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**SUBSTITUTE HOUSE BILL 1586**

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**State of Washington 64th Legislature 2015 Regular Session**

**By** House Transportation (originally sponsored by Representatives Manweller, Dent, Orcutt, and Wylie)

AN ACT Relating to the Royal Slope railroad; amending RCW 47.76.290; adding a new section to chapter 47.46 RCW; and declaring an emergency.

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

NEW SECTION. **Sec.**  A new section is added to chapter 47.46 RCW to read as follows:

(1) The department of transportation shall transfer, at no cost, to the Port of Royal Slope the Royal Slope railroad right-of-way, and any materials, equipment, and supplies purchased as a part of the Royal Slope rehabilitation project (L1000053).

(2) The Port of Royal Slope shall maintain the Royal Slope railroad right-of-way and contract with an operator to provide service.

(3)(a) If the Port of Royal Slope is unable to secure an operator for any continuous five-year period, the right-of-way and any materials, equipment, and remaining supplies shall revert to the department of transportation.

(b) If ownership of the right-of-way reverts to the department under this section, the property must be in at least substantially the same condition as when the right-of-way was initially transferred pursuant to this act.

(4) Any operator agreement entered into pursuant to this act must not limit the state's ability to enter into a franchise agreement on the rail line. If the state enters into such a franchise agreement, the agreement must allow any person operating on that line pursuant to a valid contract to continue to operate under the terms of the contract.

**Sec.**  RCW 47.76.290 and 2011 c 161 s 2 are each amended to read as follows:

(1) If real property acquired by the department under this chapter that is essential for the operation of the rail service contemplated in RCW 47.76.280 is not sold or leased to a public or private entity authorized to operate rail service within six years of its acquisition by the department, the department may sell or lease the property at fair market value, except as provided in section 1 of this act, to any of the following governmental entities or persons:

(a) Any other state agency;

(b) The city or county in which the property is situated;

(c) Any other municipal corporation;

(d) The former owner, heir, or successor of the property from whom the property was acquired; or

(e) Any abutting private owner or owners.

(2)(a) Real property acquired by the department under this chapter that is not essential for the operation of the rail service contemplated in RCW 47.76.280 may be leased or sold at fair market value, at any time following acquisition, to any entity or person in the following priority order:

(i) The current tenant or lessee of the real property or real property abutting the property being sold;

(ii) An abutting private owner, but only after each other abutting private owner, if any, as shown in the records of the county assessor, is notified in writing of the proposed sale. If more than one abutting private owner requests in writing the right to purchase the real property within fifteen days after receiving notice of the proposed sale, the real property must be sold at public auction in the manner provided in RCW 47.76.320 (2) through (4);

(iii) Any other state agency;

(iv) The city or county in which the real property is situated;

(v) Any other municipal corporation; or

(vi) The former owner, heir, or successor of the real property from whom the real property was acquired.

(b) If the department intends to sell or lease property under this subsection to an entity or person that is not the entity or person with the highest priority status under this subsection, the department must give written notice to each entity or person with higher priority status under this subsection that is reasonably considered to have an interest in the property. The entity with the highest priority status, willing to enter into a sale or lease at fair market value, must be given right of first refusal to buy or lease the property.

(3) Notice of intention to sell under this section shall be given by publication in one or more newspapers of general circulation in the area in which the property is situated not less than thirty days prior to the intended date of sale.

(4) Sales to purchasers under this section may, at the department's option, be for cash or by real estate contract, except that any such property of the Palouse River and Coulee City rail lines that was purchased with bond proceeds in November 2004 may be sold only for cash at fair market value.

(5) Conveyances made under this section shall be by deed executed by the secretary of transportation and shall be duly acknowledged.

(6) All moneys received under this section shall be deposited in the essential rail assistance account created in RCW 47.76.250. Any moneys deposited under this subsection from sales or leases of property that are related, in any way, to the Palouse River and Coulee City rail lines must be used and, in the case of moneys received from sales, expended within two years of receipt, only for the refurbishment or improvement of the Palouse River and Coulee City rail lines.

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

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