

HOUSE BILL REPORT

SHB 1692

As Amended by the Senate

Title: An act relating to management of state-owned aquatic lands.

Brief Description: Describing those lands eligible to be included in a port district aquatic lands management agreement.

Sponsors: By House Committee on Capital Budget (originally sponsored by Representatives Sehlin, Morris, Anderson, Honeyford, Huff, Lantz and Chopp).

Brief History:

Committee Activity:

Capital Budget: 2/21/97, 3/4/97 [DPS].

Floor Activity:

Passed House: 3/12/97, 96-1;

Passed House: 1/21/98, 96-2.

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Sehlin, Chairman; Honeyford, Vice Chairman; Ogden, Ranking Minority Member; Sullivan, Assistant Ranking Minority Member; Costa; Hankins; Koster; Lantz; Mitchell; D. Sommers and H. Sommers.

Staff: Bill Robinson (786-7140).

Background: The Department of Natural Resources (DNR) manages approximately 2.2 million acres of state-owned aquatic lands. Original title to these lands was established by Article XVII of the state constitution. Aquatic lands are held in trust for all citizens of the state.

The DNR is permitted to lease aquatic lands for terms of up to 55 years. The aquatic land policies and lease rates established in statute are designed to encourage water-dependent uses over other uses of aquatic lands. Aquatic land lease rates for water-dependent uses are based on an aquatic land value equal to 30 percent of the adjacent upland value. Nonwater-dependent rates are based on the appraised value of the land. Approximately 70 percent of lease revenues from state-owned aquatic lands are deposited in the Aquatic Lands Enhancement Account (ALEA), and are appropriated for aquatic lands enhancement and fisheries projects. The remaining 30 percent of

lease revenues are deposited in the Resource Management Cost Account (RMCA) and appropriated for DNR management costs.

Upon the request of a port district, the DNR and the port district may enter into a management agreement that permits the port district to manage state-owned aquatic lands abutting or used in conjunction with and contiguous to uplands owned, leased, or otherwise used by the port district. Port districts are exempt from paying rent to the DNR for water-dependent uses on aquatic lands covered by a management agreement, but must pay to the state 85 percent of rent revenues attributable to nonwater-dependent uses. Port rents on lands covered by a management agreement must be comparable to rents charged for the same or similar uses by the DNR.

Summary of Bill: In addition to currently eligible lands, port districts may enter into agreements with the DNR for port management of state-owned aquatic lands beneath public marina facilities. "Marina" means a waterfront facility that provides moorage for recreation vessels, charter vessels, commercial fishing vessels, and water-based aircraft, and supports related activities.

The authority to enter into agreements with the DNR for management of state-owned aquatic lands is expanded to include cities that operate publicly-owned marinas. Cities located within the territorial limits of a port district must obtain approval of the port commission prior to applying for a management agreement for marinas constructed or expanded after the effective date of the act.

EFFECT OF SENATE AMENDMENT(S): Aquatic lands beneath public marina facilities that are eligible for port management agreements are limited to land within a bay where the distance between the headlands at the entrance of the bay is two miles or less (Port of Friday Harbor).

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: Cities that operate public boating facilities perform the same function as ports, and should be afforded the same opportunity as ports to negotiate management agreements with the DNR. This is an issue of equity. The DNR aquatic lease rates are not affordable by some cities, and fiscal relief should be provided. Cities that provide public access to the water should not be required to pay commercial lease rates for state aquatic lands. This bill would assist cities in economic development efforts. Under the proposed management agreements, cities will assume the same liabilities as port districts for the aquatic lands.

Testimony Against: Aquatic resources are controversial. In 1984, the Legislature established a priority for water-dependent uses of state aquatic lands, and defined the state's interest as primary regarding aquatic resources. The DNR has tried to ensure predictable lease rates. 95 percent of leases are discounted from fair market value, and most are discounted over 70 percent. Ports must take on management liability in order to obtain free rent, and there are 13 superfund sites in Puget Sound. The bill could complicate water access for private lands that abut public marinas. The definition of marina in the bill is too broad in the original bill, and could allow cities to compete with ports for commerce activities.

Testified: David D. Williams, City of Oak Harbor (pro); Ian Munce, City of Anacortes (pro); Joe Dusenbury, City of Des Moines (pro); Jennifer Belcher, Commissioner of Public Lands (con); Craig Partridge, Department of Natural Resources (con); and Eric Johnson, Washington Public Ports Association (with concerns on the original bill).