

Trust Land Transfer Proviso Phase 2 Work Group

Background on State Forestlands and Tax Districts



WASHINGTON STATE DEPARTMENT OF
NATURAL RESOURCES

Draft

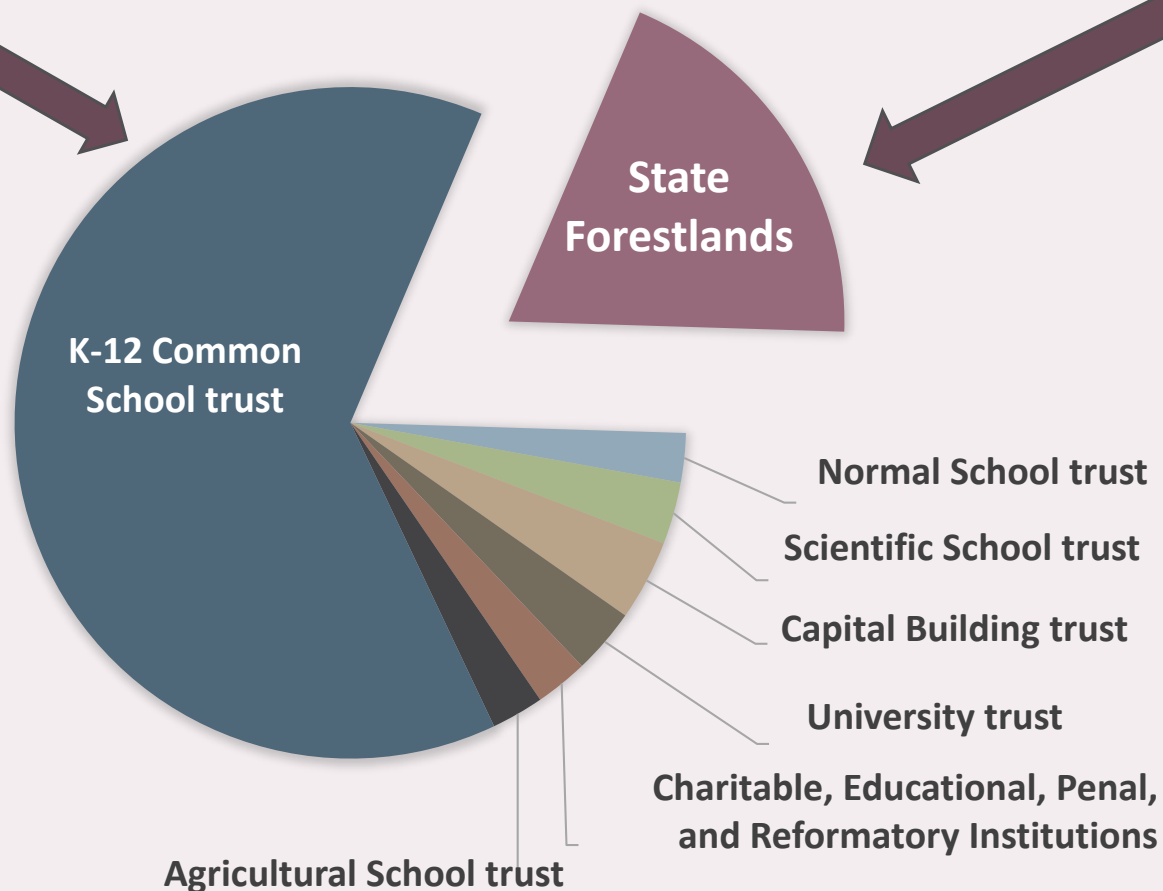
State Trust Lands

State Lands

Federally granted lands

- Enabling Act (25 U.S. Statutes at Large, c 180 p. 676)
- State Constitution
- Revenue is generated from a variety of sources
- Source of financial support, primarily for public schools and colleges

~2.9 Million Acres of State Trust Lands



State Forestlands

- Two types: Transfer and Purchase
- > 617,000 acres*
- Transfer lands acquired by counties through tax foreclosures.
- Statutory Trusts
- Revenue helps fund county services, state schools, and junior taxing districts
- 21 counties





Key RCWs related to State Forestlands



State Forestlands are FOREST LANDS

RCW 79.22.010

Acquisition of land for reforestation



RCW 79.22.020

Acquisition of forestland



RCW 79.22.040

Deed of County Land to Department



NOT FOR
SALE

RCW 79.22.050

Sales and Leases of Timber and Timberlands

Except as provided in [RCW 79.22.060](#) State forestland shall be forever reserved from sale

RCW 79.22.070

Forest and Land Management



RCW 79.22.300

State Forestland Reconveyance



State Forestlands are located in 21 Counties

The acreage of State Forestlands per county ranges from 3 acres to > 93,000 acres

Clallam	Kittitas	Skagit
Clark	Klickitat	Skamania
Cowlitz	Lewis	Snohomish
Grays Harbor	Mason	Stevens
Jefferson	Okanogan	Thurston
King	Pacific	Wahkiakum
Kitsap	Pierce	Whatcom

There are > 617,000* acres of State Forestlands

~538,015* acres of State Forest Transfer Lands

~79,384* acres of State Forest Purchase Lands

NOTE: If you are interested in acres by county see Deloitte Report (Appendix D, page 1)

* Source : Deloitte Report 2019

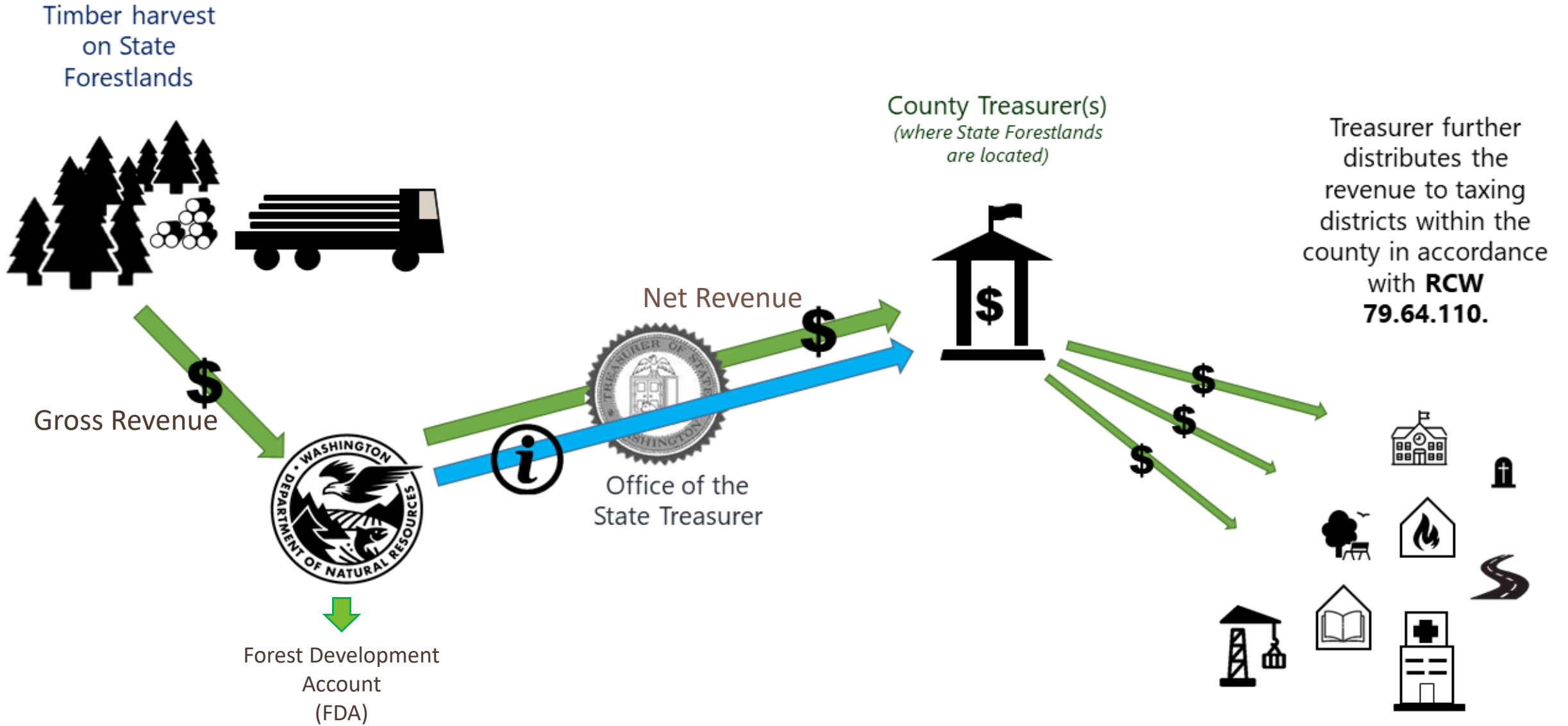


State Forestlands Revenue Distribution



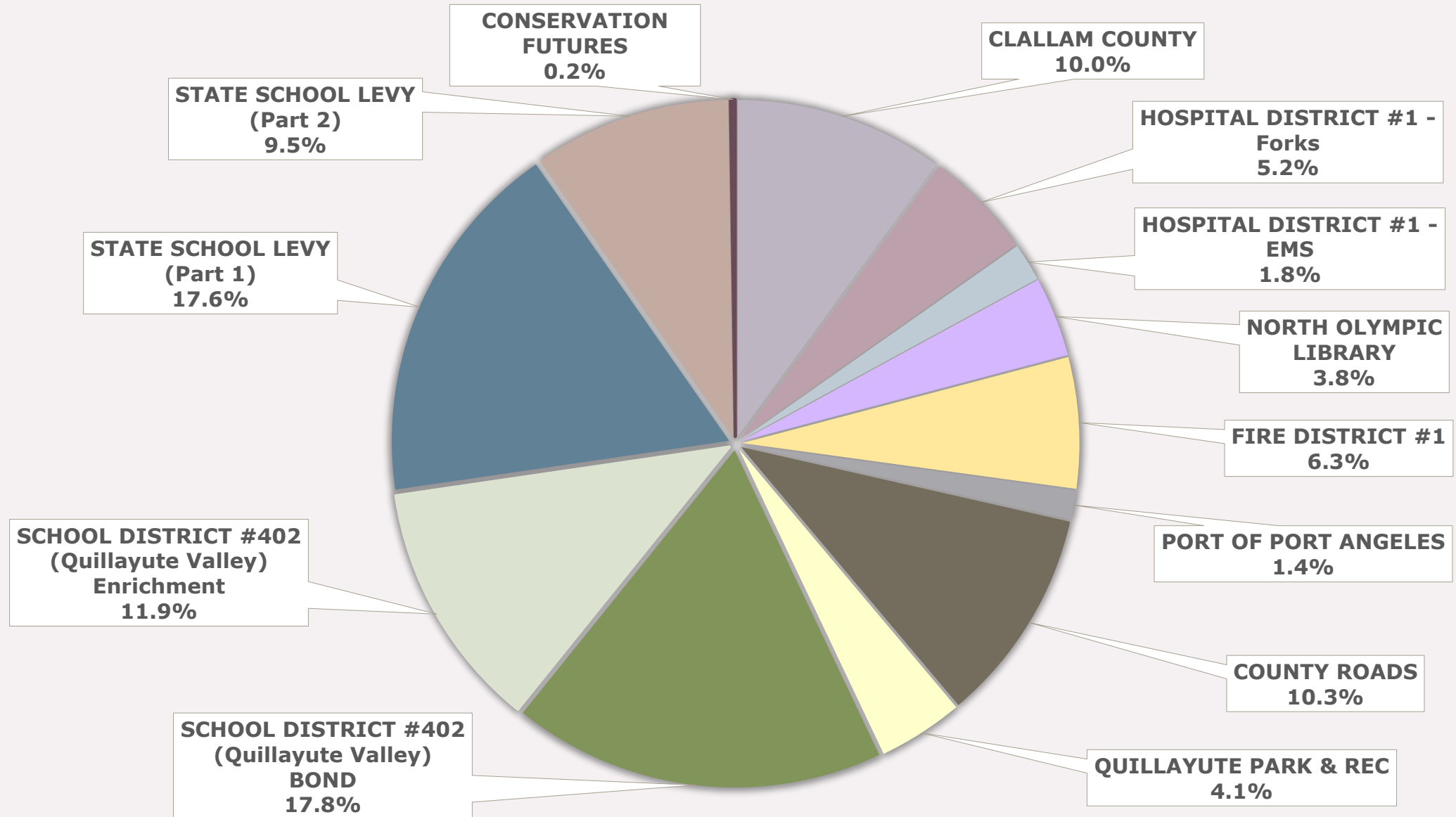
State Forestland Revenue Distribution

RCW 79.64.110



Example – Clallam County Tax Area #503

Data Source: Clallam County Levy Rates Report for 2021



State Forestlands

Typical Recipients of Funding



- County Services
- School Districts
- County Roads
- Ports

- Library Districts
- Fire Districts
- Hospitals
- EMS

State Forestlands Revenue from DNR

State Forestlands Revenue = **95%** from Timber

(average from 2015-2019)

Year	Timber Revenue	Non-Timber Revenue	Total Revenue	Timber Revenue % Total Revenue
2015	\$ 87,259,350	\$ 3,432,249	\$ 90,691,599	96%
2016	\$ 79,822,528	\$ 3,314,629	\$ 83,137,157	96%
2017	\$ 80,480,572	\$ 6,968,298	\$ 87,448,870	92%
2018	\$ 81,051,787	\$ 2,982,762	\$ 84,034,549	96%
2019	\$ 94,133,991	\$ 7,101,884	\$ 101,235,875	93%

From DNR Annual Reports (based on Fiscal Year)

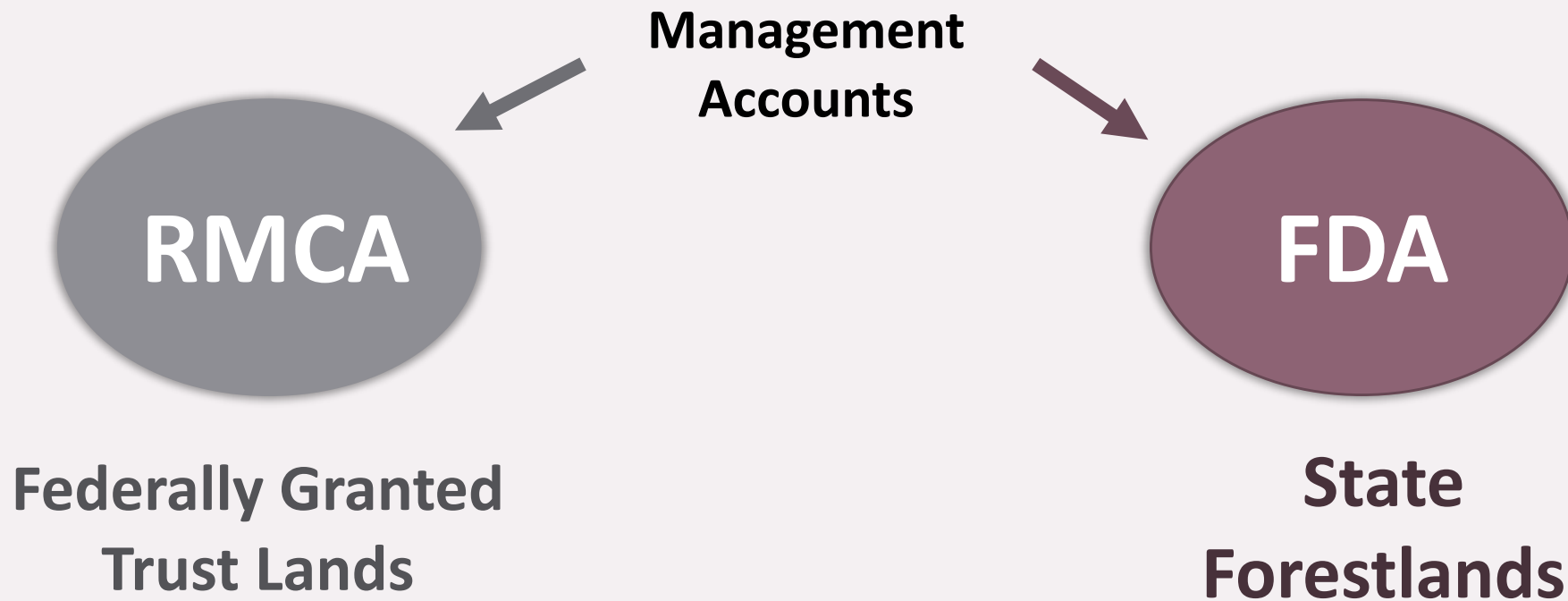


Management Rates



Agency Management Rates

A percentage of the revenue generated by the Department of Natural Resources is used to fund state lands operations, including direct and indirect costs



Governance

Management rates are regulated by both the Legislature and the Board of Natural Resources

Legislature

Establishes the statutory limits for management rate percentages

Current Limits

RMCA 32% | FDA 27%*

Board of Natural Resources

Approves all changes to management rate percentages

Current Management Rates Percentages

RMCA 31% | FDA 25%

**ESHB 1109-S.SL, Section 985 (1.a.i.) in 2019
FDA % refers to Transfer Trust lands*

What are Taxing Districts?

WAC 458-19-005 Definitions

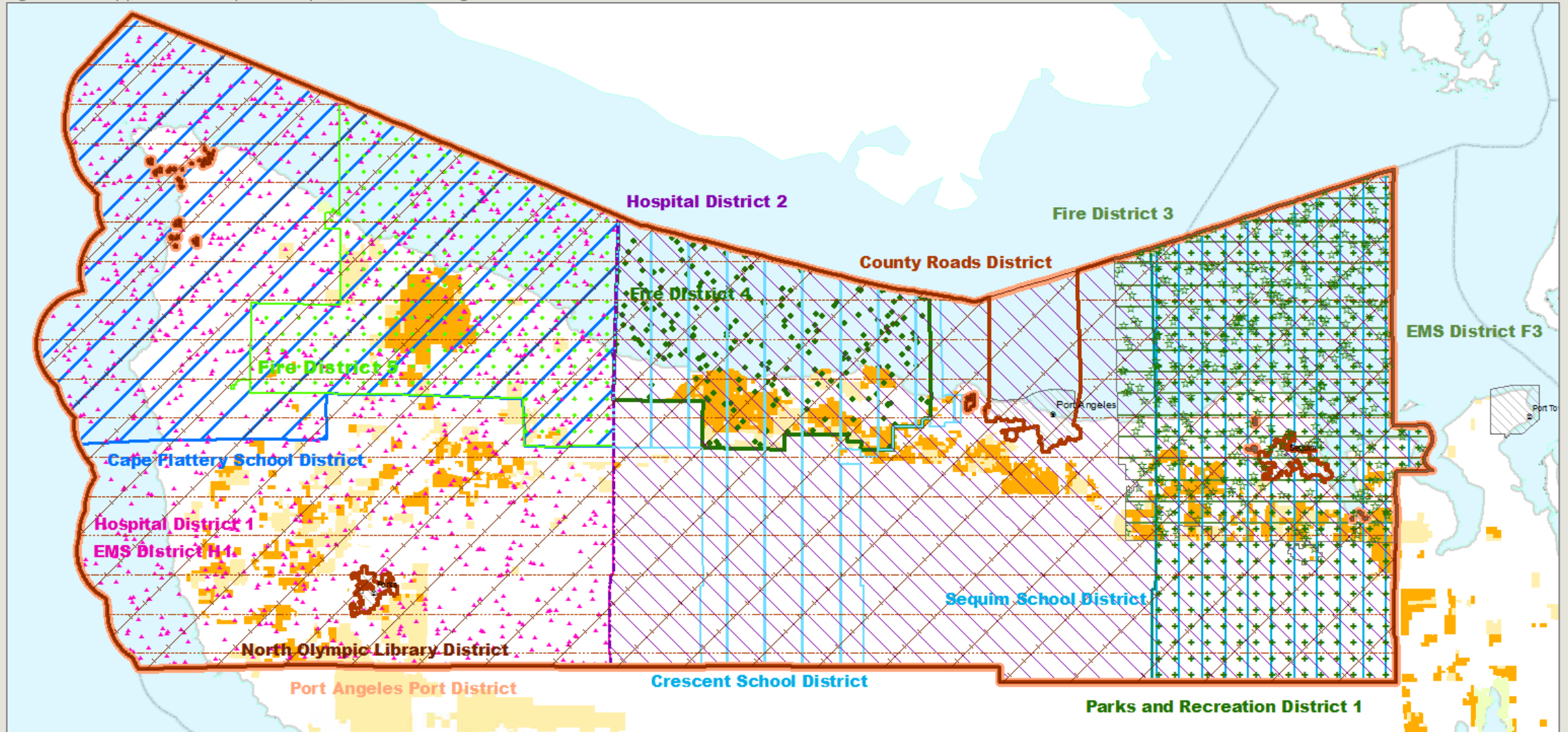
“Taxing district” means the state and any county, city, town, port district, school district, road district, metropolitan park district, regional transit authority, water-sewer district, or other municipal corporation, *having the power or legal authority to impose burdens upon property within the district on an ad valorem basis, for the purpose of obtaining revenue for public purposes, ...*

“Junior taxing district” means a taxing district other than the state, a county, a county road district, a city, a town, a port district, or a public utility district.

Clallam County

Example of Taxing District Boundaries (does not include all taxing districts in county)

Source: Taxing District Supplemental Report - <https://www.dnr.wa.gov/mmltcs>



Federally Granted Trust Lands

State Forestlands

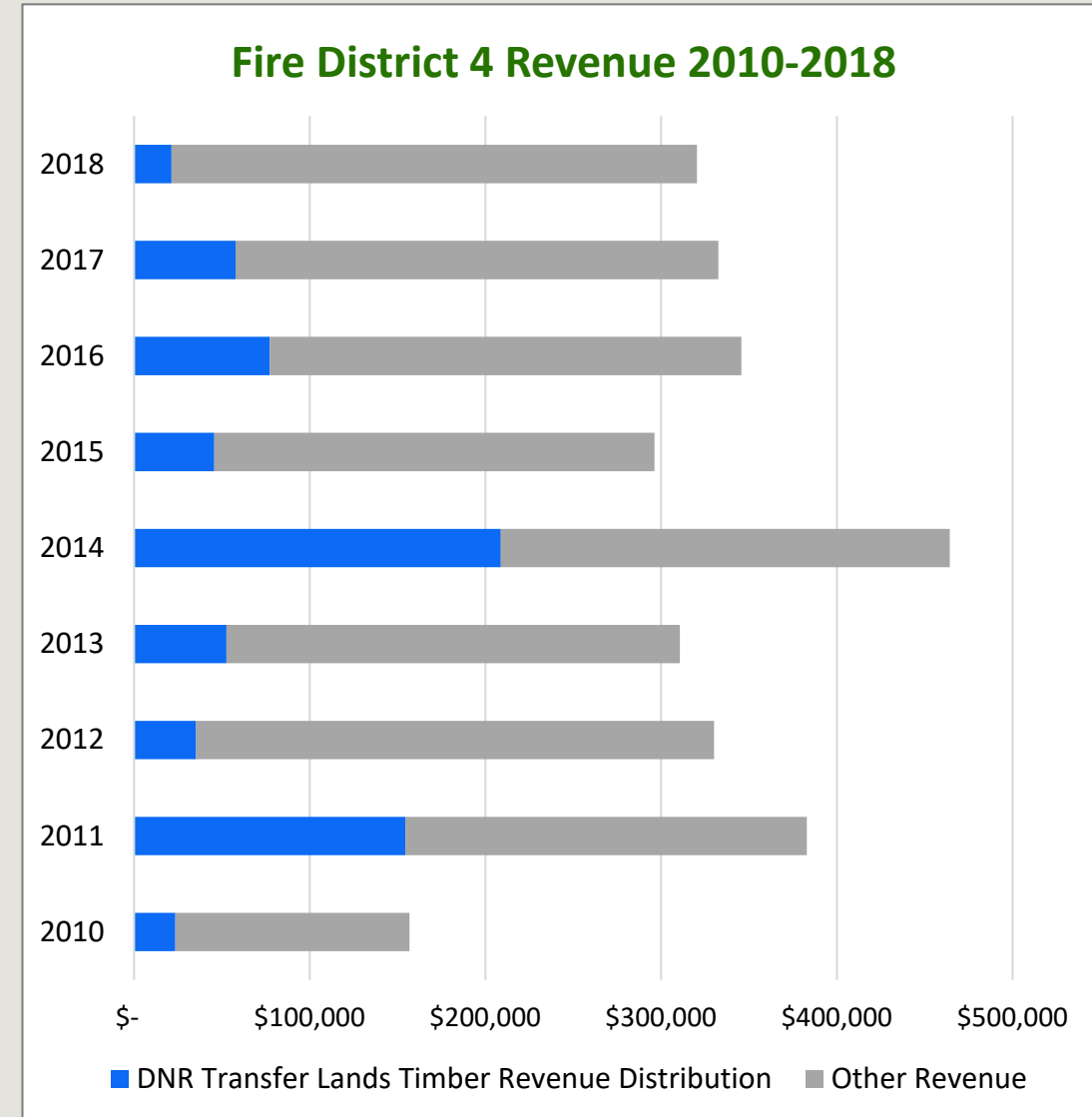
Fire District 4

Sequim School District

Clallam County Fire District 4

Source: Taxing District Supplemental Report - <https://www.dnr.wa.gov/mmltcs>

	DNR Transfer Lands Timber Revenue Distribution	Other Revenue	Total Revenue Distribution from County to Tax District	Transfer Lands Timber Revenue % of Total Revenue
2010	\$ 23,460	\$ 133,266	\$ 156,726	15.0%
2011	\$ 154,363	\$ 228,535	\$ 382,897	40.3%
2012	\$ 35,325	\$ 294,748	\$ 330,073	10.7%
2013	\$ 52,541	\$ 258,108	\$ 310,649	16.9%
2014	\$ 208,702	\$ 255,571	\$ 464,273	45.0%
2015	\$ 45,620	\$ 250,552	\$ 296,172	15.4%
2016	\$ 77,239	\$ 268,383	\$ 345,622	22.3%
2017	\$ 57,775	\$ 274,785	\$ 332,560	17.4%
2018	\$ 21,298	\$ 299,109	\$ 320,407	6.6%
Average Annual Revenue 2010-2018	\$ 75,147	\$ 251,451	\$ 326,598	23.0%
Total Revenue 2010-2018	\$ 676,324	\$ 2,263,055	\$ 2,939,379	23.0%

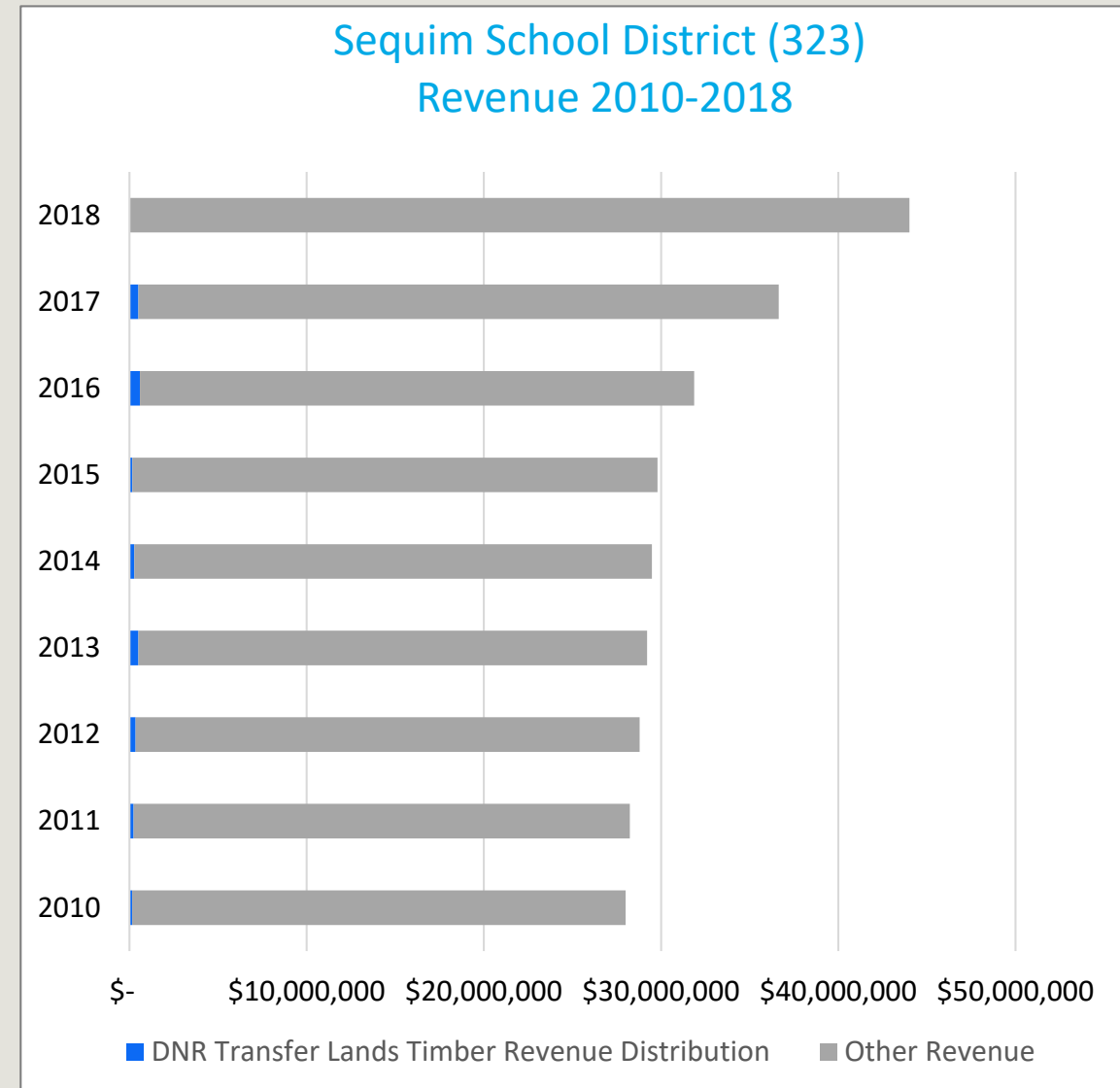


Operable Acres of DNR-Managed State Forestlands in Fire District 4 = 10,097 *Transfer*

Clallam County- Sequim School District

Source: Taxing District Supplemental Report - <https://www.dnr.wa.gov/mmltcs>

	DNR Transfer Lands Timber Revenue Distribution	Other Revenue	Total Revenue Distribution from County to Tax District	Transfer Lands Timber Revenue % of Total Revenue
2010	\$ 154,679	\$ 27,841,065	\$ 27,995,744	1%
2011	\$ 237,789	\$ 27,996,017	\$ 28,233,806	1%
2012	\$ 351,346	\$ 28,439,745	\$ 28,791,091	1%
2013	\$ 503,996	\$ 28,706,229	\$ 29,210,225	2%
2014	\$ 282,574	\$ 29,201,913	\$ 29,484,487	1%
2015	\$ 164,197	\$ 29,628,787	\$ 29,792,984	1%
2016	\$ 592,828	\$ 31,272,576	\$ 31,865,403	2%
2017	\$ 509,903	\$ 36,124,270	\$ 36,634,173	1%
2018	\$ 23,895	\$ 43,984,737	\$ 44,008,632	0%
Average Annual Revenue 2010-2018	\$ 313,467	\$ 31,466,149	\$ 31,779,616	1%
Total Revenue 2010-2018	\$ 2,821,207	\$ 283,195,338	\$ 286,016,545	1%

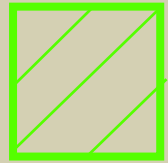


Operable Acres of DNR-Managed State Forestlands in Sequim School District = 12,946 (12,818 Transfer + 128 Purchase)

Pacific County

Examples of Taxing District Boundaries

(does not include all taxing district in county)



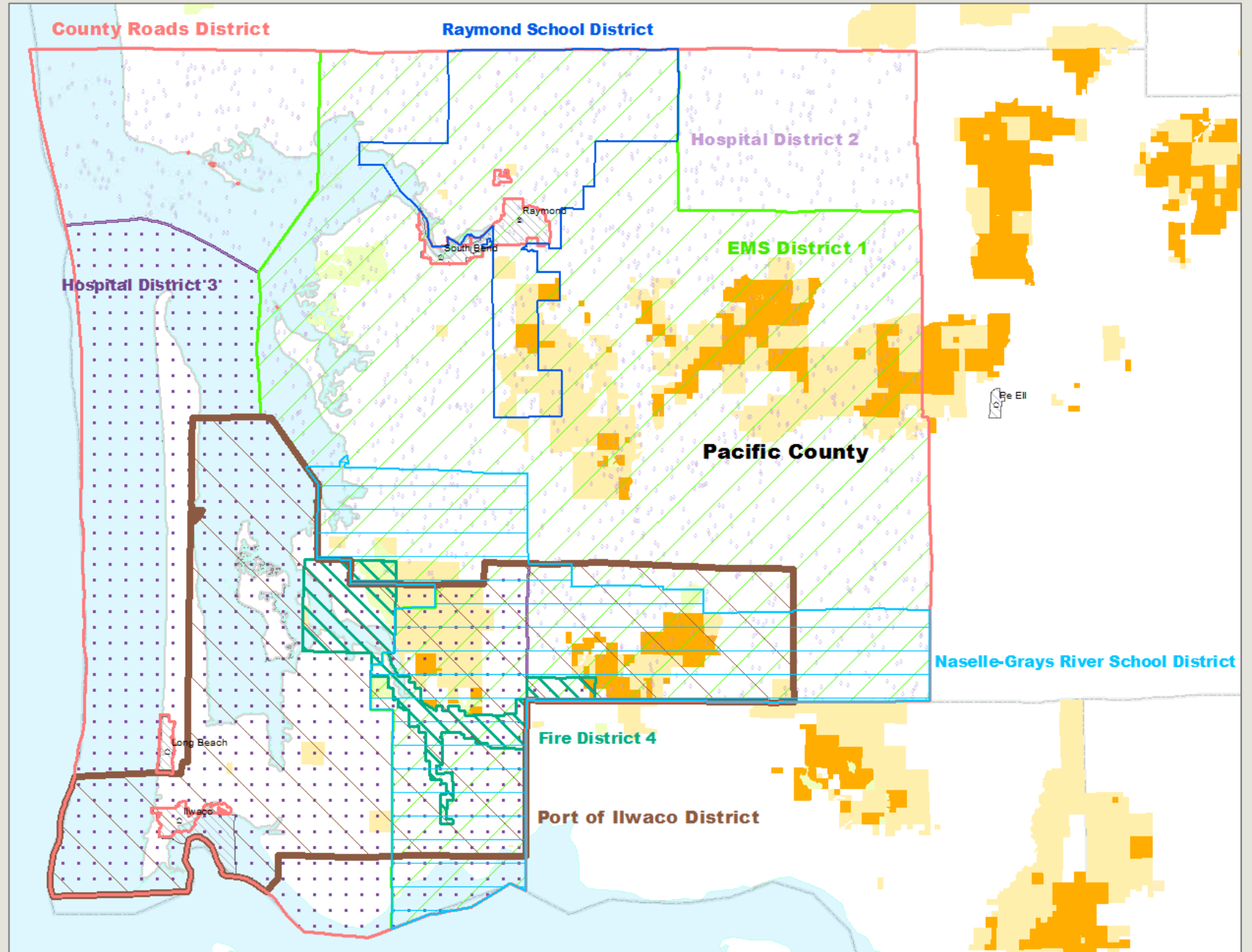
EMS District 1



Federally Granted Trust Lands



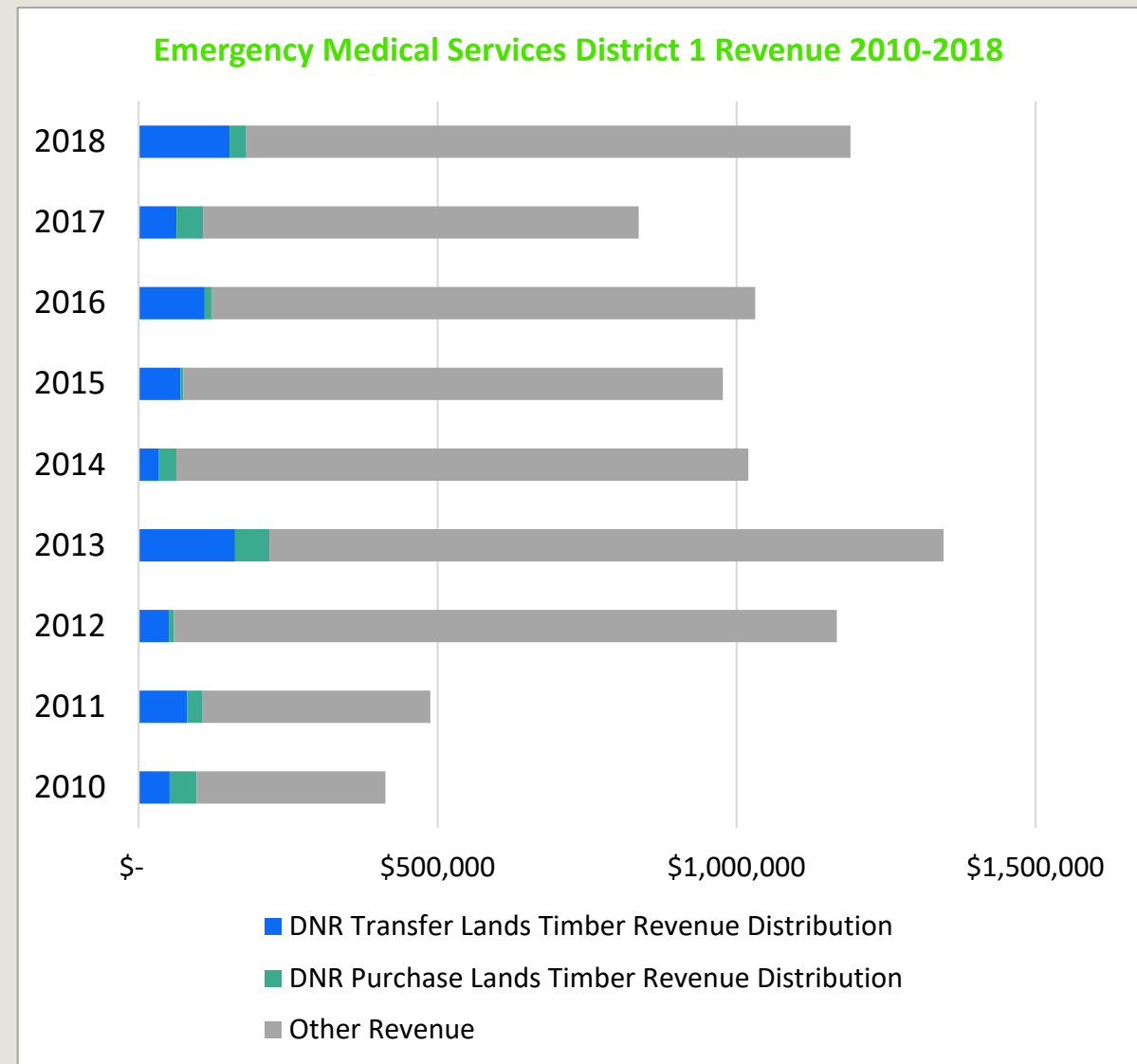
State Forestlands



Pacific County EMS District 1

Source: Taxing District Supplemental Report - <https://www.dnr.wa.gov/mmltcs>

	DNR Transfer Lands Timber Revenue Distribution	DNR Purchase Lands Timber Revenue Distribution	Other Revenue	Total Revenue Distribution from County to Tax District	Transfer Lands Revenue % of Total Revenue	Purchase Lands Revenue % of Total Revenue
2010	\$ 51,905	\$ 44,827	\$ 315,817	\$ 412,549	13%	11%
2011	\$ 80,952	\$ 24,983	\$ 381,785	\$ 487,720	17%	5%
2012	\$ 50,575	\$ 7,988	\$ 1,109,090	\$ 1,167,652	4%	1%
2013	\$ 161,268	\$ 57,280	\$ 1,127,711	\$ 1,346,259	12%	4%
2014	\$ 32,939	\$ 30,106	\$ 956,516	\$ 1,019,561	3%	3%
2015	\$ 70,251	\$ 4,490	\$ 902,262	\$ 977,003	7%	0%
2016	\$ 110,290	\$ 11,322	\$ 909,332	\$ 1,030,943	11%	1%
2017	\$ 63,356	\$ 44,285	\$ 728,602	\$ 836,243	8%	5%
2018	\$ 151,925	\$ 27,899	\$ 1,010,604	\$ 1,190,428	13%	2%
Average Annual Revenue 2010-2018	\$ 85,940	\$ 28,131	\$ 826,858	\$ 940,929	9%	3%
Total Revenue 2010-2018	\$ 773,461	\$ 253,180	\$ 7,441,719	\$ 8,468,360	9%	3%

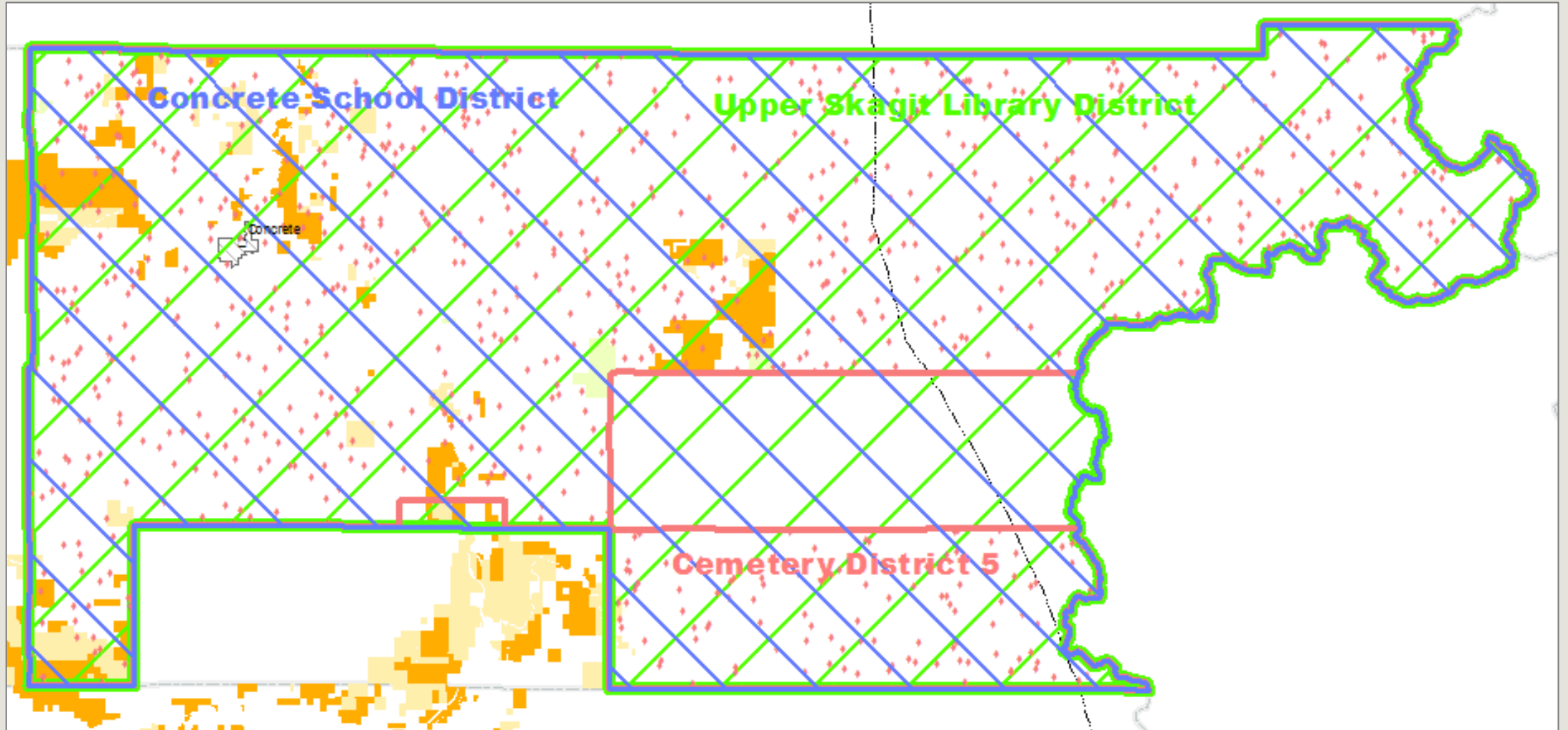


Operable Acres of DNR-Managed State Forestlands in in EMS District 1 = 10,539 (7,365 Transfer + 3174 Purchase)

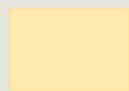
Skagit County

Example of Taxing District Boundaries (Does not include all taxing districts in the county)

Source: Taxing District Supplemental Report - <https://www.dnr.wa.gov/mmltcs>



Concrete School District



Federally Granted Trust Lands

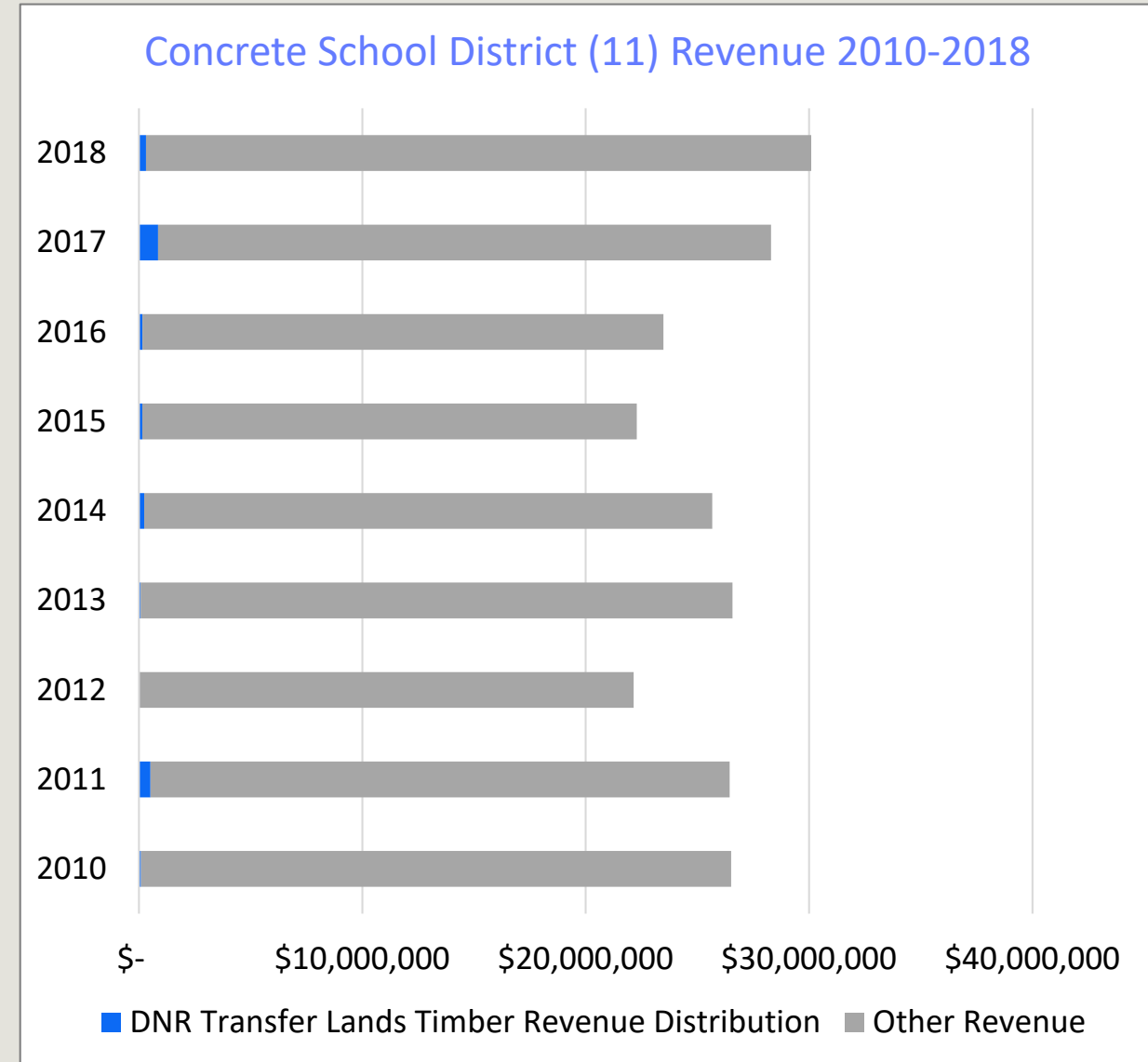


State Forestlands

Skagit County – Concrete School District

Source: Taxing District Supplemental Report - <https://www.dnr.wa.gov/mmltcs>

	DNR Transfer Lands Timber Revenue Distribution	Other Revenue	Total Revenue Distribution from County to Tax District	Transfer Lands Timber Revenue % of Total Revenue
2010	\$ 92,886	\$ 26,419,499	\$ 26,512,385	0.35%
2011	\$ 520,135	\$ 25,927,095	\$ 26,447,230	1.97%
2012	\$ 29,854	\$ 22,116,080	\$ 22,145,935	0.13%
2013	\$ 78,061	\$ 26,490,701	\$ 26,568,762	0.29%
2014	\$ 238,450	\$ 25,427,769	\$ 25,666,220	0.93%
2015	\$ 150,118	\$ 22,139,316	\$ 22,289,433	0.67%
2016	\$ 158,586	\$ 23,318,588	\$ 23,477,174	0.68%
2017	\$ 859,608	\$ 27,437,312	\$ 28,296,920	3.04%
2018	\$ 317,329	\$ 29,781,578	\$ 30,098,907	1.05%
Average Annual Revenue 2010-2018	\$ 271,670	\$ 25,450,882	\$ 25,722,552	1.06%
Total Revenue 2010-2018	\$ 2,445,026	\$ 229,057,939	\$ 231,502,965	1.06%



Operable Acres of DNR-Managed State Forestlands in Concrete School District = 6,394 *Transfer*

What is Forest Tax?

(a.k.a. Timber Tax)

- Excise tax that began in 1971
- Timber was excluded from property taxation
- Instead of property tax on trees, timber owners pay a 5 percent excise tax on stumpage value of timber when harvested
- In 1982, the Forest Tax was extended to state and federal lands, in addition to private land
- Revenue is split between the counties and the state general fund
- Timber is taxed at 5 percent:
 - 4 percent to the county
 - 1 percent to the state general fund

The county portion is distributed to the county where the timber was harvested. It helps fund capital projects, voter-approved bonds, school maintenance and operations, county roads, libraries, and fire districts.

