

SUBJECT: Revising certain requirements and penalties related to timber purchasing

COMMITTEE: Agriculture & Livestock — committee substitute recommended

VOTE: 6 ayes — Cain, Anderson, Bernal, Goodwin, Rosenthal, Thimesch

0 nays

3 absent — Cody Harris, Kitzman, Wilson

WITNESSES: For — David Alders, Rob Hughes, Texas Forestry Association  
(*Registered, but did not testify*: Wroe Jackson, Texas Association of  
Manufacturers; Joy Davis, Texas Farm Bureau; Joe Morris, Texas  
Forestry Association; Dana Moore, Mark Borskey, Texas Trucking  
Association; George Christian, WestRock)

Against — None

On — (*Registered, but did not testify*: Jarred Lemmon, Texas A&M  
Forest Service)

DIGEST: CSHB 1772 would require additional information to be included in a bill  
of sale for timber purchases and would create and enhance certain  
criminal penalties for fraudulent bills of sale.

The bill would require that a bill of sale for the purchase of any trees,  
timber, logs, pulpwood, or in-woods chips include the name of the county  
containing the tract of land from which the product originated. CSHB  
1772 also would require the inclusion of a legal survey, abstract, and tract  
number for that tract of land, or the property address or GPS location by  
which the tract of land could be identified. The bill would increase a  
purchaser's required retention period of a bill of sale from two to five  
years.

CSHB 1772 would amend current law to require a purchaser to provide  
certain additional documentation to the beneficiary of trusts to prove the

delivery of timber to a mill, wood yard, transfer yard, or storage yard. The documentation would have to be provided on or before the 45th day after the date the product was delivered. The bill would make it a class C misdemeanor (maximum fine of \$500 for each offense) for timber purchasers and sellers who either knowingly failed to provide the documentation required, or knowingly provided false information. If the offense was committed to conceal or attempt to conceal the unauthorized harvesting of timber, or the defrauding of a timber beneficiary, the offense would be:

- a state state-jail felony (180 days to two years in a state jail and an optional fine of up to \$10,000) if the value of the timber was at least \$500 but less than \$20,000;
- a third-degree felony (two to 10 years in prison and an optional fine of up to \$10,000) if the value of the timber was at least \$20,000 but less than \$100,000;
- a second-degree felony (two to 20 years in prison and an optional fine of up to \$10,000) if the value of the timber was at least \$100,000 but less than \$200,000; or
- a first-degree felony (life in prison or a sentence of five to 99 years and an optional fine of up to \$10,000) if the value of the timber was at least \$200,000.

CSHB 1772 would apply only to a bill of sale with an execution date or expiration date that occurs on or after the effective date of the bill. The bill would take effect September 1, 2023.

**SUPPORTERS  
SAY:**

CSHB 1772 would address the use of fraudulent bills of sale to obtain or sell timber illegally by requiring additional information in a bill of sale and establishing stronger criminal penalties. When the bill of sale requirements were first established in 1977, it was more difficult to defraud a forest landowner because the process of timber extraction was manually intensive and involved several people. Current law should be updated to reflect industry changes and the inflation of asset valuations. CSHB 1772 would help to protect the integrity of the timber industry and prevent further economic losses due to fraudulent activity.

CRITICS  
SAY:

No concerns identified.

NOTES:

CSHB 1772 differs from the introduced bill by including provisions that:

- revise the information to be included in a bill of sale;
- extend the period of retention for bills of sale from two years to five years; and
- specify that those who acted on behalf of a timber seller and engaged in the fraudulent activity described would also face criminal penalties.