

HOUSE BILL REPORT

SSB 5658

As Reported by House Committee On: Transportation

Title: An act relating to the sale or exchange of surplus real property by the department of transportation.

Brief Description: Concerning the sale or exchange of surplus real property by the department of transportation.

Sponsors: Senate Committee on Transportation (originally sponsored by Senators King, Haugen and Shin).

Brief History:

Committee Activity:

Transportation: 3/15/11, 3/24/11 [DP].

Brief Summary of Substitute Bill

- Provides that when the Washington State Department of Transportation sells surplus property through an auction, it may withhold the property from the auction if requested to do so by one of the entities listed in the surplus property statute, but only after the receipt of a nonrefundable deposit, and the property must be put back up for auction if the transaction is not completed within 60 days.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass. Signed by 24 members: Representatives Clibborn, Chair; Billig, Vice Chair; Lias, Vice Chair; Armstrong, Ranking Minority Member; Hargrove, Assistant Ranking Minority Member; Angel, Asay, Eddy, Finn, Fitzgibbon, Jinkins, Johnson, Klippert, Ladenburg, McCune, Morris, Moscoso, Reykdal, Rivers, Rolfes, Ryu, Takko, Upthegrove and Zeiger.

Minority Report: Do not pass. Signed by 1 member: Representative Shea.

Staff: Wendy Malkin (786-7114).

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.

Background:

The Washington State Department of Transportation (WSDOT) often acquires land in anticipation of constructing highway or transportation projects. When these properties owned by the state are no longer needed for future transportation projects, state law specifies a process for the WSDOT to dispose of this surplus property.

If the WSDOT determines that any real property is no longer needed for transportation purposes, the WSDOT can sell the property or exchange it for other land at fair market value to the following entities or persons: (1) any other state agency; (2) the city or county where the property is situated; (3) any other municipal corporation; (4) regional transit authorities under chapter 81.112 RCW; (5) the former owner of the property from whom the state acquired title; (6) if the property is used as a residence, to the tenant of the property, so long as the tenant has lived there at least six months and paid rent on time; (7) any abutting property owner, unless there is more than one interested abutting property owner, in which case an auction procedure applies; (8) any other person, through written solicitation of bids; (9) any other owner of real property, where that property is required for transportation purposes; (10) if it is residential property, any nonprofit organization dedicated to affordable housing, as further specified in state law; (11) a federally qualified community health center (until June 30, 2012); or (12) a federally recognized Indian tribe within whose reservation boundaries the property is located.

State law does not specify which of these entities or persons has priority to acquire the WSDOT's surplus property, and state law grants the WSDOT the authority to sell real property through an auction so long as it provides two weeks public notice. The proceeds from the sale of surplus properties under either procedure must be deposited into the Motor Vehicle Fund.

Pursuant to legislative direction in the 2007-09 Omnibus Transportation Appropriations Act, the WSDOT has evaluated its inventory of properties and determined that over 200 properties are surplus and should be made available for sale.

Summary of Bill:

Intent language related to priority consideration to abutting property owners in agricultural areas when disposing of surplus property is removed.

Language is added to clarify that the WSDOT may sell surplus property through the public auction process or may forego the public auction process and sell the property to an entity listed in (1) through (12) above at fair market value. For clarity, sale to a person through auction is removed from the list of entities.

When the WSDOT sells surplus property through an auction, it may withhold the property from the auction if requested to do so by one of the entities listed in (1) through (12) above, but only after the receipt of a nonrefundable deposit equal to 10 percent of the fair market

value of the property or \$5,000, whichever is less. If the transaction is not completed within 60 days, the property must be put back up for auction.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed, except for section 2, relating to when the WSDOT may withhold property from an auction when requested to do so by one of the entities listed in statute, which takes effect on June 30, 2012.

Staff Summary of Public Testimony:

(In support) When the WSDOT sells property through auction, sometimes one of the 12 entities listed in statute contacts the WSDOT at the last minute, sometimes on the day of the auction, and asks that the property be removed from auction. If the WSDOT refuses to remove the property, the entity will often call a legislator and pressure the WSDOT to remove the property. The request to remove the property occurs after the WSDOT has spent the money to advertise and bring the property to auction. If the entity does not buy the property after successfully removing it from auction, the property may sit for some time before it is sold again, and the WSDOT loses money. This bill allows only serious entities to get the property withdrawn. The bill requires the entities to put down a nonrefundable deposit to help ensure it will follow through.

The bill will eliminate unnecessary work for the WSDOT staff. Thousands of dollars in labor and money for advertising are spent to get a parcel to auction. Appraisal, labor, and marketing costs are doubled when an entity successfully requests to withdraw property from auction and does not follow through on the purchase.

(Opposed) None.

Persons Testifying: Senator King, prime sponsor; and Mike Palazzo, Washington State Department of Transportation.

Persons Signed In To Testify But Not Testifying: None.