

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE HOUSE BILL 1460**

Chapter 383, Laws of 2023

68th Legislature  
2023 Regular Session

DEPARTMENT OF NATURAL RESOURCES—TRUST LANDS—EXCHANGES

EFFECTIVE DATE: July 23, 2023

Passed by the House April 17, 2023  
Yeas 82 Nays 14

LAURIE JINKINS

**Speaker of the House of  
Representatives**

Passed by the Senate April 8, 2023  
Yeas 40 Nays 8

DENNY HECK

**President of the Senate**

Approved May 9, 2023 2:16 PM

JAY INSLEE

**Governor of the State of Washington**

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1460** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BERNARD DEAN

**Chief Clerk**

FILED

May 10, 2023

**Secretary of State  
State of Washington**

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**SUBSTITUTE HOUSE BILL 1460**

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AS AMENDED BY THE SENATE

Passed Legislature - 2023 Regular Session

**State of Washington                      68th Legislature                      2023 Regular Session**

**By** House Capital Budget (originally sponsored by Representatives Hackney, Waters, Simmons, Kloba, Pollet, Davis, and Macri; by request of Department of Natural Resources)

READ FIRST TIME 02/17/23.

1            AN ACT Relating to the department of natural resources trust land  
2 management; amending RCW 79.17.020, 79.17.210, 79.22.060, 43.30.385,  
3 79.19.020, 79.19.030, 79.11.340, 79.22.140, and 79.19.050; reenacting  
4 and amending RCW 79.64.110; adding a new section to chapter 79.19  
5 RCW; adding new sections to chapter 79.17 RCW; and creating a new  
6 section.

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

8            NEW SECTION.    **Sec. 1.**    (1) The legislature finds that some state  
9 lands and state forestlands have a low potential for natural resource  
10 management or low income-generating potential or are inefficient for  
11 the department of natural resources to manage due to geographic  
12 location or other factors.

13            (2) The legislature further finds that some of these lands have  
14 high ecological values and public benefits and should be maintained  
15 in public ownership as a park, open space, nature preserve, or  
16 similar designation to benefit the people of Washington.

17            (3) The legislature further finds that the department of natural  
18 resources needs an effective program to transfer these lands out of  
19 trust status to the natural areas program, other public agencies, or  
20 federally recognized Indian tribes, and simultaneously acquire  
21 legislative funding to acquire productive replacement lands to

1 improve the revenue-generating performance of the state lands and  
2 state forestlands it manages.

3 (4) The legislature further finds that the trust land transfer  
4 program should be established within the department of natural  
5 resources with adequate funds to cover the department's expenses for  
6 administering the program and completing trust land transfers.

7 (5) The legislature further finds that there exists an interest  
8 by the public and trust beneficiaries that the program be well-  
9 documented and transparent, that each potential transfer be examined  
10 by the department of natural resources to ensure it is in the best  
11 interests of the trust beneficiaries, that an external advisory  
12 committee place proposed transfers into a prioritized order using  
13 standardized criteria, that the board of natural resources approve  
14 submission of the list to the legislature, and that parcels be  
15 transferred in order of priority.

16 NEW SECTION. **Sec. 2.** (1) The department is authorized to create  
17 and manage a trust land transfer program. Real property available for  
18 the trust land transfer program is economically under-performing  
19 state land and state forestland with high ecological or public  
20 benefit and deemed appropriate for state parks, fish and wildlife  
21 habitats, natural area preserves, natural resources conservation  
22 areas, community forests, recreation, or other public purposes.

23 (2) Underperforming state land and state forestland is land that  
24 the department determines has limited potential to generate income in  
25 the reasonably foreseeable future due to physical, legal, access, or  
26 other constraints. The department may use the real property transfer  
27 authorities under this chapter and chapter 79.22 RCW, as appropriate,  
28 to complete transfers under the trust land transfer program.

29 (3) The department shall use legislative appropriations for  
30 approved trust land transfers to acquire replacement real property  
31 that will provide long-term, sustainable revenue to the trust  
32 beneficiaries or is otherwise desirable to be added to the affected  
33 trust and to pay for the department's administrative expenses to  
34 complete the transfer, including the cost of department staff time,  
35 appraisals, surveys, environmental reviews, and other similar costs  
36 of the program.

37 (4) Transfers funded by legislative appropriation must be at fair  
38 market value, including the value of land, timber, other valuable  
39 materials, and improvements owned by the state. The legislative

1 appropriation must be deposited in the natural resources real  
2 property replacement account created in RCW 79.17.210 and the  
3 parkland trust revolving fund established in RCW 43.30.385, as  
4 appropriate.

5 (5) The department shall prioritize the acquisition of working  
6 farms and forests when acquiring replacement real property for state  
7 lands transferred under this program when it can be demonstrated that  
8 the trust fiduciary obligations can be better fulfilled with these  
9 lands. The department shall endeavor to acquire replacement real  
10 property as quickly as practicable.

11 (6) The department shall only submit real properties for trust  
12 land transfers to the board or legislature through the process  
13 created in section 3 of this act if at least 50 percent of all  
14 previous appropriations provided after the effective date of this  
15 section for purchase of replacement lands for the trust land transfer  
16 program have been utilized to purchase replacement trust lands. The  
17 list of properties submitted to the board or legislature for possible  
18 trust land transfers through the process created in section 3 of this  
19 act may not exceed \$30,000,000 in total property value for each year  
20 the list is submitted.

21 NEW SECTION. **Sec. 3.** The department shall administer the trust  
22 land transfer program as follows:

23 (1) Any citizen, state and federal agencies, counties, cities,  
24 towns, federally recognized Indian tribes, nonprofit organizations,  
25 special purpose districts, public development authorities, and other  
26 political subdivisions of the state, may nominate a parcel of state  
27 land or state forestland for the trust land transfer program. The  
28 nomination must be made to the department on forms provided by the  
29 department and accompanied by the fee provided under RCW 79.02.250.

30 (2) The department shall perform an initial review to determine  
31 whether the transfer of a nominated parcel is in the best interest of  
32 the trust for which the land is held and whether a public agency, as  
33 defined in RCW 79.17.200, is willing to take ownership of the parcel  
34 and is capable of managing the land for the public benefit. The  
35 department may require prenomination review of parcels over 4,500  
36 acres or parcels over an estimated appraised market value of  
37 \$15,000,000, including the value of the land, valuable materials, and  
38 improvements, if any.

1 (3) If the department determines through its initial review that  
2 transfer would be in the best interest of the trust for which the  
3 land is held and a public agency is willing and able to take  
4 ownership and manage the land, the department shall consult with  
5 potentially affected federally recognized Indian tribes, consistent  
6 with the department's consultation policy to identify and address  
7 cultural resource issues.

8 (4) Following the department's initial review and tribal  
9 consultation, the department may submit parcels to an advisory  
10 committee that shall evaluate and prioritize nominated parcels  
11 according to criteria approved by the board, including social,  
12 ecological, economic, and other values. The advisory committee may  
13 include representatives of trust beneficiaries, public agencies,  
14 federally recognized Indian tribes, overburdened communities, and  
15 vulnerable populations as defined in chapter 70A.02 RCW, and other  
16 stakeholders as determined by the department.

17 (5) The department, with approval of the board, shall determine  
18 the final, prioritized list of trust land transfer parcels to submit  
19 to the legislature for funding. If a legislative appropriation  
20 includes the full fair market value for the trust land transfer  
21 parcel, and the board determines that the transfer is in the best  
22 interest of the trust for which the land is held, the department  
23 shall complete the transfer.

24 **Sec. 4.** RCW 79.17.020 and 2013 2nd sp.s. c 19 s 7035 are each  
25 amended to read as follows:

26 (1) The board of county commissioners of any county and/or the  
27 mayor and city council or city commission of any city or town and/or  
28 the board shall have authority to exchange, each with the other, or  
29 with the federal forest service, the federal government or any proper  
30 agency thereof and/or with any private landowner, county land of any  
31 character, land owned by municipalities of any character, and state  
32 forestland owned by the state under the jurisdiction of the  
33 department, for real property of equal value for the purpose of  
34 consolidating and blocking up the respective landholdings of any  
35 county, municipality, the federal government, or the state of  
36 Washington or for the purpose of obtaining lands having commercial  
37 recreational leasing potential. The board shall also have the  
38 authority to exchange state forestland for the purpose of obtaining  
39 land with greater natural resource or income-producing potential,

1 when in the best interest of the state or affected trust. State  
2 forestland exchanged under this section may not be used to reduce the  
3 publicly owned forestland base.

4 ~~(2) ((a) During the biennium ending June 30, 2013, for the~~  
5 ~~purposes of maintaining working farm and forest landscapes or~~  
6 ~~acquiring natural resource lands at risk of development, the~~  
7 ~~department, with approval of the board of natural resources, may~~  
8 ~~exchange any state land and any timber thereon for any land and~~  
9 ~~proceeds of equal value, when it can be demonstrated that the trust~~  
10 ~~fiduciary obligations can be better fulfilled after an exchange is~~  
11 ~~completed. Proceeds may be in the form of cash or services in order~~  
12 ~~to achieve the purposes established in this section. Any cash~~  
13 ~~received as part of an exchange transaction shall be deposited in the~~  
14 ~~forest development account to pay for administrative expenses~~  
15 ~~incurred in carrying out an exchange transaction. These~~  
16 ~~administrative expenses include road maintenance and abandonment~~  
17 ~~expenses. The amount of proceeds received from the exchange partner~~  
18 ~~may not exceed five percent of the total value of the exchange. The~~  
19 ~~receipt of proceeds shall not change the character of the transaction~~  
20 ~~from an exchange to a sale.~~

21 ~~(b) During the biennium ending June 30, 2015, for the purposes of~~  
22 ~~maintaining working farm and forest landscapes or acquiring natural~~  
23 ~~resource lands at risk of development, the department, with approval~~  
24 ~~of the board of natural resources, may exchange any state land and~~  
25 ~~any timber thereon for any land and proceeds of equal value, when it~~  
26 ~~can be demonstrated that the trust fiduciary obligations can be~~  
27 ~~better fulfilled after an exchange is completed. Proceeds may be in~~  
28 ~~the form of cash or services in order to achieve the purposes~~  
29 ~~established in this section. Any cash received as part of an exchange~~  
30 ~~transaction shall be deposited in the forest development account to~~  
31 ~~pay for administrative expenses incurred in carrying out an exchange~~  
32 ~~transaction. These administrative expenses include road maintenance~~  
33 ~~and abandonment expenses. The amount of proceeds received from the~~  
34 ~~exchange partner may not exceed five percent of the total value of~~  
35 ~~the exchange. The receipt of proceeds shall not change the character~~  
36 ~~of the transaction from an exchange to a sale.~~

37 ~~(3))~~ Prior to executing an exchange under this section, and in  
38 addition to the public notice requirements set forth in RCW  
39 79.17.050, the department shall consult with legislative members,  
40 other state and federal agencies, local governments, federally

1 recognized Indian tribes, local stakeholders, conservation groups,  
2 and any other interested parties to identify and address cultural  
3 resource issues, and the potential of the state lands proposed for  
4 exchange to be used for open space, park, school, or critical habitat  
5 purposes.

6 **Sec. 5.** RCW 79.17.210 and 2018 c 298 s 7005 are each amended to  
7 read as follows:

8 (1) The legislature finds that the department has a need to  
9 maintain the real property asset base it manages and needs an  
10 accounting mechanism to complete transactions without reducing the  
11 real property asset base.

12 (2) The natural resources real property replacement account is  
13 created in the state treasury. This account shall consist of funds,  
14 including the value of land, timber, other valuable materials, and  
15 improvements owned by the state, transferred or paid for the disposal  
16 or transfer of real property by the department under RCW 79.17.200  
17 and the transfer of state lands or state forestlands into community  
18 forest trust lands under RCW 79.155.040. The funds in this account  
19 shall be used solely for the acquisition of replacement real property  
20 and may be spent only when, and as, authorized by legislative  
21 appropriation. (~~During the 2013-2015 fiscal biennium, funds in the~~  
22 ~~account may also be appropriated for the land purchase in section~~  
23 ~~3245, chapter 19, Laws of 2013 2nd sp. sess. under the provisions of~~  
24 ~~section 3245, chapter 19, Laws of 2013 2nd sp. sess. and chapter 11,~~  
25 ~~Laws of 2013 2nd sp. sess. During the 2017-2019 fiscal biennium,~~  
26 ~~moneys in the account may also be appropriated for developing and~~  
27 ~~constructing the pipeline in section 3061, chapter 298, Laws of 2018~~  
28 ~~under the provisions of section 7004, chapter 298, Laws of 2018.))~~

29 **Sec. 6.** RCW 79.22.060 and 2012 c 166 s 7 are each amended to  
30 read as follows:

31 (1) With the approval of the board, the department may directly  
32 transfer or dispose of state forestlands without public auction, if  
33 the ((lands)) transfers are:

- 34 (a) (~~Consist of ten contiguous acres or less;~~  
35 ~~(b) Have a value of twenty-five thousand dollars or less; or~~  
36 ~~(c) Are located in a county with a population of twenty-five~~  
37 ~~thousand or less and are encumbered with timber harvest deferrals,~~

1 associated with wildlife species listed under the federal endangered  
2 species act, greater than thirty years in length.

3 ~~(2) Disposal under this section may only occur in the following~~  
4 ~~circumstances:~~

5 ~~(a) Transfers in lieu of condemnation;~~

6 ~~(b) Transfers to resolve trespass and property ownership~~  
7 ~~disputes; or~~

8 ~~(c) In counties with a population of twenty-five thousand or~~  
9 ~~less, transfers to public agencies.~~

10 ~~(3)) In lieu of condemnation or to resolve trespass and property~~  
11 ~~ownership disputes and the lands consist of 10 contiguous acres or~~  
12 ~~less or have a value of \$25,000 or less; or~~

13 ~~(b) To public agencies as defined in RCW 79.17.200.~~

14 (2) Real property to be transferred or disposed of under this  
15 section shall be transferred or disposed of only after appraisal and  
16 for at least fair market value, and only if the transaction is in the  
17 best interest of the state or affected trust. Valuable materials  
18 attached to lands (~~(transferred to public agencies under subsection~~  
19 ~~(2)(c) of this section)~~ to be transferred under subsection (1)(b) of  
20 this section must be appraised at the fair market value without  
21 consideration of management or regulatory encumbrances associated  
22 with wildlife species listed under the federal endangered species  
23 act, if any.

24 ~~((4)) (3)(a) Except as provided in ((b) of)~~ this subsection,  
25 the proceeds from real property transferred or disposed of under this  
26 section shall be deposited into the parkland trust revolving fund and  
27 be solely used to buy replacement ~~(land within the same county as~~  
28 ~~the property transferred or disposed)) forestland for the benefit of~~  
29 ~~the county from which the property was transferred or disposed and~~  
30 ~~pay for the department's administrative expenses to complete the~~  
31 ~~transfer, including the cost of department staff time, appraisals,~~  
32 ~~surveys, environmental reviews, and other similar costs of the~~  
33 ~~transfer. The legislative authority of the county from which the real~~  
34 ~~property was transferred or disposed under subsection (1)(b) of this~~  
35 ~~section may request in writing that the department distribute a~~  
36 ~~percentage of the proceeds associated with valuable materials. Upon~~  
37 ~~such a request, and subject to prior approval by the board, the~~  
38 ~~department shall distribute the requested percentage of proceeds~~  
39 ~~associated with valuable materials as provided in RCW 79.64.110.~~



1 (b) The proceeds from real property transferred or disposed of  
2 under (~~subsections (1)(c) and (2)(c) of~~) this section for the  
3 purpose of participating in the state forestland pool created under  
4 RCW 79.22.140 must be deposited into the parkland trust revolving  
5 fund and used to buy replacement forestland for the benefit of that  
6 county, as provided in RCW 79.64.110 and located within any county  
7 participating in the land pool or under a county agreement as  
8 provided in RCW 79.22.140.

9 (c) Except as otherwise provided in this subsection, in counties  
10 with a population of (~~twenty-five thousand~~) 25,000 or less, the  
11 portion of the proceeds associated with valuable materials on state  
12 forestland transferred under (~~subsections (1)(c) and (2)(c) of~~)  
13 this section must be distributed as provided in RCW 79.64.110. If  
14 requested in writing by the legislative authority of a county  
15 participating in the state forestland pool created under RCW  
16 79.22.140, the portion of the proceeds associated with valuable  
17 materials on state forestland transferred under (~~subsections (1)(c)~~  
18 ~~and (2)(c) of~~) this section must be deposited in the parkland trust  
19 revolving fund and used to buy replacement forestland for the benefit  
20 of that county, as provided in RCW 79.64.110, and located within any  
21 county participating in the land pool or under a county agreement as  
22 provided in RCW 79.22.140.

23 **Sec. 7.** RCW 43.30.385 and 2014 c 32 s 2 are each amended to read  
24 as follows:

25 (1) The parkland trust revolving fund is to be utilized by the  
26 department for the purpose of acquiring real property, including all  
27 reasonable costs associated with these acquisitions, as a replacement  
28 for the property transferred to the state parks and recreation  
29 commission, as directed by the legislature in order to maintain the  
30 land base of the affected trusts or under RCW 79.22.060 and to  
31 receive voluntary contributions for the purpose of operating and  
32 maintaining public use and recreation facilities, including trails,  
33 managed by the department.

34 (2)(a) Proceeds from transfers of real property to the state  
35 parks and recreation commission or other proceeds identified from  
36 transfers of real property as directed by the legislature shall be  
37 deposited in the parkland trust revolving fund.

38 (~~Except as otherwise provided in this subsection, the~~)  
39 Subject to RCW 79.22.060(3), proceeds from real property transferred

1 or disposed under RCW 79.22.060 must be used solely to purchase  
2 replacement forestland, that must be actively managed as a working  
3 forest, (~~within the same county as the property~~) for the benefit of  
4 the county from which the property was transferred or disposed. (~~If~~  
5 ~~the real property was transferred under RCW 79.22.060 (1)(c) and~~  
6 ~~(2)(c) from within a county participating in the state forestland~~  
7 ~~pool created under RCW 79.22.140, replacement forestland may be~~  
8 ~~located within any county participating in the land pool.~~)

9 (c) Disbursement from the parkland trust revolving fund to  
10 acquire replacement property and for operating and maintaining public  
11 use and recreation facilities shall be on the authorization of the  
12 department.

13 (d) The proceeds from the recreation access pass account created  
14 in RCW 79A.80.090 must be solely used for the purpose of operating  
15 and maintaining public use and recreation facilities, including  
16 trails, managed by the department.

17 (3) In order to maintain an effective expenditure and revenue  
18 control, the parkland trust revolving fund is subject in all respects  
19 to chapter 43.88 RCW, but no appropriation is required to permit  
20 expenditures and payment of obligations from the fund.

21 (4) The department is authorized to solicit and receive voluntary  
22 contributions for the purpose of operating and maintaining public use  
23 and recreation facilities, including trails, managed by the  
24 department. The department may seek voluntary contributions from  
25 individuals and organizations for this purpose. Voluntary  
26 contributions will be deposited into the parkland trust revolving  
27 fund and used solely for the purpose of public use and recreation  
28 facilities operations and maintenance. Voluntary contributions are  
29 not considered a fee for use of these facilities.

30 **Sec. 8.** RCW 79.64.110 and 2021 c 334 s 995 and 2021 c 145 s 3  
31 are each reenacted and amended to read as follows:

32 (1) Any moneys derived from the lease of state forestlands or  
33 from the sale of valuable materials, oils, gases, coal, minerals, or  
34 fossils from those lands, except as provided in RCW 79.64.130, or the  
35 appraised value of these resources when transferred to a public  
36 agency under RCW 79.22.060, (~~except as provided in RCW~~  
37 ~~79.22.060(4),~~) must be distributed as follows:

38 (a) For state forestlands acquired through RCW 79.22.040 or by  
39 exchange or as replacement for lands acquired through RCW 79.22.040:

1 (i) The expense incurred by the state for administration,  
2 reforestation, and protection, not to exceed (~~twenty-five~~) 25  
3 percent, which rate of percentage shall be determined by the board,  
4 must be returned to the forest development account created in RCW  
5 79.64.100. During the 2017-2019, 2019-2021, and 2021-2023 fiscal  
6 biennia, the board may increase the (~~twenty-five~~) 25 percent  
7 limitation up to (~~twenty-seven~~) 27 percent.

8 (ii) Any balance remaining must be paid to the county in which  
9 the land is located or, (~~for~~) if the land acquired under RCW  
10 79.22.040 was exchanged, transferred, or disposed, payment must be  
11 made to the county from which the land was exchanged, transferred, or  
12 disposed. For counties participating in a land pool created under RCW  
13 79.22.140, to each participating county proportionate to its  
14 contribution of asset value to the land pool as determined by the  
15 board. Payments made under this subsection are to be paid,  
16 distributed, and prorated(~~(, except as otherwise provided in this~~  
17 ~~section,)~~) to the various funds in the same manner as general taxes  
18 are paid and distributed during the year of payment. However, (~~in~~  
19 ~~order to test county flexibility in distributing state forestland~~  
20 ~~revenue,)~~) a county may in its discretion pay, distribute, and  
21 prorate payments made under this subsection of moneys derived from  
22 state forestlands acquired by exchange (~~between July 28, 2019, and~~  
23 ~~June 30, 2020~~) or as replacement lands, for lands acquired through  
24 RCW 79.22.040, (~~within the same county,~~) in the same manner as  
25 general taxes are paid and distributed during the year of payment for  
26 the former state forestlands that were subject to the exchange.

27 (iii) Any balance remaining, paid to a county with a population  
28 of less than (~~sixteen thousand~~) 16,000, must first be applied to  
29 the reduction of any indebtedness existing in the current expense  
30 fund of the county during the year of payment.

31 (iv) With regard to moneys remaining under this subsection  
32 (1)(a), within seven working days of receipt of these moneys, the  
33 department shall certify to the state treasurer the amounts to be  
34 distributed to the counties. The state treasurer shall distribute  
35 funds to the counties four times per month, with no more than (~~ten~~)  
36 10 days between each payment date.

37 (b) For state forestlands acquired through RCW 79.22.010 or by  
38 exchange or as replacement lands for lands acquired through RCW  
39 79.22.010, except as provided in RCW 79.64.120:

1 (i) Fifty percent shall be placed in the forest development  
2 account.

3 (ii) Fifty percent shall be prorated and distributed to the state  
4 general fund, to be dedicated for the benefit of the public schools,  
5 to the county in which the land is located or, for counties  
6 participating in a land pool created under RCW 79.22.140, to each  
7 participating county proportionate to its contribution of asset value  
8 to the land pool as determined by the board, and according to the  
9 relative proportions of tax levies of all taxing districts in the  
10 county. The portion to be distributed to the state general fund shall  
11 be based on the regular school levy rate under RCW 84.52.065 (1) and  
12 (2) and the levy rate for any school district enrichment levies. With  
13 regard to the portion to be distributed to the counties, the  
14 department shall certify to the state treasurer the amounts to be  
15 distributed within seven working days of receipt of the money. The  
16 state treasurer shall distribute funds to the counties four times per  
17 month, with no more than ~~((ten))~~ 10 days between each payment date.  
18 The money distributed to the county must be paid, distributed, and  
19 prorated to the various other funds in the same manner as general  
20 taxes are paid and distributed during the year of payment.

21 (2) A school district may transfer amounts deposited in its debt  
22 service fund pursuant to this section into its capital projects fund  
23 as authorized in RCW 28A.320.330.

24 **Sec. 9.** RCW 79.19.020 and 2003 c 334 s 526 are each amended to  
25 read as follows:

26 The department, with the approval of the board, may purchase  
27 property at fair market value to be held in a land bank, which is  
28 hereby created within the department. Property so purchased shall be  
29 property which would be desirable for addition to the public lands of  
30 the state because of the potential for natural resource or income  
31 production of the property. ~~((The total acreage held in the land bank  
32 shall not exceed one thousand five hundred acres.))~~

33 **Sec. 10.** RCW 79.19.030 and 2004 c 199 s 215 are each amended to  
34 read as follows:

35 The department, with the approval of the board, may:

36 (1) Exchange property held in the land bank for any other lands  
37 of equal value administered by the department, including ~~((any))~~  
38 state lands ~~((held in trust.))~~ and state forestlands;

1 (2) Exchange property held in the land bank for property of equal  
2 or greater value which is owned publicly or privately, and which has  
3 greater potential for natural resource or income production or which  
4 could be more efficiently managed by the department, however, no  
5 power of eminent domain is hereby granted to the department; (~~and~~)

6 (3) (~~Sell property held in the land bank in the manner provided~~  
7 ~~by law for the sale of state lands~~) Except as provided in subsection  
8 (4) of this section, sell property that has been exchanged into and  
9 is held in the land bank as provided under RCW 79.11.340 without any  
10 requirement of platting and (~~to~~) use the proceeds to acquire  
11 property for the land bank which has greater potential for natural  
12 resource or income production or which would be more efficiently  
13 managed by the department; and

14 (4) If a department lessee owns and resides in a house located on  
15 land that has been exchanged into and is held in the land bank, sell  
16 the land directly to the lessee for the appraised fair market value  
17 of the land and use the proceeds of the sale as provided in  
18 subsection (3) of this section. If the lessee does not purchase the  
19 land for the appraised fair market value, the department shall sell  
20 the land as provided under subsection (3) of this section.

21 **Sec. 11.** RCW 79.11.340 and 2003 c 334 s 399 are each amended to  
22 read as follows:

23 (1) Except as provided in RCW 79.10.030(2), the department shall  
24 manage and control all lands acquired by the state by escheat, deed  
25 of sale, gift, devise, or under RCW 79.19.010 through 79.19.110,  
26 except such lands that are conveyed or devised to the state for a  
27 particular purpose.

28 (2) (~~When~~) Except as provided in RCW 79.19.030(4), when the  
29 department determines to sell the lands, they (~~shall~~) may initially  
30 be offered for sale either at public auction or direct (~~sale~~)  
31 transfer to public agencies as provided in this chapter.

32 (3) (~~If the lands are not sold at public auction, the~~) The  
33 department may, with approval of the board, market the lands through  
34 persons licensed under chapter 18.85 RCW or through other  
35 commercially feasible means at a price not lower than the land's  
36 appraised value.

37 (4) Necessary marketing costs may be paid from the sale proceeds.  
38 For the purpose of this subsection, necessary marketing costs include

1 reasonable costs associated with advertising the property and paying  
2 commissions.

3 (5) Proceeds of the sale shall be deposited into the appropriate  
4 fund in the state treasury unless the grantor in any deed or the  
5 testator in case of a devise specifies that the proceeds of the sale  
6 be devoted to a particular purpose.

7 **Sec. 12.** RCW 79.22.140 and 2012 c 166 s 3 are each amended to  
8 read as follows:

9 (1) The board may create a state forestland pool, to be managed  
10 in accordance with this section, if the board determines that  
11 creation of a land pool is in the best interest of the state or  
12 affected trust, based on an analysis prepared by the department under  
13 RCW 79.22.150. (~~The land pool may not contain more than ten thousand~~  
14 ~~acres of state forestland at any one time.~~)

15 (2) A county is eligible to participate in a land pool if the  
16 board determines it(~~÷~~

17 ~~(a) Has a population of twenty-five thousand or less; and~~

18 ~~(b) Has~~) has existing state forestlands encumbered with timber  
19 harvest deferrals, associated with wildlife species listed under the  
20 federal endangered species act, more than (~~thirty~~) 30 years in  
21 length.

22 (3) All lands in the land pool are state forestlands and must be  
23 managed in the same manner and with the same responsibilities as  
24 other state forestlands. Proceeds from the state forestland pool  
25 must, except as provided in RCW 79.64.110, be distributed under RCW  
26 79.22.010 and 79.22.040.

27 (4)(a) A county may participate in the land pool only if it is  
28 eligible, as determined under subsection (2) of this section, and the  
29 board receives a written request to do so by the legislative  
30 authority of that county.

31 (b) The board shall end any further participation of a county in  
32 the land pool if it receives a written request to do so by the  
33 legislative authority of that county. If the board receives such a  
34 request, that county's interest in the land pool as a beneficiary  
35 remains, but no new contributions of asset value may be made to the  
36 land pool on behalf of the county and no new lands may be purchased  
37 in that county for the land pool.

1 (5) (a) If a land pool is created by the board, the department and  
2 the participating counties must develop a funding strategy for  
3 acquiring land to include in the land pool.

4 (b) The department and participating counties may pursue funding  
5 for the transfer of state forestland encumbered by long-term  
6 wildlife-related harvest deferrals within the participating counties  
7 into status as a natural area preserve under chapter 79.70 RCW or a  
8 natural resources conservation area under chapter 79.71 RCW, and use  
9 the value of the transferred land to acquire working forestlands to  
10 include in the land pool.

11 (c) The department and participating counties may pursue other  
12 land acquisition funding strategies.

13 (6) The department may acquire replacement state forestland  
14 located outside of counties participating in a state forestland pool  
15 when the department has transferred some or all of the encumbered  
16 state forestlands of the counties to natural area status under  
17 chapter 79.70 or 79.71 RCW.

18 (a) Counties participating in a state forestland pool that desire  
19 to have the department acquire replacement lands in a designated  
20 county not included in the state forestland pool shall provide the  
21 department an agreement entered with the designated county that meets  
22 the following requirements:

23 (i) The designated county shall not object to forest practices  
24 undertaken on the replacement state forestland in conformity with all  
25 applicable laws and rules;

26 (ii) The counties participating in the state forestland pool  
27 acknowledge that they shall pass through the payment in lieu of taxes  
28 to which they are entitled, under RCW 79.70.130 or 79.71.130, to the  
29 designated county in which replacement lands are purchased, on an  
30 acre for acre basis;

31 (iii) If the designated county desires to terminate the  
32 agreement, the designated county shall be required to pay the  
33 department the fair market value of the replacement forestlands,  
34 including the value of valuable materials attached to the lands, at  
35 the time of termination based on an appraisal accepted by the  
36 department and approved by the board; and

37 (iv) The board of county commissioners for the designated county  
38 and each county participating in the state forestland pool approves  
39 the agreement in the manner provided by RCW 42.30.060.

1 (b) When the department receives an agreement meeting the  
2 requirements of (a) of this subsection, the department shall make  
3 reasonable efforts to acquire working forestlands within the  
4 designated county to include in the state forestland pool.

5 (c) The counties participating in the state forestland pool shall  
6 pass through the payment in lieu of taxes to which they are entitled  
7 under RCW 79.70.130 or 79.71.130, based on the encumbered state  
8 forestlands within their counties transferred to natural area status,  
9 to the designated county in which the replacement state forestlands  
10 are located, on an acre for acre basis.

11 (d) Whenever the board of county commissioners of the county in  
12 which the replacement state forestlands are located determines to  
13 terminate the agreement described in (a) of this subsection, the  
14 board of county commissioners shall notify the department and the  
15 counties participating in the state forestland pool. The department  
16 shall transfer the replacement state forestlands to the county upon  
17 receipt of the fair market value of the lands, including the value of  
18 valuable materials attached to the lands, as determined by appraisal  
19 and approved by the board. The proceeds shall be placed in the  
20 parkland trust revolving fund and be solely used by the department to  
21 buy replacement land within the counties participating in the subject  
22 state forestland pool or another county with which the participating  
23 counties have entered an agreement under (a) of this subsection.

24 (e) The authority provided by this subsection to acquire  
25 replacement state forestlands located outside of the counties  
26 participating in a state forestland pool does not preclude the  
27 department from acquiring replacement lands within the counties  
28 participating in the state forestland pool as necessary to fully  
29 replace the encumbered state forestlands transferred under RCW  
30 79.22.060(1)(b).

31 **Sec. 13.** RCW 79.19.050 and 2003 c 334 s 529 are each amended to  
32 read as follows:

33 ~~((The legislature may authorize appropriation of funds from the~~  
34 ~~forest development account or the resource management cost account~~  
35 ~~for the purposes of this chapter.)) Income from the sale ((or~~  
36 ~~management)) of property in the land bank shall be ((returned as a~~  
37 ~~recovered expense to the forest development account or the resource~~  
38 ~~management cost account)) deposited in the land bank account created~~



1 in section 14 of this act and may be used to acquire property under  
2 RCW 79.19.020.

3 NEW SECTION. **Sec. 14.** A new section is added to chapter 79.19  
4 RCW to read as follows:

5 The land bank account is created in the state treasury. To this  
6 account shall be deposited such funds as the legislature directs or  
7 appropriates. Expenditures from this account may be used only to  
8 acquire property under RCW 79.19.020. Expenditures from this account  
9 may be made only after appropriation.

10 NEW SECTION. **Sec. 15.** Sections 2 and 3 of this act are each  
11 added to chapter 79.17 RCW and codified with the subchapter heading  
12 "part 4, trust land transfer program."

Passed by the House April 17, 2023.

Passed by the Senate April 8, 2023.

Approved by the Governor May 9, 2023.

Filed in Office of Secretary of State May 10, 2023.

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