AN ACT Relating to creating a mechanism to transfer state forest lands with harvest encumbrances located in counties with a certain population to a different public land status; amending RCW 79.22.060 and 79.64.110; creating new sections; and providing an expiration date.

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

NEW SECTION. Sec. 1. (1) The legislature finds that the revenue generated from state forest lands is a vital component of the operating budget in many rural counties. The dependence on a natural resource-based economy is especially underscored in counties with lower population levels and large holdings of public land. The high cost of compliance with the federal endangered species act on state forest lands within these smaller counties is disproportionately burdensome when compared to their total county budgets.

(2) The intent of this act is to provide sustainable revenue to smaller counties that are heavily dependent on state forest land revenues while promoting long-term protection, conservation, and recovery of marbled murrelets and northern spotted owls. This act provides the necessary tools for the state to maintain long-term
working forests by replacing state forest lands with endangered species-based harvest encumbrances with productive, working forest lands.

Sec. 2. RCW 79.22.060 and 2003 c 334 s 221 are each amended to read as follows:

(1) With the approval of the board, the department may directly transfer or dispose of state forest lands without public auction, if the lands:

(a) Consist of ten contiguous acres or less;
(b) Have a value of twenty-five thousand dollars or less; or
(c) Are located in a county with a population of sixteen thousand or less that is encumbered with timber harvest deferrals greater than thirty years in length.

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

(a) Transfers in lieu of condemnation;
(b) Transfers to resolve trespass and property ownership disputes; and
(c) In counties with a population of sixteen thousand or less, transfers to public agencies.

(3) Real property to be transferred or disposed of under this section shall be transferred or disposed of only after appraisal and for at least fair market value, and only if the transaction is in the best interest of the state or affected trust. Valuable materials attached to lands transferred to public agencies under subsection (2)(c) of this section must be appraised at the fair market value without consideration or management or regulatory encumbrances.

(4) The proceeds from real property transferred or disposed of under this section shall be deposited into the park land trust revolving fund and be solely used to buy replacement land within the same county as the property transferred or disposed. In counties with a population of sixteen thousand or less, the portion of the proceeds associated with valuable materials on the transferred land must be distributed as provided in RCW 79.64.110.
Sec. 3. RCW 79.64.110 and 2007 c 503 s 1 are each amended to read as follows:

Any moneys derived from the lease of state forest lands or from the sale of valuable materials, oils, gases, coal, minerals, or fossils from those lands, or the appraised value of these resources when transferred to a public agency under RCW 79.22.060, must be distributed as follows:

(1) State forest lands acquired through RCW 79.22.040 or by exchange for lands acquired through RCW 79.22.040:

(a) The expense incurred by the state for administration, reforestation, and protection, not to exceed twenty-five percent, which rate of percentage shall be determined by the board, must be returned to the forest development account in the state general fund.

(b) Any balance remaining must be paid to the county in which the land is located to be paid, distributed, and prorated, except as otherwise provided in this section, to the various funds in the same manner as general taxes are paid and distributed during the year of payment.

(c) Any balance remaining, paid to a county with a population of less than sixteen thousand, must first be applied to the reduction of any indebtedness existing in the current expense fund of the county during the year of payment.

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

(2) State forest lands acquired through RCW 79.22.010 or by exchange for lands acquired through RCW 79.22.010, except as provided in RCW 79.64.120:

(a) Fifty percent shall be placed in the forest development account.

(b) Fifty percent shall be prorated and distributed to the state general fund, to be dedicated for the benefit of the public schools, and the county in which the land is located according to the relative proportions of tax levies of all taxing districts in the county. The portion to be distributed to the state general fund shall be based on
the regular school levy rate under RCW 84.52.065 and the levy rate for any maintenance and operation special school levies. With regard to the portion to be distributed to the counties, the department shall certify to the state treasurer the amounts to be distributed within seven working days of receipt of the money. The state treasurer shall distribute funds to the counties four times per month, with no more than ten days between each payment date. The money distributed to the county must be paid, distributed, and prorated to the various other funds in the same manner as general taxes are paid and distributed during the year of payment.

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

NEW SECTION. Sec. 4. (1) By October 31, 2010, the department of natural resources shall prepare a report to the appropriate committees of the legislature detailing the procedure and timeline, and estimating the costs, of full implementation of the intent of this act.

(2) The report required by this section must include a recommended process to transfer state forest lands encumbered by long-term endangered species-based harvest deferrals through the trust land transfer program into a natural resource conservation area status. This element of the report must assume the following:

(a) Encumbered property would be transferred at a specified biennial rate designed to provide sustainable revenue to the impacted counties;

(b) The value of the land and timber would be bifurcated, with the timber value being distributed to the county as timber revenue, and the land value being utilized to purchase replacement working forest land within the affected county and placed in the appropriate trust designation; and

(c) The land and timber value of the parcels identified for transfer will be appraised at full market value, without consideration of the devaluing effect of harvest encumbrances.

(3) This section expires June 30, 2011.

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