

HOUSE BILL REPORT

HB 2243

As Reported by House Committee On:

Agriculture and Natural Resources

Title: An act relating to creating the children's social equity land trust.

Brief Description: Creating the children's social equity land trust.

Sponsors: Representatives Reeves, Waters, Chapman, Walen, Reed, Springer and Doglio; by request of Department of Natural Resources.

Brief History:

Committee Activity:

Agriculture and Natural Resources: 1/19/24, 1/31/24 [DPS].

Brief Summary of Substitute Bill

- Authorizes the Department of Natural Resources (DNR) to acquire forested lands suitable to manage for the purpose of revenue production.
- Requires the DNR to hold such lands in trust for the benefit of the Department of Commerce (Commerce).
- Requires the net revenues produced by the Commerce trust lands to be placed into an account to fund child care grants to be awarded by Commerce.
- Requires Commerce to award child care grants for specified purposes, including child care for historically disadvantaged populations and child care during nonstandard hours and periods of the year.

HOUSE COMMITTEE ON AGRICULTURE AND NATURAL RESOURCES

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Chapman, Chair; Morgan, Vice Chair; Reeves, Vice Chair; Dent, Ranking Minority Member; Chandler, Assistant Ranking Minority Member;

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Kloba, Kretz, Lekanoff and Springer.

Minority Report: Without recommendation. Signed by 2 members: Representatives Orcutt and Schmick.

Staff: Robert Hatfield (786-7117).

Background:

State Trust Lands.

At statehood in 1889, the United States Congress granted Washington millions of acres of land to support public institutions such as funding the construction of public kindergarten through twelfth grade (K-12) schools statewide, state universities, other state educational institutions, and prisons. The Department of Natural Resources (DNR) now manages approximately 3 million acres of these federally granted trust lands to provide a continuous flow of revenue to trust beneficiaries, such as schools and counties, through revenue-producing activities.

State Forest Lands.

The DNR also manages approximately 550,000 acres of state forest lands that help fund services in many counties. These lands were acquired by 21 counties in the 1920s and 1930s through tax foreclosures and subsequently deeded to the state to manage as trust lands. In exchange, the county and the taxing districts in which the land is located are given most of the revenue from timber sales and other revenue-producing activities. These lands are managed in a manner similar to the federally granted trust lands.

Summary of Substitute Bill:

Acquisition of Lands to Create a Trust.

The Department of Natural Resources (DNR) is authorized to acquire forested lands suitable to manage for the purpose of revenue production. In acquiring lands for this purpose, the DNR may acquire only forested lands at risk of conversion to nonforested uses. Any such acquired lands must be located so as to be able to be economically administered for commercial forestry.

The acquired lands must be held in trust for the benefit of the Department of Commerce (Commerce), and revenue derived from these lands must be expended to provide child care grants.

Department of Commerce Trust Lands—Management.

The DNR must manage, care for, and protect Commerce trust lands for the purpose of revenue generation for child care grants to be awarded by Commerce.

To the extent consistent with statutory requirements regarding Commerce trust lands, the DNR must manage Commerce trust lands in compliance with policies established by the Board of Natural Resources (Board) and with the procedures that govern the DNR's management of other forested lands. Also to the extent consistent with statutory requirements regarding Commerce trust lands, the DNR may manage Commerce trust lands in the same manner that it manages other state lands with regard to leasing, contracting, licensing, permitting, and granting easements and rights-of-way.

With the approval of the Board, the DNR may sell Commerce trust lands in the same manner as other state lands. Any revenue derived from any sale of Commerce trust lands must be deposited in the Child Care Trust Account. The DNR may sell valuable materials from Commerce trust lands in the same manner and for the same purposes as the DNR is authorized to sell valuable materials from other state lands.

Department of Commerce Trust Lands—Revenue.

Revenue derived from all leases, sales, contracts, licenses, permits, easements, and rights-of-way on Commerce trust lands are subject to the DNR's statutory management fee deduction to cover the costs incurred by the DNR in carrying out the purposes of this chapter. In the event that the DNR sells logs using the contract harvesting process, the moneys received, subject to statutory management fee deduction, are the net proceeds from the contract harvesting sale.

After the deduction of the DNR's statutory management fee, revenue generated from activities on Commerce trust lands, including the revenue derived from the sale of timber or other valuable materials from Commerce trust lands must be deposited in the Child Care Trust Account.

Child Care Trust Account.

The Child Care Trust Account is created in the state treasury. Subject to the deduction of the DNR's statutory management fee, revenue generated from activities on Commerce trust lands must be deposited into the account. Moneys in the account may be spent only after appropriation and may be used only for the child care grant program.

Department of Natural Resources Statutory Management Fee.

For Commerce trust lands, 30 percent of the moneys derived from the lease of such lands or from the sale of materials on such lands must be deposited into the Forest Development Account and 70 percent must be deposited into the Child Care Trust Account.

Child Care Grants.

Commerce is directed to establish a grant program to retain and expand child care in child care deserts.

Grants may be used for one-time costs associated with the opening of a child care site, including program costs, for providers who are newly licensed or are in the process of

becoming licensed, or for supporting established child care sites that are in jeopardy of closure for financial reasons.

In awarding grants, Commerce must prioritize applications in a manner that supports racial equity across the state and must also prioritize applications that include funding for several specified purposes, including:

- personnel costs, including compensation, benefits, health care premium pay, or paid leave;
- rent or mortgage payments; and
- child care for historically disadvantaged populations.

Substitute Bill Compared to Original Bill:

The substitute bill makes the following changes to the underlying bill:

- removes language authorizing the Department of Natural Resources (DNR) to manage lands acquired pursuant to the act for carbon sequestration purposes;
- requires the DNR, in acquiring lands pursuant to the act, to acquire only forested lands at risk of conversion to nonforested uses;
- removes language authorizing the DNR, in managing lands acquired pursuant to the act, to balance revenue generation with the enhancement of natural carbon sequestration;
- removes authorization for the DNR to enter into contracts for payment for ecosystem services on lands acquired pursuant to the act;
- changes the beneficiary of the trust lands acquired pursuant to the act from the Department of Children, Youth, and Families (DCYF) to the Department of Commerce (Commerce); and
- directs Commerce, rather than the DCYF, to administer child care grants using revenue from trust lands acquired pursuant to the act.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) Working families are struggling to find access to child care. What that means for the economy is that more and more working parents are having to make the difficult choice of whether they will show up for work that day or whether they will need to stay home to take care of their children.

There is a child care crisis in Washington, both of cost and access. It costs about \$14,500 per year to obtain child care for an infant in Washington. The state has lost approximately 2,000 child care providers and 300 child care centers in recent years. At the same time, there is also a forest crisis in Washington. The state has lost almost half a million acres of forests in the last decade, and the state is projected to lose more in the future. This bill provides a unique opportunity to save working forests and promote child care. By investing \$100 million of Climate Commitment Act funds, the Legislature will ensure that thousands of acres of forests are protected for both ecosystem services and sustainable revenue generation for child care. The Department of Natural Resources has 33 trusts that it administers, which generate more than \$1.5 billion annually in economic activity. The bill has two values: protecting the state's forests, and providing critical child care.

People have been pushed out of the work force because of a lack of child care. The bill can help ease the child care crisis that is harming families and the economy. The benefits of the bill would be far-reaching and enormous. It is time to turn around the state's loss of child care providers.

A lack of access to affordable child care perpetuates cycles of poverty and inequities. Child care needs to be available across the state for all families.

Employees who are parents are often forced to reduce hours and decline promotions due to a lack of child care.

A lack of child care for employees is listed in the top ten challenges facing Washington employers. Approximately 65 percent of Washington residents live in a child care desert. Child care is like housing and transportation, it creates the critical infrastructure needed to support our state's workforce.

The median age of a licensed child care center operator is 59. Child care centers are closing at an alarming rate.

(Opposed) None.

(Other) A noted French enlightenment philosopher once said that no problem can withstand the assault of sustained thinking. Many benefits come from working forests. There is a desire not to pit carbon sequestration against forest management. There is concern about the Department of Natural Resources not being required to maximize revenue generation in the bill. There is also concern about pitting public forests against private landowners.

There is a growing consensus that working forests can have a valuable role in carbon sequestration.

One technical question is whether the Forest Development Account is the right account to receive certain funds under the bill, or whether it should perhaps be the Resource

Management Cost Account. It is worth considering what would be the annual return on investment an investment of \$100 million. The bill represents an interesting, thought-provoking idea.

Persons Testifying: (In support) Representative Kristine Reeves, prime sponsor; Lauren Hipp, MomsRising; Amy Anderson, Association of Washington Business; Hilary Franz, Ryan Murphy, and Duane Emmons, Department of Natural Resources; Suzette Espinoza-Cruz, Save the Children Washington ; Sarah Clark, Seattle Metro Chamber; Daisy Cruz, Save the Children Action Network; and Chelsea McElroy, Yes for Early Success.

(Other) Rod Fleck, City of Forks; Tom Davis, Washington Forest Protection Association; and Heath Heikkila, American Forest Resource Council.

Persons Signed In To Testify But Not Testifying: None.