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SENATE BILL 6156

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State of Washington

55th Legislature

1998 Regular Session

By Senators Swecker and Fraser; by request of Department of Natural Resources

Read first time 01/12/98. Referred to Committee on Natural Resources & Parks.

1 AN ACT Relating to studying methods for calculating water-dependent  
2 lease rates on state-owned aquatic lands; amending RCW 79.90.480;  
3 creating a new section; and making an appropriation.

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

5 NEW SECTION. **Sec. 1.** (1) The legislature finds that the current  
6 method for determining water-dependent rental rates for aquatic land  
7 leases may not be achieving the management goals in RCW 79.90.455. The  
8 current method for setting rental rates, as well as alternatives to the  
9 current methods, should be evaluated in light of achieving management  
10 goals for aquatic lands leases. The legislature further finds that  
11 there should be no further increases in water-dependent rental rates  
12 for marina leases before the completion of this evaluation.

13 (2) The department of natural resources shall study and prepare a  
14 report to the legislature on alternatives to the current method for  
15 determination of water-dependent rent set forth in RCW 79.90.480. The  
16 report shall be prepared with the assistance of appropriate outside  
17 economic expertise and stakeholder involvement. Affected stakeholders  
18 shall cooperate with the department by providing information necessary  
19 to complete this study. For each alternative, the report shall:

1 (a) Describe each method and the costs and benefits of each;  
2 (b) Compare each with the current method of calculating rents;  
3 (c) Provide the private industry perspective;  
4 (d) Describe the public perspective;  
5 (e) Analyze the impact on state lease revenue; and  
6 (f) Evaluate the ease of administration.  
7 (3) The report shall be presented to the legislature by November 1,  
8 1998, with the recommendations of the department clearly identified.  
9 The department's recommendations shall include draft legislation as  
10 necessary for implementation of its recommendations.

11 **Sec. 2.** RCW 79.90.480 and 1984 c 221 s 7 are each amended to read  
12 as follows:

13 Except as otherwise provided by this chapter, annual rent rates for  
14 the lease of state-owned aquatic lands for water-dependent uses shall  
15 be determined as follows:

16 (1)(a) The assessed land value, exclusive of improvements, as  
17 determined by the county assessor, of the upland tax parcel used in  
18 conjunction with the leased area or, if there are no such uplands, of  
19 the nearest upland tax parcel used for water-dependent purposes divided  
20 by the parcel area equals the upland value.

21 (b) The upland value times the area of leased aquatic lands times  
22 thirty percent equals the aquatic land value.

23 (2) As of July 1, 1989, and each July 1 thereafter, the department  
24 shall determine the real capitalization rate to be applied to water-  
25 dependent aquatic land leases commencing or being adjusted under  
26 subsection (3)(a) of this section in that fiscal year. The real  
27 capitalization rate shall be the real rate of return, except that until  
28 June 30, 1989, the real capitalization rate shall be five percent and  
29 thereafter it shall not change by more than one percentage point in any  
30 one year or be more than seven percent or less than three percent.

31 (3) The annual rent shall be:

32 (a) Determined initially, and redetermined every four years or as  
33 otherwise provided in the lease, by multiplying the aquatic land value  
34 times the real capitalization rate; and

35 (b) Adjusted by the inflation rate each year in which the rent is  
36 not determined under subsection (3)(a) of this section.

37 (4) If the upland parcel used in conjunction with the leased area  
38 is not assessed or has an assessed value inconsistent with the purposes

1 of the lease, the nearest comparable upland parcel used for similar  
2 purposes shall be substituted and the lease payment determined in the  
3 same manner as provided in this section.

4 (5) For the purposes of this section, "upland tax parcel" is a tax  
5 parcel, some portion of which has upland characteristics. Filled  
6 tidelands or shorelands with upland characteristics which abut state-  
7 owned aquatic land shall be considered as uplands in determining  
8 aquatic land values.

9 (6) The annual rent for filled state-owned aquatic lands that have  
10 the characteristics of uplands shall be determined in accordance with  
11 RCW 79.90.500 in those cases in which the state owns the fill and has  
12 a right to charge for the fill.

13 (7) Beginning on the effective date of this section, the annual  
14 rental rates in effect on December 31, 1997, for leases for marina  
15 uses, shall remain in effect until July 1, 1999, at which time the  
16 annual water-dependent rent shall be determined by the method in effect  
17 at that time. In order to be eligible for the rate to remain at this  
18 level, a marina lease must be in good standing, meaning that the lessee  
19 must be current with payment of rent, the lease not expired or in  
20 approved holdover status, and the lessee not in breach of other terms  
21 of the agreement. For new leases issued after December 31, 1997, the  
22 initial annual water-dependent rent shall be determined by the methods  
23 in subsections (1) through (6) of this section.

24 NEW SECTION. **Sec. 3.** The sum of one hundred fifty thousand  
25 dollars, or as much thereof as may be necessary, is appropriated for  
26 the biennium ending June 30, 1999, from the aquatic lands RMCA fund  
27 balance to the department of natural resources for the purposes of the  
28 study in section 1 of this act.

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