



March 4, 2021

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 House Capital Budget Committee
 314 John L. O'Brien Building
 Olympia, WA 98504

David Frockt, Vice Chair, Capital
 Senate Ways and Means Committee
 224 John A. Cherberg Building
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Mike Steele
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 Assistant Ranking Member, Capital
 Senate Ways and Means Committee
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Mark Schoelser
 Assistant Ranking Member, Capital
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RE: Project Funding for Trust Land Transfer (TLT) Program in Upcoming Capital Budget

Dear Committee Leadership:

The 54 undersigned conservation, recreation, and wildlife organizations strongly urge you to include funding for the Trust Land Transfer (TLT) program in the Capitol budget in order to complete four high priority projects – Devils Lake, Morning Star, Egdon and Blakely Island – detailed below. Funding for these Trust Land Transfers addresses many priority issues of this legislative session, including carbon sequestration, outdoor recreation, job creation, revenue for public schools, salmon and orca recovery environmental justice, and a strong shellfish industry and is consistent with the Washington Department of Natural Resources’ (DNR) constitutional mandate for trust land management.

The DNR manages more than 3 million acres of state trust forest, agricultural, range, and commercial properties that earn income to fund schools, universities, capitol buildings, and other state institutions which help fund services in many counties. We understand that DNR strives to improve returns from state trust lands; however, not all trust lands are best suited for income production from forestry.

Some trust lands also provide important habitat for fish and wildlife, recreation and educational opportunities for the general public, and older forests on Trust Lands are increasingly recognized for their important role in carbon

sequestration. Some of these lands may also possess low potential for income production due to factors such as access, critical fish and wildlife habitat, public use demands, environmental and social concerns, steep slopes, poor or unstable soils and other issues that complicate income production.

In a TLT, the trust beneficiaries are compensated with funds equal to the assessed value of the timber and of the underlying land at the time of transfer. The timber funds go directly to the school trust beneficiary and the funds for the underlying land go to purchase more productive lands to be managed for greater returns in the future. Therefore, the TLT program is DNR's essential tool to retain high priority conservation lands in protected public status while maintaining and improving economic returns to trust beneficiaries.

Since its inception in 1989, the TLT program has preserved more than 126,000 acres of state land for fish and wildlife habitat, recreation, education, and lands essential to maintain cultural and traditional uses reserved by treaty. In doing so, DNR has also sustained and improved potential future economic returns for schools and state and local governments. The legislature has historically shown strong support for this conservation tool, investing over \$880 million in TLT over 30 years.

Unfortunately, DNR did not propose a TLT project list this year even though DNR recognizes TLT as a much-needed asset management tool. We stand committed to highlight the importance of this program to the legislature and urge legislators to propose funding to accomplish four high priority projects and keep the program alive and running for the 2021-23 session. We are asking for your support for these four projects because we believe they provide significant benefits to the citizens of Washington.

- **Devils Lake Natural Resource Conservation Area Addition (Jefferson County)** – This proposed TLT project is 370 acres of School Trust lands within the Devils Lake Natural Resource Conservation Area (NRCA) managed by the Department of Natural Resources and located in east Jefferson County on the Olympic Peninsula. The Devils Lake addition was on DNR's proposed TLT project list in 2017-19 and 2019-21 but has not yet been funded. The area includes one mile of intact forested shoreline on steep slopes along Dabob Bay that provides diverse wildlife habitat and helps protect the water quality and shellfish industry. The proposed acreage also includes older forests classified by DNR as a globally imperiled forest plant community. When DNR proposed the Devils Lake NRCA for expansion in 2016 to include this area, the project received broad support at public hearings from private citizens, shellfish businesses, Tribes, and county government. DNR estimates the project will cost \$5.9 million, of which \$4.1 million is based on estimated timber value and would be a direct reimbursement to the Common School Construction Account to benefit statewide K-12 school construction projects. The remaining \$1.8 million is land value that would go into DNR's property replacement account to purchase productive timberland for the School Trust.
- **Morning Star Natural Resource Conservation Area Addition (Snohomish County)** – This proposed TLT project is 1,090 acres of Common School and State Forest Trust lands within the Morning Star Natural Resource Conservation Area (NRCA) managed by the Department of Natural Resources located in Snohomish County. This area contains nearly a thousand acres of ancient forest (over 500 years-old) and some of the best surviving marbled murrelet nesting habitat close to Puget Sound. The Morning Star addition was on DNR's proposed TLT project list in 2019-21 but has not yet been funded. The area is near Spada Reservoir, which is a key drinking water source for Snohomish County. The property contains uncommon forest and wildlife, including old growth forests. DNR estimates the project will cost \$3.49 million, of which \$3.04 million is based on estimated timber value and would be a direct reimbursement to the Common School Construction Account to benefit statewide K-12 school construction projects. The remaining \$3.5 million is land value that would go into DNR's property replacement account to purchase productive timberland for the School Trust.
- **Blakely Island (San Juan County)** – This proposed TLT project is an 85-acre property located along the eastern shoreline of Blakely Island and is one of the first views that tourists see when traveling on the ferry ride from Anacortes to the San Juan Islands. The shoreline provides important marine habitat and trees on the property exhibit many old-growth characteristics. San Juan County intends to manage this property to retain and preserve its high-quality habitat. Timber values will be deposited to benefit statewide K-12 school construction projects. The land value of the transferred parcels will be re-invested in property with potential for generating increased future income for the Common School Trust beneficiary. DNR estimates the project will cost \$2.5 million, of

which \$1 million is based on estimated timber value and would be a direct reimbursement to the Common School Construction Account to benefit statewide K-12 school construction projects. The remaining \$1.5 million is land value that would go into DNR's property replacement account to purchase productive timberland for the School Trust.

- **Egdon Wetland (Kitsap County)** – This proposed TLT project is a 640-acre property located north of Kingston and within ¼ mile of Puget Sound. The northern portion of the property contains a large wetland bordered by trees that are 130+ years in age and a small stream flowing into Puget Sound. This large forestland tract and its associated wildlife habitat is rare for Kitsap County as the county has one of the highest population densities in the state. A trail on the property is used for public recreation and for pedestrian and bicycle transportation for this north Kitsap community. Kitsap County Parks intends to manage this property for public recreation, open space and wildlife habitat. DNR estimates the project will cost \$6.5 million, of which \$3.35 million is based on estimated timber value and would be a direct reimbursement to the Common School Construction Account to benefit statewide K-12 school construction projects. The remaining \$3.15 million is land value that would go into DNR's property replacement account to purchase productive timberland for the School Trust.

The role of state forests in fighting climate change, providing outdoor recreation for an increasing population, and protecting endangered wildlife habitat, grows in importance every year as does the demand for TLT program. With TLT, we are protecting the places that Washingtonians love while preserving the revenue stream that pays for necessary services. Keeping this program alive adds revenue to the trust beneficiaries and is critical for the future of conservation in Washington.

We urge you to include \$21.49 million in funding for these four TLT projects in the Capital budget for the 2021 legislative session.

Sincerely,

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WA State Representative Tarra Simmons (D-23)
WA State Representative Drew Hansen (D-23)
WA State Senator Kevin Van De Wege (D-24)
WA State Representative Mike Chapman (D-24)
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WA State Representative Robert Sutherland (D-39)
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WA Lands Commissioner of Public Lands Hillary Franz