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## Capital Budget Committee

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### HB 2299

**Brief Description:** Concerning the authority of the department of natural resources to lease trust assets for the benefit of trust beneficiaries and the state.

**Sponsors:** Representatives Street, Walen, Reed, Tharinger and Simmons; by request of Department of Natural Resources.

<p style="text-align: center;"><b>Brief Summary of Bill</b></p> <ul style="list-style-type: none"><li>• Provides the Department of Natural Resources (DNR) authority to lease trust assets that it deems temporarily available for use on nonstate land.</li><li>• Specifies that trust assets may not be leased for longer than 20 years.</li></ul>
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**Hearing Date:** 1/25/24

**Staff:** John Wilson-Tepeli (786-7115).

**Background:**

The Department of Natural Resources (DNR) manages approximately 3 million acres of federally granted lands and state forestlands, which are managed to support common schools, counties, and other public institutions. The DNR has the authority to lease these lands for specified periods in order to obtain a fair-market rental return to the state or appropriate trust. State land leases are generally subject to a limit of ten years, although several exceptions are allowed for specific, authorized purposes. As an example, leases for commercial, industrial, or business purposes may extend to 99 years; however, leases that extend terms beyond 55 years must be reported to the Office of Financial Management and the appropriate committees of the Legislature within 30 days of the date of the execution of the lease.

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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 part of the legislation nor does it constitute a statement of legislative intent.*

**Summary of Bill:**

The DNR is provided authority to lease trust assets that it deems temporarily available for use on nonstate land. The DNR is required to exercise general supervision and control over trust assets for any lawful purpose and may not lease trust assets for longer than 20 years. The DNR may alter the terms of trust asset leases if the DNR deems that it is in the best interest of the state and subject to lessee agreement.

State lands and leases of trust assets are specified as specific property types for which the DNR may enter leases by public auction or negotiations. Public notice and auction requirements for lease of state lands are applied to lease of trust assets.

**Appropriation:** None.

**Fiscal Note:** Requested on January 22, 2024.

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