

SB 6140 - S AMD 514

By Senator Van De Wege

ADOPTED 02/12/2018

1 On page 5, after line 4, insert the following:

2 "NEW SECTION. **Sec. 6.** A new section is added to chapter 79.10
3 RCW under the subchapter heading "general provisions" to read as
4 follows:

5 (1) Subject to the availability of amounts appropriated for this
6 specific purpose, the department must evaluate the department's lands
7 portfolio and revenue streams, management practices, and transaction
8 processes, and develop options and recommendations designed to ensure
9 the state's fiduciary duty is being met and increase the amount and
10 stability of revenue from state lands and state forestland over time.
11 The evaluation must seek to account for the volatility of forest
12 product markets and consider ways to mitigate the impact of market
13 downturns on its revenues.

14 (a) The evaluation must specifically include an analysis of
15 options that would leverage the earning potential for high value, low
16 performing portions of state lands, with suggested legislative
17 recommendations to enhance revenue generation from these types of
18 lands, including transitioning lower performing assets to higher
19 revenue production.

20 (b) The evaluation must develop alternatives and recommendations
21 relating to fully addressing the existing arrearage volume, including
22 annual updates to the appropriate committees of the legislature on
23 specific progress towards meeting, and the updated timeline to fully
24 address, this shortfall within the ten-year time frame identified by
25 the board of natural resources in November 2017.

26 (c) The evaluation must evaluate and develop alternatives and
27 recommendations relating to calculating and addressing arrearage,
28 with a particular focus on ensuring the stability of revenue from
29 state lands and state trust lands over time.

30 (d) The evaluation must include an assessment of factors that
31 restrict the department from prudent management and revenue
32 production.

1 (e) Regarding state forestlands, the evaluation must specifically
2 include an analysis of options and recommendations for:

3 (i) The creation of a unitary trust for the revenue derived from
4 state forestlands. The evaluation must include methods for allocating
5 disbursements to the benefiting counties, and include consultation
6 with the affected counties and their association;

7 (ii) Any alternative management focus, such as returning the
8 lands to the counties for their management, leasing the lands to
9 private timber investment management organizations, and transition of
10 lands into higher revenue producing assets; and

11 (iii) Any other options for legislative consideration.

12 (2) The department must develop methods or tools to estimate the
13 current asset value of state lands and state forestlands, as defined
14 in RCW 79.02.010. The methods should be designed to be as accurate
15 and resource efficient as possible and be designed to allow repeated
16 estimates over time. The methods must allow for the segregation of
17 different asset classes, and at a minimum allow for the tracking
18 values over time for the following: Forestland, irrigated
19 agricultural land, nonirrigated agricultural land, and commercial
20 real estate land. The department may recommend other asset classes to
21 track in addition to those listed.

22 (3) The department may utilize the services of a contractor for
23 any portion of the evaluation, analysis, and tool and method
24 development required by this section.

25 (4) The department must provide a final report to the appropriate
26 committees of the senate and house of representatives by June 30,
27 2020, that includes the evaluation, analysis, and tools and methods
28 required by this section. The department must provide progress
29 reports by December 1, 2018, and December 1, 2019.

30 NEW SECTION. **Sec. 7.** (1) Within existing appropriations, the
31 department of natural resources must prepare an evaluation of leases
32 and easements of state-owned aquatic lands for industrial and
33 commercial uses in existence on January 1, 2018, except leases for
34 purposes of marinas and moorage. The evaluation must include:

35 (a) A summary of each lease and easement, including lease term,
36 rental rate, and use conditions;

37 (b) A listing of annual revenues obtained from each lease and
38 easement;

1 (c) A summary of the methods or formula used to value and
2 establish payment for each type of lease and easement;

3 (d) A summary description of inspection and monitoring efforts
4 completed over the previous ten years relating to compliance with the
5 terms of the lease or easement as well as compliance with all
6 applicable water quality and other local, state, or federal
7 environmental, public health, and safety standards;

8 (e) A summary description of the applicable requirements for
9 inspection and monitoring under the terms of the leases and easements
10 as well as other applicable local, state, and federal regulatory
11 requirements;

12 (f) A summary description of the lease and easement compliance
13 activities performed by the department to ensure the protection of
14 the state's aquatic resources, consistent with RCW 79.105.010, is
15 maintained.

16 (2) The department of natural resources must submit the
17 evaluation, including any recommendations for legislative or
18 administrative actions, to the appropriate policy and fiscal
19 committees of the senate and house of representatives by December 1,
20 2018."

21 Renumber the remaining section consecutively and correct any
22 internal references accordingly.

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23 On page 1, line 3 of the title, after "79.17.200;" insert "adding
24 a new section to chapter 79.10 RCW; creating a new section;"

EFFECT: Directs the department of natural resources (DNR) to
conduct an evaluation of specified aspects of the DNR state land and
state forestland portfolio, revenue streams, and management and
transaction processes designed to increase the amount and stability
of revenue generation, with a final report due by June 30, 2020.
Requires DNR to evaluate certain industrial and commercial leases and
easements on state-owned aquatic lands relating to matters including

terms, revenue, and inspections and compliance, with a report due by December 1, 2018.

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