

SENATE BILL REPORT

SSB 5862

As Passed Senate, March 14, 2001

Title: An act relating to improving the business practices associated with selling valuable materials on trust land.

Brief Description: Streamlining the process of selling valuable materials from state lands.

Sponsors: Senate Committee on Natural Resources, Parks & Shorelines (originally sponsored by Senators T. Sheldon, Oke and Jacobsen; by request of Department of Natural Resources).

Brief History:

Committee Activity: Natural Resources, Parks & Shorelines: 2/22/01, 2/26/01 [DPS].

Ways & Means: 3/7/01, 3/8/01 [DPS (NPS)].

Passed Senate: 3/14/01, 47-0.

SENATE COMMITTEE ON NATURAL RESOURCES, PARKS & SHORELINES

Majority Report: That Substitute Senate Bill No. 5862 be substituted therefor, and the substitute bill do pass.

Signed by Senators Jacobsen, Chair; Spanel, Vice Chair; Constantine, Hargrove, McDonald, Morton, Oke, Snyder and Stevens.

Staff: Vic Moon (786-7469)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5862 as recommended by Committee on Natural Resources, Parks & Shorelines be substituted therefor, and the substitute bill do pass.

Signed by Senators Brown, Chair; Constantine, Vice Chair; Fraser, Hewitt, Honeyford, Kline, Kohl-Welles, Long, Parlette, Rasmussen, Regala, Rossi, Sheahan, B. Sheldon, Snyder, Spanel, Winsley and Zarelli.

Staff: Richard Ramsey (786-7412)

Background: In 1982, the Legislature developed specific authority for the Department of Natural Resources to sell valuable materials on trust lands. Valuable materials include timber, stone, gravel and any other material on public lands. The statute has not been updated to allow modern business practices and to allow a streamlined valuable material sales process.

Summary of Bill: The Board of Natural Resources is given authority to establish minimum appraisal values for valuable material sale for materials on public trust lands. The department is given authority to require deposits to ensure that contract obligations are carried out. Electronic transfer of funds and a more modern system for contracting for valuable material

sales is created. The department may require performance securities to guarantee compliance with the contract requirements. The department may advertise for the sale of materials, but such information in the notice of sale does not constitute a warranty that the purchaser will receive the stated values, volumes or acreage. All purchasers are expected to make their own measurements, evaluations and appraisals of valuable materials prior to consummating a contract.

The Commissioner of Public Lands may publish information in pamphlet form or on other forms such as the internet to increase the number of prospective buyers. In the event of fraud or misrepresentation of a contract, the transferred property or lease must be surrendered to the Department of Natural Resources. The term "appraisal" is defined to mean the estimate of market value of the land or valuable material to be sold.

Appropriation: None.

Fiscal Note: Requested on February 14, 2001.

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

Testimony For (Natural Resources, Parks & Shorelines): The Department of Natural Resources needs to update its sale procedures so that the program will adjust to changing market conditions.

Testimony Against (Natural Resources, Parks & Shorelines): None.

Testified (Natural Resources, Parks & Shorelines): Bruce Mackey, Department of Natural Resources (pro).

Testimony For (Ways & Means): This efficiency bill may increase revenues by up to \$9 million per biennium.

Testimony Against (Ways & Means): None.

Testified (Ways & Means): Howard Thronson, DNR (pro).

House Amendment(s): The department is given authority to cancel any portion of a contract that cannot be performed due to circumstances beyond the department's control or to substitute materials from another site. The requirement is reinstated that requires the department advertise the sale in a newspaper of general circulation in the county in which the material for sale or land for sale is located.