
**Rural Development, Agriculture, &
Natural Resources Committee**

HB 1964

Brief Description: Requiring the written consent of a lessee before the department of natural resources may terminate a lease for reasons other than default.

Sponsors: Representatives Corry, Blake, Ybarra, Mosbrucker, Harris, McCaslin, Barkis and Gildon.

Brief Summary of Bill

- Prohibits the Department of Natural Resources from early terminating a lease, other than for default, without the written consent of the lessee.

Hearing Date: 2/19/19

Staff: Robert Hatfield (786-7117).

Background:

The Department of Natural Resources (DNR) manages a number of different categories of land, each for a specific purpose and under different management requirements. This includes approximately 3 million acres of federally granted lands and state forestlands, which the DNR manages to support common schools, counties, and other public institutions.

The DNR has the authority to lease state lands for various purposes, including commercial, industrial, residential, agricultural, and recreational uses, in order to obtain a fair-market rental return to the state or appropriate trust.

The DNR generally may not lease state lands for longer than 10 years, although longer leases are specifically authorized in multiple instances. Lands leased for general agricultural purposes may not exceed 25 years, and leases for tree fruit or grape production may be for up to 55 years. Share crop leases may not exceed 10 years.

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When a state land lease for agricultural or grazing purposes includes a nondefault or early termination provision, the DNR must provide advance written notice of at least 180 days to the lessee prior to termination of the lease. In addition to the 180-day advance written notice that the DNR must provide prior to terminating an agricultural or grazing lease, the DNR must also provide the lessee with written documentation demonstrating that the DNR has included the leased land in a plan for higher and better use, a land exchange, or a sale.

The DNR is not required to include a nondefault or early termination provision in any state land lease for agricultural or grazing purposes. The DNR is not prohibited from allowing a lessee to surrender the leasehold subject to the terms provided in the lease. The DNR is not prohibited from executing other lease provisions designed to protect the interests of the lessee in the event that the lease is terminated under a nondefault or early termination provision.

Summary of Bill:

The Department of Natural Resources may not early terminate a lease, other than for default, without the written consent of the lessee.

Appropriation: None.

Fiscal Note: Available.

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