

SENATE BILL REPORT

SJM 8022

As Passed Senate, April 11, 2003

Brief Description: Requesting just compensation to Washington state for the impact of federal land ownership on the state's ability to fund public education.

Sponsors: Senators Honeyford, Kohl-Welles, Johnson, McAuliffe, Sheahan, Rasmussen, Doumit, Morton, Hargrove, Parlette, T. Sheldon, Brandland, Eide, Schmidt, B. Sheldon, Mulliken, Hewitt, Prentice, West, McCaslin, Deccio, Hale, Swecker, Jacobsen, Shin, Esser, Oke, Kastama, Haugen, Franklin, Regala, Benton, Poulsen, Fairley, Fraser, Brown, Winsley, Roach, Thibaudeau, Kline, Reardon, Stevens, Zarelli, Spanel and Finkbeiner.

Brief History:

Committee Activity: Ways & Means: 4/7/03 [DP].

Passed Senate: 4/11/03, 49-0.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Rossi, Chair; Hewitt, Vice Chair; Zarelli, Vice Chair; Doumit, Fairley, Fraser, Hale, Honeyford, Johnson, Parlette, Poulsen, Regala, Roach, Sheahan, B. Sheldon and Winsley.

Staff: Bryon Moore (786-7726)

Background: According to the Public Land Statistics, 2000 report by the United States Department of Interior, the federal government owns approximately 52 percent of the land in western states. In Washington state, the percentage of land owned by the federal government is 28.5 percent. However, in non-western states, this percentage is 4 percent.

The federal government provides "payments in lieu of taxes" since states cannot tax federal lands. Additionally, compensation is provided from royalty revenues with the states.

Some contend that western states are significantly impacted by the high percentage of federal land ownership and that this is detrimental to the education system in those states.

Summary of Bill: Western states have grappled with the challenge of providing the best education for their citizens. Western states face unique challenges in achieving this goal. The ability of western states to fund education is directly related to federal ownership of state lands. The loss of revenues to western states associated with the property tax prohibition on federal lands and the federal royalty revenue payment policies is approximately \$6 billion. Much of the land that the federal government transferred upon statehood as a trust for public education is difficult to administer and make productive because it is surrounded by federal land.

Congress is requested to appropriate just compensation for the impact of federal land ownership on the state's ability to fund public education.

Appropriation: None.

Fiscal Note: Not requested.

Testimony For: This is part of a multi-state effort, called the Apple Initiative, that is designed to get adequate compensation for the impact that federal land ownership has on western states. The amount of revenue loss associated with federal land ownership is significant on the education funding in western states.

Testimony Against: None.

Testified: Senator Jim Honeyford, prime sponsor; Senator Jeanne Kohl-Welles.