Trust Land Transfer Provisos Phase 2 Work Group Meeting 3.1

Potential Impacts of State Forestland TLTs on Taxing Districts: Options and Brainstorming

Wednesday, March 23, 2022  |  1:00 to 3:00 pm
Agenda

• Today’s Purpose
• Assumptions
• Options and Brainstorming
• Meeting 4.0: What to Expect
Today’s Purpose

• Explore ideas for addressing the potential impacts of State Forestland trust land transfers on county taxing districts.
  o May develop a “tool box” of solutions that counties can use according to their needs
• Per the Phase 1 work group, opening the TLT tool to include State Forestlands is dependent on finding these solutions.
Assumptions

- A State Forestland parcel has been proposed for a trust land transfer.
- DNR has the authority to transfer State Forestlands (requires statutory change).
- DNR has performed an analysis and determined the transfer is in the best interests of the trusts.
  - The proposed transfer is non-performing or underperforming. It is not generating revenue or generating less revenue than expected, and may not provide jobs or forest excise tax.
- DNR is committed to identifying solutions to minimize or mitigate any short- and long-term impacts to county taxing districts, if any, from the transfer.
What if no Solution is Found?

• **Retain these lands.** The state trust lands portfolio will continue to include lands that are not producing revenue or producing less revenue than expected.

• **Transfer lands through TLT using an inter-trust exchange.** Can be complicated and expensive, and options depend on amount of Common School Trust land available to exchange; may still impact county taxing districts.

• **Transfer lands to the county using re-conveyance.** Lands must be used as a park; trusts do not receive compensation.
Option 1

When a replacement parcel is located in a different tax area code than the parcel being transferred, counties could have the flexibility to assign the replacement parcel to the *affected* taxing district.
Option 1

Transfered parcel

Tax district A

Tax district B

Tax district D

Tax district C

Revenue

Replacement parcel

Tax district E

Tax district F
Option 2

Consolidate all the revenue collected from State Forest Lands associated with taxing districts, and distribute revenue equitably to taxing districts based on acres, relative value, or other metrics.
Option 2

Transferred parcel

Tax district A

Tax district C

Tax district D

Tax district B

Revenue Pool

Distribution

Revenue

Replacement parcel

Tax district E

Tax district F
The Legislature approved payment in lieu of taxes (PILT) for DNR-managed natural areas and community forest trust lands in 2005 and 2013, respectively. PILT can be expanded to also cover lands that are transferred to other state agencies.
State Forestland Pool. As authorized by RCW 79.22.140 where land can be replaced anywhere and future revenue is credited to its former taxing district according to percent of contribution. Currently only available for counties with population less than 25,000 with lands encumbered by endangered species.
Option 4

County 1

Transferred parcel

Tax districts

County 2

Replacement parcel

Revenue

Distribution

Revenue

Revenue Pool

County 3

Transferred parcel

Tax districts

County 4

Replacement parcel
Brainstorm More Options
Meeting 4.0: What to Expect

- Review and vote on the advisory committee membership and prioritization criteria
- Presentation on the next two topics:
  o Best interests of the trusts criteria
  o Tracking and reporting
See you on April 13th!