

# HOUSE BILL REPORT

## SHB 1826

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### As Passed Legislature

**Title:** An act relating to the moneys derived from public lands managed by the commissioner of public lands.

**Brief Description:** Administering the moneys derived from certain public lands.

**Sponsors:** By House Committee on Natural Resources (originally sponsored by Representatives Thompson, Sheldon, DeBolt and Schoesler).

#### **Brief History:**

##### **Committee Activity:**

Natural Resources: 2/26/97, 3/5/97 [DPS].

##### **Floor Activity:**

Passed House: 3/13/97, 70-26.

Senate Amended.

House Concurred.

Passed Legislature.

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### HOUSE COMMITTEE ON NATURAL RESOURCES

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Buck, Chairman; Sump, Vice Chairman; Thompson, Vice Chairman; Alexander; Anderson; Chandler; Hatfield; Pennington and Sheldon.

**Minority Report:** Without recommendation. Signed by 1 member: Representative Regala, Ranking Minority Member.

**Staff:** Linda Byers (786-7129).

**Background:** The Department of Natural Resources manages forest board transfer lands on behalf of 21 counties. The department may deduct a maximum of 25 percent from the proceeds derived from timber sales and other revenue generating activities on the lands, using these moneys for administration, reforestation, and protection of the forest lands. The balance of the proceeds goes to the respective counties and is distributed to various funds in the same manner as general tax dollars are distributed. The department also manages what are referred to as forest board purchase lands. After a 50 percent deduction for management expenses, the revenues from these lands

are distributed to the state general fund for the benefit of public schools and also to counties.

The department may sell products from the forest board lands or lease these lands if the department finds the sale or lease to be in the best interests of the state. A 1996 opinion from the attorney general finds that the forest board transfer lands are trust lands pursuant to a legislative enactment. The opinion also finds that the statutes governing the forest board transfer lands create a single trust, which may be managed as an undifferentiated whole. The forest board purchase lands are not trust lands.

**Summary of Bill:** The maximum amount that the Department of Natural Resources may deduct for management expenses of the forest board transfer lands is reduced from 25 percent to 22 percent. By June 30 of each year, the Board of Natural Resources must establish the percentage and a budget for the following fiscal year in such a manner that the balance in the forest development account does not exceed the amount necessary for six months of operating expenses for administration, reforestation, and protection of the forest board transfer lands.

For moneys due to counties from the forest board transfer and purchase lands, the department must certify to the state treasurer the amounts to be distributed within seven working days of receipt of the moneys. The state treasurer must distribute funds to the counties four times per month, with no more than 10 days between each payment date.

The department may sell products from the forest board lands or lease these lands if the department finds that the sale or lease is in the best financial interests of the respective county trust beneficiaries, rather than in the best interests of the state.

A new reporting requirement applies to the forest board lands and to the other trust lands managed by the department. The commissioner of public lands must provide annual reports to the respective trust beneficiaries, including each county. The report must include, but is not limited to, the following: acres sold, acres harvested, volume from these acres, acres planted, number of stems per acre, acres precommercially thinned, acres commercially thinned, acres partially cut, acres clear-cut, age of final rotation for acres clear-cut, total number of acres off-base for harvest, and an explanation of why those acres are off base.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** It has taken as long as 44 days for a county to receive its share of revenues. The interest lost can be substantial. A more rapid turnaround would be appreciated by counties. Counties receive quarterly reports now, and this new information could simply be added to them. Counties have been frustrated in their efforts to find out what is going on their lands. Private landowners have this information at their fingertips. There may be an additional administrative cost, but this shouldn't be prohibitively expensive. Counties expect fair treatment and better communication about their lands.

**Testimony Against:** There will be some additional administrative cost. The revenues pass from the department to the state treasurer to the counties. It is important to remember that the best interests of a beneficiary are not exclusively financial.

**Testified:** Glenn Aldrich, Lewis County Commissioner; Phillip Kitchel, Clallam County Commissioner; Ruth Gerdon, Clallam County Treasurer; Pat Hamilton, Pacific County Commissioner; and Bill Vogler, Washington State Association of Counties (all in favor); and Kaleen Cottingham, Department of Natural Resources.