
SENATE BILL 5751

State of Washington

58th Legislature

2003 Regular Session

By Senator Hargrove

Read first time 02/10/2003. Referred to Committee on Natural Resources, Energy & Water.

1 AN ACT Relating to sales of valuable materials; amending RCW
2 79.01.184 and 79.01.200; and reenacting and amending RCW 79.01.132.

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

4 **Sec. 1.** RCW 79.01.132 and 2001 c 250 s 4 and 2001 c 187 s 1 are
5 each reenacted and amended to read as follows:

6 (1) When valuable materials on state lands are sold separate from
7 the land, they may be sold as a lump sum sale or as a scale sale. Lump
8 sum sales under five thousand dollars appraised value shall be paid for
9 in cash on the day of sale. The initial deposit shall be maintained
10 until all contract obligations of the purchaser are satisfied.
11 However, all or a portion of the initial deposit may be applied as the
12 final payment for the valuable materials in the event the department of
13 natural resources determines that adequate security exists for the
14 performance or fulfillment of any remaining obligations of the
15 purchaser under the sale contract.

16 (2) The initial deposits required in RCW 79.01.204 may not exceed
17 twenty-five percent of the actual or projected purchase price, but in
18 the case of lump sum sales appraised at over five thousand dollars the
19 initial deposit may not be less than five thousand dollars, and shall

1 be made on the day of the sale. For those sales appraised below the
2 amount specified in RCW 79.01.200, the department of natural resources
3 may require full cash payment on the day of sale.

4 (3) The purchaser shall notify the department of natural resources
5 before any operation takes place on the sale site. Upon notification,
6 the department of natural resources shall determine and require advance
7 payment for the cutting, removal, or processing of the valuable
8 materials, or may allow purchasers to guarantee payment by submitting
9 as adequate security bank letters of credit, payment bonds, assignments
10 of savings accounts, assignments of certificates of deposit, or other
11 methods acceptable to the department as adequate security. The amount
12 of such advance payments and/or security shall be determined by the
13 department and at all times equal or exceed the value of timber cut and
14 other valuable materials processed or removed until paid for.

15 (4) In all cases where valuable materials are sold separate from
16 the land, the same shall revert to the state if not removed from the
17 land within the period specified in the sale contract. The specified
18 period shall not exceed five years from the date of the purchase
19 thereof: PROVIDED, That the specified periods in the sale contract for
20 stone, sand, fill material, or building stone shall not exceed thirty
21 years.

22 (5) In all cases where, in the judgment of the department of
23 natural resources, the purchaser is acting in good faith and
24 endeavoring to remove such materials, the department of natural
25 resources may extend the time for the removal thereof for any period
26 not exceeding forty years from the date of purchase for the stone,
27 sand, fill material, or building stone or for a total of ten years
28 beyond the normal termination date specified in the original sale
29 contract for all other material. Extension of a contract is contingent
30 upon payment to the state of a sum to be fixed by the department of
31 natural resources, based on the estimated loss of income per acre to
32 the state resulting from the granting of the extension. In no event
33 may the extension payment be less than fifty dollars per extension,
34 plus interest on the unpaid portion of the contract. The interest rate
35 shall be fixed, from time to time, by rule adopted by the board of
36 natural resources and shall not be less than six percent per annum.
37 The applicable rate of interest as fixed at the date of sale, the
38 maximum extension payment, and the method for calculating the unpaid

1 portion of the contract upon which such interest shall be paid by the
2 purchaser shall be set forth in the contract. The department of
3 natural resources shall pay into the state treasury all sums received
4 for such extension and the same shall be credited to the fund to which
5 was credited the original purchase price of the material so sold.

6 (6) A direct sale of valuable materials may be sold to the
7 applicant for cash at full appraised value without notice or
8 advertising. The board of natural resources shall, by resolution,
9 establish the value amount of a direct sale not to exceed (~~twenty~~)
10 one hundred thousand dollars in appraised sale value, and establish
11 procedures to assure that competitive market prices and accountability
12 will be guaranteed.

13 (7) The department may, in addition to any other securities,
14 require a performance security to guarantee compliance with all
15 contract requirements. The security is limited to those types listed
16 in subsection (3) of this section. The value of the performance
17 security will, at all times, equal or exceed the value of work
18 performed or to be performed by the purchaser.

19 (8) Any time that the department of natural resources sells timber
20 by contract that includes a performance bond, the department shall
21 require the purchaser to present proof of any and all property taxes
22 paid prior to the release of the performance bond. Within thirty days
23 of payment of taxes due by the timber purchaser, the county treasurer
24 shall provide certified evidence of property taxes paid, clearly
25 disclosing the sale contract number.

26 (9) The provisions of this section apply unless otherwise provided
27 by statute. The board of natural resources shall establish procedures
28 to protect against cedar theft and to ensure adequate notice is given
29 for persons interested in purchasing cedar.

30 (10) With respect to public land timber sales, the harvest unit may
31 not be larger than sixty acres and the approval of the sale by the
32 board of natural resources is not required.

33 **Sec. 2.** RCW 79.01.184 and 2001 c 250 s 6 are each amended to read
34 as follows:

35 When the department of natural resources shall have decided to sell
36 any state lands or valuable materials thereon, or with the consent of
37 the board of regents of the University of Washington, or by legislative

1 directive, shall have decided to sell any lot, block, tract, or tracts
2 of university lands, or the valuable materials thereon, it shall be the
3 duty of the department to fix the date, place, and time of sale, and no
4 sale shall be had on any day which is a legal holiday.

5 The department shall give notice of the sale by advertisement
6 published not less than two times during a four week period prior to
7 the time of sale in at least one newspaper of general circulation in
8 the county in which the whole, or any part of any lot, block, or tract
9 of land to be sold, or the material upon which is to be sold is
10 situated, and by posting a copy of the notice in a conspicuous place in
11 the department's Olympia office, the region headquarters administering
12 such sale, and in the office of the county auditor of such county. The
13 notice shall specify the place, date, and time of sale, the appraised
14 value thereof, and describe with particularity each parcel of land to
15 be sold, or from which valuable materials are to be sold. In the case
16 of valuable materials sales, the estimated volume will be identified
17 and the terms of sale will be available in the region headquarters and
18 the department's Olympia office.

19 The advertisement is for informational purposes only, and under no
20 circumstances does the information in the notice of sale constitute a
21 warranty that the purchaser will receive the stated values, volumes, or
22 acreage. All purchasers are expected to make their own measurements,
23 evaluations, and appraisals.

24 A direct sale of valuable materials may be sold to the applicant
25 for cash at full appraised value without notice or advertising. The
26 board of natural resources shall, by resolution, establish the value
27 amount of a direct sale not to exceed (~~twenty~~) one hundred thousand
28 dollars in appraised sale value, and establish procedures to ensure
29 that competitive market prices and accountability will be guaranteed.

30 With respect to public land timber sales, the harvest unit may not
31 be larger than sixty acres and the approval of the sale by the board of
32 natural resources is not required.

33 **Sec. 3.** RCW 79.01.200 and 1989 c 148 s 3 are each amended to read
34 as follows:

35 All sales of land shall be at public auction, and all sales of
36 valuable materials shall be at public auction or by sealed bid to the
37 highest bidder, on the terms prescribed by law and as specified in the

1 notice provided, and no land or materials shall be sold for less than
2 its appraised value: PROVIDED, That on public lands granted to the
3 state for educational purposes sealed bids may be accepted for sales of
4 timber or stone only: PROVIDED FURTHER, That when valuable material
5 has been appraised at an amount not exceeding (~~one~~) five hundred
6 thousand dollars, the department of natural resources, when authorized
7 by the board of natural resources, may arrange for the sale at public
8 auction of said valuable material and for its removal under such terms
9 and conditions as the department may prescribe, after the department
10 shall have caused to be published not less than ten days prior to sale
11 a notice of such sale in a newspaper of general circulation located
12 nearest to property to be sold. This section does not apply to direct
13 sales authorized in RCW 79.01.184.

14 With respect to public land timber sales, the harvest unit may not
15 be larger than sixty acres and the approval of the sale by the board of
16 natural resources is not required.

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