



Trust Land Transfer Revitalization Phase 2

Taxing Districts Focus Group, Solutions Subcommittee Meeting #6

February 16, 2023
9-10:30 a.m.



Trust Land Transfer Process Improvement



- DNR conducts best interest of the trust analysis.
- DNR completes outreach to counties and taxing districts.
- Outreach will occur before the list of parcels is sent to the advisory committee.
- The level of outreach depends on the # of acres of State Forestland within the parcel.
- Larger transfers also include an option for a third-party review of DNR's estimated valuation of the parcel.



State Forestlands Outreach, 0-20 acres



- DNR sends-an informational email to counties and impacted junior taxing districts.
- Information includes proposed transfer description with map, # of acres of State Forestlands in the parcel, and a brief explanation of why the transfer has been proposed.



State Forestlands Outreach, 20.1 – 400 acres



- Email outreach AND
- DNR holds a webinar for counties and junior taxing districts to provide information and gather feedback on possible impacts.
- DNR emails the county and its taxing districts to inform them whether the parcel will, or will not, be included in the list sent to the advisory committee.
- DNR will provide counties the opportunity to request an independent, third-party review of DNR's estimated valuation of the parcel.



State Forestlands Outreach, 400+



- Email and webinar outreach AND
- Follow-up remote meetings at the request of tax districts/county.
- The county may:
 - Conduct any additional financial analysis necessary to determine potential impacts on their taxing districts.
 - Make a recommendation to DNR on whether to include the parcel on the list sent to the advisory committee, based on feedback from taxing districts.
- Counties given the opportunity to request an independent, third-party review of DNR's estimated valuation of the parcel.



Clarifying Roles



- DNR sends timber revenue to the respective county where timber is harvested and informs the county how much revenue was generated for any respective tax parcel numbers.
- DNR has no role in the implementation, coordination, or oversight of county tax assessor and county tax revenue functions.
- County government makes the ultimate approval or denial decision.





Implementation:

- *Concerns and potential fixes*
- *What needs to change and where?*

Cash for Timber



Current legislation, HB 1460:

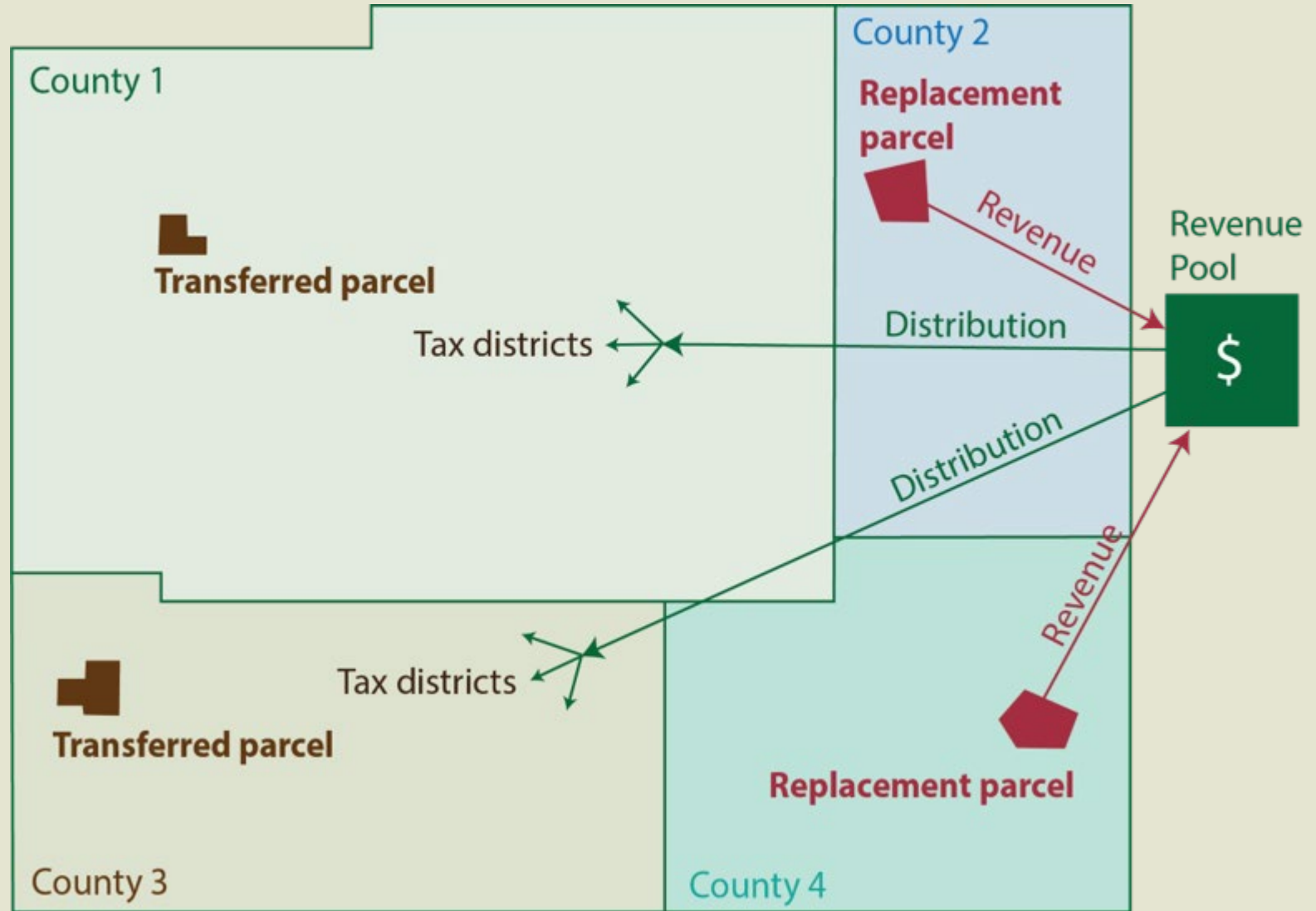
The legislative authority of the county from which the real property was transferred or disposed under subsection (1)(b) of this section may request in writing that the department distribute a percentage of the proceeds associated with valuable materials. Upon such a request, and subject to prior approval by the board, the department shall distribute the requested percentage of proceeds associated with valuable materials as provided in RCW 79.64.110.



Revenue Pooling and Distribution: Cross-county



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.

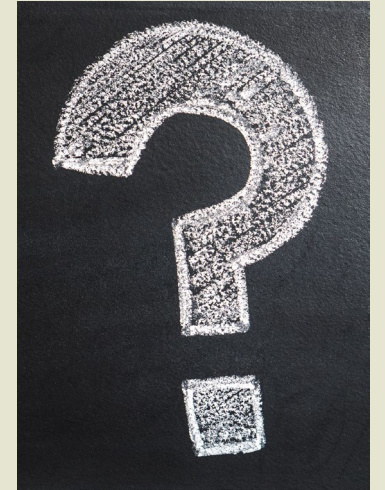


Revenue Pooling and Distribution: Cross-county



Questions to address:

- Is it possible to do with existing county data systems?
- If not, can existing systems be modified, or can you develop a new technique, for example using a database or spreadsheet?
- How practical would this solution be to maintain over the long term?
- How would the revenue be distributed, and in what form?

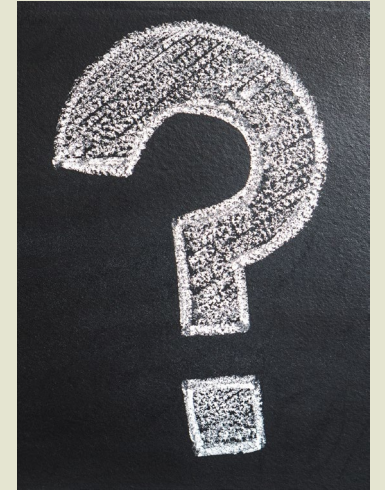


Revenue Pooling and Distribution: Cross-county



Questions to address, continued:

- Would any existing county statutes or policies need to change?
- How would this solution impact property taxes, and how could those impacts be addressed?
- What if the county in which the replacement parcel is located wishes to either stop participating in the pool, or transition the replacement parcel to conservation status?



Revenue Pooling and Distribution: Cross-county



- This solution will require a change in statute to expand beyond counties with population below 25,000 and
 - A county may or may not be willing to have private lands within their county become public lands, and for those lands to be managed on behalf of beneficiaries in another county.
- Solution:*** Both counties involved sign an agreement to participate.



Revenue Pooling and Distribution: Cross-county



- How this solution will affect property taxes; many counties already have a small tax base due to the presence of federal lands.



Solution: The lands being transferred must be placed into conservation status so they are eligible for payment in lieu of taxes (PILT). The PILT payment would go to the county in which the replacement lands are purchased, and the revenue from timber harvest on the replacement lands would go to the county from which the lands were transferred.

Revenue Pooling and Distribution: Cross-county



- Land use on the replacement parcel may change over time.

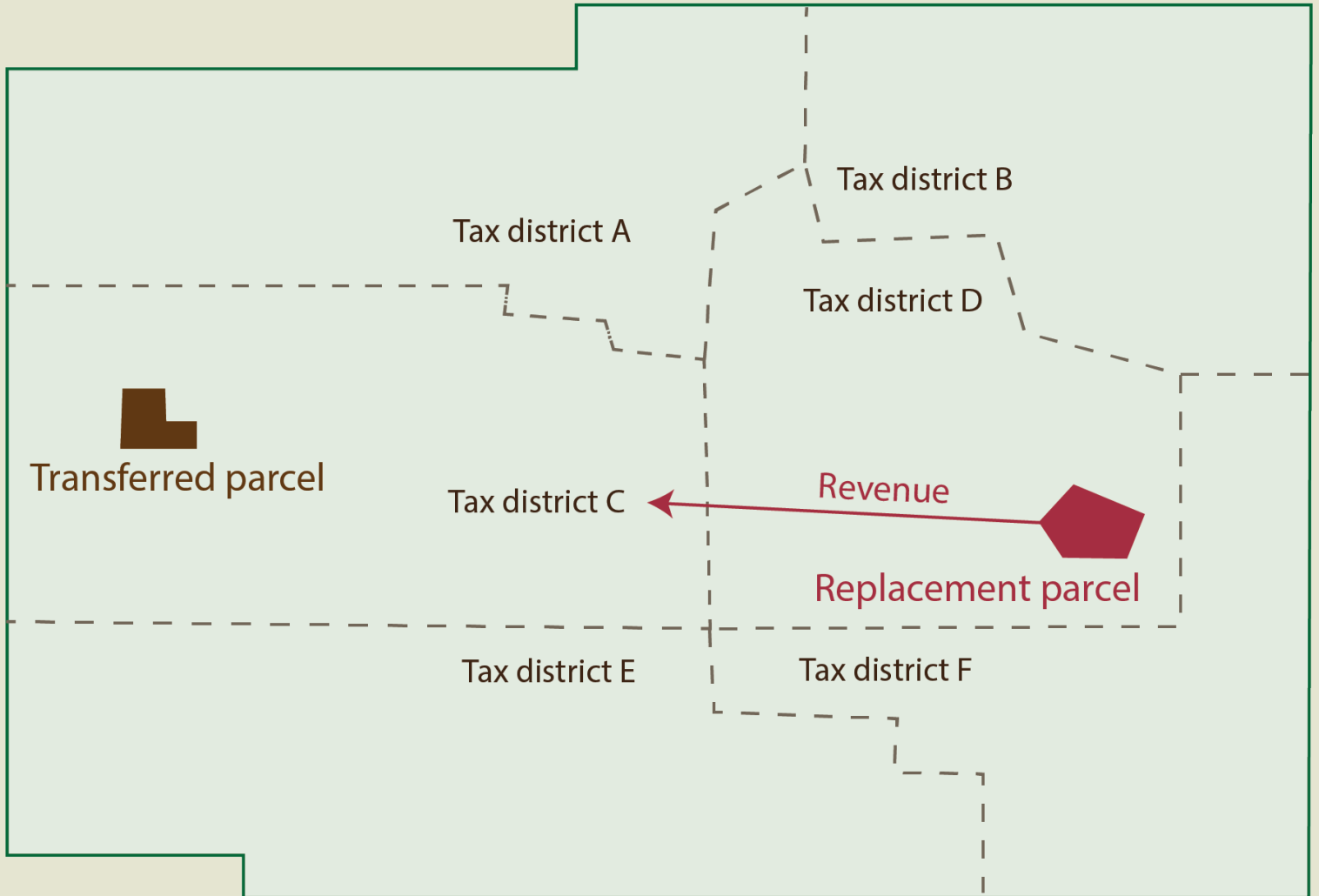
Solution: Per the agreement, the county in which the replacement parcel is purchased is prohibited from taking any action that would impede revenue-generating activity on that parcel. They could opt to leave the agreement, which requires paying the other county the full value of the replacement parcel.



Replacement Land: New Tax Code Area



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.

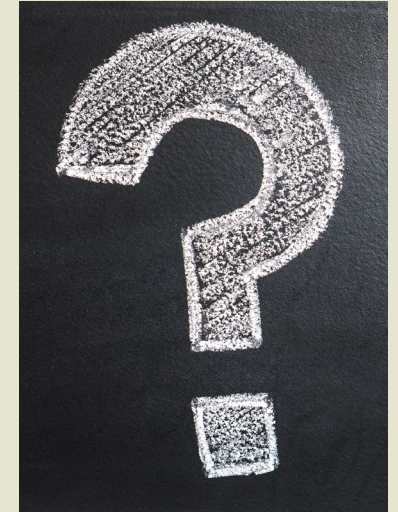


Replacement Land: New Tax Code Area



Questions to address:

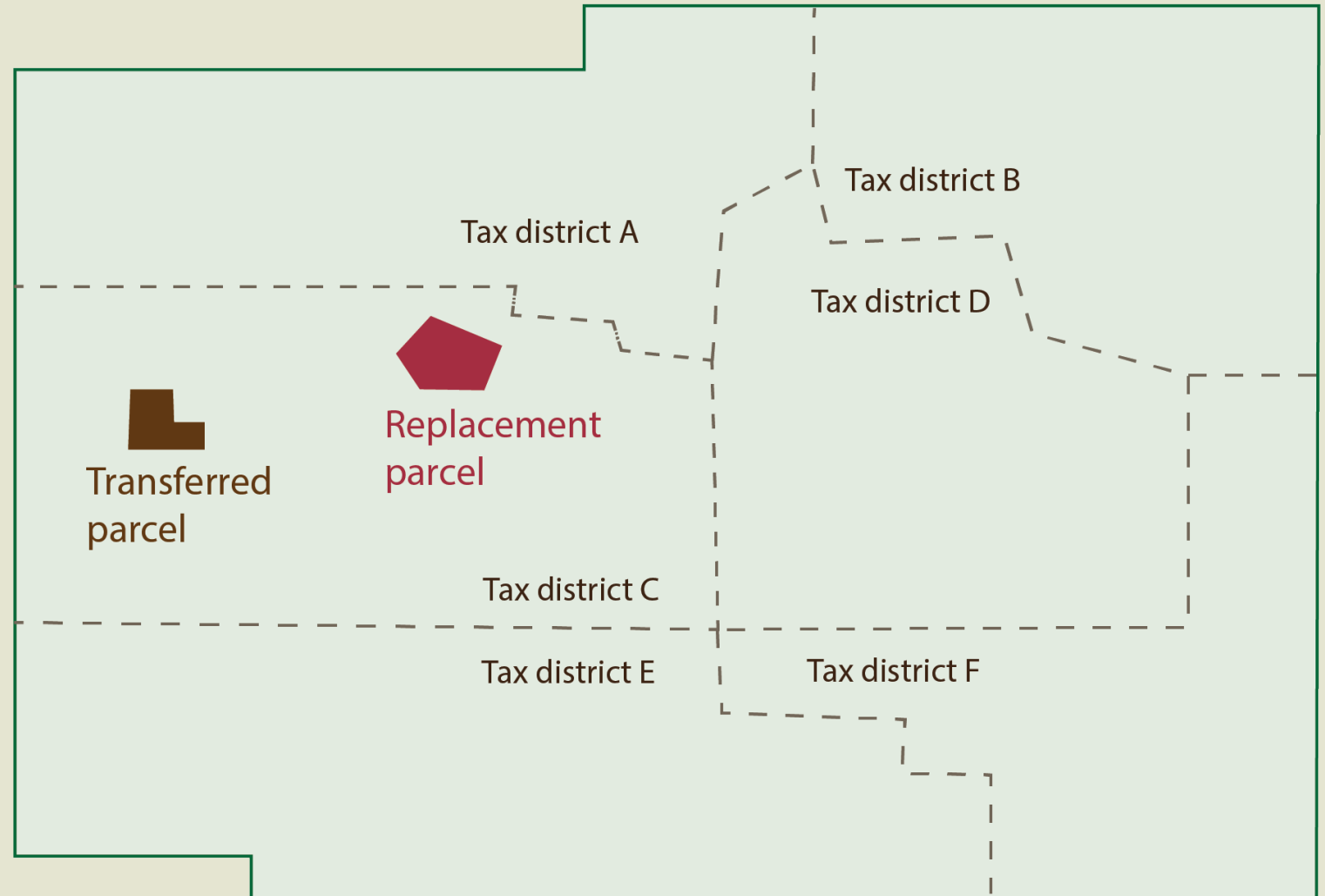
- Is it possible to do with existing county data systems?
- If not, can existing systems be modified, or can you develop a new technique, for example using a database or spreadsheet?
- How practical would this solution be to maintain over the long term?
- How would the revenue be distributed, and in what form?
- Would any existing county statutes or policies need to change?
- How would this solution impact property taxes, and how could those impacts be addressed?



The Simple Solution



A replacement parcel is found within the same tax area code. The replacement parcel is not an inter-trust exchange parcel using Common School trust land, but would be newly purchased private timber land.



The Simple Solution



- County would lose the private timberland annual tax revenue, but that revenue is quite low and the county would still receive the forest excise tax.
- Some counties already have a lot of public lands and rely heavily on property taxes. Transfers could have significant cumulative impacts on these counties.
- Counties could request PILT payments for the loss.
- Revenue generated from the replacement lands would far outweigh PILT.



Thank you!

