

SENATE BILL REPORT

SHB 1045

As Reported By Senate Committee On:
Natural Resources, Ocean & Recreation, March 21, 2007

Title: An act relating to maintaining deductions from proceeds of transactions authorized on state lands as determined by the board of natural resources.

Brief Description: Maintaining the ability of the board of natural resources to determine the deduction of proceeds from transactions on state lands managed by the department of natural resources.

Sponsors: House Committee on Agriculture & Natural Resources (originally sponsored by Representatives B. Sullivan, McCoy, Eickmeyer and Kretz).

Brief History: Passed House: 2/16/07, 86-10.

Committee Activity: Natural Resources, Ocean & Recreation: 3/15/07, 3/21/07 [DP-WM, DNP].

SENATE COMMITTEE ON NATURAL RESOURCES, OCEAN & RECREATION

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Jacobsen, Chair; Rockefeller, Vice Chair; Morton, Ranking Minority Member; Stevens and Swecker.

Minority Report: Do not pass.

Signed by Senator Hargrove.

Staff: Curt Gavigan (786-7437)

Background: The Legislature has delegated management of the 2.2 million acres of state lands held in trust for identified trust beneficiaries to the Department of Natural Resources (Department), with oversight from the Board of Natural Resources (Board). Beneficiaries of these land trusts include the state's public schools and higher education institutions. Revenue earned through land management activities conducted by the Department benefits the identified trust beneficiary for the land.

Historically, statute has authorized the Board to deduct up to 25 percent of the revenue earned from trust land activities. This deduction is transferred to the Resource Management Cost Account (RMCA) and used to defray costs incurred by the Department in managing and administering the trust lands. The remainder of the revenue is made available to the identified trust beneficiary.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

For the 2005-2007 fiscal biennium only, the Legislature allowed the Board to deduct up to 30 percent of revenue generated from state lands for management costs. The Board exercised this authority by resolution in July 2005.

The authority to deduct up to 30 percent from state trust land revenues expires with the end of the 2007 fiscal year. The Board's maximum allowed deduction will return to 25 percent with the start of fiscal year 2008.

Summary of Substitute Bill: The temporary authority for the Board to deduct an additional 5 percent of revenues generated from state trust lands for the RMCA is extended an additional ten years. The Board's maximum allowable RMCA deduction remains at 30 percent, and will not be reduced to 25 percent until the end of fiscal year 2017.

Each biennium the Department must submit a report to the Legislature summarizing all actions to adjust the deduction percentage.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: This bill will help provide Department of Natural Resources with the flexibility necessary to continue implementing the current sustainable harvest goals. The amount of funds available for land management varies greatly depending on timber prices, and this measure will provide a buffer against such price fluctuations. The trust beneficiaries will monitor increases in the management deduction. In addition to providing increased revenue for the trust beneficiaries, additional management dollars will help create improved habitat and improve forest health.

Persons Testifying: PRO: Representative B. Sullivan, prime sponsor; Anita Boyum, Washington State School Directors' Association; Miguel Perez-Gibson, Audubon Washington; Martharose Laffey, Washington State School Directors' Association; Bruce Mackey, Department of Natural Resources.