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## Capital Budget Committee

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### HB 1199

**Brief Description:** Fostering economic development by encouraging increased productivity on certain working lands through transfers in ownership.

**Sponsors:** Representatives Taylor, Shea and McCune.

#### Brief Summary of Bill

- Requires the Department of Natural Resources to develop, and the Board of Natural Resources (Board) to implement, a plan to divest the state of all state lands and state forest lands that are not being actively used for forestry purposes by December 31, 2021.
- Authorizes the Attorney General to condemn land owned by the federal government that is forested or available for active forestry uses.
- Requires the Board to ensure that land sales are awarded to the highest private sector bidder.

**Hearing Date:** 2/1/11

**Staff:** Susan Howson (786-7142).

#### Background:

The Department of Natural Resources (DNR) manages approximately 5.6 million acres of state-owned land in Washington. This includes: (1) 2.9 million acres of forested state trust lands, trust lands in agriculture and grazing production, and commercial real estate; (2) 2.6 million acres of state aquatic lands; and (3) 131,000 acres of natural areas.

The Board of Natural Resources (Board) is charged with guiding the DNR's management of these lands. The Board has several responsibilities including: (1) approve or disapprove trust land timber and mineral sales; (2) establish the sustainable harvest level for forested trust lands; (3) approve or disapprove sales or exchange of trust lands; and (4) guide the DNR's stewardship

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of state natural area preserves, natural resource conservation areas, and aquatic or submerged lands.

#### Federal Grant Lands.

At statehood, Congress passed the Enabling Act of 1889 and granted more than three million acres of land to Washington to support various public institutions. Washington has retained ownership of much of these trust lands to serve as an ongoing source of income to the various beneficiaries including:

- Common School Trust - which supports the construction of public K-12 schools statewide (1,821,048 acres in 2009);
- Agricultural School and Scientific School Trusts - which supports construction at Washington State University (156,144 acres in 2009);
- University Trust - which supports construction at the University of Washington (88,643 acres in 2009);
- Normal School Trust - which supports construction at Western Washington University, Eastern Washington University, Central Washington University, and The Evergreen State College (67,269 acres in 2009);
- Charitable, Educational, Penal and Reformatory Institutions (CEP&RI) Trust - which supports establishment and maintenance of state institutions managed by the Department of Corrections, the Department of Social and Health Services, and other human service-related agencies (69,503 acres in 2009); and
- Capitol Building Trust - which supports the construction and preservation of state capitol campus buildings in Olympia (109,717 acres in 2009).

#### State Forest Lands.

The DNR manages over 625,000 acres of State Forest Lands (formerly known as State Forest Board Transfer Lands and State Forest Board Purchase Lands). Income from these lands is distributed as follows: (1) to counties in which the lands are located; (2) to the State General Fund for the support of common schools; and (3) to the Forest Development Account for DNR's land management expenses on these lands.

#### Other Trust Lands.

In addition to Federal Grant Lands and State Forest Lands, DNR also manages over 3,500 acres of forestlands for community colleges and almost 6,000 acres for the benefit of King County and its Wastewater Treatment Division.

#### State Aquatic Lands.

State-owned aquatic lands (tidelands, shorelands, and beds of navigable waters) are designated as a public trust to benefit the public as a whole. Revenue from state aquatic lands is divided between the Aquatic Lands Enhancement Account (ALEA) and the Resource Management Cost Account (RMCA) Aquatics. The ALEA provides for the purchase, improvement and protection of aquatic lands, largely through grants to public entities. The RMCA-Aquatics supports the DNR's management of state aquatic lands.

#### Natural Areas.

Nearly 131,000 acres of state-owned land is conserved in DNR's Natural Areas Program as Natural Area Preserves or Natural Resource Conservation Areas. Sites become candidates for natural areas when they are discovered to be either in remarkably good ecological condition or

extremely important to the survival of a rare species of plant or animal. These protected parcels are used for scientific and educational study, and light public use where appropriate as determined by DNR.

**Summary of Bill:**

The Department of Natural Resources (DNR) is required to develop, and the Board of Natural Resources (Board) is required to implement, a plan to divest the state of all state land that is not being actively used for forestry purposes by December 31, 2021. In implementing the divestiture plan, DNR must ensure that the lands sold receive fair market value from private sector purchasers. The divestiture plan must include provisions that make whole any trust beneficiary affected by the divestiture of state lands.

The Attorney General is authorized and empowered to condemn land owned by the federal government that is forested or available for active forestry uses. This land must also be included in DNR's divestiture plan. Land acquired by the state through condemnation must be made available for sale to private landowners for active forestry. The acquisition and sale of such land are deemed to be for a state purpose and public use.

In implementing the divestiture plan, the Board is required to ensure that land sales are awarded to the highest private sector bidder. The State Investment Board is required to work closely with the Board to implement the plan. Land sale proceeds must be transmitted to the State Investment Board to be managed in an investment trust for the affected beneficiaries.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.