
SUBSTITUTE HOUSE BILL 1460

State of Washington

68th Legislature

2023 Regular Session

By House Capital Budget (originally sponsored by Representatives Hackney, Waters, Simmons, Kloba, Pollet, Davis, and Macri; by request of Department of Natural Resources)

READ FIRST TIME 02/17/23.

1 AN ACT Relating to the department of natural resources trust land
2 management; amending RCW 79.17.020, 79.17.210, 79.22.060, 43.30.385,
3 79.19.020, 79.19.030, 79.11.340, 79.22.140, and 79.19.050; reenacting
4 and amending RCW 79.64.110; adding a new section to chapter 79.19
5 RCW; adding new sections to chapter 79.17 RCW; and creating a new
6 section.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

8 NEW SECTION. **Sec. 1.** (1) The legislature finds that some state
9 lands and state forestlands have a low potential for natural resource
10 management or low income-generating potential or are inefficient for
11 the department of natural resources to manage due to geographic
12 location or other factors.

13 (2) The legislature further finds that some of these lands have
14 high ecological values and public benefits and should be maintained
15 in public ownership as a park, open space, nature preserve, or
16 similar designation to benefit the people of Washington.

17 (3) The legislature further finds that the department of natural
18 resources needs an effective program to transfer these lands out of
19 trust status to the natural areas program, other public agencies, or
20 tribes, and simultaneously acquire legislative funding to acquire

1 productive replacement lands to improve the revenue-generating
2 performance of the state lands and state forestlands it manages.

3 (4) The legislature further finds that the trust land transfer
4 program should be established within the department of natural
5 resources with adequate funds to cover the department's expenses for
6 administering the program and completing trust land transfers.

7 (5) The legislature further finds that there exists an interest
8 by the public and trust beneficiaries that the program be well-
9 documented and transparent, that each potential transfer be examined
10 by the department of natural resources to ensure it is in the best
11 interests of the trust beneficiaries, that an external advisory
12 committee place proposed transfers into a prioritized order using
13 standardized criteria, that the board of natural resources approve
14 submission of the list to the legislature, and that parcels be
15 transferred in order of priority.

16 NEW SECTION. **Sec. 2.** (1) The department is authorized to create
17 and manage a trust land transfer program. Real property available for
18 the trust land transfer program is economically under-performing
19 state land and state forestland with high ecological or public
20 benefit and deemed appropriate for state parks, fish and wildlife
21 habitats, natural area preserves, natural resources conservation
22 areas, community forests, recreation, or other public purposes.
23 Underperforming state land and state forestland are those lands, as
24 determined by the department, that have physical, legal, access, or
25 other constraints or liabilities that preclude or severely hamper the
26 generation of revenue on that parcel, now and into the future.
27 Underperforming parcels generate no revenue, substantially less
28 revenue than desired, or too little revenue to cover costs. A key
29 consideration is that the constraints on the parcel are expected to
30 continue indefinitely, making future improvements in revenue
31 generation unlikely or impossible. The department may use the real
32 property transfer authorities under this chapter and chapter 79.22
33 RCW, as appropriate, to complete transfers under the trust land
34 transfer program.

35 (2) The department shall use legislative appropriations for
36 approved trust land transfers to acquire replacement real property
37 that will provide long-term, sustainable revenue to the trust
38 beneficiaries or is otherwise desirable to be added to the affected
39 trust and to pay for the department's administrative expenses to

1 complete the transfer, including the cost of department staff time,
2 appraisals, surveys, environmental reviews, and other similar costs
3 of the program.

4 (3) Transfers funded by legislative appropriation must be at fair
5 market value, including the value of land, timber, other valuable
6 materials, and improvements owned by the state. The legislative
7 appropriation must be deposited in the natural resources real
8 property replacement account created in RCW 79.17.210 and the
9 parkland trust revolving fund established in RCW 43.30.385, as
10 appropriate.

11 (4) The department shall prioritize the acquisition of working
12 farms and forests when acquiring replacement real property for state
13 lands transferred under this program when it can be demonstrated that
14 the trust fiduciary obligations can be better fulfilled with these
15 lands. The department shall endeavor to acquire replacement real
16 property as quickly as practicable.

17 NEW SECTION. **Sec. 3.** The department shall administer the trust
18 land transfer program as follows:

19 (1) Any citizen, state and federal agencies, counties, cities,
20 towns, tribes, nonprofit organizations, special purpose districts,
21 public development authorities, and other political subdivisions of
22 the state, may nominate a parcel of state land or state forestland
23 for the trust land transfer program. The nomination must be made to
24 the department on forms provided by the department and accompanied by
25 the fee provided under RCW 79.02.250.

26 (2) The department shall perform an initial review to determine
27 whether the transfer of a nominated parcel is in the best interest of
28 the trust for which the land is held and whether a public agency, as
29 defined in RCW 79.17.200, is willing to take ownership of the parcel
30 and is capable of managing the land for the public benefit. The
31 department may require prenomination review of parcels over 4,500
32 acres or parcels over an estimated appraised market value of
33 \$15,000,000, including the value of the land, valuable materials, and
34 improvements, if any.

35 (3) If the department determines through its initial review that
36 transfer would be in the best interest of the trust for which the
37 land is held and a public agency is willing and able to take
38 ownership and manage the land, the department shall consult with

1 potentially affected tribes to identify and address cultural resource
2 issues.

3 (4) Following the department's initial review and tribal
4 consultation, the department may submit parcels to an advisory
5 committee that shall evaluate and prioritize nominated parcels
6 according to criteria approved by the board, including social,
7 ecological, economic, and other values. The advisory committee may
8 include representatives of trust beneficiaries, public agencies,
9 tribes, overburdened communities, and vulnerable populations as
10 defined in chapter 70A.02 RCW, and other stakeholders as determined
11 by the department.

12 (5) The department, with approval of the board, shall determine
13 the final, prioritized list of trust land transfer parcels to submit
14 to the legislature for funding. If a legislative appropriation
15 includes a trust land transfer parcel, and the board determines that
16 the transfer is in the best interest of the trust for which the land
17 is held, the department shall complete the transfer.

18 **Sec. 4.** RCW 79.17.020 and 2013 2nd sp.s. c 19 s 7035 are each
19 amended to read as follows:

20 (1) The board of county commissioners of any county and/or the
21 mayor and city council or city commission of any city or town and/or
22 the board shall have authority to exchange, each with the other, or
23 with the federal forest service, the federal government or any proper
24 agency thereof and/or with any private landowner, county land of any
25 character, land owned by municipalities of any character, and state
26 forestland owned by the state under the jurisdiction of the
27 department, for real property of equal value for the purpose of
28 consolidating and blocking up the respective landholdings of any
29 county, municipality, the federal government, or the state of
30 Washington or for the purpose of obtaining lands having commercial
31 recreational leasing potential. The board shall also have the
32 authority to exchange state forestland for the purpose of obtaining
33 land with greater natural resource or income-producing potential,
34 when in the best interest of the state or affected trust. State
35 forestland exchanged under this section may not be used to reduce the
36 publicly owned forestland base.

37 (2) ~~((a) During the biennium ending June 30, 2013, for the~~
38 ~~purposes of maintaining working farm and forest landscapes or~~
39 ~~acquiring natural resource lands at risk of development, the~~

1 department, with approval of the board of natural resources, may
2 exchange any state land and any timber thereon for any land and
3 proceeds of equal value, when it can be demonstrated that the trust
4 fiduciary obligations can be better fulfilled after an exchange is
5 completed. Proceeds may be in the form of cash or services in order
6 to achieve the purposes established in this section. Any cash
7 received as part of an exchange transaction shall be deposited in the
8 forest development account to pay for administrative expenses
9 incurred in carrying out an exchange transaction. These
10 administrative expenses include road maintenance and abandonment
11 expenses. The amount of proceeds received from the exchange partner
12 may not exceed five percent of the total value of the exchange. The
13 receipt of proceeds shall not change the character of the transaction
14 from an exchange to a sale.

15 ~~(b) During the biennium ending June 30, 2015, for the purposes of~~
16 ~~maintaining working farm and forest landscapes or acquiring natural~~
17 ~~resource lands at risk of development, the department, with approval~~
18 ~~of the board of natural resources, may exchange any state land and~~
19 ~~any timber thereon for any land and proceeds of equal value, when it~~
20 ~~can be demonstrated that the trust fiduciary obligations can be~~
21 ~~better fulfilled after an exchange is completed. Proceeds may be in~~
22 ~~the form of cash or services in order to achieve the purposes~~
23 ~~established in this section. Any cash received as part of an exchange~~
24 ~~transaction shall be deposited in the forest development account to~~
25 ~~pay for administrative expenses incurred in carrying out an exchange~~
26 ~~transaction. These administrative expenses include road maintenance~~
27 ~~and abandonment expenses. The amount of proceeds received from the~~
28 ~~exchange partner may not exceed five percent of the total value of~~
29 ~~the exchange. The receipt of proceeds shall not change the character~~
30 ~~of the transaction from an exchange to a sale.~~

31 ~~(3))~~ Prior to executing an exchange under this section, and in
32 addition to the public notice requirements set forth in RCW
33 79.17.050, the department shall consult with legislative members,
34 other state and federal agencies, local governments, tribes, local
35 stakeholders, conservation groups, and any other interested parties
36 to identify and address cultural resource issues, and the potential
37 of the state lands proposed for exchange to be used for open space,
38 park, school, or critical habitat purposes.

1 **Sec. 5.** RCW 79.17.210 and 2018 c 298 s 7005 are each amended to
2 read as follows:

3 (1) The legislature finds that the department has a need to
4 maintain the real property asset base it manages and needs an
5 accounting mechanism to complete transactions without reducing the
6 real property asset base.

7 (2) The natural resources real property replacement account is
8 created in the state treasury. This account shall consist of funds,
9 including the value of land, timber, other valuable materials, and
10 improvements owned by the state, transferred or paid for the disposal
11 or transfer of real property by the department under RCW 79.17.200
12 and the transfer of state lands or state forestlands into community
13 forest trust lands under RCW 79.155.040. The funds in this account
14 shall be used solely for the acquisition of replacement real property
15 and may be spent only when, and as, authorized by legislative
16 appropriation. ~~((During the 2013-2015 fiscal biennium, funds in the~~
17 ~~account may also be appropriated for the land purchase in section~~
18 ~~3245, chapter 19, Laws of 2013 2nd sp. sess. under the provisions of~~
19 ~~section 3245, chapter 19, Laws of 2013 2nd sp. sess. and chapter 11,~~
20 ~~Laws of 2013 2nd sp. sess. During the 2017-2019 fiscal biennium,~~
21 ~~moneys in the account may also be appropriated for developing and~~
22 ~~constructing the pipeline in section 3061, chapter 298, Laws of 2018~~
23 ~~under the provisions of section 7004, chapter 298, Laws of 2018.))~~

24 **Sec. 6.** RCW 79.22.060 and 2012 c 166 s 7 are each amended to
25 read as follows:

26 (1) With the approval of the board, the department may directly
27 transfer or dispose of state forestlands without public auction, if
28 the ~~((lands))~~ transfers are:

29 ~~(a) ((Consist of ten contiguous acres or less;~~
30 ~~(b) Have a value of twenty-five thousand dollars or less; or~~
31 ~~(c) Are located in a county with a population of twenty-five~~
32 ~~thousand or less and are encumbered with timber harvest deferrals,~~
33 ~~associated with wildlife species listed under the federal endangered~~
34 ~~species act, greater than thirty years in length.~~

35 ~~(2) Disposal under this section may only occur in the following~~
36 ~~circumstances:~~

37 ~~(a) Transfers in lieu of condemnation;~~
38 ~~(b) Transfers to resolve trespass and property ownership~~
39 ~~disputes; or~~

1 ~~(c) In counties with a population of twenty-five thousand or~~
2 ~~less, transfers to public agencies.~~

3 ~~(3))~~ In lieu of condemnation or to resolve trespass and property
4 ownership disputes and the lands consist of 10 contiguous acres or
5 less or have a value of \$25,000 or less; or

6 (b) To public agencies as defined in RCW 79.17.200.

7 (2) Real property to be transferred or disposed of under this
8 section shall be transferred or disposed of only after appraisal and
9 for at least fair market value, and only if the transaction is in the
10 best interest of the state or affected trust. Valuable materials
11 attached to lands (~~transferred to public agencies under subsection~~
12 ~~(2)(c) of this section~~) to be transferred under subsection (1)(b) of
13 this section must be appraised at the fair market value without
14 consideration of management or regulatory encumbrances associated
15 with wildlife species listed under the federal endangered species
16 act, if any.

17 ~~((4))~~ (3)(a) Except as provided in (~~(b) of~~) this subsection,
18 the proceeds from real property transferred or disposed of under this
19 section shall be deposited into the parkland trust revolving fund and
20 be solely used to buy replacement (~~land within the same county as~~
21 ~~the property transferred or disposed~~) forestland for the benefit of
22 the county from which the property was transferred or disposed and
23 the department's administrative expenses to complete the transfer,
24 including the cost of department staff time, appraisals, surveys,
25 environmental reviews, and other similar costs of the transfer. The
26 legislative authority of the county from which the real property was
27 transferred or disposed under subsection (1)(b) of this section may
28 request in writing that the department distribute a percentage of the
29 proceeds associated with valuable materials. Upon such a request, and
30 subject to prior approval by the board, the department shall
31 distribute the requested percentage of proceeds associated with
32 valuable materials as provided in RCW 79.64.110.

33 (b) The proceeds from real property transferred or disposed of
34 under (~~subsections (1)(c) and (2)(c) of~~) this section for the
35 purpose of participating in the state forestland pool created under
36 RCW 79.22.140 must be deposited into the parkland trust revolving
37 fund and used to buy replacement forestland for the benefit of that
38 county as provided in RCW 79.64.110 and located within any county
39 participating in the land pool.

1 (c) Except as otherwise provided in this subsection, in counties
2 with a population of (~~twenty-five thousand~~) 25,000 or less, the
3 portion of the proceeds associated with valuable materials on state
4 forestland transferred under (~~subsections (1)(c) and (2)(c) of~~)
5 this section must be distributed as provided in RCW 79.64.110. If
6 requested in writing by the legislative authority of a county
7 participating in the state forestland pool created under RCW
8 79.22.140, the portion of the proceeds associated with valuable
9 materials on state forestland transferred under (~~subsections (1)(c)
10 and (2)(c) of~~) this section must be deposited in the parkland trust
11 revolving fund and used to buy replacement forestland for the benefit
12 of that county as provided in RCW 79.64.110 and located within any
13 county participating in the land pool.

14 **Sec. 7.** RCW 43.30.385 and 2014 c 32 s 2 are each amended to read
15 as follows:

16 (1) The parkland trust revolving fund is to be utilized by the
17 department for the purpose of acquiring real property, including all
18 reasonable costs associated with these acquisitions, as a replacement
19 for the property transferred to the state parks and recreation
20 commission, as directed by the legislature in order to maintain the
21 land base of the affected trusts or under RCW 79.22.060 and to
22 receive voluntary contributions for the purpose of operating and
23 maintaining public use and recreation facilities, including trails,
24 managed by the department.

25 (2)(a) Proceeds from transfers of real property to the state
26 parks and recreation commission or other proceeds identified from
27 transfers of real property as directed by the legislature shall be
28 deposited in the parkland trust revolving fund.

29 (b) (~~Except as otherwise provided in this subsection, the~~)
30 Subject to RCW 79.22.060(3), proceeds from real property transferred
31 or disposed under RCW 79.22.060 must be used solely to purchase
32 replacement forestland, that must be actively managed as a working
33 forest, (~~within the same county as the property~~) for the benefit of
34 the county from which the property was transferred or disposed. (~~If~~
35 ~~the real property was transferred under RCW 79.22.060 (1)(c) and~~
36 ~~(2)(c) from within a county participating in the state forestland~~
37 ~~pool created under RCW 79.22.140, replacement forestland may be~~
38 ~~located within any county participating in the land pool.))~~

1 (c) Disbursement from the parkland trust revolving fund to
2 acquire replacement property and for operating and maintaining public
3 use and recreation facilities shall be on the authorization of the
4 department.

5 (d) The proceeds from the recreation access pass account created
6 in RCW 79A.80.090 must be solely used for the purpose of operating
7 and maintaining public use and recreation facilities, including
8 trails, managed by the department.

9 (3) In order to maintain an effective expenditure and revenue
10 control, the parkland trust revolving fund is subject in all respects
11 to chapter 43.88 RCW, but no appropriation is required to permit
12 expenditures and payment of obligations from the fund.

13 (4) The department is authorized to solicit and receive voluntary
14 contributions for the purpose of operating and maintaining public use
15 and recreation facilities, including trails, managed by the
16 department. The department may seek voluntary contributions from
17 individuals and organizations for this purpose. Voluntary
18 contributions will be deposited into the parkland trust revolving
19 fund and used solely for the purpose of public use and recreation
20 facilities operations and maintenance. Voluntary contributions are
21 not considered a fee for use of these facilities.

22 **Sec. 8.** RCW 79.64.110 and 2021 c 334 s 995 and 2021 c 145 s 3
23 are each reenacted and amended to read as follows:

24 (1) Any moneys derived from the lease of state forestlands or
25 from the sale of valuable materials, oils, gases, coal, minerals, or
26 fossils from those lands, except as provided in RCW 79.64.130, or the
27 appraised value of these resources when transferred to a public
28 agency under RCW 79.22.060, (~~except as provided in RCW~~
29 ~~79.22.060(4),~~) must be distributed as follows:

30 (a) For state forestlands acquired through RCW 79.22.040 or by
31 exchange or as replacement for lands acquired through RCW 79.22.040:

32 (i) The expense incurred by the state for administration,
33 reforestation, and protection, not to exceed (~~twenty-five~~) 25
34 percent, which rate of percentage shall be determined by the board,
35 must be returned to the forest development account created in RCW
36 79.64.100. During the 2017-2019, 2019-2021, and 2021-2023 fiscal
37 biennia, the board may increase the (~~twenty-five~~) 25 percent
38 limitation up to (~~twenty-seven~~) 27 percent.

1 (ii) Any balance remaining must be paid to the county in which
2 the land is located or, (~~for~~) if the land acquired under RCW
3 79.22.040 was exchanged, transferred, or disposed, payment must be
4 made to the county from which the land was exchanged, transferred, or
5 disposed. For counties participating in a land pool created under RCW
6 79.22.140, to each participating county proportionate to its
7 contribution of asset value to the land pool as determined by the
8 board. Payments made under this subsection are to be paid,
9 distributed, and prorated(~~(, except as otherwise provided in this~~
10 ~~section,)~~) to the various funds in the same manner as general taxes
11 are paid and distributed during the year of payment. However, (~~in~~
12 ~~order to test county flexibility in distributing state forestland~~
13 ~~revenue,)~~) a county may in its discretion pay, distribute, and
14 prorate payments made under this subsection of moneys derived from
15 state forestlands acquired by exchange (~~(between July 28, 2019, and~~
16 ~~June 30, 2020))~~) or as replacement lands, for lands acquired through
17 RCW 79.22.040, (~~(within the same county,)~~) in the same manner as
18 general taxes are paid and distributed during the year of payment for
19 the former state forestlands that were subject to the exchange.

20 (iii) Any balance remaining, paid to a county with a population
21 of less than (~~(sixteen thousand)~~) 16,000, must first be applied to
22 the reduction of any indebtedness existing in the current expense
23 fund of the county during the year of payment.

24 (iv) With regard to moneys remaining under this subsection
25 (1)(a), within seven working days of receipt of these moneys, the
26 department shall certify to the state treasurer the amounts to be
27 distributed to the counties. The state treasurer shall distribute
28 funds to the counties four times per month, with no more than (~~(ten)~~)
29 10 days between each payment date.

30 (b) For state forestlands acquired through RCW 79.22.010 or by
31 exchange or as replacement lands for lands acquired through RCW
32 79.22.010, except as provided in RCW 79.64.120:

33 (i) Fifty percent shall be placed in the forest development
34 account.

35 (ii) Fifty percent shall be prorated and distributed to the state
36 general fund, to be dedicated for the benefit of the public schools,
37 to the county in which the land is located or, for counties
38 participating in a land pool created under RCW 79.22.140, to each
39 participating county proportionate to its contribution of asset value
40 to the land pool as determined by the board, and according to the

1 relative proportions of tax levies of all taxing districts in the
2 county. The portion to be distributed to the state general fund shall
3 be based on the regular school levy rate under RCW 84.52.065 (1) and
4 (2) and the levy rate for any school district enrichment levies. With
5 regard to the portion to be distributed to the counties, the
6 department shall certify to the state treasurer the amounts to be
7 distributed within seven working days of receipt of the money. The
8 state treasurer shall distribute funds to the counties four times per
9 month, with no more than ~~((ten))~~ 10 days between each payment date.
10 The money distributed to the county must be paid, distributed, and
11 prorated to the various other funds in the same manner as general
12 taxes are paid and distributed during the year of payment.

13 (2) A school district may transfer amounts deposited in its debt
14 service fund pursuant to this section into its capital projects fund
15 as authorized in RCW 28A.320.330.

16 **Sec. 9.** RCW 79.19.020 and 2003 c 334 s 526 are each amended to
17 read as follows:

18 The department, with the approval of the board, may purchase
19 property at fair market value to be held in a land bank, which is
20 hereby created within the department. Property so purchased shall be
21 property which would be desirable for addition to the public lands of
22 the state because of the potential for natural resource or income
23 production of the property. ~~((The total acreage held in the land bank
24 shall not exceed one thousand five hundred acres.))~~

25 **Sec. 10.** RCW 79.19.030 and 2004 c 199 s 215 are each amended to
26 read as follows:

27 The department, with the approval of the board, may:

28 (1) Exchange property held in the land bank for any other lands
29 of equal value administered by the department, including ~~((any))~~
30 state lands ~~((held in trust.))~~ and state forestlands;

31 (2) Exchange property held in the land bank for property of equal
32 or greater value which is owned publicly or privately, and which has
33 greater potential for natural resource or income production or which
34 could be more efficiently managed by the department, however, no
35 power of eminent domain is hereby granted to the department; ~~((and))~~

36 (3) ~~((Sell property held in the land bank in the manner provided
37 by law for the sale of state lands))~~ Except as provided in subsection
38 (4) of this section, sell property that has been exchanged into and

1 is held in the land bank as provided under RCW 79.11.340 without any
2 requirement of platting and ~~((to))~~ use the proceeds to acquire
3 property for the land bank which has greater potential for natural
4 resource or income production or which would be more efficiently
5 managed by the department; and

6 (4) If a department lessee owns and resides in a house located on
7 land that has been exchanged into and is held in the land bank, sell
8 the land directly to the lessee for the appraised fair market value
9 of the land and use the proceeds of the sale as provided in
10 subsection (3) of this section. If the lessee does not purchase the
11 land for the appraised fair market value, the department shall sell
12 the land as provided under subsection (3) of this section.

13 **Sec. 11.** RCW 79.11.340 and 2003 c 334 s 399 are each amended to
14 read as follows:

15 (1) Except as provided in RCW 79.10.030(2), the department shall
16 manage and control all lands acquired by the state by escheat, deed
17 of sale, gift, devise, or under RCW 79.19.010 through 79.19.110,
18 except such lands that are conveyed or devised to the state for a
19 particular purpose.

20 (2) ~~((When))~~ Except as provided in RCW 79.19.030(4), when the
21 department determines to sell the lands, they ~~((shall))~~ may initially
22 be offered for sale either at public auction or direct ~~((sale))~~
23 transfer to public agencies as provided in this chapter.

24 (3) ~~((If the lands are not sold at public auction, the))~~ The
25 department may, with approval of the board, market the lands through
26 persons licensed under chapter 18.85 RCW or through other
27 commercially feasible means at a price not lower than the land's
28 appraised value.

29 (4) Necessary marketing costs may be paid from the sale proceeds.
30 For the purpose of this subsection, necessary marketing costs include
31 reasonable costs associated with advertising the property and paying
32 commissions.

33 (5) Proceeds of the sale shall be deposited into the appropriate
34 fund in the state treasury unless the grantor in any deed or the
35 testator in case of a devise specifies that the proceeds of the sale
36 be devoted to a particular purpose.

37 **Sec. 12.** RCW 79.22.140 and 2012 c 166 s 3 are each amended to
38 read as follows:

1 (1) The board may create a state forestland pool, to be managed
2 in accordance with this section, if the board determines that
3 creation of a land pool is in the best interest of the state or
4 affected trust, based on an analysis prepared by the department under
5 RCW 79.22.150. (~~The land pool may not contain more than ten thousand~~
6 ~~acres of state forestland at any one time.~~)

7 (2) A county is eligible to participate in a land pool if the
8 board determines it(~~(÷~~

9 ~~(a) Has a population of twenty-five thousand or less; and~~

10 ~~(b) Has))~~ has existing state forestlands encumbered with timber
11 harvest deferrals, associated with wildlife species listed under the
12 federal endangered species act, more than (~~(thirty))~~ 30 years in
13 length.

14 (3) All lands in the land pool are state forestlands and must be
15 managed in the same manner and with the same responsibilities as
16 other state forestlands. Proceeds from the state forestland pool
17 must, except as provided in RCW 79.64.110, be distributed under RCW
18 79.22.010 and 79.22.040.

19 (4) (a) A county may participate in the land pool only if it is
20 eligible, as determined under subsection (2) of this section, and the
21 board receives a written request to do so by the legislative
22 authority of that county.

23 (b) The board shall end any further participation of a county in
24 the land pool if it receives a written request to do so by the
25 legislative authority of that county. If the board receives such a
26 request, that county's interest in the land pool as a beneficiary
27 remains, but no new contributions of asset value may be made to the
28 land pool on behalf of the county and no new lands may be purchased
29 in that county for the land pool.

30 (5) (a) If a land pool is created by the board, the department and
31 the participating counties must develop a funding strategy for
32 acquiring land to include in the land pool.

33 (b) The department and participating counties may pursue funding
34 for the transfer of state forestland encumbered by long-term
35 wildlife-related harvest deferrals within the participating counties
36 into status as a natural resources conservation area under chapter
37 79.71 RCW, and use the value of the transferred land to acquire
38 working forestlands to include in the land pool.

39 (c) The department and participating counties may pursue other
40 land acquisition funding strategies.

1 (6) (a) Replacement forestland may be acquired in counties
2 proximate to the county or counties that will benefit from the
3 replacement state forestland purchase if the proximate county in
4 which the replacement lands will be purchased is willing to enter
5 into a proximate county agreement.

6 (b) The proximate county agreement must stipulate that lands
7 acquired within the proximate county for the benefit of encumbered
8 lands counties will be offset by encumbered lands within the
9 encumbered lands counties enrolled in department conservation
10 programs as appropriate, and the corresponding payments in lieu of
11 taxes will be paid to the proximate county annually. The proximate
12 county agreement must also stipulate that the county where
13 replacement state forestlands are purchased is prohibited from
14 objecting or otherwise taking steps to prevent harvesting forest
15 products and other revenue-producing activity consistent with and
16 commonplace on timber resource lands.

17 (7) If a county in which replacement state forestlands are
18 purchased chooses to terminate a proximate county agreement, such a
19 county is liable for the total value of the replacement state
20 forestlands to the county or counties to which the benefits from the
21 replacement state forestlands are directed.

22 **Sec. 13.** RCW 79.19.050 and 2003 c 334 s 529 are each amended to
23 read as follows:

24 ~~((The legislature may authorize appropriation of funds from the~~
25 ~~forest development account or the resource management cost account~~
26 ~~for the purposes of this chapter.)) Income from the sale (~~or~~
27 ~~management)) of property in the land bank shall be (~~returned as a~~
28 ~~recovered expense to the forest development account or the resource~~
29 ~~management cost account)) deposited in the land bank account created
30 in section 14 of this act and may be used to acquire property under
31 RCW 79.19.020.~~~~~~

32 NEW SECTION. **Sec. 14.** A new section is added to chapter 79.19
33 RCW to read as follows:

34 The land bank account is created in the state treasury. To this
35 account shall be deposited such funds as the legislature directs or
36 appropriates. Expenditures from this account may be used only to
37 acquire property under RCW 79.19.020. Expenditures from this account
38 may be made only after appropriation.

1 NEW SECTION. **Sec. 15.** Sections 2 and 3 of this act are each
2 added to chapter 79.17 RCW and codified with the subchapter heading
3 "part 4, trust land transfer program."

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