

CERTIFICATION OF ENROLLMENT

HOUSE BILL 2395

Chapter 504, Laws of 2007

(partial veto)

60th Legislature
2007 Regular Session

STATE LANDS--LEASING AND DEVELOPMENT RIGHTS

EFFECTIVE DATE: 07/22/07

Passed by the House April 16, 2007
Yeas 93 Nays 0

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate April 19, 2007
Yeas 47 Nays 0

BRAD OWEN

President of the Senate

Approved May 15, 2007, 2:56 p.m., with
the exception of section 6 which is
vetoed.

CHRISTINE GREGOIRE

Governor of the State of Washington

CERTIFICATE

I, Richard Nafziger, Chief Clerk
of the House of Representatives of
the State of Washington, do hereby
certify that the attached is **HOUSE
BILL 2395** as passed by the House
of Representatives and the Senate
on the dates hereon set forth.

RICHARD NAFZIGER

Chief Clerk

FILED

May 16, 2007

**Secretary of State
State of Washington**

HOUSE BILL 2395

Passed Legislature - 2007 Regular Session

State of Washington 60th Legislature 2007 Regular Session

By Representatives Fromhold, McDonald and Morrell

Read first time 03/27/2007. Referred to Committee on Capital Budget.

1 AN ACT Relating to leasing state lands and development rights on
2 state lands to public agencies; amending RCW 79.13.010, 79.13.060, and
3 79.13.110; creating a new section; and declaring an emergency.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 79.13.010 and 2003 c 334 s 366 are each amended to
6 read as follows:

7 (1) Subject to other provisions of this chapter and subject to
8 rules adopted by the board, the department may lease state lands for
9 purposes it deems advisable, including, but not limited to, commercial,
10 industrial, residential, agricultural, and recreational purposes in
11 order to obtain a fair market rental return to the state or the
12 appropriate constitutional or statutory trust, and if the lease is in
13 the best interest of the state or affected trust.

14 (2) Notwithstanding any provision in this chapter to the contrary,
15 in leases for residential purposes, the board may waive or modify any
16 conditions of the lease if the waiver or modification is necessary to
17 enable any federal agency or lending institution authorized to do
18 business in this state or elsewhere in the United States to participate
19 in any loan secured by a security interest in a leasehold interest.

1 (3) Any land granted to the state by the United States may be
2 leased for any lawful purpose in such minimum acreage as may be fixed
3 by the department.

4 (4) The department shall exercise general supervision and control
5 over the lease of state lands for any lawful purpose.

6 (5) State lands leased or for which permits are issued or contracts
7 are entered into for the prospecting and extraction of valuable
8 materials, coal, oil, gas, or other hydrocarbons are subject to the
9 provisions of chapter 79.14 RCW.

10 (6) The department may also lease or lease development rights on
11 state lands held for the benefit of the common schools to public
12 agencies, as defined in RCW 79.17.200.

13 **Sec. 2.** RCW 79.13.060 and 2003 c 334 s 323 are each amended to
14 read as follows:

15 (1) State lands may be leased not to exceed ten years with the
16 following exceptions:

17 (a) The lands may be leased for agricultural purposes not to exceed
18 twenty-five years, except:

19 (i) Leases that authorize tree fruit or grape production may be for
20 up to fifty-five years;

21 (ii) Share crop leases may not exceed ten years;

22 (b) The lands may be leased for commercial, industrial, business,
23 or recreational purposes not to exceed fifty-five years;

24 (c) The lands may be leased for public school, college, or
25 university purposes not to exceed seventy-five years; ~~((and))~~

26 (d) The lands may be leased for residential purposes not to exceed
27 ninety-nine years; and

28 (e) The lands and development rights on state lands held for the
29 benefit of the common schools may be leased to public agencies, as
30 defined in RCW 79.17.200, not to exceed ninety-nine years. The leases
31 may include provisions for renewal of lease terms.

32 (2) No lessee of state lands may remain in possession of the land
33 after the termination or expiration of the lease without the written
34 consent of the department.

35 (a) The department may authorize a lease extension for a specific
36 period beyond the term of the lease for cropping improvements for the

1 purpose of crop rotation. These improvements shall be deemed
2 authorized improvements under RCW 79.13.030.

3 (b) Upon expiration of the lease term, the department may allow the
4 lessee to continue to hold the land for a period not exceeding one year
5 upon such rent, terms, and conditions as the department may prescribe,
6 if the leased land is not otherwise utilized.

7 (c) Upon expiration of the one-year lease extension, the department
8 may issue a temporary permit to the lessee upon terms and conditions it
9 prescribes if the department has not yet determined the disposition of
10 the land for other purposes.

11 (d) The temporary permit shall not extend beyond a five-year
12 period.

13 (3) If during the term of the lease of any state lands for
14 agricultural, grazing, commercial, residential, business, or
15 recreational purposes, in the opinion of the department it is in the
16 best interest of the state so to do, the department may, on the
17 application of the lessee and in agreement with the lessee, alter and
18 amend the terms and conditions of the lease. The sum total of the
19 original lease term and any extension thereof shall not exceed the
20 limits provided in this section.

21 **Sec. 3.** RCW 79.13.110 and 2003 c 334 s 368 are each amended to
22 read as follows:

23 (1) The department may authorize the use of state land by lease at
24 state auction for initial leases or by negotiation for existing leases.

25 (2) Leases that authorize commercial, industrial, or residential
26 uses may be entered into by public auction or negotiations at the
27 option of the department. Negotiations are subject to rules approved
28 by the board.

29 (3) Leases to public agencies, as defined in RCW 79.17.200, may be
30 entered into by negotiations. Property subject to lease agreements
31 under this section must be appraised at fair market value. The leases
32 may allow for a lump sum payment for the entire term of the lease at
33 the beginning of the lease. The department shall calculate lump sum
34 payments using professional appraisal standards. Renewal terms for the
35 leases must include provisions for calculating appropriate payments
36 upon renewal.

1 NEW SECTION. **Sec. 4.** This act does not affect any existing right
2 acquired or liability or obligation incurred under the sections amended
3 or under any rule or order adopted under those sections, nor does it
4 affect any proceeding instituted under those sections.

5 NEW SECTION. **Sec. 5.** If any provision of this act or its
6 application to any person or circumstance is held invalid, the
7 remainder of the act or the application of the provision to other
8 persons or circumstances is not affected.

9 ***NEW SECTION. Sec. 6. This act is necessary for the immediate**
10 **preservation of the public peace, health, or safety, or support of the**
11 **state government and its existing public institutions, and takes effect**
12 **immediately.**

**Sec. 6 was vetoed. See message at end of chapter.*

Passed by the House April 16, 2007.

Passed by the Senate April 19, 2007.

Approved by the Governor May 15, 2007, with the exception of
certain items that were vetoed.

Filed in Office of Secretary of State May 16, 2007.

Note: Governor's explanation of partial veto is as follows:

"I am returning, without my approval as to Section 6, House Bill 2395
entitled:

"AN ACT Relating to leasing state lands and development rights on
state lands to public agencies."

Section 6 of this bill is an emergency clause. The Department of
Natural Resources does not expect any lease transactions to occur
under the new lease provisions of this bill until later in the
biennium, which makes the emergency clause unnecessary.

For this reason, I have vetoed Section 6 of House Bill 2395.

With the exception of Section 6, House Bill 2395 is approved."