

FINAL BILL REPORT

SB 5042

C 312 L 03
Synopsis as Enacted

Brief Description: Concerning the department of natural resources contractual authority.

Sponsors: Senators T. Sheldon, Morton and Fraser; by request of Commissioner of Public Lands.

Senate Committee on Natural Resources, Energy & Water
House Committee on Agriculture & Natural Resources

Background: Contracts, particularly real property contracts such as easements, leases, or purchase and sale agreements, commonly contain indemnification clauses to protect a party to a contract from liability for costs, risks, and third-party claims arising from the agreement.

The Department of Natural Resources (DNR) can currently require contracting parties to protect or indemnify the agency from liability. DNR is not, however, authorized to protect others from liability. Agency staff report that other parties have refused to enter into contracts with DNR because the agency cannot offer reciprocal protections against risk.

The Departments of Agriculture, Corrections, and Transportation can currently indemnify others.

Summary: The Department of Natural Resources (DNR) is granted discretionary authority to indemnify other contracting parties against loss or damages. DNR is not authorized to indemnify others against liability for negligence related to construction, alteration or improvement of structures or improvements attached to real estate. The department must indemnify a private landowner when that landowner does not receive a direct benefit from a right of way or easement contract to cross private land for forest management activities.

Votes on Final Passage:

Senate	48	1	
House	92	0	(House amended)
Senate	43	0	(Senate concurred)

Effective: July 27, 2003