

## **Q & A on Trust Land Transfer program for Blanchard State Forest core**

As Representative Jeff Morris wrote in his E-newsletter:

“I am very happy to report that the House capital budget has chosen to fund Blanchard Mountain within an existing program that deals with timber trust land.

The Trust Land Transfer program is administered by the Department of Natural Resources, and it exchanges underperforming trust lands for more economically viable timber lands.

Through this program, many designated trust lands have been preserved for other uses when they cease to provide timber revenue. We appropriated \$10m in the House capital budget for the Trust Land Transfer Program. (There is currently no funding for this item in the Senate capital budget.)”

**What is Trust Land Transfer (TLT)?** This is a way the legislature set up to permanently protect high priority state trust lands consistent with the state’s trust obligations. It allows the state to protect the land while compensating the Common School Trust Fund for the value. The land is generally put into the Natural Area program (NRCA or NAP), to be managed by DNR for its natural and/or recreational value, and the legislature appropriates directly to the school trust an amount of money equal to the value of the timber. The legislature also appropriates to DNR an amount of money equal to the value of the underlying land, which DNR uses to buy “replacement land” to keep the trust whole for the long term.

**Do all state lands qualify for TLT?** No, TLT can only be used for Common School Trust lands, which are those acres that resulted from the federal land grant at the time Washington was established. Most revenue from management of these lands goes into the Common School Construction Fund, which is apportioned according to a complex formula to school districts statewide.

**Is Blanchard part of the Common School Trust?** No. Blanchard, and many other areas, came into state management when private timber companies logged them almost a century ago, then skipped out on paying taxes. These tax-delinquent clearcuts defaulted into county ownership. Counties didn’t have the means to reforest and manage these lands, so asked the state to do it on their behalf. These are often called *forest board lands*. Revenues from these lands go to the local county, which redistributes most to specified junior taxing districts like schools and hospitals.

**So how can TLT be used to protect Blanchard?** The DNR must first do a land exchange between the trusts. So part of the 1,600 Blanchard core will be traded for land of equal value that is both part of the Common School Trust and in Skagit County.

**Why is the legislature using this more complex approach?** This way, most of the Blanchard money will go directly to the Common School Construction Fund, so it's a way of supporting both Blanchard and schools.

**Why wasn't TLT used from the beginning?** The original stakeholder group that negotiated the Blanchard strategies considered TLT, but opted against it due to the absence of available Common School Trust land (for which to trade) within the Burlington Edison School District (BESD). When Blanchard acres are traded out of the school district, those benefits then go to whichever district (and other junior trust beneficiaries) the acres are within. Although the Blanchard Agreement does allow for purchases of replacement land outside of the BESD, keeping the trusts and junior taxing districts whole is a priority of that agreement. Most of the revenues from Blanchard go to county-wide institutions unaffected by the swap proposed or can be replaced in other ways. The exception is 14% that goes to the BESD construction fund.

**Is there a way to keep the BESD whole?** Maybe. We will work with DNR, legislators and Skagit County to find a way to ensure BESD receives about what it would if the swap could involve lands in the district. By agreement of the Blanchard stakeholders on April 10, 2017, DNR will not execute the inter-trust land exchange unless and until we have resolved that situation to the group's satisfaction. So even if the legislature fully funds the Blanchard TLT, as contained presently only the House version of the Capital Budget Bill (which now needs to be reconciled with the Senate version, which lacks Blanchard funds), Blanchard will still not be fully secured until spring of 2018 at the earliest. Though DNR will not log in the meantime.

**Why does the bill contain \$10M, when only \$7.7M is owed?** Because TLT requires that the land be replaced in order to keep the trust whole for the long term. So the additional \$2.3M is for the DNR to buy additional (i.e., replacement) land for the Common School Trust.

**Do the Blanchard stakeholders support the TLT approach for Blanchard?** Yes. This is more complicated and therefore not ideal, but per an April 10 agreement, the stakeholders feel they have found a way to accomplish the terms of the 2007 agreement through TLT, and therefore support this approach.