment.
- Send copies of all correspondence with the MHRA holder about takeovers as follows:
 - * Original to the MHRA holder.
 - * One copy to the units involved.
 - * One copy to the land office.
 - * One copy to the Forest Practices Program Manager.

D. CLOSING ATTACHMENTS AND MASTER AGREEMENTS

When an agreement holder has met all the hazard reduction requirements on an attachment, the attachment can be closed as you would close a standard HRA. If the

Master Hazard Agreement is being closed/canceled, notify the Forest Practices Program Manager in writing as is required in the original MHRA Agreement.

Before DNRC can close an MHRA, the agreement holder must pay all bills for inspections charges and must clear all attachments to that agreement.

8. Slash Accounting Procedures

A. SLASH TRANSACTION RECORDS

HRA DATABASE AND FILES

The Slash Financial Specialist (SFS) maintains the HRA computer database. This includes coordinating programming changes to meet new accounting or legal requirements with Axiom IT Solutions, Inc., updating forms, and updating information. The way the program was set up, name records cannot be updated by the field once they have been created, and most HRA information can only be changed by the SFS once the HRA has been made "Ready for Review." Contact the SFS when HRA or name record information needs to be updated (changing contact information, adding Landowners and/or Cutters, adding products or legal descriptions, etc.)

STANDARDS

- The Slash Financial Specialist will update information in the HRA program as soon as possible. A service forester can call or e-mail the SFS to get information changed quickly so that forms produced will autofill correctly.
- The signed hard copy of an HRA is a legal contract. The SFS will change information in the HRA database as needed to make it match the hard copy. While most fields in the contract form autofill, some cannot as the field name will not fit in the space allotted. Service foresters should double-check that a hard copy is complete and matches the information in the database before it is signed. The SFS will not open an HRA that does not have a viable expiration date on the hard copy.
- All HRAs must meet the General Standard. The service forester can, however, require a Special Management Area standard that is more stringent.
- The record file for an HRA is the land office/unit file. The SFS' file is for reference. Therefore, the SFS should receive copies of most forms, not originals. An exception to this is the HRA Pay-Out Form, since the SFS processes refunds/payments in the HRA program and must send the original HRA Pay-Out Form to Financial Services in Helena.
- **Both the record and reference files must be retained for eight years following closure of an HRA.**

GUIDELINES

- If there is any question about information in the HRA database or about slash account balances, contact the Slash Financial Specialist. Keep the SFS updated on additions or changes in Cutters or Purchasers. This will make it easier for the SFS to verify mill report entries and save both the SFS' and service forester's time.

MILL REPORTING

Purchasers are required to send a mill report to the DNRC Forestry Division by the 15th day of the month following the month for which they are reporting; if the mill has taken in no private timber sale volume in a month, they should send a copy of the mill report form with "0" or "No Data" written on it. The SFS verifies that the HRA number and name(s) on the mill report match before entering the report. If the SFS cannot be sure the HRA number is correct, either the mill or the service forester will be called to ensure volume is not put on the wrong HRA number. Any entry which cannot be verified will be put in Pending until the SFS ascertains to which HRA number it belongs.

STANDARDS

- When inspecting sites, give the Contractor a copy of the HRA's Slash Transactions Report and have them compare it to their records. If there is a discrepancy, contact the SFS to have it investigated and, if necessary, transfer volume and withholdings to the appropriate HRA.
- Ask the Contractor the last date they hauled and to which mill, and note this information on the HRA Pay-Out form. This compares our slash records to theirs and ensures we are not closing the HRA prior to all slash withholdings being deposited. Remind Contractors that mill reporting is always at least a month behind, so they cannot expect refunds/payments on HRAs until all the HRA's Purchasers have sent in their mill reports for the month they last hauled volume.

PENDING ACCOUNT

The Slash Financial Specialist puts withholdings into the Pending Account when a purchaser submits a mill report entry that cannot be matched with a valid HRA number. Reasons include:

- No HRA number listed for line item.
- A name and an HRA number that do not match--the name is not the correct contractor, Landowner or cut by.
- An HRA number matches a closed agreement.
- The (volume x current rate) total is wrong or overpaid.
- "Pending" typed in the blank, because the contractor told the mill that they had applied for an HRA but not yet received it.

Each pending item is given a unique number and will remain in pending until the SFS can determine to which HRA the volume & withholding belong.

STANDARDS

- The Slash Financial Specialist works with service foresters and mills to determine the correct HRA to which the volume/money should be transferred. Each Service

Forester should check pending items prior to closing an HRA to see if pending items from mills within their area might belong to that HRA.

GUIDELINES

- Forestry Assistance Bureau may periodically send e-mails or call mills that have a large number of pending items to request their assistance to find the correct HRA for each pending item.

TRANSFERRING FUNDS BETWEEN HAZARD REDUCTION AGREEMENTS

When a Contractor questions the volume and withholding in an HRA's Slash Transactions Report, the service forester will ask the Slash Financial Specialist to work with the Contractor to solve the discrepancy.

STANDARDS

- The Slash Specialist will transfer funds between HRAs only when it is determined someone has mistakenly credited volume/withholding amounts to the wrong HRA number.

B. REPORTS USED TO TRACK HRA ACTIVITIES

Field offices should run Accomplishment and Reported Mill reports to track HRA activity. To find these reports, use the drop-down list under "Choose an option" (top left on screen in HRA program) Click on "Reports," and the program will list individual reports that can be run.

ACCOMPLISHMENT REPORT

A field office issuing HRAs should run an Accomplishment Report periodically to track the office's HRA accomplishments. This report is by unit and totaled by land office.

The report covers the following actions:

1. Balance forward of active HRAs
2. New HRAs opened during current month
3. HRAs closed during current month. There are four types of closures.
 - a. Certificate of Clearance
 - b. Compliance Affidavit
 - c. Zero Balance

- d. Memo
- e. State-Do
- 4. Ending Balance of active HRAs for month.
- 5. HRA Pay-Out Invoices processed during the month.
- 6. State Take over(s) processed during the month (B-D).
- 7. Assign State Take over(s) to new contractor(s) for month (D-B).
- 8. Number of Reminder Letters sent during the month.
- 9. Number of Certified 18 Month Letters sent during the month.
- 10. Zero Balance Letters sent out during the month.
- 11. Number of extensions processed.
- 12. Total activity for the month.
- 13. Number of expired agreements of active HRAs

This report helps the field foresters see their office accomplishments and track their budgets.

REPORTED MILLS REPORT

Purchasers must submit slash withholdings to DNRC by the 15th of the month following the purchase of logs. Purchasers failing to do so are considered "delinquent." Encouraging prompt reporting takes teamwork between the Slash Financial Specialist and field professionals. Field offices should run the Reported Mills report monthly to see which mills listed as Purchasers in their area's open HRAs. When a mill reports volume, the month and year show up under the mill's name. If they report no volume for the month, only the word "Reported" will show up under the mill's name. If they fail to report, there will be no entry under the mill's name.

Some mills do not report for a given month unless they take in volume. Others fail to send a mill report and the withheld monies each month, then send multiple reports. If the service forester is aware a mill has been taking in volume from private timber sales and does not see a report under that mill's name in the Reported Mills report, call or visit the mill to remind them that monthly reporting is a legal requirement.

C. ACTIVITIES OF SLASH FINANCIAL SPECIALIST

OPENING HRAS AND ALLOCATING MILL REPORT MONIES

The \$25 issuance fees for new HRAs are mostly deposited by the field offices, though some go through other offices (e.g., Missoula and Clearwater Units' issuance fees are sent to DNRC Forestry Division for deposit). Copies of the transaction sets, HRAs and **checks** go to the Slash Financial Specialist, who compares the hard copy of the HRA contract to the information in the HRA database and opens the HRA. Wood products manufacturers send their monthly mill reports along with monies withheld to DNRC Forestry Division. When these arrive they are entered into TLMS (under warrant code Slash Unallocated) and deposited by front office personnel. The Slash Financial Specialist then checks them for accuracy and enters them into the HRA database, which allocates monies to specific HRA bond accounts. .

STANDARDS

- After the money is deposited, the Slash Financial Specialist receives HRA, transaction set and check copies from the field offices and transaction sets with documentation (mill reports, billing letters, HRA copies) received and deposited by Forestry Division.
- The SFS uses the documentation provided to verify the information in the HRA database matches the HRA contract copy; audit each purchaser mill report for accuracy and enter it into the HRA database; and process other types of payments.
- Copies of opened HRA contracts are filed numerically by county number, and posted purchaser mill reports are filed alphabetically in the Purchaser files

HRA PAY-OUT FORMS

The Slash Financial Specialist receives the originals and a yellow copy of fully signed HRA Pay-out Forms (see Section 5, D) from the field offices. Within three working days of receiving the forms, the SFS processes them for payment in the HRA database and sends them to the Trust Accountant at DNRC Financial Services, who runs a batch in the HRA database and continues the payment process.

CLOSURES

Upon receipt of a closure document from a service forester or SF representative, such as a Zero Balance Closure Letter (DS-250), Certification of Clearance (DS-229), a Certification of Compliance Affidavit (DS-266), a Project Cost Report (DS-80), or an authorized memo, the Slash Financial Specialist pays out any monies in the HRA's Bond, Bond Forfeiture or Payback accounts and closes the HRA in the HRA database.

PROVIDING INFORMATION

The Slash Financial Specialist provides information on the HRA database and from the HRA database. This includes:

- Answering questions from service foresters, contractors, landowners and purchasers about HRA database issues and HRA program procedures and requirements.
- Runs reports and provides information to Forest Practices Program Manager.
- Serves as contract manager for DNRC Forestry Division, Forest Practices Section, on the IT maintenance contract with Axiom IT solutions, Inc. The maintenance contract monies are used to fix program glitches, update forms, and make small program changes.
- Liaises with Axiom IT Solutions Inc. and serves as contract manager on contracts to make major changes to the HRA database programming because of changes in accounting practices and requirements and to meet legal standards.

MONTHLY ACCOUNT BALANCING

Each month the Slash Financial Specialist balances the HRA database with the TLMS check entry program and SABHRS for the EFM (Extension Forestry monies), OF-1 (DNRC's administrative fees account), Bond (bond account monies), Bond Forfeiture (bond account monies from HRAs that have been assigned or taken over by DNRC), and Payback (excess administrative fee that must be refunded when the HRA is closed) accounts.

STANDARDS

- Close the HRA database at the end of the last business day of each month.
- Run a Slash Technician Ledger Subtotaled by Transaction Code and export it to an Excel spreadsheet.
- Run a TLMS report in the HRA database and enter it into the Daily Deposit Distribution spreadsheet, adding figures from the ledger to see if the HRA database balances with the TLMS check entry program.
- Prepare a Combined Slash Disposal report to ensure the HRA database matches SABHRS.
- Once accounts are balanced, prepare a transmittal e-mail to send to the Trust Accountant at DNRC Financial Services, who will transfer the appropriate amounts from the DNRC Clearing Account to the EFM, OF-1, Bond, and Payback Accounts, and do any necessary transfers between the HRA accounts.

YEAR-END REPORTS

After the end of each fiscal year (June 30), the Slash Financial Specialist and other accounting staff do final balancing, transfers, and reports