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## WA State Department of Natural Resources Trust Land Transfer Program

### How it began

A bipartisan group of state leaders launched the Trust Land Transfer (TLT) Program in 1989, initiating an innovative approach to school construction funding with multiple benefits. The TLT Program does three things:

1. It helps address the urgent need for school construction funding caused by our state's rapidly expanding population and rising school construction costs.
2. It upgrades assets held in trust to generate long-term revenue for school construction.
3. It protects Washington's natural heritage.

With these three benefits, the TLT Program enhances the work of the Common School Construction Trust.

Established by the 1889 Washington Statehood Act, the Common School (K-12) Construction Trust now contains 1.8 million acres statewide. The trust provides revenue for school construction that comes in part from cutting and selling trees on the trust lands. The trust includes forest, agricultural and commercial lands that are administered by the Department of Natural Resources (DNR).

For many years, school construction needs around the state have outpaced revenues from the trust, and General Fund appropriations have made up the difference. The TLT Program is a solution to increase revenue generation from the trust without over-cutting the forests. At the same time, lands

with special ecological, recreational or scenic qualities are transferred out of the trust and put into a more appropriate conservation status.

### How it works

Upgrading trust assets with the TLT Program is like converting a savings account into a high-yield stock portfolio. Think of each property in the trust as an individual stock held to generate revenue for the trust beneficiaries (in this case, our school children). If a particular stock is not producing revenue, it can be removed from the trust. In this case, removing unproductive properties and adding replacement land with greater potential for generating revenue, increases income to the beneficiaries. More specifically, the Trust Land Transfer Program follows these steps:

1. DNR identifies trust lands to go into the TLT Program. These are lands with high ecological, scenic and/or recreational significance--lands typically difficult to manage for revenue production.
2. DNR appraises the TLT lands, separating the appraisal into timber value and land value.
3. When the legislature appropriates funding for school construction, a portion is ear-marked to trigger the TLT mechanism. Then three things happen:
  - The timber value of the lands (typically about 80 to 90% of the total appraisal) is deposited directly into the school construction account. The trees are

left uncut.

- Next, the land value of the TLT lands (typically around 10 to 20% of the total) is used to purchase replacement trust lands. DNR acquires timber, commercial, or agricultural properties that are easier to manage for revenue production and will increase income for the trust in the future. An additional appropriation from the legislature covers this portion of the program, so funds allocated for school construction are not reduced.
- Finally, the TLT Program takes the TLT lands identified in step 1 and transfers them into protected status as Local Parks, State Parks, Natural Resources Conservation Areas, Natural Area Preserves, and/or State Wildlife Areas.

### A successful history

Since its inception 15 years ago, the TLT Program has received over \$420 million in appropriations, with almost \$350 million going directly into school construction. An additional \$66 million was authorized to fund high quality timber and commercial replacement lands for the trust. DNR's overhead for the TLT Program has been approximately 2% of the total funding. By purchasing replacement properties, DNR has increased the potential revenue from the trust by millions of dollars per year. Each additional TLT appropriation results in acquiring better quality lands for the trust, further increasing the annual revenue available

*Protecting our islands' natural habitats and rural lands in partnership with landowners and the broader community.*

for schools. That's long-term thinking and a smart investment strategy. Since 1989, over 70,000 acres of land with high ecological, scenic and/or recreational significance have been transferred out of the trust. They have become part of our State and Local Parks system, or were designated as Natural Area Preserves, Natural Resources Conservation Areas or State Wildlife Areas. On Whidbey Island, Trust Land Transfers have created Goss Lake Woods and Rhododendron county parks and added large acreages to the Island's state parks, including

Deception Pass, Fort Ebey and South Whidbey. Because these lands were difficult to manage for timber production, these designations represent their most appropriate uses. Without protection, these lands were slated to be logged and then, most likely, sold for development purposes.

### Why fund this program?

It's good public policy. A rapidly increasing population and rising construction costs necessitate improving the way we fund schools. The Trust Land Transfer Program is an extremely

cost-effective way to fund school construction and protect our state's natural habitats. For the 2001-2003 biennium, DNR received a capital budget appropriation of \$50 million for the Trust Land Transfer Program. Supporting this program is good for present and future generations, for wildlife and habitat, and for Washington's expanding recreation industry.

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