

(10) Section 104, chapter 21, Laws of 1982 1st ex. sess. and RCW 79-.94.190; and

(11) Section 105, chapter 21, Laws of 1982 1st ex. sess. and RCW 79.94.200.

NEW SECTION. Sec. 31. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. Sec. 32. This act shall take effect on October 1, 1984.

Passed the House March 8, 1984.

Passed the Senate March 8, 1984.

Approved by the Governor March 27, 1984.

Filed in Office of Secretary of State March 27, 1984.

## CHAPTER 222

[Second Substitute House Bill No. 181]

### PUBLIC LANDS—FORESTS—MANAGEMENT

AN ACT Relating to management of public lands; amending section 1, chapter 109, Laws of 1977 ex. sess. and RCW 79.66.010; amending section 2, chapter 109, Laws of 1977 ex. sess. and RCW 79.66.020; amending section 3, chapter 109, Laws of 1977 ex. sess. and RCW 79-.66.030; amending section 4, chapter 109, Laws of 1977 ex. sess. and RCW 79.66.040; amending section 5, chapter 109, Laws of 1977 ex. sess. and RCW 79.66.050; amending section 54, chapter 255, Laws of 1927 as last amended by section 159, chapter 21, Laws of 1982 1st ex. sess. and RCW 79.01.216; amending section 10, chapter 109, Laws of 1979 ex. sess. and RCW 79.01.242; amending section 154, chapter 255, Laws of 1927 and RCW 79.01.612; adding new sections to chapter 79.66 RCW; providing an effective date; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. Section 1, chapter 109, Laws of 1977 ex. sess. and RCW 79-.66.010 are each amended to read as follows:

The legislature finds that from time to time it may be desirable for the department of natural resources to sell state lands which have low potential for natural resource management or low income-generating potential or which, because of geographic location or other factors, are inefficient for the department to manage. However, it is also important to acquire lands for long-term management to replace those sold so that the publicly owned land base will not be depleted and the publicly owned forest land base will not be reduced. The purpose of this chapter is to provide a means to facilitate such sales and purchases so that the diversity of public uses on the trust lands will be maintained. In making the determinations, the department shall comply with local land use plans and applicable growth management principles.

Sec. 2. Section 2, chapter 109, Laws of 1977 ex. sess. and RCW 79-.66.020 are each amended to read as follows:

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

Sec. 3. Section 3, chapter 109, Laws of 1977 ex. sess. and RCW 79-.66.030 are each amended to read as follows:

The department of natural resources, with the approval of the board of natural resources, ~~((is authorized to))~~ may:

(1) Exchange property held in the ~~((resource management))~~ land bank for any other public lands of equal value administered by the department of natural resources, including any lands held in trust.

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

(3) Sell property held in the ~~((resource management))~~ land bank in the manner provided by law for the sale of state lands without any requirement of platting and to use the proceeds to acquire property for the land bank which has greater potential for natural resource or income production ~~((potential))~~ or which would be more ~~((easily))~~ efficiently managed by the department.

Sec. 4. Section 4, chapter 109, Laws of 1977 ex. sess. and RCW 79-.66.040 are each amended to read as follows:

The department of natural resources may manage the property held in the ~~((resource management))~~ land bank ~~((in the same manner as state granted lands))~~ as provided in RCW 79.01.612: PROVIDED, That such properties or interest in such properties shall not be withdrawn, exchanged, transferred, or sold without first obtaining payment of the fair market value of the property or interest therein or obtaining property of equal value in exchange.

Sec. 5. Section 5, chapter 109, Laws of 1977 ex. sess. and RCW 79-.66.050 are each amended to read as follows:

The legislature may authorize appropriation of funds from the forest development account ~~((in the general fund))~~ or the resource management cost account for the purposes of this chapter. Income from the sale or management of property in the ~~((resource management))~~ land bank shall be returned as a recovered expense to the forest development account or the

resource management cost account and may be used to acquire property under RCW 79.66.020.

NEW SECTION. Sec. 6. The department of natural resources shall be reimbursed for actual costs and expenses incurred in managing and administering the land bank program under this chapter from the forest development account or the resource management cost account in an amount not to exceed the limits provided in RCW 79.64.040. Reimbursement from proceeds of sales shall be limited to marketing costs provided in RCW 79.01.612.

NEW SECTION. Sec. 7. (1) There is created a land bank technical advisory committee, consisting of three members. Membership shall consist of: One member qualified by experience and training in matters pertaining to land use planning and real estate appointed by the commissioner of public lands, one member qualified by experience and training in public trust matters appointed by the superintendent of public instruction, and one member qualified by experience and training in financial matters appointed by the state treasurer.

(2) The technical advisory committee shall provide professional advice and counsel to the board of natural resources regarding land bank sales, purchases, and exchanges involving urban property.

(3) Members of the technical advisory committee shall be appointed for five-year terms and shall serve until a successor is appointed. In the case of a vacancy the vacancy shall be filled by the appointing authority. The initial term of the appointee of the commissioner shall expire in three years. The initial term of the appointee of the superintendent shall expire in four years. The initial term of the appointee of the treasurer shall expire in five years. All terms expire December 31.

(4) Members of the technical advisory committee shall be reimbursed for travel expenses incurred in the performance of their duties under RCW 43.03.050 and 43.03.060.

NEW SECTION. Sec. 8. Periodically, at intervals to be determined by the board of natural resources, the department of natural resources shall identify trust lands which are expected to convert to commercial, residential, or industrial uses within ten years. The department shall adhere to existing local comprehensive plans, zoning classifications, and duly adopted local policies when making this identification and determining the fair market value of the property.

The department shall hold a public hearing on the proposal in the county where the state land is located. At least fifteen days but not more than thirty days before the hearing, the department shall publish a public notice of reasonable size in display advertising form, setting forth the date, time, and place of the hearing, at least once in one or more daily newspapers of general circulation in the county and at least once in one or more

weekly newspapers circulated in the area where the trust land is located. At the same time that the published notice is given, the department shall give written notice of the hearings to the departments of fisheries, game, parks and recreation, and general administration, and to the county, city, or town in which the property is situated. The department shall disseminate a news release pertaining to the hearing among printed and electronic media in the area where the trust land is located. The public notice and news release also shall identify trust lands in the area which are expected to convert to commercial, residential, or industrial uses within ten years.

A summary of the testimony presented at the hearings shall be prepared for the board's consideration. The board of natural resources shall designate trust lands which are expected to convert to commercial, residential, or industrial uses as urban land. Descriptions of lands designated by the board shall be made available to the county and city or town in which the land is situated and for public inspection and copying at the department's administrative office in Olympia, Washington and at each area office.

The hearing and notice requirements of this section apply to those trust lands which have been identified by the department prior to the effective date of this act as being expected to convert to commercial, residential, or industrial uses within the next ten years, and which have not been sold or exchanged prior to the effective date of this act.

NEW SECTION. Sec. 9. If the department of natural resources determines to exchange urban land for land bank land, the county, city, or town in which the land is situated, and state agencies, shall be notified in writing of the determination. The county, city, town, or state agency has sixty days from the date of notice by the department to submit an application to purchase the land and shall be afforded an opportunity of up to one year, as determined by the board of natural resources, to purchase the land from the land bank at fair market value. The board of natural resources, if it deems it in the best interest of the state, may extend the period under terms and conditions as the board determines. If competing applications are received from governmental entities, the board shall select the application which results in the highest monetary value.

NEW SECTION. Sec. 10. Lands purchased by the department of natural resources for commercial, industrial, or residential use shall be subject to payment of in-lieu of real property tax for the period in which they are held in the land bank. The in-lieu payment shall be equal to the property taxes which would otherwise be paid if the land remained subject to the tax. Payment shall be made at the end of the calendar year to the county in which the land is located. If a parcel is not held in the land bank for the entire year, the in-lieu payment shall be reduced proportionately to reflect only that period of time in which the land was held in the land bank. The

county treasurer shall distribute the in-lieu payments proportionately in accordance with RCW 84.56.230 as though such moneys were receipts from ad valorem property taxes.

Sec. 11. Section 54, chapter 255, Laws of 1927 as last amended by section 159, chapter 21, Laws of 1982 1st ex. sess. and RCW 79.01.216 are each amended to read as follows:

All state lands shall be sold on ~~((the following terms: One-tenth to be paid on the date of sale and one-tenth to be paid one year from the date of the issuance of the contract of sale, and one-tenth annually thereafter until the full purchase price has been paid, but any purchaser may make full payment at any time))~~ terms and conditions established by the board of natural resources in light of market conditions. Sales by real estate contract or for cash may be authorized. All deferred payments shall draw interest at such rate as may be fixed, from time to time, by rule adopted by the board of natural resources, and the rate of interest, as so fixed at the date of each sale, shall be stated in all advertising for and notice of ~~((said))~~ sale and in the contract of sale. ~~((The first installment of interest shall become due and payable one year after the date of the contract of sale and thereafter all interest shall become due and payable annually on said date, and))~~ All remittances for payment of either principal or interest shall be forwarded to the ((commissioner of public lands)) department of natural resources.

Sec. 12. Section 10, chapter 109, Laws of 1979 ex. sess. and RCW 79.01.242 are each amended to read as follows:

(1) Subject to other provisions of this chapter and subject to ~~((regulations promulgated))~~ rules adopted by the board of natural resources, the department may lease state lands for ~~((such purpose or))~~ purposes ~~((as))~~ it deems advisable, including, but not limited to, commercial, industrial, residential, agricultural, and recreational purposes in order to obtain a fair market rental return to the state or the appropriate constitutional or statutory trust. Every lease issued by the department, shall contain: (a) The specific use or uses to which the land is to be employed; (b) the improvements required: PROVIDED, That a minimum reasonable time ~~((be))~~ is allowed for the completion of the improvements; (c) the rent ~~((as established shall be))~~ is payable in advance in quarterly, semiannual, or annual payments, as determined by the department or as agreed upon by the lessee and the department of natural resources; (d) ~~((such))~~ other terms and conditions as the department deems advisable, subject to review by the board of natural resources, to more nearly effectuate the purposes of the state Constitution and of this chapter.

(2) The department may authorize the use of state land by lease at state auction for initial leases or by negotiation for existing leases. Notice of intent to lease by negotiation shall be published in at least two newspapers

of general circulation in the area in which the land which is to be the subject of negotiation is located within the ~~((thirty))~~ ninety days immediately preceding commencement of negotiations.

(3) Leases which authorize commercial, industrial, or residential uses on state lands may be entered into by negotiation. Negotiations shall be subject to rules of the board of natural resources. At the option of the department, these leases may be placed for bid at public auction.

(4) Any person, firm or corporation desiring to lease any state lands for any purpose not prohibited by law, may make application to the department, describing the lands sought to be leased on forms to be provided by the department.

~~((4))~~ (5) Notwithstanding any provision in this chapter to the contrary, in leases for residential purposes, the board of natural resources may waive or modify any conditions of the lease if the waiver or modification is necessary to enable any federal agency or lending institution authorized to do business in this state or elsewhere in the United States to participate in any loan secured by a security interest in a leasehold interest.

~~((5))~~ (6) Upon expiration of the lease term, if the leased land is not otherwise utilized, the department may allow the lessee to continue to hold the land for a period not exceeding one year upon such rent, terms, and conditions as the department may prescribe. Upon the expiration of the one year extension, if the department has not yet ~~((decided upon))~~ determined the disposition of the land for other purposes, the department may issue a temporary permit to the lessee upon ~~((such))~~ terms and conditions ~~((as))~~ it ~~((may))~~ prescribes. The temporary permit ~~((if issued,))~~ may not extend beyond a five year period.

Sec. 13. Section 154, chapter 255, Laws of 1927 and RCW 79.01.612 are each amended to read as follows:

The ~~((commissioner of public lands shall have the power and it shall be his duty to))~~ department of natural resources shall manage and control all lands acquired by the state by escheat or ~~((operation of law))~~ under chapter 79.66 RCW and all lands acquired by the state by deed of sale or gift or by devise, except such lands ~~((as))~~ which are conveyed or devised to the state to be used for a particular purpose ~~((and he))~~. The department shall ~~((cause such lands to be inspected, appraised, managed, leased or sold))~~ lease the lands in the same manner as ~~((is prescribed in this chapter for the sale or lease of state lands, other than capitol building lands, and))~~ school lands. When the department determines to sell the lands, they shall be initially offered for sale at public auction as provided in this chapter. If the lands are not sold at public auction, the department may, with approval of the board of natural resources, market the lands through persons licensed under chapter 18.85 RCW or through other commercially feasible means at a price not lower than the land's appraised value and pay necessary marketing costs from the sale proceeds. Necessary marketing costs includes reasonable

costs associated with advertising the property and paying commissions. The proceeds of the lease or sale of all such lands shall be ~~((covered))~~ deposited into the ~~((common school))~~ appropriate fund in the state treasury in the manner prescribed by law: PROVIDED, That if the grantor in any such deed or the testator in case of a devise ~~((shall specify))~~ specifies that the proceeds of the sale or lease of such lands ~~((shall))~~ be devoted to a particular purpose such proceeds shall be so applied~~((: AND PROVIDED FURTHER, That))~~. The ~~((commissioner of public lands is authorized to))~~ department may employ ~~((an agent or))~~ agents to rent any ~~((improved))~~ escheated, deeded, or devised ~~((urban property))~~ lands, or lands acquired under chapter 79.66 RCW, for such rental and time and in such manner as the ~~((commissioner may))~~ department directs, but ~~((no such))~~ the property shall not be rented by such agent for a longer period than one year and no ~~((such))~~ tenant ~~((shall be))~~ is entitled to compensation for any improvement which he ~~((shall))~~ makes on such property. ~~((Such))~~ The agent ~~((or agents))~~ shall cause ~~((such))~~ repairs to be made to ~~((such))~~ the property as the ~~((commissioner of public lands may))~~ department directs, and shall deduct the cost thereof, together with such compensation and commission as the ~~((commissioner shall))~~ department authorizes, from the rentals of such property and the remainder which ~~((shall have been))~~ is collected shall be transmitted monthly to the ~~((commissioner of public lands))~~ department of natural resources.

NEW SECTION. Sec. 14. Sections 6 through 10 of this act are each added to chapter 79.66 RCW.

NEW SECTION. Sec. 15. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. Sec. 16. This act is necessary for the immediate preservation of the public peace, health, and safety, the support of the state government and its existing public institutions, and shall take effect July 1, 1984.

Passed the House March 8, 1984.

Passed the Senate March 8, 1984.

Approved by the Governor March 27, 1984.

Filed in Office of Secretary of State March 27, 1984.