

SENATE BILL REPORT

SB 5537

As of February 15, 2005

Title: An act relating to managing state granted lands for multiple benefits under long-term leases that compensate trust beneficiaries.

Brief Description: Creating the state granted lands lease program.

Sponsors: Senator Jacobsen.

Brief History:

Committee Activity: Natural Resources, Ocean & Recreation: 2/14/05.

SENATE COMMITTEE ON NATURAL RESOURCES, OCEAN & RECREATION

Staff: Curt Gavigan (786-7437)

Background: At statehood, the federal government provided Washington with approximately 3.2 million acres of land. The state subsequently sold a portion of these granted lands and approximately 2.2 million acres remain in the state's control. These lands are widely dispersed and contain a variety of land types, such as forest and agricultural lands. These lands are held by the state in trust for beneficiaries, including common schools, state colleges and universities, and charitable and penal institutions.

In 1957, the Department of Natural Resources (Department) was created by the Legislature. The Department manages more than 5 million acres of state-owned land, including land grants. The Department is allowed to exchange, transfer, acquire, and replace trust lands.

Summary of Bill: The State Granted Lands Lease Program is created. The Department must develop a prioritized list of parcels suitable for inclusion in the program by December 31, 2006. In prioritizing this list, the Department must consider the parcels most suitable for maximizing multiple land use benefits.

Beginning July 1, 2007, the Department must execute leases for a term of at least 75 years for trust lands on the priority list. The lease agreement must include the right for automatic renewal of the leases. The intent of the bill is to provide full compensation to the trust beneficiaries for the net present value of a long term leasehold interest in the granted lands. The net present value of the leasehold interest will be calculated by the Department.

Granted lands placed in the lease program must be managed by the Department under existing management statutes and policies.

The Granted Lands Review Commission (commission) is established. The commission must review the history and management of lands granted to the state by the federal government and explore alternative methods for managing the lands to support trust beneficiaries. The commission must report its recommendations by December 31, 2007. The commission terminates June 30, 2008.

The Granted Lands Lease Program Account is created in the state treasury for management of the lands included in the program.

Appropriation: None.

Fiscal Note: Requested on February 3, 2005.

Committee/Commission/Task Force Created: Yes.

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

Testimony For: Allowing the state to manage trust lands without a fiduciary obligation would increase the state's land use options. Current returns to trust beneficiaries from the trust lands are estimated at less than 2 percent. Shifting trust assets to investments outside of land management would likely provide greater returns for the beneficiaries. Even if the bill is not ready for passage this year, the greater issue of trust land management must be further explored.

Testimony Against: To lease the trust lands from the beneficiaries, the state would have to expend a tremendous amount of money. Additionally, current forest practices used by DNR can protect the environment while providing strong economic returns to the trust beneficiaries.

Who Testified: PRO: Larry Ganders, Washington State University; Mitch Friedman, NW Ecosystem Alliance. OTHER: Bill Robinson, The Nature Conservancy.

CON: Bruce Mackey, Department of Natural Resources; Becky Kelley, Washington Environmental Council.