

SENATE BILL REPORT

SB 5254

As Reported by Senate Committee On:
Agriculture, Water, Natural Resources & Parks, February 9, 2023
Ways & Means, February 24, 2023

Title: An act relating to the leasing of state lands.

Brief Description: Concerning the leasing of state lands.

Sponsors: Senators Van De Wege, Braun, Mullet, Muzzall, Rolfes, Wagoner and Wilson, L..

Brief History:

Committee Activity: Agriculture, Water, Natural Resources & Parks: 1/23/23, 2/09/23 [DPS-WM, w/oRec].
Ways & Means: 2/22/23, 2/24/23 [DP2S, w/oRec].

Brief Summary of Second Substitute Bill

- Requires the Board of Natural Resources to approve certain new or existing leases subject to renewal.
- Directs the Department of Natural Resources to make general summary lease information for state public lands available to the public on a per parcel basis.

SENATE COMMITTEE ON AGRICULTURE, WATER, NATURAL RESOURCES & PARKS

Majority Report: That Substitute Senate Bill No. 5254 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Van De Wege, Chair; Salomon, Vice Chair; Rolfes, Shewmake and Stanford.

Minority Report: That it be referred without recommendation.

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.

Signed by Senators Muzzall, Ranking Member; Short, Wagoner and Warnick.

Staff: Jeff Olsen (786-7428)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 5254 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Rolfes, Chair; Robinson, Vice Chair, Operating & Revenue; Mullet, Vice Chair, Capital; Wilson, L., Ranking Member, Operating; Gildon, Assistant Ranking Member, Operating; Rivers, Assistant Ranking Member, Capital; Billig, Braun, Conway, Dhingra, Hasegawa, Keiser, Van De Wege and Wellman.

Minority Report: That it be referred without recommendation.

Signed by Senators Schoesler, Ranking Member, Capital; Warnick, Assistant Ranking Member, Capital; Boehnke, Hunt, Muzzall, Nguyen, Pedersen, Saldaña, Torres and Wagoner.

Staff: Jed Herman (786-7346)

Background: The Department of Natural Resources (DNR) manages a number of different categories of land, each for a specific purpose and under different management requirements. These include approximately 3 million acres of federally-granted lands and state forest lands, which DNR manages to support common schools, counties, and other public institutions.

The DNR has the authority to lease state lands for various purposes, including commercial, industrial, residential, agricultural, and recreational uses, in order to obtain a fair-market rental return to the state or appropriate trust. The DNR also manages more than 600,000 acres of state forest lands, which were acquired primarily through tax foreclosures in the 1920s and 1930s, and to a lesser extent through purchases by the state or gifts to the state. State forest lands are managed for the benefit of the counties in which the lands are located.

The Board of Natural Resources (Board) sets policies to guide how DNR manages the state's lands and resources. The Board consists of six members including the Governor or the Governor's designee, the Superintendent of Public Instruction, the Commissioner of Public Lands, the director of the University of Washington School of Forestry, the dean of the Washington State College of Agricultural, Human, and Natural Resource Sciences, and a representative of a timber county. The Board has several responsibilities including approve or disapprove trust land timber and mineral sales, establish the sustainable harvest level for forested trust lands, approve or disapprove sales or exchanges of trust lands, and guide DNR's stewardship of state Natural Area Preserves, Natural Resources Conservation Areas, and aquatic or submerged lands.

Summary of Bill (Second Substitute): Except for agricultural, grazing, communication sites, or commercial leases with an annual value of less than \$50,000, DNR must bring a new lease or existing lease subject to renewal to the Board for approval. DNR must make general summary lease information for state public lands available to the public on a per parcel basis. The information must be readily available and easy to access for the public on an electronic platform. However, DNR shall not disclose sensitive or confidential information regarding federal leases.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Second Substitute):

- Provides that lease information that DNR must provide to the public is general summary information about the lease.
- Makes certain exemptions for types of leases that will require Board approval.
- Specifies that the DNR may not disclose sensitive or confidential information regarding federal leases.

EFFECT OF CHANGES MADE BY AGRICULTURE, WATER, NATURAL RESOURCES & PARKS COMMITTEE (First Substitute):

- Removes the requirement for DNR to obtain Board approval for certain leases on state land or state forestland involving 250 acres or more.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill (Agriculture, Water, Natural Resources & Parks): *The committee recommended a different version of the bill than what was heard.* PRO: The Commissioner of Public Lands has proposed a 10,000 acre lease for carbon sequestration, without having to seek approval from the Board. This bill will require that larger, non-agricultural leases are sent to the Board for approval, allowing for more public input, increased transparency and more accountability. Every timber sale regardless of size already goes before the Board for approval. Leases of thousands of acres of public land should include a robust public process. Major decisions should be made by the Board, that has a diverse background of six members. Impacts to trust beneficiaries, including schools, ports, and other local districts need to be considered. Lease decisions with impacts to the sustainable harvest calculation should be considered by the Board.

CON: This bill is related to the carbon project, and is too broad as drafted and impacts other

leases including clean energy. By impacting all leases, it add costs, extra oversight, and uncertainty. If the bill is limited to review of carbon projects it would not be an issue. DNR is able to negotiate directly on complex leases. This bill adds time and uncertainty, and many leases may be lost. Lease negotiations are difficult when the decision maker is a Board rather than a single decision maker.

Persons Testifying (Agriculture, Water, Natural Resources & Parks): PRO: Senator Kevin Van De Wege, Prime Sponsor; Heath Curtiss, Hampton Lumber; Thomas Lannen, County Government; Heath Heikkila, American Forest Resource Council; James McEntire; Dave Arbaugh, Sierra Pacific Industries; Connie Beauvais, Port of Port Angeles.

CON: Brian Considine, Washington Department of Natural Resources; Duane Emmons, Washington Department of Natural Resources.

Persons Signed In To Testify But Not Testifying (Agriculture, Water, Natural Resources & Parks): No one.

Staff Summary of Public Testimony on First Substitute (Ways & Means): *The committee recommended a different version of the bill than what was heard.* PRO: Our county timber lands are very important to us. We are very concerned about long-term leases on forest land. Major leasing decisions need to come before a six-member board for approval, especially any that include as much as 10,000 acres for a term length of 125 years. The counties are heavily dependent on DNR generated revenue, we don't know what to expect from an ecosystem services lease. We need you to watch out for our fiscal interests.

CON: We are very concerned about publicly posting leasing information. This kind of act would dissuade potential lessees as well as create a timing backlog. I know most of the pro comments pertain to carbon leases, however this bill would mostly impact non-timber leases like cattle grazing. It would be expensive to create an interactive map showing all the leases with the department. We don't like the substitute bill as it impacts grazing leases.

Persons Testifying (Ways & Means): PRO: Randy Johnson; Heath Heikkila, American Forest Resource Council; Tom Lannen, Skamania County Commissioners-Trust Beneficiary.

CON: Craig Soehren, Washington Realtors; Duane Emmons, Washington Department of Natural Resources; Chelsea Hajny, Executive Vice-President Washington Cattlemen's Association.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.