

# SENATE BILL REPORT

## SB 5555

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As of February 15, 2005

**Title:** An act relating to managing state granted lands for multiple benefits and increasing monetary benefits to trust beneficiaries.

**Brief Description:** Creating the state granted lands purchase program.

**Sponsors:** Senator Jacobsen.

**Brief History:**

**Committee Activity:** Natural Resources, Ocean & Recreation: 2/14/05.

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### SENATE COMMITTEE ON NATURAL RESOURCES, OCEAN & RECREATION

**Staff:** Curt Gavigan (786-7437)

**Background:** At statehood, the federal government provided Washington with approximately 3.2 million acres of land. The state subsequently sold a portion of these granted lands and approximately 2.2 million acres remain in the state's control. These lands are widely dispersed and contain a variety of land types, such as forest and agricultural lands. These lands are held by the state in trust for beneficiaries, including common schools, state colleges and universities, and charitable and penal institutions.

In 1957, the Department of Natural Resources (Department) was created by the Legislature. The Department manages more than 5 million acres of state-owned land, including granted lands. The Department is allowed to exchange, transfer, acquire, and replace trust lands.

**Summary of Bill:** The State Granted Lands Purchase Program is created. By December 31, 2012, the Department must complete an appraisal of the fair market value of at least 25 percent of the state's granted lands. By December 31, 2006, the Department must develop a prioritized list of the parcels suitable for inclusion in the purchase program. This prioritized purchase list must be revised as purchases are made.

Beginning July 1, 2007, the Department must execute purchase agreements for parcels from the prioritized list. It is the intent of this bill that appropriations be provided so that, by 2057, all lands held for benefit of common schools be purchased by the state. It is also the intent of the bill that, by 2027, the state purchase all lands held in trust for other beneficiaries. The lands purchased under this program must be managed by the Department under existing management statutes and policies. Lands purchased through the program are held in trust for all the people of the state for all time and must not be conveyed from state ownership except as specifically authorized by the Legislature.

The Granted Lands Purchase Program Management Account is created in the state treasury for management of lands included in the program.

The future of the statehood trusts review commission is established. The commission must review the financial management of the permanent funds created for support of the trusts and recommend alternative investment approaches. The commission must report its findings by December 31, 2007.

**Appropriation:** None.

**Fiscal Note:** Requested on February 3, 2005.

**Committee/Commission/Task Force Created:** Yes.

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

**Testimony For:** Allowing the state to manage trust lands without a fiduciary obligation would increase the state's land use options. Current returns to trust beneficiaries from the trust lands are estimated at less than 2 percent. Shifting trust assets to investments outside of land management would likely provide greater returns for the beneficiaries. Even if the bill is not ready for passage this year, the greater issue of trust land management must be further explored.

**Testimony Against:** To purchase the trust lands from the beneficiaries, the state would have to expend a tremendous amount of money. Additionally, current forest practices used by DNR can protect the environment while providing strong economic returns to the trust beneficiaries.

**Who Testified:** PRO: Larry Ganders, Washington State University; Becky Kelley, Washington Environmental Council; Mitch Friedman, NW Ecosystem Alliance. OTHER: Bill Robinson, The Nature Conservancy.

CON: Bruce Mackey, Department of Natural Resources.