

***Natural Resources Committee***

***HB 2162***

***Brief Description:*** *Requiring a report to the legislature addressing alternative methods for the determination of water-dependent rent for marina lessees.*

***Sponsors:*** *Representatives Murray and Ericksen.*

***Brief Summary of Bill***

- *Directs the Department of Natural Resources to study and prepare a report to the Legislature on alternatives to the current method for the determination of water-dependant rent for marina lessees.*

***Hearing Date:*** *2/26/01*

***Staff:*** *Jason Callahan (786-7117).*

***Background:***

*The Washington State Constitution declares that the beds and shores or all navigable waters in Washington are owned by the state. The Legislature subsequently designated the Department of Natural Resources (DNR) as the steward of these lands. The DNR acts as a proprietor, subject to legislative direction, of all state-owned aquatic lands and holds these lands in trust for all current and future residents of the state. Aquatic lands must be managed to encourage direct public use and access, foster water-dependant uses, ensure environmental protection, and utilize renewable resources.*

*In 1984, the Legislature defined the purpose of aquatic lands management. Water-dependent uses are favored over all other uses of state-owned aquatic lands. Water-dependent uses are defined as those uses which can not logically exist in any location but on the water. The DNR has sited moorages, marine terminals, aquaculture, and public piers as examples of water-dependent uses. Non-water-dependent uses are given the lowest management priority. These uses are defined as uses that can operate in areas other than on the water. DNR examples of these include hotels, restaurants, and retail stores. The DNR reports that only 8% of state-owned aquatic lands are leased for nonwater-dependent*

uses.

*The DNR is authorized by statute to lease state-owned aquatic lands to private interests. The DNR charges the fair market value of the leased lands if the state-owned aquatic interest is being used for a non-water dependent use. If the leased state-owned aquatic land is used for a water dependent use, the DNR charges as rent 30% of the assessed value of the adjoining upland. The DNR is authorized to allow the use of state-owned aquatic lands without charging any rent under certain limited circumstances. These circumstances include the use of aquatic lands for public utility lines, public recreational areas, and by port districts.*

*In 1999 the DNR presented a rent study report to the Legislature. In that report, the DNR studied various methods for the calculation of rent rates for aquatic lands and concluded that the current method should be retained. The rationale for that conclusion was that the current method is the best in balancing the many public benefits of aquatic lands.*

**Summary of Bill:**

*The DNR, through a Marina Rent Committee, will study and prepare a report to the Legislature on alternatives to the current method for the determination of water-dependant rent for marina lessees. The report will be prepared with the assistance of outside economic expertise, and with the assistance of marina owners and stakeholder involvement. The report must include the income and expenses from each marina with details on the sources of income and the cause of the expense.*

*The DNR must consider various methods for rate determination, and must include information on the costs and benefits of each method, a comparison with current calculation methods, the private industry perspective, and analysis of the impact on state revenue, an evaluation of the impact in economically distressed counties, an evaluation of the liabilities associated with marinas, and information on the ease and cost of administration.*

*The DNR must present their study to the Legislature by September 1, 2001 and include draft legislation and recommendations for implementation.*

**Appropriation:** None.

**Fiscal Note:** Requested on February 20, 2001..

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