

SENATE BILL REPORT

SB 5548

As of February 4, 1997

Title: An act relating to water-dependent uses.

Brief Description: Establishing rents for aquatic lands.

Sponsors: Senators Oke, Prentice, Swecker and Haugen.

Brief History:

Committee Activity: Natural Resources & Parks: 2/11/97.

SENATE COMMITTEE ON NATURAL RESOURCES & PARKS

Staff: Aldo Melchiori (786-7439)

Background: The management of aquatic lands is delegated to the Department of Natural Resources. Recognizing that aquatic lands are a finite and irreplaceable resource, the Legislature has articulated a management philosophy to guide the department and establish fair standards.

Current law provides for the valuation of aquatic lands and the initial determination of annual rental rates by multiplying aquatic land value by the real capitalization rate. The real capitalization rate is redetermined each July 1. Rental rates are redetermined every four years. The rental rate is adjusted, each year in which rent is not redetermined, by the inflation rate.

Log storage rents are determined by the average rental rates effective on July 1, 1984 as determined by the valuation of aquatic lands. Proportional rent is provided for seasonal use.

Rent for leases effective on October 1, 1984 remain in effect at the rate on September 30, 1984 until the next lease anniversary date. Rent for renewed leases is determined just as it would be for a new lease, except provision is made to phase in decreases or increases in rent.

Summary of Bill: Aquatic land value is defined as the land value of the upland tax parcel, as determined by the county assessor, used in conjunction with the leased area, exclusive of improvements. If there is no upland tax parcel, the land value of the nearest tax parcel used for water-dependant purposes is utilized for valuation purposes.

Annual rental rates, including log storage leases, are determined as of the effective date of the act, except as otherwise provided.

Initial rent for an existing lease is the last rent valuation in the lease established by multiplying the real rate of return by the aquatic land value and, when applicable, applying up to a 50 percent increase in the rent from the last year's rent.

Initial rent for a renewal lease, when rent was initially determined, is the rent charged in the year prior to renewal.

Initial rent for a new lease is established by multiplying the real rate of return by the aquatic land value.

After initial rent rates are established, rent increases or decreases each year based on the inflation rate.

As an alternative to any of the rent valuation methods set by statute, the lease rate can be a negotiated percentage of the gross or net income earned exclusively from the water-dependent use on the leased aquatic lands. Rent may not be determined using gross income or net income from nonleased land.

Annual rent may not increase more than 50 percent in one year.

A lessee, leasing for finfish net-pen aquaculture, has the choice of having rent established through competitive bidding, negotiation, or by the process applied to other aquatic lands for water-dependent purposes.

Statutes treating log storage leases and separately establishing rent for leases of aquatic lands in effect on October 1, 1984 are repealed.

Appropriation: None.

Fiscal Note: Requested on February 3, 1997.

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