

HOUSE BILL REPORT

HB 1809

As Passed House
March 13, 1993

Title: An act relating to authorization of the pooling of trust management accounts.

Brief Description: Permitting the pooling of department of natural resources trust management accounts.

Sponsors: Representatives Locke and Wang.

Brief History:

Reported by House Committee on:
Appropriations, February 25, 1993, DP;
Passed House, March 13, 1993, 78-18.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 18 members:
Representatives Locke, Chair; Valle, Vice Chair; Carlson,
Assistant Ranking Minority Member; Appelwick; Basich; Cooke;
Dellwo; Dorn; Dunshee; G. Fisher; Jacobsen; Lemmon;
Linville; Peery; Rust; Sehlin; Talcott; and Wolfe.

Minority Report: Without recommendation. Signed by 3
members: Representatives Morton; Sheahan; and Stevens.

Staff: Susan Nakagawa (786-7145).

Background: The Department of Natural Resources manages approximately 2.1 million acres of lands known as enabling act trustlands. The department is required by both state constitution and statute to manage these lands for designated public beneficiaries. Revenues are generated from timber sales, leases, sale of materials, and interest income, and redirected back to the specific trust beneficiary in the capital budget.

The department receives a portion of trust revenues to pay the costs of managing the trust. Up to 25 percent of the revenues from these lands are deposited into the Resource Management Cost Account (RMCA). The department is required to account for management funds from each specific trust. For example, the revenues deposited into the RMCA from the common school trustlands are required to be expended in support of managing the same common school trustlands.

Trustland categories include the common schools, the University of Washington, Washington State University, the regional universities, the capitol buildings and grounds, and charitable, educational, penal and reform institutions.

Summary of Bill: The department is given additional flexibility for managing and expending trust management revenues. Revenues deposited into the account are pooled, and lose their separate trust identity. The department is no longer required to account for and expend revenue in the RMCA by each separate trust category.

Fiscal Note: Requested on February 18, 1993.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: This legislation gives the department the flexibility needed to effectively manage the trust asset base to generate the greatest revenue. Pooling trust revenues within the Resource Management Cost Account allows the department to make expenditures that support trust management work as required to generate the greatest revenue. Presently, the department is limited by cash-flow considerations.

Testimony Against: None.

Witnesses: Pat McElroy, Deputy Supervisor, Department of Natural Resources.