
**Agriculture & Natural
Resources Committee**

HB 1250

Brief Description: Determining annual rental rates for the lease of state-owned aquatic lands for qualifying marinas.

Sponsors: Representatives Eickmeyer, Schoesler, Linville, Sump, Quall and Mielke; by request of Commissioner of Public Lands.

Brief Summary of Bill

- Linking the annual rent rates for marinas that provide at least 75 percent of their linear feet for use by the general public to the annual increases in the consumer price index.

Hearing Date: 1/31/03

Staff: Jason Callahan (786-7117).

Background:

The Legislature has delegated the management of state-owned aquatic lands to the Department of Natural Resources (DNR), with directions to encourage public use and access, foster water-dependent uses, ensure environmental protection, and utilize renewable resources (RCW 79.90.455). The DNR is further instructed to charge a rent to the users of state-owned aquatic lands, with different standards applying to different use types. Non-water dependent uses are charged the fair market value for the use of the land (RCW 79.90.500). Water dependent uses are charged rent according to a statutory formula (RCW 79.90.480).

Water dependent uses, defined as uses that can not logically exist except on water (RCW 79.90.465), are assessed a rent that is associated with upland values. Generally, water dependent uses must pay a rent that is 30 percent of the assessed value of the adjacent upland parcel, plus a real capitalization rate (RCW 79.90.480).

The Legislature suspended rent increases for marinas located on state-owned aquatic lands between June 11, 1998 and July 1, 1999 (RCW 79.90.480). The rent freeze was implemented while the DNR conducted a legislatively-mandated study into other possible rent

formulas (WA Laws 1998 c 185). The conclusions of the Final Rent Study Report to the Legislature, delivered by the DNR in February of 1999, indicated that at that time there was no consensus for change reached.

Summary of Bill:

The formula for rent increases for certain marinas is divorced from the assessed value of the adjacent upland property. Instead, rent increases are based upon the consumer price index for the Seattle-Tacoma-Bremerton area, as published by the United States Department of Labor.

All rent increases are in addition to the base rent, which is defined as the rent in place as of June 30, 2002 for marinas that qualify as of the effective date of this act. Marinas constructed after the effective date of this act will have as their base rent the average rent of the five closest qualifying marinas. The minimum amount of rent that a marina can pay is \$500, with that figure being increased annually with the consumer price index. If the direct lessee is not the operator of the marina, the DNR may charge as rent 30 percent of the gross rent or fees, if that figure is greater than the base rent plus consumer price index adjustments.

The rent increases for qualifying marinas can not exceed five percent in any one year. If the consumer price index increases by more than five percent, the additional increase is carried forward and added to the increase in a later year when the consumer price index indicates an increase of less than five percent.

Marinas that have been assessed a rent increase of more than 10 percent between July 1, 2002 and the effective date of this act are eligible for a rent credit against future rental payments. Rent credits are spaced out over ten years, or so long as the lease is in good standing.

A marina must qualify in order to have its rent increases tied to the consumer price index. In order to qualify, a marina must be primarily designed and operated to provide in-water vessel moorage, and 75 percent of its lineal feet must be available for use by the general public. The 75 percent general public access does not include moorage associated with apartments, yacht clubs, condominiums, and associations formed to provide moorage to a defined group.

Once qualified, a marina must remain in good standing. This requires a marina: 1) to be within the terms of its holdover agreement; 2) to have current rental computations; 3) to have paid all past lease payments; and 4) to have no other outstanding lease defaults.

Portions of qualified marinas that serve a non-water dependent use, or qualified marinas that fail to meet the requirements of qualification, are assessed rent increases in the way other water dependent rents are calculated. If a disqualified marina later requalifies, a new base rent must be calculated.

Appropriation: None.

Fiscal Note: Requested on January 21, 2003.

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