

HOUSE BILL REPORT

SSB 5751

As Reported by House Committee On:
Agriculture & Natural Resources

Title: An act relating to sales of valuable materials.

Brief Description: Concerning the sale of valuable material from state lands.

Sponsors: Senate Committee on Natural Resources, Energy & Water (originally sponsored by Senator Hargrove).

Brief History:

Committee Activity:

Agriculture & Natural Resources: 3/25/03, 4/2/03 [DPA].

Brief Summary of Substitute Bill
(As Amended by House Committee)

- Changes the maximum dollar amount for directly sold valuable materials from \$20,000 to \$25,000.
- Enlarges the \$100,000 cap for valuable material sales that are eligible for the alternative notice to \$250,000, and allows valuable material sales that are appraised at less than \$250,000 to be excluded from the Department of Natural Resources' pamphlet of sales.

HOUSE COMMITTEE ON AGRICULTURE & NATURAL RESOURCES

Majority Report: Do pass as amended. Signed by 13 members: Representatives Linville, Chair; Rockefeller, Vice Chair; Schoesler, Ranking Minority Member; Holmquist, Assistant Ranking Minority Member; Kristiansen, Assistant Ranking Minority Member; Chandler, Eickmeyer, Grant, Hunt, McDermott, Orcutt, Quall and Sump.

Staff: Jason Callahan (786-7117).

Background:

The Department of Natural Resources (DNR) has express authority to sell timber and other valuable resources from state lands. The DNR sells a variety of valuable materials from state lands, including timber, stone, gravel, and geoducks. Before valuable

materials can be sold, the sale must be properly noticed so that the maximum number of potential buyers are aware of the pending sale. The DNR is required to publish notice of sales in newspapers no less than twice within the four-week period leading up to a sale. In addition, the notice of sale must be posted in the DNR's Olympia office, and in both the DNR's regional office and the county auditor's office for the county in which the sale is occurring. The notice must include the exact location of each parcel offered for sale and the estimated volume of all valuable materials to be sold.

There is an exception to the notice requirement for the sale of valuable materials appraised at less than \$100,000. These sales may go forward after published notice no less than 10 days before the sale.

In addition to the notice requirement for potential sales, the DNR is required to list all public lands and valuable materials that are going to be sold. The list must be published in a pamphlet and arranged alphabetically by county.

Most sales conducted by the DNR must be done at public auction and offered to the highest responsible bidder. However, the DNR does have the authority to offer a direct sale without notice or advertising for sales appraised at \$20,000 or less. Direct sales may only go forward after the DNR has established procedures that ensure competitive market prices and accountability.

Summary of Amended Bill:

The maximum dollar amount for directly sold valuable materials is raised from \$20,000 to \$25,000.

In addition, the \$100,000 cap for valuable material sales that are eligible for the alternative notice is enlarged to \$250,000, and valuable material sales that are appraised at less than \$250,000 are not required to be included in the DNR's pamphlet of sales. The Commissioner of Public Lands is also given the express authority to use the internet for maximizing the number of prospective buyers for valuable material sales.

Amended Bill Compared to Substitute Bill:

The amendment raises the statutory cap on the dollar value of a direct sale that can be offered by the Board of Natural Resources from \$20,000 to \$25,000. The underlying Senate bill removes the cap and provides the Board of Natural Resources with the authority to establish the maximum price for a direct sale.

Appropriation: None.

Fiscal Note: Not Requested.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: Since the Board represents the trustees, the safeguards are in place to allow the DNR some flexibility in their valuable material sales. The bill would increase flexibility and efficiency in dealing with salvage operations. The savings from the reduction in administrative costs would be passed on to the trust beneficiaries and junior taxing districts. In addition, using the internet to advertise allows the DNR to maximize the bidding pool.

Increases in statutory caps reflect inflationary adjustments.

Testimony Against: None.

Testified: Bruce Mackey, Department of Natural Resources; Rod Fleck, City of Forks; and Phil Kitchel, Olympic Resources Company.