

Washington State Department of Natural Resources

Marina Rents Studies:

A HISTORICAL PERSPECTIVE

July 2011



Marina Rent Studies: A Historical Perspective

Background

Beginning in the mid to late 1950's, a new philosophy began to take shape in both the executive branch and the legislative branch regarding the management of state-owned aquatic lands. The beginnings can be traced in part to the election of Bert Cole to the position of Commissioner of Public Lands in 1956 and the Legislature's consolidation of a number of different land management entities into what is now the Department of Natural Resources (DNR). He had campaigned in part on more active and aggressive management of all the state's public lands.

In the early 1970's, DNR began a campaign to identify trespassers and get aquatic land users signed into lease agreements. Lessees report that sometime in the late 1970's and into the early 1980's, DNR became much more aggressive concerning the setting of lease rates.

Pre-1984

Rent increase limitation - 1979

In 1979, the Legislature enacted a Senate bill providing that the annual rate for a lease of state-owned aquatic lands in a harbor area could not increase at a rate of more than six percent per year, regardless of the reappraised value of the harbor area.¹ The cap on the lease rate would not apply if an independent fee appraiser conducted the reappraisal. However, a proviso in the 1979 operating budget prohibited DNR from using any funds to purchase the services of independent fee appraisers for the purpose of reappraising the value of certain lease lands within a harbor area.² The capped rate of increase of lease rates was set to expire in July 1982.

Senate Select Committee on Aquatic Lands – 1979

Senate passes resolution 1979-144 establishing the Select Committee on Aquatic Lands. Resolution required the Senate to, "Review the laws governing state-owned marine lands, shorelands, and harbor areas and the manner in which the Department of Natural Resources has interpreted and administered these laws in the fulfillment of their management responsibilities ..."³

The Select Committee recommended legislation that state aquatic lands and harbor areas be leased at fair market rental by establishing fair market value (appraised value) using commonly accepted appraisal methods and then determining what the rents are for similar properties in the area with comparable fair market values.

To assist the Select Committee in making recommendations for legislation on appraisal methods and procedures, the Senate retained a panel of land appraisers in October 1980.

¹ SSB 2284, C 97 L 79

² Section 91 (8), HB 516

³ Senate Resolution 1979-144

The panel made twelve recommendations, the first of which said that, “DNR appears to be using acceptable appraisal methods, with one exception, that are comprehensive enough to adequately address the various characteristics and uses of aquatic lands. The panel can recommend no additional methods.”⁴

Other recommendations made by the panel included:

- Not constraining DNR appraisers to any single method of valuation;
- Collecting administrative fees, especially for free uses;
- Flexible rent payment options, and
- Improved mapping capabilities.

Aquatic Lands Act - 1982

At that time, the aquatic lands statutes were distributed in many different titles in the state code. The department and the Legislature had been working for many years to the idea of consolidating all of the different statutes into one title. Earlier efforts in the mid 1970’s failed. However, in 1982, the legislature passed a bill recodifying all the different statutes into seven new chapters in title 79 (RCW 79.90 through 79.96). Along with the recodification, the bill had two other provisions. First, it expanded the six percent rate increase cap in harbor areas to all aquatic lands. Second, it extended the time period for the cap from July 1982 to July 1983.

The Legislature also created the Joint Legislative Committee on Aquatic Lands, and was comprised of three members of both the House and Senate. Among the tasks given to the Committee was for it to articulate an overall management philosophy for state-owned aquatic lands. It was also to appoint an Aquatic Lands Task Force to assist the committee in its deliberations and was to include representatives from DNR and entities affected by the administration of the aquatic lands program. The Committee was to report back to the House and Senate by January 1, 1983.

The Task Force had some success in reaching agreement on an overall management strategy. It was also able to reach agreement that the revenues from leases should be used for aquatic-related purposes, such as the enhancement of water-oriented recreation. It did not, however, reach consensus regarding an approach to lease rates, port district management of state-owned aquatic lands, or sales of second-class shorelands. The Committee accepted the report of the Task Force without endorsement.

In 1983, the Legislature again extended the cap on lease rates, this time until September 30, 1984.⁵ This bill, through amendment, allowed for the use of state-owned aquatic lands by abutting residential landowners for private recreational docks at no charge. Some participants of the Task Force (DNR, Washington Public Ports Association, Northwest Marine Trade Association, Washington Forest Protection Association, and Lake Union Association) continued to meet to try and reach agreement on a legislative proposal.

⁴ 1981 Report to the Washington State Senate, Senate Select Committee on State Aquatic Lands

⁵ ESSB 3290, C2 L 83, 2nd Ex. Session

1984

1984 Legislation

By January 1984, the remaining members of the Task Force had a proposal for the legislature to consider.⁶ While the legislature made some minor modifications, the key provisions of the proposal remained in tact:

- 1) Identification of an overall management philosophy
- 2) A policy for setting lease rates
- 3) Opportunity for port districts to assume management of certain state-owned aquatic lands
- 4) Creation of the Aquatic Lands Enhancement Account

One of the most difficult issues for the group to reach consensus on was the lease rate formula for water dependent rent. But they were able to finally develop the system that remains in place today, basing water dependent rent on a percentage of the value of the upland parcel. In a memo to the members of the House Natural Resources Committee, Linda Byers, House of Representatives Committee Staff, told the members that the rationale for using the assessed value of the upland parcel was to rely on the work of the county assessors rather than DNR in the valuation process.⁷

In that same memo, Linda Byers sums up the remainder of the 1980's and the early 1990's as follows:

“People who were involved either directly or indirectly in the aquatic lands debates in the late 1970's and early 1980's, and especially those involved with the 1984 legislation, tend to describe the experience with words like ‘ugly’ and ‘bloody.’ After devoting a great deal of time and attention to the subject up through the 1984 session, the Legislature seems to then have taken a bit of a break from major legislation dealing with aquatic lands.”⁸

She goes on to note, with what seems like a little foreshadowing, that “...prior to the 1996 legislative session, not too much was happening in the legislative arena. A great deal has been happening between the department, the port districts, and the lessees as they worked to implement the 1984 legislation.”⁹

Post Aquatic Lands Act

1992 Internal Rent Study

The study intended to examine some economically sound alternatives to the current method of calculating lease rates for state-owned aquatic lands with a specific focus on water dependent rent formula. It examined the impact of the existing rent formula among the

⁶ 2SHB 1231, C 221 L 84 (Codified in RCW 79.90.450 through 79.90. 545)

⁷ Linda Byers, Memo to the Members of the House Natural Resources Committee, Sept 19, 1997

⁸ Ibid.

⁹ Ibid.

various business segments it effects and identified alternatives to the formula for each business segment. Business segments that were examined include:

1. Marinas and related uses
 2. Breakwaters
 3. Commerce and transportation uses
 4. Commercial net pens
 5. Log booming and storage
- Alternatives identified include:
 - Fair market value: the monetary value that a user is willing to pay for the use of the land and that the state is willing to accept for the permitting the use.
 - Net income approach: would set rent based on a percentage of net income from the business.
 - Lineal feet approach for marinas: rent based on total lineal feet of rentable moorage and the average moorage rate in the local area.
 - Net income for wharf type businesses: rent based on a percentage of the net income of the business generated on the aquatic parcel (for businesses with depend only partially on the aquatic parcel).
 - Base rent plus a percent of gross income: widely used in the private sector, allows the state to utilize and income based approach while ensuring that basic management costs are covered in years the lessee has a poor economic return.
 - Production approach: uses the production volumes of products produced from the leased area.
 - Base rent plus a percentage of production for net pens: rent would include a base plus a percentage of production over a minimum amount, reached by negotiation.
 - Options for log related leases: 3 options identified;
 1. Use formula rent for log booming and storage
 2. Make log storage NWD, but use formula for log booming
 3. Make log storage and log booming NWD
 - Change in formula rent percentage: changing the percentage value in the current water dependent formula. Could be changed based on the use.
 - Implementation: any changes would be implemented as new leases are issued and when existing leases are renewed, amended, assigned, or revalued.

1997 Legislation

- **HB 1428** – Relating to condominium and cooperative leasehold interests in state-owned aquatic land.
 - Status – Did not pass.
 - Major provisions
 - Created a joint select committee to study leasing and management issues related to state-owned aquatic lands. Committee was to conduct a broad review of statutes and polices currently in place regarding the management and leasing of state-owned aquatic lands, particularly those policies reflected in RCW 79.90.450 through 79.90.545. A report was

- due back by December 1, 1997. The review was to include but not be limited to:
- The overall management guidelines for aquatic lands expressed in RCW 79.90.455;
 - The definitions of water-dependent, water-oriented, and nonwater-dependent uses and the approaches taken to calculate lease rates for those uses;
 - Issues associated with the management of state-owned aquatic lands by port districts; and
 - The leasing of state-owned aquatic lands by condominium, cooperative leasehold, and other similar interests and the effects of these types of leases on the public interest.
- Bill made it through the House, but not the Senate. It was carried over to the 1998 legislative session but no action was ever taken.
- **HB 1692** – Relating to management of state-owned aquatic lands.
 - Status – Passed by House and Senate, entire bill vetoed by Governor Lowry.
 - Major provisions
 - Defined a marina in RCW 79.90.465 as, “... a waterfront facility that provides moorage for recreation vessels, charter vessels, commercial fishing vessels, and water-based aircraft. A marina facility may include fuel docks and associated chandlery activities designed to serve recreational vessels, charter vessels, commercial fishing vessels, and water-based aircraft.”
 - Changed what lands can be included in a PMA and automatically included those lands beneath a public marina facilities developed or maintained by a port district as eligible for inclusion in the PMA.
 - Created City Management Areas (basically a PMA for a City).
 - Bill passed the House and Senate, but Governor Lowry vetoed the entire bill.
 - **HB 2099** – Relating to Port District management of state-owned aquatic land. (Companion to SB 5928)
 - Status – Did not pass - neither version was moved from committee
 - Major provisions
 - Expanded water dependent uses to include “facilities and uses that exist in order to support a water dependent use, such as parking areas for marinas and boat launches...”
 - No rent would be due to the state for water dependent or water oriented uses under this new statute
 - Area beneath public marinas developed or maintained by a port district would be eligible to be included in a PMA
 - **SB 5482** – Relating to the water dependent rental formula for leasing state-owned aquatic lands
 - Status – Did not pass, did not move from committee in 1997 or 1998

- Major provisions
 - Established a House and Senate Select Committee on Aquatic Lands to review the water dependent rent formula for leasing state-owned aquatic lands
 - Report due January 1, 1998
 - Capped rents at the January 1, 1997 rate plus an inflation factor
- **SB 5548** – Relating to water dependent uses
 - Status – Did not pass, did not move from committee in 1997 or 1998
 - Major provisions
 - Defined ‘aquatic land value’ as upland value times the leased area times thirty percent, where the upland value was the assessed value
 - Set max increase of rent at 50%
 - Rent for a renewal would be the last year’s rent on previous agreement
 - Allowed alternative rent to be calculated as a percent of income where percentage is negotiated

1998 Legislation

- **SB 6156** – Relating to studying methods for calculating water dependent lease rates for on state-owned aquatic lands.
 - Status – Passed, signed by Governor on 3/27/98.
 - Funding – SB 6108 (budget bill) appropriated \$71,000 for the study.
 - Major Provisions
 - The department of natural resources shall study and prepare a report to the legislature on alternatives to the current method for determination of water-dependent rent set forth in RCW 79.90.480. The report shall be prepared with the assistance of appropriate outside economic expertise and stakeholder involvement. Affected stakeholders shall participate with the department by providing information necessary to complete this study. For each alternative, the report shall:
 1. Describe each method and the costs and benefits of each;
 2. Compare each with the current method of calculating rents;
 3. Provide the private industry perspective;
 4. Describe the public perspective;
 5. Analyze the impact on state lease revenue;
 6. Evaluate the impacts of water-dependent rates on economic development in economically distressed counties; and
 7. Evaluate the ease of administration.
 - Studied Alternatives
 - The current water dependent rent method
 - A 1990 rollback
 - A marina income-based (percent of potential income) method
 - The matrix (flat rate) method
 - A percent of gross revenue method
 - The Oregon rent method

- The California rent method
- A special options method
- Averaged upland values
- Recommendation: Current method.
 - Balances the many public benefits of aquatic lands
 - Recognizes that aquatic lands have intrinsic value separate from any use that may be placed upon them
 - Does not discriminate among water dependent uses
 - Maintains the revenue necessary for funding all of the aquatic land management activities of DNR
 - Provides grant monies to local governments
 - Recommended review of WAC 332-30-123 to allow for a more comprehensive selection of the appropriate upland tax parcels to value the aquatic lands being leased.
 - Recommended review of WAC 332-30-131 to more clearly define how discounts may be provided to tenants for creating and maintaining public use and access to the public’s aquatic lands.

1999 Legislation

- **SB 5944** – Relating to management of state-owned aquatic lands
 - Status – Did not pass
 - 1999: passed out of Senate and made it to House Appropriations
 - 2000: carried over from 1999, but did not pass out of House
 - Major provisions
 - Defined marina as “a waterfront facility that provides moorage for recreation vessels, charter vessels, commercial fishing vessels, and water-based aircraft. A marina facility may include fuel docks and associated chandlery activities designed to serve recreational vessels, charter vessels, commercial fishing vessels, and water-based aircraft.”
 - Created city management areas, similar in function to port management areas
 - Rent for lease in a city management area was subject only to review from the city
- **SB 5459** – Relating to aquatic lands leases
 - Status – Did not pass
 - Major provisions
 - Defined *commercial marina* as “a marina that charges rent for moorage at or near market rates and has six hundred or more lineal feet of moorage per acre on leased state-owned aquatic lands.”
 - Defined *revenue* as “the annual sum of the total revenue that is generated from the rental of moorage space on the state-owned aquatic lands, including all rental payments and additional membership fees or dues required as a condition of renting or using the moorage space.”

- Set rent for commercial marinas at 3.5% of their revenue and was to be determined annually
- Rental increase under this new system would be phased in if the increase was greater than \$500

2001 Legislation

- **HB 2162** - Requiring a report to the legislature addressing alternative methods for the determination of water-dependent rent for marina lessees.
 - Status – Did not pass in 2001. Was carried over to 2002, but no action was taken.
 - Major provisions
 - Establish a marina rent committee
 - Report to legislature on alternatives to the current method of determining water dependent rents for marinas
 - Report prepared with assistance of outside economic expertise and marinas owners
 - Report must contain income and expense information for each marina
 - The costs and benefits of each alternative must be considered along with the industry perspective and analysis of state revenue impacts
 - Study due by September 1, 2001 along with recommended legislation for 2002
- **2001 rent study**
 - DNR agreed to study marina rents even though HB 2162 did not pass. Four new models were to be included in the study along with the existing method:
 1. Appraisal/fair market method
 2. Current method using average upland values
 3. Percentage of gross business income method
 4. Theoretical income method
 - 50 marinas were randomly selected to be included in the study
 - Meetings were held with NMTA representative through 2001 and into 2002. Data pertaining to marina income and expenses was difficult to obtain, even from the small subset of 50 marinas.
 - In August 2002, alternative five was proposed which froze rent at 2002 levels but increased/decreased them annually by CPI. DNR and NMTA agreed on this approach and would take it to the legislature in 2003.
 - In December, a survey was mailed to 15 marinas to gather data pertaining to slips rates and how they had changed over time.
 - A white paper was generated detailing the change in slip rates and rent over time. Also found no evidence that any marina on state-owned aquatic lands had gone out of business.

2003 Legislation

- **HB 1250** - Relating to lease rates for marinas on state-owned aquatic lands that provide public moorage
 - Status – Passed House and Senate, signed by Governor 5/14/03
 - Major provisions
 - Directed that rents for marinas be calculated as a percentage of gross business income starting July 2004.
 - Allowed for the recovery of administrative costs.
 - Condition: old method to stay in place unless 75% of marinas representing 90% of state rental revenue responded to income survey.
 - Income survey data to be used to calculate a percent of income that would be revenue neutral to DNR.
 - DNR to recommend a percentage and a program to legislature in 2004.
 - Minimum rent would be set at \$500.
 - Results
 - Only 38% of marinas responded to income survey.
 - DNR concluded that information was not sufficient to proceed with an income method of calculating marina rents.
 - DNR met with legislative members to deliver results and inform them that work would not proceed on an income method.

2004 Legislation

- **HB 2690** – Relating to marina lease rates
 - Status – Did not pass
 - Major provisions
 - Directed that rents for marinas be calculated as a percentage of gross business income starting July 2005
 - A recommended formula for calculating marina rents was due to the legislature by December 31, 2004 and would be based on the information gathered in 2003
 - Administrative costs were still reimbursable
 - Minimum rent would be \$500
 - DNR agreed to study the data received in 2003 to ascertain its usefulness in determining a percentage that could be used in an income rent calculation method.
 - A \$40,000 appropriation was given to DNR to hire an outside consultant to do the work.
 - Consultant report confirmed what DNR said about the data all along – it is indeed insufficient to determine a percentage that can be used in a percent of income rent calculation method.

2009-2010 Legislation

- **HB 1077** – Relating to marina lease rates
 - Status – Did not pass
 - Major provisions

- Re-defined marinas: a private facility providing boat moorage space, fuel, or commercial services. Commercial services include, but are not limited to, overnight or live-aboard boating accommodations
 - Directed that rents be calculated according to a geographic zone as defined by DNR rule. The total rent must be divided by the total square footage of state aquatic lands under lease for marinas within the geographic zone to determine a square footage rental rate for the geographic zone. Each marina lessee within the geographic zone must pay aquatic lands rent by multiplying the lessee's square footage rental rate by the amount of square footage the lessee has under lease. Every four years after establishing the initial rent, the department shall determine the charge in the average marina boat moorage rate within a geographic zone. The square footage rental rate for a geographic zone must be adjusted by the percentage change on the average marina moorage rate from the rate four years previously. The adjustment may never be more than five percent .
 - If new rent is greater than or less than 33% of the original rent, then the new rent may not change any more than 33% of the original and new rent in one year.
 - A substitute bill directed DNR to develop a recommended formula for calculating marina rents as a percentage of the annual gross revenues generated by the lessee marina. Annual rent would be recalculated each year based upon the marina's gross revenues from the previous year, as reported to DNR.. All marina owners would annually submit to DNR an income reporting form. In addition to the percent of marina income, the DNR was to determine and recovery its direct administrative costs from lessees.
 - It also established a minimum rent of \$500 plus administrative costs.
- [SB 5255](#) – Relating to marina lease rates (companion to 1077)
 - Status – Did not pass
 - Major provisions
 - Original bill was similar to original 1077
 - A substitute bill redefined marinas to include public marinas, yacht clubs, homeowner associations, mixed facilities with moorage and other uses such as boatyards, and individual docks other than docks that may be installed without charge.
 - Rent would be calculated in accordance with the existing water-dependent use method, except that upland parcel values would be averaged within one of two geographic zones: either a city or urban growth area, or a an area within the county outside the city limits or urban growth areas.
 - If new rent is greater than or less than 20% of the original rent, then the new rent may not change any more than 25% of the original and new rent in one year.

- Gave a 50% rent reduction to water-dependent use that qualified as youth recreation.
 - DNR must develop a plan to enhance the number of operating vessel sewage pumpout stations available for public use and report to the appropriate committees of the legislature by November 1, 2009.
 - A second substitute bill redefined marinas as any entity occupying state-owned aquatic lands that provides vessel moorage for a fee, excluding homeowner associations, facilities that provide moorage exclusive for floating homes, and facilities that are entirely dedicated to providing public use and access under a no-fee public use and access agreement
- **HB 2663**
 - Status: did not pass
 - Major provisions:
 - Defined "Marina" as any entity occupying state-owned aquatic lands that provides vessel moorage for a fee, excluding homeowner associations, facilities that provide moorage exclusive for floating homes, and facilities that are entirely dedicated to providing public use and access under a no-fee public use and access agreement.
 - Rent would be calculated in accordance with the existing water-dependent use method, except that upland parcel values would be averaged within one of two geographic zones: either a city or urban growth area, or an area within the county outside the city limits or urban growth areas
 - If new rent is greater than or less than 20% of the original rent, then the new rent may not change any more than 25% of the original and new rent in one year.
 - Gave a 50% rent reduction to water-dependent use that qualified as youth recreation.
 - DNR must develop a plan to enhance the number of operating vessel sewage pumpout stations available for public use and report to the appropriate committees of the legislature by November 1, 2009
- **ESSB 6444, Section 308(11)**
 - Status: Passed, signed by Governor.
 - Major Provisions
 - Required DNR to review marina lease rate methods for private marinas, public marinas not owned and operated by port districts, yacht clubs, and other entities leasing state owned aquatic land for boat moorage. ESSB 6444 required DNR to complete the review within existing funding sources and consider alternative methods to determine rents for these entities for a fair distribution of rent.
 - Rent Review Methods
 - DNR established the 2010 Marina Rent Committee to provide advice in completing the marina rents review. The Committee included various marina, port, boating, and city associations and private marina owners.

The Committee agreed to a charter establishing criteria for an alternative rent method:

- Equitable treatment through:
 - ◆ Similar lease rates for similar uses in similar markets/geographic locations.
 - ◆ Similar lease rates for all marinas including, “private marinas, public marinas not owned and operated by port districts, yacht clubs, and other entities leasing state land for boat moorage”.
 - ◆ Phasing in lease rate changes over time.
- Minimized administrative burden of leases for DNR and tenants.
- Revenue neutral.
- The Committee identified two alternative methods as meeting the criteria of the charter and requested DNR perform a fiscal analysis:
 - Average Upland Adjacent Parcel: Group all the marinas within a specified geographic area, identified above, and calculate rent using the average value of the parcels selected for use in the existing rent formula (in accordance with WAC 332-30-123). The average value of the parcels would be obtained by determining the total square footage of the upland parcels and dividing it by the total value of the parcels.
 - Existing method with five-mile radius averaging option: Continue to use the existing water-dependent rent calculations as its base. The geographic limits for the averaging would be set as identified above. An average value of the upland parcels within the geographic area is determined and the value of the individual marina’s adjacent parcel is compared to it. If the value of the marina’s upland parcel is more than 15% higher than the average parcel value within the geographic area, DNR could use the average parcel value. The Department of Natural Resources would also have the discretion to use an average parcel value if the upland value used to calculate a lessee’s rent was more than 15% below the average parcel value.
 - Three variations within each method described above were considered for determining the geographic area:
 - ◆ Determine the average upland parcel value in an urban and rural area within each county. Urban areas are those areas within city limits or defined urban growth area. Rural is considered to be all other lands in the county.
 - ◆ Determine the average upland parcel value within a 5 mile radius of the marina whose rent is being calculated.
 - ◆ Determine the average parcel value of the five nearest marinas along the shoreline to the marina whose rent is being calculated.
- Results of Fiscal Analysis:

The fiscal analysis showed varied distributions in both fiscal impact and marinas affected by different options:

- Average Upland Adjacent Parcel: The urban/rural and five-mile radius geographic variations of the Average Upland Adjacent Parcel method showed similar fiscal impact and number of marinas affected by rent changes but different average changes per marina. The five nearest marinas variation showed a significantly lower fiscal impact and a markedly higher number of marinas with increasing rents. However, the five-mile radius and five nearest marinas variations showed similar average increases and decreases per marina.
 - Existing Method with Averaging: All geographic variations using the Existing Method with Averaging saw similar trends as the Average Upland Adjacent Parcel method with two exceptions. The five nearest marinas geographic variation resulted in a markedly lower number of marinas with increasing rents. Additionally, all geographic variations resulted in a higher number of marinas with unchanged rents, higher average changes for marinas with changes. All variations using this method also resulted in higher fiscal impacts, the five-mile radius having the least fiscal impact and the five nearest neighbor having the most.
 - Additional Fiscal Analysis: As a result of these findings, the decision was made to expand the 15% averaging range to 50%, in 5% increments, to determine the fiscal impact for each range. As the averaging range increased each geographic variation showed increases in the number of marinas whose rent remained unchanged and consequent reductions in fiscal impacts. However, the five-mile radius geographic variation was the only variation with ranges resulting in minimal fiscal impacts
- Committee Conclusions and Recommendations
- The Committee determined the existing method with averaging within a five mile radius geographic averaging area an averaging percent range best met all the objectives set by the committee.
- There was lingering concern that this method might result in cases where dissimilar markets would be averaged with each other. The Committee requested DNR analyze whether categorizing marinas according to water body would be more equitable. DNR reviewed a number of scenarios, including whether any marina would be located in entirely “land-locked” water bodies, such as lakes with no outlet or connection to dissimilar bodies of water such as rivers or marine waters, but could not find any marinas on water bodies that met this criterion
 - To achieve the revenue neutrality objective, base rent was set at \$500 every revaluation to cover administrative costs on the condition that DNR perform research to determine a more accurate administrative cost
 - The Committee agreed to move forward with the alternate method in concept, but reserved full support for a bill pending discussions with their constituents.

2011-2012 Legislation

- **SB 5550** – Concerning the annual rent rate for marinas (DNR request legislation developed from the 2010 marina rent committee results).
 - Status – Did not pass, on hold for 2012 session.
 - Major provisions
 - Redefined marina: any entity occupying state-owned aquatic lands that provides vessel moorage for a fee or includes marina slips within the definition of a unit for condominium purposes, excluding homeowner associations, facilities that provide moorage exclusively for floating homes, and facilities that are entirely dedicated to providing public use and access under a no-fee public use and access agreement.
 - Provides a geographic averaging method for marina upland values.
 - A marinas upland parcel value is the average of the upland values for all the marinas within a five mile radius centered on that marina
 - If the upland value for a marina is more than 45 percent above its geographic upland value, then the upland value for purposes of setting that marina's rent is 45 percent above its geographic upland value.
 - Similarly, if the upland value for a marina is more than 45 percent below its geographic upland value, then the upland value for purposes of setting that marina's rent is 45 percent below its geographic upland value.
 - Established a base rent of \$250 during each revaluation.
 - Established phasing-in of new rents over the four years following the next revaluation.
 - 2011 Debate
 - Opponents of the bill presented three main arguments:
 - Ports are a main competitor but not included in the bill.
 - The increase in a non-profit marinas rent is unfair.
 - Wildly changing assessed property values are largely to blame for the unfairness of the current calculation method.
 - In addition, some believed the committee did not meet a sufficient number of times, the data was not finalized soon enough, predicted impacts were released too late, and not enough marina owners had knowledge of the proposal.
- **HB 1553** – Concerning the annual rent rate for marinas (DNR request legislation from the 2010 marina rent committee results).
 - Status – Did not pass, on hold for 2012 session.
 - Major provisions
 - Redefined marina.
 - Provides a geographic averaging method for marina upland values.
 - A marinas upland parcel value is the average of the upland values for all the marinas within a five mile radius centered on that marina

- If the upland value for a marina is more than 45 percent above its geographic upland value, then the upland value for purposes of setting that marina's rent is 45 percent above its geographic upland value.
- Similarly, if the upland value for a marina is more than 45 percent below its geographic upland value, then the upland value for purposes of setting that marina's rent is 45 percent below its geographic upland value.
- Established a base rent of \$250 during each revaluation.
- Established phasing-in of new rents over the four years following the next revaluation.
- 2011 Debate
 - Same as SB 5550.
- **[EHB 1087](#), Section 308(10)**
 - Status – Passed Senate & House, vetoed by Governor.
 - Major Provisions:
 - Directed DNR to reconvene the marina rents review committee and recommend to the legislature alternative methods of calculating rents for marinas using existing funding.
 - Results:
 - In her veto, the Governor asked the Commissioner to review past studies on this subject, discuss the issue with all affected stakeholders and prepare legislation for next session.