

# HOUSE BILL REPORT

## SB 5315

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### As Reported by House Committee On: Agriculture & Natural Resources

**Title:** An act relating to home site leases on lands managed by the department of natural resources.

**Brief Description:** Concerning home site leases on lands managed by the department of natural resources.

**Sponsors:** Senators King, Baumgartner, Hawkins, Hobbs, Fortunato and Pearson.

#### **Brief History:**

##### **Committee Activity:**

Agriculture & Natural Resources: 3/9/17, 3/29/17 [DPA].

#### **Brief Summary of Bill (As Amended by Committee)**

- Provides that, for any auction of state lands that are the subject of an existing lease, the current leaseholder has the right to purchase such lands if he or she is willing to match the price obtained at auction, provided that the lessee actually participated in the auction as an active bidder.

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### HOUSE COMMITTEE ON AGRICULTURE & NATURAL RESOURCES

**Majority Report:** Do pass as amended. Signed by 14 members: Representatives Blake, Chair; Chapman, Vice Chair; Buys, Ranking Minority Member; Dent, Assistant Ranking Minority Member; Chandler, Fitzgibbon, Lytton, Orcutt, Pettigrew, Robinson, Schmick, Springer, Stanford and J. Walsh.

**Staff:** Robert Hatfield (786-7117).

#### **Background:**

The Department of Natural Resources.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

The Department of Natural Resources (DNR) manages a number of different categories of land, each for a specific purpose and under different management requirements.

#### State Trust Lands.

Upon statehood, the United States granted the State of Washington trust lands to support various public institutions. The DNR now manages approximately 3 million acres of federally granted trust lands that provide revenue for grade schools, state universities, buildings on the capitol campus, and correctional facilities.

#### State Forest Lands.

The DNR also manages more than 600,000 acres of state forest lands, which were acquired primarily through tax foreclosures in the 1920s and 1930s, and to a lesser extent through purchases by the state or gifts to the state. State forest lands are managed for the benefit of the counties in which the lands are located.

#### Constitutional Requirements Concerning the Sale of Public Lands.

All of the lands granted by the United States to the State of Washington upon statehood are held in trust for the people of Washington, and such lands may not be disposed of unless the state obtains full market value for the property.

Article XVI, Section 2 of the Washington State Constitution provides that none of the land granted to the state for educational purposes may be sold other than at public auction to the highest bidder, and for no less than the appraised value of the land.

#### Statutory Requirements Concerning Land Transfers.

With the approval of the Board of Natural Resources, the DNR may transfer or dispose of real property, without public auction, in the following circumstances: transfers in lieu of condemnation; transfers to public agencies; and transfers to resolve trespass and property ownership disputes. Such transfers or disposals may occur only after appraisal, for no less than fair market value, and only if such transaction is in the best interest of the state or the affected trust.

#### Statutory Requirements Concerning Land Sales.

With specified exceptions, all sales of public lands that are administered by the DNR must be at public auction, to the highest bidder, and for no less than the appraised value. There is an exception for land that the state has acquired other than through grant by the United States, such as through escheat, deed of sale, gift, devise, or through property tax foreclosure. Such land must initially be offered for sale either at public auction, or by direct sale to public agencies. If such lands are not sold at public auction, the DNR may, with the approval of the Board of Natural Resources, market such lands through a licensed real estate broker or other commercially feasible means, at a price not lower than the land's appraised value.

**Summary of Amended Bill:**

For any auction of state lands that are the subject of an existing lease, the current leaseholder has the right to purchase such lands if he or she is willing to match the price obtained at auction, so long as the lessee participated in the auction as an active bidder.

**Amended Bill Compared to Original Bill:**

Rather than authorize the Department of Natural Resources to transfer directly to a current lessee land that the lessee is leasing for a home-site, the amended bill provides that a current lease-holder has the right to purchase such lands if he or she is willing to match the price obtained at auction, so long as the lessee participated in the auction as an active bidder.

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**Appropriation:** None.

**Fiscal Note:** Available. New fiscal note requested on March 30, 2017.

**Effective Date of Amended Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) This bill would allow the Department of Natural Resources (DNR) to transfer land to current home-site lessees for fair market value. For example, a person in Klickitat County has leased a home on DNR land, DNR would like to sell that land, and the only way under current law that the lessee can be assured of getting the home-site is by bidding at auction. For property managed by the Washington State Department of Transportation (WSDOT), there is a mechanism in statute that allows the WSDOT to sell properties directly to abutting property owners under certain circumstances, and this bill would provide DNR that same authority.

The DNR does not currently allow for the construction of residences on the DNR's lands; rather, this was a practice that ran from approximately the 1930s through the 1970s. This bill is an attempt to address the legacy situation created by the former practice. The sales authorized under the bill would be new small parcels created from state land. Some of these home-sites have been leased by the same families since the 1940s, and it would not be the right thing to do socially to sell these sites out from under people who have been there for a long time.

(Opposed) None.

**Persons Testifying:** Senator King, prime sponsor; and Brock Milliern, Department of Natural Resources.

**Persons Signed In To Testify But Not Testifying:** None.