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**Agriculture and Natural Resources  
Committee**

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**HB 2243**

**Brief Description:** Creating the children's social equity land trust.

**Sponsors:** Representatives Reeves, Waters, Chapman, Walen, Reed, Springer and Doglio; by request of Department of Natural Resources.

**Brief Summary of Bill**

- Authorizes the Department of Natural Resources (DNR) to acquire forested lands suitable to manage for the dual purposes of enhancing carbon sequestration and revenue production.
- Requires the DNR to hold such lands in trust for the benefit of the Department of Children, Youth, and Families (DCYF).
- Requires the net revenues produced by the DCYF trust lands to be placed into an account to fund child care grants to be awarded by the DCYF.
- Requires the DCYF to award child care grants for specified purposes, including child care for historically disadvantaged populations and child care during nonstandard hours and periods of the year.

**Hearing Date:** 1/19/24

**Staff:** Robert Hatfield (786-7117).

**Background:**

State Trust Lands.

At statehood in 1889, the United States Congress granted Washington millions of acres of land

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to support public institutions such as funding the construction of public K-12 grade schools statewide, state universities, other state educational institutions, and prisons. The Department of Natural Resources (DNR) now manages approximately 3 million acres of these federally granted trust lands to provide a continuous flow of revenue to trust beneficiaries, such as schools and counties, through revenue-producing activities.

#### State Forest Lands.

The DNR also manages approximately 550,000 acres of state forest lands that help fund services in many counties. These lands were acquired by 21 counties in the 1920s and 1930s through tax foreclosures and subsequently deeded to the state to manage as trust lands. In exchange, the county and the taxing districts in which the land is located are given most of the revenue from timber sales and other revenue-producing activities. These lands are managed in a manner similar to the federally granted trust lands.

#### Child Care Grants.

The Department of Children, Youth, and Families (DCYF) is required to establish a grant program to expand child care in child care deserts. Grants must be used for one-time costs associated with the opening of a child care site, including program costs, for providers who are newly licensed or are in the process of becoming licensed. The DCYF child care grant program expires June 30, 2026.

### **Summary of Bill:**

#### Acquisition of Lands to Create a Trust.

The Department of Natural Resources (DNR) is authorized to acquire forested lands suitable to manage for the dual purposes of enhancing carbon sequestration and revenue production, or lands suitable for the development of alternative energies, including solar or wind. Any such acquired lands must be located so as to be able to be economically administered for commercial forestry, renewable energy, marketable for carbon sequestration credit sale purposes, or be viable for responsibly developed alternative energy projects.

The DNR must consult with any impacted or interested tribal nations regarding acquisition of lands for potential alternative energy development prior to acquisition.

The acquired lands must be held in trust for the benefit of the Department of Children, Youth, and Families (DCYF), and revenue derived from these lands must be expended to provide child care grants.

#### Department of Children, Youth, and Families Trust Lands—Management.

The DNR must manage, care for, and protect DCYF trust lands for the purposes of commercial forestry, which includes both carbon sequestration and revenue generation for child care grants to be awarded by the DCYF.

To the extent consistent with statutory requirements regarding DCYF trust lands, the DNR must

manage DCYF trust lands in compliance with policies established by the Board of Natural Resources (Board) and with the procedures that govern the DNR's management of other forested lands. Also to the extent consistent with statutory requirements regarding DCYF trust lands, the DNR may manage DCYF trust lands in the same manner that it manages other state lands with regard to leasing, contracting, licensing, permitting, and granting easements and rights-of-way.

The DNR is not required to maximize revenue generation on DCYF trust lands and may balance revenue generation with enhancement of natural carbon sequestration afforded by sustainable management of forests.

With the approval of the Board, the DNR may sell DCYF trust lands in the same manner as other state lands. Any revenue derived from any sale of DCYF trust lands must be deposited in the Child Care Trust Account. The DNR may sell valuable materials from DCYF trust lands in the same manner and for the same purposes as the DNR is authorized to sell valuable materials from other state lands. In addition, the DNR is authorized to enter into contracts for payment for ecosystem service projects on DCYF trust lands after approval by the Board.

#### DCYF Trust Lands—Revenue.

Revenue derived from all leases, sales, contracts, licenses, permits, easements, and rights-of-way, on DCYF trust are subject to the DNR's statutory management fee deduction to cover the costs incurred by the DNR in carrying out the purposes of this chapter. In the event that the DNR sells logs using the contract harvesting process, the moneys received, subject to statutory management fee deduction, are the net proceeds from the contract harvesting sale.

After the deduction of the DNR's statutory management fee, revenue generated from activities on DCYF trust lands, including the revenue derived from the sale of timber or other valuable materials from DCYF trust lands must be deposited in the Child Care Trust Account.

#### Child Care Trust Account.

The Child Care Trust Account is created in the state treasury. Subject to the deduction of the DNR's statutory management fee, revenue generated from activities on DCYF trust lands must be deposited into the account. Moneys in the account may be spent only after appropriation and may be used only for the child care grant program.

#### DNR Statutory Management Fee.

For DCYF trust lands, 30 percent of the moneys derived from the lease of such lands or from the sale of materials on such lands must be deposited into the Forest Development Account and 70 percent must be deposited into the Child Care Trust Account.

#### Child Care Grants.

The DCYF child care grant program is modified in several ways, including that:

- grants may be awarded for the purpose of supporting established child care sites that are in jeopardy of closure for financial reasons;
- in awarding grants, the DCYF must prioritize applications in a manner that supports racial

- equity across the state;
- the award of grants must be prioritized according to specified purposes, including child care for historically disadvantaged populations and child care during nonstandard hours and periods of the year; and
  - the June 30, 2026 expiration date for the child care grant program is removed.

**Appropriation:** None.

**Fiscal Note:** Requested on January 9, 2024.

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