

# HOUSE BILL REPORT

## ESSB 5820

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As of Second Reading

**Title:** An act relating to department of transportation surplus property.

**Brief Description:** Concerning the sale of certain department of transportation surplus property.

**Sponsors:** Senate Committee on Transportation (originally sponsored by Senators King and Benton).

**Brief History:**

**Committee Activity:**

Transportation: 3/23/15, 3/31/15 [DPA].

**Brief Summary of Engrossed Substitute Bill**

- Removes specific public notice requirements applicable when the Washington State Department of Transportation (WSDOT) sells surplus property and instead requires the WSDOT to use the most appropriate method.
- Removes a process of public notice and additional offers that apply to the sale of property that does not receive any bids at a public auction.
- Provides certain conditions on equal value exchange transactions and requires the WSDOT to consult with the Office of Financial Management and the Joint Transportation Committee regarding such exchanges.

**Staff:** Andrew Russell (786-7143).

**Background:**

Whenever the Washington State Department of Transportation (WSDOT) determines to sell surplus property, it must give public notice by publishing, on the same day for two consecutive weeks, in the legal notices and classified sections of a legal newspaper of general circulation in the area where the property to be sold is located. The WSDOT must provide written notice to counties, cities, and towns with 60-days' notice of its intent to dispose of state agency land. All monies received through the sale of surplus property are deposited into the Motor Vehicle Account.

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*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.*

When it is in the public interest, the WSDOT may use equal value exchanges. These types of transactions exchange land owned by the WSDOT in full or as part of a consideration for land or improvements, or construction of improvements with private entities.

If a property with an appraised value of \$10,000 or more does not sell at a public auction, the WSDOT may negotiate a sale of the property. In doing so, the WSDOT must first publish a notice of the proposed sale in a local newspaper in the area where the property is located. The notice must include a description of the property, the selling price, the terms of the sale, and the name and address of the WSDOT employee or the real estate broker handling the transaction. Any person may, within 10 days after the publication of the notice, deliver a written offer to purchase the property for not less than 10 percent more than the negotiated sale price. The subsequent offer must be accompanied by a deposit of 20 percent of the total offer price. If a subsequent offer is received, the first offeror is given 10 days in which to file a higher offer with the designated WSDOT employee or real estate broker. After the expiration of the 10-day period, the WSDOT must approve in writing the highest and best offer.

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**Summary of Engrossed Substitute Bill:**

The requirement for the WSDOT to advertise real property auctions in the legal notices and classified sections of newspapers on the same day for two consecutive weeks is removed. The WSDOT is given discretion to determine the most appropriate method for advertising the sale of surplus property. The requirement for the WSDOT to publish a notice of proposed sale in a local newspaper in the area where the property is located is removed. Additionally, the process by which an additional offeror may bid 10 percent more than the negotiated price of property that did not sell at a public auction is removed.

To dispose of surplus property through an equal value exchange transaction, the WSDOT must first consult with the Office of Financial Management and the Joint Transportation Committee. Additionally, the consideration given in exchange for surplus property is limited to land or building improvements or for construction of highway improvements.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Engrossed Substitute Bill:** The bill contains an emergency clause and takes effect immediately.

**Staff Summary of Public Testimony:**

(In support) The idea is to streamline the way the WSDOT is able to sell their surplus properties. The advertisement requirements have not kept up with new technologies, and there are better ways to advertise these things, and this gives the WSDOT flexibility to

determine the best way. The requirements relating to properties that do not receive any bids has been in place for a long time, but they rarely come up. Equal value exchange transactions were prohibited because regions were holding properties for equal value exchanges, allowing the regions to exchange the property for a building. Surplus property ought to be sold, not sat on.

(Opposed) None.

**Persons Testifying:** Senator King, prime sponsor.

**Persons Signed In To Testify But Not Testifying:** None.