

# HOUSE BILL REPORT

## HB 1428

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### As Reported By House Committee On: Natural Resources

**Title:** An act relating to condominium and cooperative leasehold interests in state-owned aquatic land.

**Brief Description:** Prescribing a method for establishing rent for condominium and cooperative leasehold interests.

**Sponsors:** Representatives Van Luven and Regala; by request of Commissioner of Public Lands and Department of Natural Resources.

**Brief History:**

**Committee Activity:**

Natural Resources: 2/7/97, 3/5/97 [DPS].

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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 10 members: Representatives Buck, Chairman; Sump, Vice Chairman; Thompson, Vice Chairman; Regala, Ranking Minority Member; Alexander; Anderson; Chandler; Hatfield; Pennington and Sheldon.

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

**Background:** The Department of Natural Resources manages over two million acres of state-owned aquatic lands. The department leases aquatic lands for a number of different purposes.

In 1984, the Legislature established several policies to guide the management of state-owned aquatic lands. One policy is that management of state-owned aquatic lands should preserve and enhance water-dependent uses. Water-dependent uses are uses which cannot logically exist in any location but on the water; examples include water-borne commerce, moorage and launching facilities, aquaculture, and public fishing piers. Nonwater-dependent uses are those uses which can operate in a location other than on the waterfront; examples include hotels, condominiums, apartments, and restaurants. A third category defined in current law is water-oriented use, meaning a use which historically has been dependent on a waterfront location but with existing technology could now be located away from the waterfront.

One of the ways the Legislature encourages water-dependent uses is by charging different lease rates for the different categories of uses of state-owned aquatic lands. Lease rates for nonwater-dependent uses are based on the fair market rental value of the leased lands. Lease rates for water-dependent uses are based on 30 percent of the value of nearby upland tax parcels. Lease rates for water-oriented uses may be the same as for water-dependent uses depending in part on whether the lease was in place on or prior to October 1, 1984.

A number of bills have been introduced this legislative session on the leasing and management of state-owned aquatic lands.

**Summary of Substitute Bill:** A joint select committee is created to study leasing and management issues related to state-owned aquatic lands. Issues for the committee to review include the definitions of water-dependent, water-oriented, and nonwater-dependent uses and the calculations of lease rates for those uses, issues associated with the management of state-owned aquatic lands by port districts, and the leasing of state-owned aquatic lands by condominium, cooperative leasehold, and other similar interests and the effects of these types of leases on the public interest. The committee is to report back to the Legislature on its findings and recommendations by December 1, 1997.

**Substitute Bill Compared to Original Bill:** The original bill required rents for state-owned aquatic lands used for condominium and cooperative leasehold interests to be based on fair market value. The substitute bill calls for a study of leasing and management issues related to state-owned aquatic lands.

**Appropriation:** None.

**Fiscal Note:** Available on original bill.

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

**Testimony For:** Floating condominiums and cooperative leaseholds should pay at fair market rate. The bill will discourage the proliferation of uses that are incompatible with a traditional working waterfront and will ensure that the state is fairly compensated.

**Testimony Against:** Houseboats are people's homes; people bought into condominium or cooperative leasehold arrangements to have more security. This would increase rents more than people can afford, and there are no places where people in houseboats can move to. It would not be fair to charge these uses differently than others. These uses should be charged the water-dependent rate.

**Testified:** Stan Biles, Department of Natural Resources (in favor); Mike Ryherd and Bill Keasler, Floating Homes Association; Caroline Kuknyo, Tenas Chuck Cooperative; Marty Alexander, 2460 Inc.; Celia Fritz, self and Roanoke Reef Boat Moorage; and John Woodring, Northwest Marine Trade Association (all opposed).