

HOUSE BILL REPORT

HB 1563

*As Reported By House Committee on:
Capital Facilities & Financing*

Title: An act relating to a facility land bank.

Brief Description: Creating a facility land bank.

Sponsor(s): Representatives Schmidt, H. Sommers, Anderson, Belcher, Neher, Brumsickle, Betrozoff and Rasmussen; by request of Department of General Administration.

Brief History:

Reported by House Committee on:
Capital Facilities & Financing, February 20, 1991, DPS.

**HOUSE COMMITTEE ON
CAPITAL FACILITIES & FINANCING**

Majority Report: *That Substitute House Bill No. 1563 be substituted therefor, and the substitute bill do pass.*
Signed by 13 members: Representatives H. Sommers, Chair; Rasmussen, Vice Chair; Schmidt, Ranking Minority Member; Neher, Assistant Ranking Minority Member; Beck; Braddock; Casada; Fraser; Jacobsen; Ogden; Peery; Silver; and Wang.

Staff: Karl Herzog (786-7271).

Background:

Capital Facilities Responsibilities of the Department of General Administration

The Department of General Administration (GA) has a number of responsibilities related to the acquisition and management of state facilities. GA manages and maintains all facilities on the Capitol Campus, the Northern State Multi-Service Center, the Burien Multi-Purpose Center, and at several other sites in Thurston County. GA is also responsible for: a) managing state construction projects for all agencies except state universities, natural resource agencies, and the Department of Transportation; and b) locating appropriate leased or state-owned facilities for use by state agencies.

Department of Natural Resources' Land Bank

The Department of Natural Resources (DNR) currently operates a land bank to acquire desirable trust lands to maintain the trusts' productive land or income base. DNR is authorized to acquire property for the land bank, exchange property held in the land bank for other public or private lands of equal or greater value, and sell property in the land bank. The land bank mechanism allows DNR to sell less productive trust lands without constitutional restrictions, and to acquire other lands which can in turn be exchanged with trust lands.

Lands purchased by DNR for commercial, industrial, or residential use are subject to payment of in-lieu property tax. In-lieu property tax payments must be equal to the property taxes which would otherwise be paid if the land remained subject to the tax.

State Capitol Committee

The State Capitol Committee is responsible for adopting the Capitol Campus Master Plan, approving construction on the Capitol grounds, and approving acquisition of real estate in Thurston County. The State Capitol Committee consists of the Governor, Lieutenant Governor, and the Commissioner of Public Lands.

Summary of Substitute Bill: A facility land bank is created within the Department of General Administration (GA). GA may acquire real property or interests in real property for the facility land bank upon approval of the State Capitol Committee. Property so acquired must be consistent with a capital plan approved by the Office of Financial Management, and desirable as a potential location for state offices or facilities.

GA is prohibited from using the right of eminent domain to acquire property for the facility land bank. GA must not acquire property for the facility land bank where development of state offices or facilities will not occur for 10 or more years, unless a longer term capital plan has been approved by the Office of Financial Management.

GA may sell property held within the land bank to state agencies or other buyers at fair market value, and exchange property within the land bank for property of equal value. All sales or exchanges of property held within the facility land bank must be approved by the State Capitol Committee.

The State Lands Management Fund (SLMF) is created to fund facility land bank acquisitions. The SLMF is subject to appropriation, and may be used to defray purchase and transaction costs incurred by GA in acquiring, exchanging,

or selling facility land bank property. Proceeds from the sale of any property held in the facility land bank must be deposited into the SLMF. Expenditures from the SLMF must be approved by the State Capitol Committee.

A three-member technical advisory committee is created to provide advice and counsel to the State Capitol Committee regarding sales, purchases, and exchanges of facility land bank property. Members of the technical advisory committee are appointed by the Governor, the State Auditor, and the State Treasurer for five-year terms.

GA must provide annual reports to the Legislature describing acquisitions, exchanges, and sales of facility land bank properties.

Substitute Bill Compared to Original Bill: The substitute bill makes clarifying and technical changes throughout the bill. The substitute bill also places additional restrictions on the types of properties that can be acquired for the facility land bank, and the costs GA can recover from the State Lands Management Fund. Finally, the substitute bill eliminates payment of in-lieu-of property taxes on facility land bank properties, and adds the annual report requirement.

Fiscal Note: Available. New fiscal note requested on February 21, 1991.

Effective Date of Substitute Bill: The bill takes effect July 1, 1991.

Testimony For: The Department of General Administration is at the mercy of the market when securing lands for state facilities. This bill reduces land costs due to speculation, and assists GA's ability to acquire appropriate properties and plan for state facilities in a way that is compatible with local land use plans. The Department of Transportation is considering using a similar mechanism to acquire lands for transportation right-of-ways.

Testimony Against: None.

Witnesses: Wendy Holden and John Swander, Department of General Administration; and Dennis Ingham, Department of Transportation (in favor).