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**SUBSTITUTE SENATE BILL 5387**

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**State of Washington**

**55th Legislature**

**1997 Regular Session**

**By** Senate Committee on Natural Resources & Parks (originally sponsored by Senators McDonald, Prentice, Kline, Oke and Spanel; by request of Commissioner of Public Lands and Department of Natural Resources)

Read first time 03/03/97.

1 AN ACT Relating to the creation of the trust land transfer program;  
2 and adding a new chapter to Title 79 RCW.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** It is the intent of the legislature to  
5 ensure a public process and clear guidelines for the trust land  
6 transfer program. Since 1989, the trust land transfer program has  
7 provided an innovative way to infuse money into the public school  
8 construction account, protect properties with significant natural,  
9 park, or recreational attributes, transfer ownership of trust lands  
10 that cannot be managed effectively for revenue production, and acquire  
11 replacement trust properties better suited to produce revenue for the  
12 trusts. The program shall:

13 (1) Provide revenue for the construction of public schools and  
14 other public institutions by depositing the timber value of the  
15 transfer properties into the common school construction account or  
16 other relevant accounts for the distribution of trust revenue from  
17 state trust lands to beneficiaries, while not actually harvesting the  
18 timber;

1 (2) Deposit into the natural resources real property replacement  
2 account the proceeds associated with the land value that are then used  
3 to purchase replacement properties that have better revenue production  
4 potential for trust beneficiaries; and

5 (3) Transfer to more appropriate ownership federally granted trust  
6 lands with very significant natural, park, or recreational attributes,  
7 that are difficult to manage for revenue production.

8 NEW SECTION. **Sec. 2.** The board of natural resources shall develop  
9 criteria to remove lands from trust status, develop the process to  
10 implement this chapter, and shall periodically review, and if  
11 appropriate, revise these criteria and procedures. The primary  
12 consideration in determining suitability of lands to be transferred  
13 under the criteria is increasing the ability of the particular trust to  
14 produce revenue for its beneficiaries.

15 The board of natural resources shall adopt the criteria and process  
16 by resolution after public review and comment. The criteria shall be  
17 adopted by the board of natural resources by December 31, 1997.

18 There are three major categories of lands that may be removed from  
19 trust under this act:

20 (1) Lands where the revenue generating capacity does not justify  
21 the cost of management;

22 (2) Lands on which revenue generating capacity is constrained by  
23 state or federal law; and

24 (3) Lands that are difficult to manage for revenue production  
25 because of significant values such as recreation, scenic  
26 considerations, conservation, or fish or wildlife habitat.

27 NEW SECTION. **Sec. 3.** Each biennium the department of natural  
28 resources must establish one list of properties that are eligible for  
29 transfer using the criteria and procedures under section 2 of this act.  
30 There must be a clear identification of the reasons and category each  
31 property is being considered for transfer. The department of natural  
32 resources shall prioritize the list of properties. The receiving  
33 agencies may only choose potential transfer properties from the list.

34 NEW SECTION. **Sec. 4.** The department of natural resources shall  
35 attempt to maintain a minimum aggregate ratio of approximately eighty-  
36 five to fifteen timber-to-land value in the transactions authorized by

1 this chapter. If the aggregate value of timber-to-land varies by more  
2 than plus or minus five percent of that ratio, individual land  
3 transfers may be dropped in order to maintain the approximate ratio.  
4 Intergrant exchanges among the various state trust lands of equal value  
5 may occur if the exchange is in the interest of each trust, as  
6 determined by the board of natural resources. Lands acquired under  
7 this chapter as replacement property must be solely for the benefit of  
8 the trust. Replacement funds shall not be used to acquire lands for  
9 nontrust purposes.

10 NEW SECTION. **Sec. 5.** There must be a determination that the  
11 public entity receiving the transfer property is willing to accept and  
12 manage the property. Eligible entities are those identified in RCW  
13 79.01.009. A process for including local and federal agencies should  
14 be developed and encouraged as a means to maximize public recreation  
15 and conservation and to include agencies that may have better means of  
16 addressing the ongoing maintenance and operation needs of the property  
17 once it is removed from trust status.

18 The receiving entity should demonstrate the ability to manage the  
19 property.

20 NEW SECTION. **Sec. 6.** (1) The land and timber covered by this  
21 chapter shall be appraised and purchased at full market value.

22 (2) The timber value shall be deposited by the department of  
23 natural resources in the same manner as timber revenues from trust  
24 lands except that no deductions shall be made for the resource  
25 management cost account under RCW 79.64.040.

26 (3) The land value shall be deposited into the natural resources  
27 real property replacement account authorized by RCW 43.30.265. These  
28 funds shall be used by the department of natural resources to acquire  
29 replacement land.

30 (4) All reasonable costs incurred by the department of natural  
31 resources to implement this chapter, including all costs of acquiring  
32 real property to replace the trust lands transferred, are authorized to  
33 be paid from appropriations implementing this chapter. Those  
34 reasonable costs to be incurred in acquiring replacement real property  
35 are authorized to be reserved in the natural resources real property  
36 replacement account.

1        NEW SECTION.    **Sec. 7.**    The department of natural resources shall  
2 appoint an advisory committee to assist with the development and  
3 implementation of this chapter. The advisory committee shall include  
4 a representative for each of the following:

5            (1) The trust beneficiaries;

6            (2) The county governments of timber counties located in eastern  
7 Washington;

8            (3) The county governments of timber counties located in western  
9 Washington;

10           (4) The parks and recreation commission;

11           (5) The department of fish and wildlife; and

12           (6) The department of natural resources natural area preserve and  
13 natural resources conservation area programs.

14        NEW SECTION.    **Sec. 8.**    The criteria required under this chapter  
15 shall be used for the evaluation of lands and resources. By November  
16 1st of each year, the department of natural resources, after approval  
17 by the board of natural resources, shall submit a list of any trust  
18 land transfer property requests to the legislature for its  
19 consideration in the capital budget.

20        NEW SECTION.    **Sec. 9.**    The department of natural resources must  
21 hold a public hearing in an area impacted by the land transfer prior to  
22 the approval of the transfer by the board of natural resources. Prior  
23 notice must be given by the department of natural resources to the  
24 public and any abutting landowners or lessees concerning all transfers  
25 covered by this chapter.

26        NEW SECTION.    **Sec. 10.**   Each county commissioner of a county or  
27 member of a county legislative authority with public land or timber  
28 that is affected by a proposed change in status of land or timber must  
29 be notified prior to the hearing required under section 9 of this act.

30        NEW SECTION.    **Sec. 11.**   This chapter shall not apply to trust lands  
31 approved prior to July 1, 1997, by the legislature for transfer. All  
32 prior transfers completed by the department of natural resources as  
33 authorized by the legislature under section 316, chapter 19, Laws of  
34 1989 1st ex. sess., section 311(1), chapter 16, Laws of 1990 1st ex.  
35 sess., section 26, chapter 14, Laws of 1991 sp. sess., as amended by

1 section 21, chapter 233, Laws of 1992; and section 459, chapter 22,  
2 Laws of 1993 1st sp. sess., are ratified. All acquisitions of  
3 replacement property after July 1, 1997, must follow procedures under  
4 this chapter.

5 NEW SECTION. **Sec. 12.** Sections 1 through 11 of this act  
6 constitute a new chapter in Title 79 RCW.

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