

SENATE BILL REPORT

HB 1392

As of March 9, 2011

Title: An act relating to leases of irrigation district property.

Brief Description: Regarding leases of irrigation district property.

Sponsors: Representatives Klippert, Haler, Fagan and Chandler.

Brief History: Passed House: 2/07/11, 92-0.

Committee Activity: Agriculture & Rural Economic Development: 3/08/11.

SENATE COMMITTEE ON AGRICULTURE & RURAL ECONOMIC DEVELOPMENT

Staff: Bob Lee (786-7404)

Background: Irrigation districts provide construction, improvement, maintenance, and operation of irrigation systems. Irrigation districts may also provide drainage, domestic water supply, and electric power facilities. A board of three, five, or seven elected directors manages each irrigation district.

An irrigation district may sell or lease its real property if the property is not needed by the district and public notice is given by publishing in a local newspaper at least once a week for three consecutive weeks.

The district has the following options with regard to this property:

- lease the property from year to year;
- give the lessee the option to purchase the property;
- sell the property on contract for deferred payments;
- sell the property pursuant to a promissory note secured by a mortgage or deed of trust; or
- sell the property for cash and conveyance by deed.

The board must make record of the real property sale or lease price. This price must be not less than the reasonable market value of the property unless the property is donated for highway or public utility purposes that enhance the value of the district's remaining property more than the value of the donated land.

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.

Summary of Bill: An irrigation district may lease real property it owns for a duration determined by its board. The restriction for a year-to-year lease is deleted.

Appropriation: None.

Fiscal Note: Not requested.

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: Irrigation districts have surplus property they want to lease. However, the year-to-year restriction inhibits making capital improvements because the lessee is unsure whether the lease will be renewed to enable them to recoup their investment. Allowing property owned by irrigation districts to be leased for a duration determined by the board will help to stimulate economic growth.

Persons Testifying: PRO: Representative Klippert, prime sponsor.