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SENATE BILL 5555

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State of Washington

59th Legislature

2005 Regular Session

By Senator Jacobsen

Read first time 01/27/2005. Referred to Committee on Natural Resources, Ocean & Recreation.

1 AN ACT Relating to managing state granted lands for multiple  
2 benefits and increasing monetary benefits to trust beneficiaries; and  
3 adding a new chapter to Title 79 RCW.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that at statehood the  
6 federal government granted three million acres of land to the state for  
7 the support of education, corrections, social services, and other  
8 governmental functions. While large portions of these lands were sold  
9 and the proceeds together with interest on these proceeds were used to  
10 fund these functions, the state currently owns about two million two  
11 hundred thousand acres of these lands, of which about one million five  
12 hundred thousand acres are forest lands.

13 The legislature further finds that the substantial increase in  
14 state population, increased costs of performing these functions, the  
15 substantial portions of forest granted lands that are in stages of  
16 regeneration, and the declines in prices for fiber, have combined to  
17 steadily increase the gap between the state's financial contributions  
18 for carrying out these functions and the portion derived from revenues  
19 from granted lands.

1       The legislature further finds that there is increasing public  
2 demand for management of these lands for multiple benefits for which  
3 revenues derived from commodity extraction are but one of the benefits  
4 provided by these lands. In many cases, such management is consistent  
5 with the demands from education, corrections, and social services  
6 beneficiaries of the revenues, but in other cases a multiple benefit  
7 management approach may not be consistent with the overriding trust  
8 obligation to these beneficiaries that court decisions have held the  
9 state must meet in managing these lands. This has been the source of  
10 the increasing demands by these beneficiaries that the trust corpus be  
11 shifted to assets, other than these lands, which may provide a higher  
12 rate of financial returns.

13       For these reasons, it is the purpose of this chapter to establish  
14 a program that over a substantial period of time may fully compensate  
15 the trusts for their interest in these lands, and to direct that the  
16 lands transferred from granted lands trust status be managed on a  
17 multiple benefit basis. It is further the intent of this chapter to  
18 declare that these lands are to be held in trust for the benefit of all  
19 citizens of the state, and that these lands must be retained in public  
20 ownership for all time. Finally, it is the intent of this chapter to  
21 initiate a review of the statutory and, if necessary, constitutional,  
22 revisions necessary to allow the funds provided for purchase of the  
23 trusts' interests in these lands to be invested in such a manner that  
24 will allow higher rates of return than has been the recent experience  
25 with the permanent funds of these trusts.

26       NEW SECTION. **Sec. 2.** The state granted lands purchase program is  
27 created. The program consists of the identification, appraisal, and  
28 purchase of the trust interests pursuant to sections 3 through 5 of  
29 this act, the management of purchased lands under the provisions of  
30 sections 6 and 8 of this act, the declaration of a trust for these  
31 lands under section 7 of this act to the benefit of all the people of  
32 the state, and a review under section 9 of this act regarding methods  
33 to achieve greater financial rates of return to benefit the trusts.

34       NEW SECTION. **Sec. 3.** (1) Beginning no later than December 31,  
35 2012, and by December 31st of each successive even-numbered year

1 through 2012, the department of natural resources shall complete an  
2 appraisal of the fair market value of at least twenty-five percent of  
3 the acreage of state lands held for the benefit of the following:

- 4 (a) Common school, indemnity and escheat;
- 5 (b) Agricultural school;
- 6 (c) Scientific school;
- 7 (d) University;
- 8 (e) Normal school;
- 9 (f) Charitable, educational, penal, and reformatory institutions;

10 and

- 11 (g) State capitol buildings.

12 (2) By December 31, 2006, the department shall develop a  
13 prioritized list of parcels suitable for purchase and inclusion in the  
14 state granted lands purchase program. A prioritized list must be  
15 prepared for each category of designated trust lands specified in  
16 subsection (1) of this section. The lists must be revised to delete  
17 parcels purchased and include additional parcels sufficient so that the  
18 aggregate value of parcels on the list is at least twice that of the  
19 projected purchases in the next succeeding biennium directed under  
20 sections 4 and 5 of this act. The department shall prioritize parcels  
21 for each category of designated trust by considering the parcels most  
22 suitable for management for maximizing multiple benefits from uses of  
23 the lands without placing as the highest priority the monetized  
24 economic returns that may be obtained in the near term from the lands.  
25 In selecting parcels for inclusion on the list and in establishing a  
26 priority order the department should consider the opportunities for  
27 managing for such benefits as: Fish and wildlife habitat and  
28 production; improving forest health conditions; satisfying diverse  
29 recreational demands in the region; protecting drinking water supplies  
30 of nearby communities; mitigating storm water flows; and protecting  
31 forest stands with special biological diversity, geological value, or  
32 scenic value.

33 NEW SECTION. **Sec. 4.** (1) Beginning July 1, 2007, from  
34 appropriations authorized for this specific purpose in the omnibus  
35 appropriations act, the department shall execute purchase agreements  
36 for parcels on the list of common school trust parcels authorized in  
37 section 3(2) of this act that in aggregate value total the amounts

1 appropriated for such purchases. It is the intent of this chapter that  
2 future biennial appropriations be made in substantially similar amounts  
3 through successive biennia and in such amounts that all lands held in  
4 common school trust status may be purchased by June 30, 2057.

5 (2) The purchase funds shall be deposited in the common school  
6 construction account, or as directed in the omnibus appropriations act.  
7 No deduction shall be made for the resource management cost account  
8 under RCW 79.64.040. The department may recover reasonable costs to  
9 implement the purchase transactions from the amounts appropriated for  
10 the purchase program.

11 NEW SECTION. **Sec. 5.** (1) Beginning July 1, 2007, from  
12 appropriations authorized for this specific purpose in the omnibus  
13 appropriations act, the department shall execute purchase agreements  
14 for parcels on the lists for the following designated trusts:

- 15 (a) Agricultural school;
- 16 (b) Scientific school;
- 17 (c) University;
- 18 (d) Normal school;
- 19 (e) Charitable, educational, penal, and reformatory institutions;
- 20 and
- 21 (f) State capitol buildings.

22 (2) The purchase agreements executed shall in the aggregate value  
23 total the amounts appropriated for purchase of parcels from each  
24 designated trust. It is the intent of this chapter that future  
25 biennial appropriations be made in substantially similar amounts  
26 through successive biennia and in such amounts that the trust interest  
27 in all lands held in each of the specified trusts may be purchased by  
28 June 30, 2027.

29 (3) The purchase funds shall be deposited in the permanents fund  
30 for each trust created in chapter 43.79 RCW, or as directed in the  
31 omnibus appropriations act. No deduction shall be made for the  
32 resource management cost account under RCW 79.64.040. The department  
33 may recover reasonable costs to implement the purchase transactions  
34 from the amounts appropriated for the purchase program.

35 NEW SECTION. **Sec. 6.** (1) The lands included in the state granted  
36 lands purchase program must be managed by the department of natural

1 resources under existing management statutes, policies, and agreements  
2 to the extent not inconsistent with the management criteria of this  
3 section. The valuable materials thereon may be sold in the same manner  
4 and for the same purposes as is authorized for state lands, and charges  
5 may be made for recreational or other uses of the lands.

6 (2) The lands must be managed with all the various renewable  
7 resources in mind so that they are utilized in the combination that  
8 will best meet the needs of all of the state's citizens. The  
9 department shall manage these lands with the entire land base in mind  
10 so that some resources or services may be emphasized on parts of the  
11 lands and some land may be used for less than all of the resources or  
12 services. The department should seek a harmonious and coordinated  
13 management of the various resources of the lands, each with the other,  
14 without impairment of the productivity of the land, with consideration  
15 being given to the relative values of the various resources, and not  
16 necessarily the combination of uses that will give the greatest dollar  
17 return or the greatest unit output. Among the values and uses that  
18 should be considered by the department in managing the multiple use  
19 lands are: The economic and environmental aspects of various systems  
20 of renewable resource management, including silviculture and protection  
21 of forest resources; providing for outdoor recreation, range, timber,  
22 watershed, wildlife, and fish; providing for a diversity of plant and  
23 animal communities; and providing for protection of streams,  
24 streambanks, shorelines, lakes, wetlands, and other bodies of water  
25 from detrimental changes in chemical, biological, or hydrological  
26 characteristics.

27 NEW SECTION. **Sec. 7.** The legislature declares that state lands in  
28 the state granted lands purchase program are held in trust for all the  
29 people of the state for all time. These lands shall not be conveyed  
30 from state ownership except as specifically authorized by an act of the  
31 legislature.

32 NEW SECTION. **Sec. 8.** The state granted lands purchase program  
33 management account is created in the state treasury. All receipts from  
34 revenues derived from lands in the program and other moneys  
35 appropriated to the account or received by the state for the benefit of  
36 the lands must be deposited in the account. Moneys in the account may

1 be spent only after appropriation. Expenditures from the account may  
2 be used for all purposes related to management of lands included in the  
3 program.

4 NEW SECTION. **Sec. 9.** (1) The future of the statehood trusts  
5 review commission is established. The governor shall chair the  
6 commission and shall appoint members that reflect the interests of the  
7 beneficiaries of the trusts. The commission also includes the  
8 following as members:

- 9 (a) The state treasurer;
- 10 (b) The chair of the state investment board;
- 11 (c) Two members of the senate, one from each major caucus, selected  
12 by the president of the senate;
- 13 (d) Two members of the house of representatives, one from each  
14 major caucus, selected by the speaker of the house of representatives;  
15 and
- 16 (e) The commissioner of public lands.

17 (2) The commission shall review the history of financial management  
18 of the permanent funds created for the support of the designated trusts  
19 listed in section 3 of this act, and the investment objectives and  
20 policies of these funds as well as other public funds managed by the  
21 state. The commission shall determine if modifications in the  
22 investment objectives and policies of these permanent funds, including  
23 changes in the assets held in the funds, may provide for greater rates  
24 of return while protecting the principal of the funds. Where  
25 alternative investment approaches are identified, the commission shall  
26 analyze necessary administrative, statutory, and constitutional  
27 revisions that may be required to implement the alternative approaches.

28 (3) The commission shall include its analyses and recommendations  
29 in a report to the appropriate fiscal and policy committees of the  
30 senate and house of representatives by December 31, 2007.

31 NEW SECTION. **Sec. 10.** Sections 1 through 9 of this act constitute  
32 a new chapter in Title 79 RCW.

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