Trust Land Transfer

Statutory Changes

Phase 2 Work Group
Meeting 5.0
May 11, 2022  |  10:00 am – 12:00 pm
Agenda

• Trust Land Transfer and Transactions Tools Review
• Intent of the Trust Land Transfer
  • Intent of reinvesting in land portfolio
  • Open to all trusts
  • Open to all land use types
  • Funding for administrative costs
  • Taxing district impact mitigation tools
• Summary of Statutory Changes

Focus Group
Figure 1. How the current TLT tool works

TRUST LAND TRANSFER

Legislative funds:
- Provide revenue for school construction,
- Acquire special properties for public benefit.

Property ownership is transferred to:
- DNR (NRCA/NAP)
- State Parks
- WDFW
- Counties/Cities
- Tribes

80% The timber value is used directly to fund school construction.

20% The bare-land value goes toward buying replacement lands. Future revenue from replacement lands also funds school construction.

Common School Construction Account
Land Transactions

Disposals
- Direct Transfer
- Reconveyance
- Public Auction
- Trust Land Transfer

Acquisitions
- Purchase

Exchanges
- DNR & another land owner
- Within DNR
  - Inter-Trust:
    - Trust A ↔ Trust B*
  - Trust ↔ Non-Trust*

State Forestland Replacement Program
Land Bank

Review from Phase I
The Land Bank
RCW 79.19

What is the Land Bank used for?
Holding area for desirable properties waiting to become trust land and former trust lands waiting to be sold

To whom can the land be sold?
Anyone – public auction

Why?
• Acquire properties with better income potential
• Dispose of low income properties

Constraints:
• Must acquire property first
• Total Land Bank acreage not to exceed 1,500 acres
• Exchanges must be of equal value
• Must be sold for at least for fair market value

What is the income from public auction used for?
To purchase additional Land Bank Properties

Review from Phase I
How does the Land Bank work?

1. Purchase property to hold in Land Bank

A

Non-trust land

B

Trust land

3. Exchange trust land designation within Land Bank

A

Trust Land

(New property becomes Trust Land)

B

Non-trust land

2. Identify existing Trust Land to sell and put it into the Land Bank

A

Non-trust land

B

Trust land

4. Dispose of former Trust Land at Public Auction

Review from Phase I
Intent for the NEW Trust Land Transfer Tool

1. Enhance revenue generating ability of trust lands
2. Place lands with ecological and social significant in appropriate public ownership
3. Conserve public lands as public lands
4. Open and transparent process to select and rank potential properties
Legislative Report - Review of changes
Create a NEW Land Bank Account in the Treasury
Maximum allowable balance of $100M

Legislative appropriation will be reinvested in state trust land portfolio

- Land replacement value to the Real Property Replacement Account
  *(Bare land value and ‘average improvements’ on the land of previous acquisitions)*

- Funds in excess of land replacement value -> new Land Bank Account
New tool open to all trust designations

Open to any land use type

Eliminates timber-to-land-value ratio

Legislative appropriation request to include funds to cover staff time and other administrative expenses

Covered in next presentation
Potential mitigation for taxing district impacts
How the NEW TLT tool works

Legislative Funds:
- Provide funds for replacement trust properties
- Acquire special properties for public benefit

Property ownership is transferred to:
- DNR (NAP/NRCA)
- WDFW
- Parks
- Counties/Cities
- Tribes

Land Bank Account:
Funds in excess go towards buying replacement lands and allow for other lands to be transacted to benefit the trusts

Real Property Replacement Account:
Bare-land value and ‘average improvement value’ go towards buying replacement lands

Money generated from replacement lands go to school construction and local services
1. Enhance revenue generating ability of trust lands
2. Place lands with ecological and social significant in appropriate public ownership
3. Conserve public lands as public lands
4. Open and transparent process to select and rank potential properties
Will the new TLT tool work for all trust lands?

**NEW TLT Tool**

<table>
<thead>
<tr>
<th>Legislative Appropriation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Property Replacement Account</td>
</tr>
<tr>
<td>Land Bank Account</td>
</tr>
</tbody>
</table>

Direct transfer of lands to public agency

**Federally Granted Lands**

☑️ YES

**State Forest Lands**

☒ NO

Under current authorities, **RCW 79.22.060** limits the direct transfer

**RCW 79.17.200** provides authority to do direct transfers
DNR may directly transfer or dispose of State Forestland without public auction, if the lands:

• Consist of ten contiguous acres or less
• Have a value of $25,000 or less, or
• Are located in a county with 25,000 or less population and are encumbered with timber harvest deferrals associated with the ESA greater than 30 years

Disposal may only occur:

• Transfers in lieu of condemnation
• Transfers to resolve trespass or property ownership disputes
• Counties with less than 25,000 population, transfer to public agency
• Proceeds deposited into Parkland Trust Revolving Fund
What about the distribution of the Legislative Appropriation?

NEW TLT Tool

Legislative Appropriation

Real Property Replacement Account

Land Bank Account

Direct transfer of lands to public agency

What is needed:

• A Land Bank Account in the Treasury

• “Rules” about how and where TLT funds are deposited after the direct transfer of land is completed

Options include:

• RCW
• WAC
• BNR policy
• Procedures
Summary of Changes for NEW TLT Tool

1. Create Land Bank Account in Statute
2. Create “rules” to direct the transfer of funds to appropriate accounts
   a. RCW – Intent
   b. WAC – Board rules
   c. Policy – Board
3. Change RCW 79.22.060 to allow State Forest Lands to be direct transferred using TLT tool
Next Steps

Meeting 5.1

May 27, 2022
1:00 pm to 3:00 pm