

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1460 HB	<b>Title:</b> DNR land
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## Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Department of Natural Resources	Non-zero but indeterminate cost and/or savings. Please see discussion.								
<b>Total \$</b>	0	0	0	0	0	0	0	0	0

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Local Gov. Total						

## Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
State Parks and Recreation Commission	.0	0	0	7,000	.0	0	0	7,000	.0	0	0	7,000
Department of Fish and Wildlife	.1	17,000	17,000	17,000	.1	17,000	17,000	17,000	.1	17,000	17,000	17,000
Department of Natural Resources	2.6	589,400	589,400	589,400	2.6	570,200	570,200	570,200	2.6	570,200	570,200	570,200
<b>Total \$</b>	<b>2.7</b>	<b>606,400</b>	<b>606,400</b>	<b>613,400</b>	<b>2.7</b>	<b>587,200</b>	<b>587,200</b>	<b>594,200</b>	<b>2.7</b>	<b>587,200</b>	<b>587,200</b>	<b>594,200</b>

## Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
State Parks and Recreation Commission	.0	0	0	.0	0	0	.0	0	0
Department of Fish and Wildlife	.0	0	0	.0	0	0	.0	0	0
Department of Natural Resources	Non-zero but indeterminate cost and/or savings. Please see discussion.								
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

# Estimated Capital Budget Breakout

Department of Natural Resources	Non-zero but indeterminate cost and/or savings. Please see discussion.
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<b>Prepared by:</b> Lisa Borkowski, OFM	<b>Phone:</b> (360) 742-2239	<b>Date Published:</b> Final 2/ 8/2023
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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1460 HB	<b>Title:</b> DNR land	<b>Agency:</b> 465-State Parks and Recreation Commission
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	0.0	0.0	0.0	0.0
<b>Account</b>					
Parks Renewal and Stewardship Account-State 269-1	3,500	3,500	7,000	7,000	7,000
<b>Total \$</b>	3,500	3,500	7,000	7,000	7,000

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: John Wilson-Tepeli	Phone: 360-786-7115	Date: 01/31/2023
Agency Preparation: Nikki Fields	Phone: (360) 902-8658	Date: 02/01/2023
Agency Approval: Van Church	Phone: (360) 902-8542	Date: 02/01/2023
OFM Review: Matthew Hunter	Phone: (360) 529-7078	Date: 02/01/2023

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

House Bill 1460 authorizes the Department of Natural Resources to create and manage a Trust Land Transfer Program.

Sections (2) & (3) The Department of Natural Resources (DNR) would implement the new Trust Land Transfer program beginning in July 2023 and would transfer prioritized properties funded by the legislature to receiving agencies through the 2023-2025 biennium.

State Parks would likely be involved in the advisory committee, which requires review of application submissions and scoring based on criteria developed by DNR. Additional staff time would be required to attend meetings, scoring and assessment of properties.

The agency assumes any trust lands transferred to State Parks for public use would substantially increase fiscal impact including additional FTE(s) and resources to develop, manage, operate, and maintain those lands.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

None.

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

State Parks assumes additional costs to attend two full-day meetings each biennium to hear presentations by applicants, 10 hours to score parcels, and a 2-hour follow-up meeting to present the finalized list and discuss. The agency assumes committee members would spend a total of 30-40 hours assessing and scoring the properties for DNR's submission to the Board of Natural Resources and legislature for funding.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
269-1	Parks Renewal and Stewardship Account	State	3,500	3,500	7,000	7,000	7,000
<b>Total \$</b>			3,500	3,500	7,000	7,000	7,000

**III. B - Expenditures by Object Or Purpose**

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	0.0	0.0	0.0	0.0
A-Salaries and Wages	2,000	2,000	4,000	4,000	4,000
B-Employee Benefits	1,000	1,000	2,000	2,000	2,000
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel	500	500	1,000	1,000	1,000
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	<b>3,500</b>	<b>3,500</b>	<b>7,000</b>	<b>7,000</b>	<b>7,000</b>

**III. C - Operating FTE Detail:** *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
PROPERTY & ACQUISITION SPECIALIST 6		0.0	0.0	0.0	0.0	0.0
WMS 2		0.0	0.0	0.0	0.0	0.0
<b>Total FTEs</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**III. D - Expenditures By Program (optional)**

NONE

**Part IV: Capital Budget Impact**

**IV. A - Capital Budget Expenditures**

NONE

**IV. B - Expenditures by Object Or Purpose**

NONE

**IV. C - Capital Budget Breakout**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1460 HB	<b>Title:</b> DNR land	<b>Agency:</b> 477-Department of Fish and Wildlife
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.1	0.0	0.1	0.1	0.1
<b>Account</b>					
General Fund-State 001-1	17,000	0	17,000	17,000	17,000
<b>Total \$</b>	17,000	0	17,000	17,000	17,000

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: John Wilson-Tepeli	Phone: 360-786-7115	Date: 01/31/2023
Agency Preparation: Barbara Reichart	Phone: 3608190438	Date: 02/03/2023
Agency Approval: Barbara Reichart	Phone: 3608190438	Date: 02/03/2023
OFM Review: Matthew Hunter	Phone: (360) 529-7078	Date: 02/03/2023

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

Section 2 authorizes the Department of Natural Resources (DNR) to create and manage a new Trust Land Transfer (TLT) program under RCW 79.17 and RCW 79.22 which uses legislative appropriations to both acquire real property and pay for administrative costs to complete transfer of that property.

Section 3 authorizes DNR to submit proposed TLT parcels to an advisory committee that shall evaluate and prioritize nominated parcels. The advisory committee may include representatives of trust beneficiaries, public and state agencies, tribes, overburdened communities, and vulnerable populations.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

DNR assumes that WDFW will be part of the advisory committee.

The Department assumes that the committee work will require .1 FTE of a Property & Acquisition Specialist 6 beginning in fiscal year 2024 and every other year ongoing. The Property & Acquisition Specialist 6 will prioritize, evaluate, assess, and score any proposals of Trust Land Transfer (TLT) properties. The Property & Acquisition Specialist 6 will attend committee meetings, including 2 full day meetings each biennium and one 2-hour follow up meeting, and participate in any other interagency outreach required for TLT processes. Salaries and benefits will total \$12,000 per fiscal year.

Goods and services, Object E, includes \$6,000 per FTE, per year, for WDFW standard costs, which cover an average employee's supplies, communications, training, and subscription costs per year. An infrastructure and program support rate of 33.5% is included in Object T and is calculated based on WDFW's federally approved indirect rate.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	17,000	0	17,000	17,000	17,000
<b>Total \$</b>			17,000	0	17,000	17,000	17,000

**III. B - Expenditures by Object Or Purpose**

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.1		0.1	0.1	0.1
A-Salaries and Wages	9,000		9,000	9,000	9,000
B-Employee Benefits	3,000		3,000	3,000	3,000
C-Professional Service Contracts					
E-Goods and Other Services	1,000		1,000	1,000	1,000
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	4,000		4,000	4,000	4,000
9-					
<b>Total \$</b>	17,000	0	17,000	17,000	17,000

**III. C - Operating FTE Detail:** *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Property & Acquisition Specialist 6		0.1		0.1	0.1	0.1
<b>Total FTEs</b>		0.1		0.1	0.1	0.1

**III. D - Expenditures By Program (optional)**

NONE

**Part IV: Capital Budget Impact**

**IV. A - Capital Budget Expenditures**

NONE

**IV. B - Expenditures by Object Or Purpose**

NONE

**IV. C - Capital Budget Breakout**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

None

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*



# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1460 HB	<b>Title:</b> DNR land	<b>Agency:</b> 490-Department of Natural Resources
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

**Non-zero but indeterminate cost and/or savings. Please see discussion.**

### Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	2.6	2.6	2.6	2.6	2.6
<b>Account</b>					
General Fund-State 001-1	304,300	285,100	589,400	570,200	570,200
<b>Total \$</b>	304,300	285,100	589,400	570,200	570,200

### Estimated Capital Budget Impact:

**Non-zero but indeterminate cost and/or savings. Please see discussion.**

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: John Wilson-Tepeli	Phone: 360-786-7115	Date: 01/31/2023
Agency Preparation: Zoe Catron	Phone: 360-902-1121	Date: 02/02/2023
Agency Approval: Collin Ashley	Phone: 360-688-3128	Date: 02/02/2023
OFM Review: Lisa Borkowski	Phone: (360) 742-2239	Date: 02/04/2023

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

Section 2 creates a Trust Land Transfer program to transfer underperforming trust lands to other agencies, local governments, or tribes for ecological conservation, recreation, or other public purposes.

Section 3 codifies the administration of the program, including the nomination process for parcels, public and tribal engagement, a best interest of the trust analysis of each nominated parcel, ranking of parcels through an external advisory committee, and final adoption by the board of natural resources.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

Indeterminate but substantial positive revenue impacts to the trust beneficiaries and DNR's management accounts. Trust land transfer allows the transfer of non-performing assets to other government entities at fair market value and funds the purchase of assets that will generate revenue in perpetuity for beneficiaries.

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

Assumes that the Department of Natural Resources (DNR) will receive 20 applications per biennium to evaluate, perform a best interest of the trust analysis on, and will move 10 properties forward for eventual inclusion in a capital budget request. DNR also assumes that it will conduct two full-day meetings each biennium to hear presentations by applicants, 10 hours to score parcels, and a 2-hour follow-up meeting to present the finalized list and discuss. This request has been submitted as part of DNR's 2023-25 Operating Budget Request as "Policy Level - RT - Revitalizing Trust Land Transfers."

1.0 FTE of Property & Acquisition Specialist 4 (PAS4) to administer the Trust Land Transfer program including performing best interest of the trust financial analysis, engaging with tribes, other agencies, and the public, prepare reports for the Board of Natural Resources and executive management. The PAS4 would also do all work to complete land transactions including securing appraisals, title & encumbrance searches, and all work necessary to transfer properties and acquire replacement properties.

1.0 FTE of Property & Acquisition Specialist 2 (PAS2) to assist the program lead in coordinating meetings, maintaining databases, external website, track property dispositions and acquisitions, and assisting in real estate services to transfer and acquire new trust land.

- Fiscal year 24 costs include \$304,300 for 1.0 FTE of Property & Acquisition Specialist 4 and 1.0 FTE of Property & Acquisition Specialist 2 including one-time costs (\$19,200) for computers and equipment.
- Fiscal year 25 and ongoing \$285,100 per fiscal year for 1.0 FTE of Property & Acquisition Specialist 4 and 1.0 FTE of Property & Acquisition Specialist 2.

Goods and services and travel are calculated on actual program averages per person.

Administrative costs are calculated at 31% of staff salary and benefits and staff-related goods and services and travel. For fiscal note purposes, this cost is represented as a Fiscal Analyst 2 position (0.62 FTE).

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	304,300	285,100	589,400	570,200	570,200
<b>Total \$</b>			304,300	285,100	589,400	570,200	570,200

### III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	2.6	2.6	2.6	2.6	2.6
A-Salaries and Wages	140,200	140,200	280,400	280,400	280,400
B-Employee Benefits	53,000	53,000	106,000	106,000	106,000
C-Professional Service Contracts					
E-Goods and Other Services	36,000	22,000	58,000	44,000	44,000
G-Travel	6,000	6,000	12,000	12,000	12,000
J-Capital Outlays	5,200		5,200		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	63,900	63,900	127,800	127,800	127,800
9-					
<b>Total \$</b>	304,300	285,100	589,400	570,200	570,200

### III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Fiscal Analyst 2	55,872	0.6	0.6	0.6	0.6	0.6
Property & Acquisition Spec 2	63,216	1.0	1.0	1.0	1.0	1.0
Property & Acquisition Spec 4	77,028	1.0	1.0	1.0	1.0	1.0
<b>Total FTEs</b>		2.6	2.6	2.6	2.6	2.6

### III. D - Expenditures By Program (optional)

NONE

## Part IV: Capital Budget Impact

### IV. A - Capital Budget Expenditures

Non-zero but indeterminate cost and/or savings. Please see discussion.

### IV. B - Expenditures by Object Or Purpose

Non-zero but indeterminate cost and/or savings. Please see discussion.

### IV. C - Capital Budget Breakout

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

Non-zero but indeterminate cost and/or savings. Please see discussion.

### IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

DNR will make biennial requests for funding to perform the trust land transfers. DNR has submitted a prioritized list to the legislature under the Agency Capital Budget Request #40000125 – Revitalizing Trust Land Transfers. This list is comprised of 10 properties proposed for transfer and includes a request for \$25.13 million.

## **Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1460 HB

Title: DNR land

## Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

### Legislation Impacts:

- Cities:
- Counties: Counties would have indeterminate revenue impacts depending on the trust lands that are transferred out of Department of Natural Resources' trust land.
- Special Districts:
- Specific jurisdictions only:
- Variance occurs due to:

## Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs:
- Legislation provides local option: A county or counties would be able to enter into a proximate county agreement for replacement forestland, as a local option.
- Key variables cannot be estimated with certainty at this time: Revenue impacts for counties would be dependent on the parcels that are transferred out of the trust land.

### Estimated revenue impacts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

### Estimated expenditure impacts to:

None

## Part III: Preparation and Approval

Fiscal Note Analyst: Jordan Laramie	Phone: 360-725-5044	Date: 02/08/2023
Leg. Committee Contact: John Wilson-Tepeli	Phone: 360-786-7115	Date: 01/31/2023
Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 02/08/2023
OFM Review: Lisa Borkowski	Phone: (360) 742-2239	Date: 02/08/2023

## **Part IV: Analysis**

### **A. SUMMARY OF BILL**

*Description of the bill with an emphasis on how it impacts local government.*

This proposed legislation would codify the Department of Natural Resources (DNR) Trust Land Transfer program within land transfer statute. DNR is authorized to transfer lands out of trust status into the Natural Areas program, other public agencies, or tribes, and the ability to acquire productive replacement lands to improve the revenue-generating performance of the state lands and state forestlands it manages.

Sec. 4 would amend 79.17.020 RCW

The governing body of a county or city would have the authority to exchange state forestland for the purposes of obtaining land with greater natural resource or income-generating potential when it is in the best interest of the state or affected trust.

Sec. 5 would amend 79.17.210 RCW

Amends the Natural Resources Real Property Replacement account such that the account must consist of funds including the value of land, timber, other valuable materials, and improvements owned by the state.

Sec. 6 would amend 79.22.060

Would amend DNR's authority to directly transfer or dispose of property with approval of the Natural Resources Board, such that, the transfers are in lieu of condemnation or to resolve trespass and property ownership disputes for lands of less than 10 contiguous acres or less than \$25,000; or to public agencies, including local governments. If the transfer or disposition of property to public agencies includes valuable materials attached to the lands, the lands must be appraised at fair market value without consideration of management or regulatory impediments that would be associated with wildlife species listed under the Federal Endangered Species Act.

Proceeds from the real property transferred or disposed of must be deposited into the Parkland Trust Revolving Account and be solely used to replace forestland for the benefit of the county from which the property was transferred or disposed, and cost incurred during the transfer by DNR. The legislative authority of the county may submit a written request that DNR distribute a portion of the proceeds associated with valuable materials from the transferred or disposed lands. If approved by the Natural Resources Board, the requested percentage of proceeds associated with the valuable materials must be distributed as per RCW 79.64.110.

Sec. 7 would amend 43.30.385 RCW

Subject to the proceeds for valuable mineral amendment in Sec. 6(3), proceeds from real property transferred or disposed of must be used solely to purchase replacement forestland, that must be actively managed as a working forest, for the benefit of the county from which the property was transfer.

Sec. 8 would amend 79.64.110 RCW

Any balance remaining from the lease of state forestlands, or the sale of valuable materials, oils, gases, coal, minerals, or fossils must be paid to the county in which the land is located or, if the land acquired was exchanged, transferred, or disposed, the payment must be made to the county from which the land was exchanged, transferred, or disposed.

Sec. 12 would amend 79.22.140

Would establish conditions of proximate county agreement for replacement forestland.

#### **BACKGROUND:**

The Trust Land Transfer (TLT) program was established by the Washington State Legislature in 1989 and is an additional tool that allows DNR to retain special lands in public ownership while sustaining and improving potential future economic returns for trust beneficiaries. – DNR Trust-Land Transfer program

Under the trust-land transfer program, DNR uses state funding to “buy” trust land from itself. A portion of the funds

generated from the purchase are used to buy revenue-generating land elsewhere. But the bulk of the Legislature’s funds are used for school construction, just as the timber revenue would have done. The trust land is then protected by DNR or other government agencies. It’s a rare feat when the Legislature can fund schools and protect the environment without resorting to budget tricks. - Seattle Times “We can’t remain the Evergreen State without trust-land transfers” (2020)

## **B. SUMMARY OF EXPENDITURE IMPACTS**

*Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.*

There is no anticipated expenditure impact for local governments associated with this bill.

This bill would increase the capacity of counties to receive trust lands from DNR through transfer or disposition, such as in Sec. 6(1)(b), and allows for distribution of proceeds associated with valuable materials for a county that transferred or disposed of real property in Sec. 6(3).

A county or counties would be able to enter into a proximate county agreement for replacement forestland, as a local option. There would be no fiscal impact for this option, should a county take no action.

## **C. SUMMARY OF REVENUE IMPACTS**

*Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.*

The revenue impact is indeterminate as there may be decreased revenue depending on the parcels that are transferred into and out of the Trust Land Transfer program.

The revenue impact of transferred lands within the Trust Land Transfer program would vary based on the selected parcels on a biennial basis. If the parcel transferred out of the program would produce imminent revenue within the near-term of the transfer, there may be lost revenue for counties. This impact would be entirely dependent on the parcels selected for transfer. Some parcels annually, and others produce revenue only intermittently, sometimes on very long-term cycles (like forestlands).

The short-term losses from parcels that are transferred before they generate profit for the trust may take time to recover. Revenue loss for counties would depend on the land that was transferred into the trust, which would generate returns annually or intermittently by an indeterminate amount.

Overall, the state's trust land is structured to create benefit for trustees over the long-term. One of the primary reasons for transferring the lands is that it is in the trust’s best interest to transfer them and replace them with other lands. In many cases, the transfer would be in the best interest of the trust because it wasn’t producing any or enough revenue compared to what other lands could produce.

### **SOURCES:**

Department of Natural Resources

Department of Natural Resources, Land-Trust Transfer Program Report (2019-2021)

Department of Natural Resources, Revitalizing the Land-Trust Transfer Program (2022)

Seattle Times “We can’t remain the Evergreen State without trust-land transfers” (2020)

Washington State Association of Counties