

2 **SHB 1418** - CONF REPT  
3 By Conference Committee

4 ADOPTED 4/26/97

5 Strike everything after the enacting clause and insert the  
6 following:

7 "**Sec. 1.** RCW 79.64.020 and 1993 c 460 s 1 are each amended to read  
8 as follows:

9 A resource management cost account in the state treasury is hereby  
10 created to be used solely for the purpose of defraying the costs and  
11 expenses necessarily incurred by the department in managing and  
12 administering public lands and the making and administering of leases,  
13 sales, contracts, licenses, permits, easements, and rights of way on or  
14 with respect to such lands as authorized under the provisions of this  
15 title. Appropriations from the account to the department shall be  
16 expended for no other purposes. The resource management cost account  
17 may receive and accept funds that are to be used for such purposes from  
18 any source. Funds in the account produced by a trust may be  
19 appropriated or transferred by the legislature only for the benefit of  
20 ~~((all of))~~ the ~~((trusts from which the funds were derived))~~ trust.

21 "**Sec. 2.** RCW 79.64.030 and 1993 c 460 s 2 are each amended to read  
22 as follows:

23 Funds in the account derived from the gross proceeds of leases,  
24 sales, contracts, licenses, permits, easements, and rights of way  
25 issued by the department and affecting school lands, university lands,  
26 ~~((agricultural college lands,))~~ scientific school lands, normal school  
27 lands, capitol building lands, or institutional lands shall be ~~((pooled~~  
28 ~~and))~~ expended by the department solely for the purpose of defraying  
29 the costs and expenses necessarily incurred in managing and  
30 administering ~~((all of the trust lands enumerated in this section))~~  
31 state lands of the same trust. Such funds may be used for similar  
32 costs and expenses in managing and administering other lands managed by  
33 the department provided that such expenditures that have been or may be  
34 made on such other lands shall be repaid to the resource management

1 cost account together with interest at a rate determined by the board  
2 of natural resources.

3 Costs and expenses necessarily incurred in managing and  
4 administering agricultural college lands shall not be deducted from  
5 proceeds derived from the sale of agricultural college lands including  
6 the sale of resources that are part of those lands. The department  
7 shall use funds provided under section 3 of this act for the management  
8 and administration of agricultural college lands.

9 An accounting shall be made annually of the accrued expenditures  
10 from the ((pooled)) trust funds in the account. In the event the  
11 accounting determines that expenditures have been made from moneys  
12 derived from trust lands for the benefit of another trust or other  
13 lands, such expenditure shall be considered a debt and an encumbrance  
14 against the property or trust funds benefited, including property held  
15 under chapter 76.12 RCW. The results of the accounting shall be  
16 reported to the legislature at the next regular session. The state  
17 treasurer is authorized, upon request of the department, to transfer  
18 funds between the forest development account and the resource  
19 management cost account solely for purpose of repaying loans pursuant  
20 to this section.

21 NEW SECTION. Sec. 3. A new section is added to chapter 79.64 RCW  
22 to read as follows:

23 (1) No part of the gross proceeds from leases, sales, contracts,  
24 licenses, permits, easements, and rights of way on or relating to the  
25 agricultural college lands may be used to defray costs or expenses  
26 incurred in managing and administering the lands, and all such gross  
27 proceeds shall be made available to the beneficiary of the agricultural  
28 college lands.

29 (2) The board shall determine the amount necessary in order to  
30 achieve the purposes of this chapter for the agricultural college  
31 lands. The department shall bill the state of Washington for this  
32 amount. The billing authorized under this section shall in no event  
33 exceed twenty-two percent of the gross proceeds received by the  
34 beneficiary under subsection (1) of this section.

35 (3) The state of Washington shall pay the department for  
36 administering and managing the agricultural college lands. The state  
37 may choose the fund source to use to pay this cost, provided that the  
38 funds represent moneys from the treasury of the state. The state may

1 not pay this cost using proceeds received by the beneficiary under  
2 subsection (1) of this section.

3 (4) The department shall deposit the moneys received from the state  
4 for the management and administration of the agricultural college lands  
5 into the account.

6 **Sec. 4.** RCW 79.64.040 and 1981 2nd ex.s. c 4 s 3 are each amended  
7 to read as follows:

8 Except as provided in section 3 of this act, the board shall  
9 determine the amount deemed necessary in order to achieve the purposes  
10 of this chapter and shall provide by rule for the deduction of this  
11 amount from the gross proceeds of all leases, sales, contracts,  
12 licenses, permits, easements, and rights of way issued by the  
13 department and affecting public lands. Moneys received as deposits  
14 from successful bidders, advance payments, and security under RCW  
15 79.01.132 and 79.01.204 prior to December 1, 1981, which have not been  
16 subjected to deduction under this section are not subject to deduction  
17 under this section. The deductions authorized under this section shall  
18 in no event exceed twenty-five percent of the total sum received by the  
19 department in connection with any one transaction pertaining to public  
20 lands other than second class tide and shore lands and the beds of  
21 navigable waters, and fifty percent of the total gross proceeds  
22 received by the department pertaining to second class tide and shore  
23 lands and the beds of navigable waters.

24 **Sec. 5.** RCW 79.01.136 and 1979 ex.s. c 109 s 5 are each amended to  
25 read as follows:

26 Before any state lands are offered for sale, or lease, or are  
27 assigned, the department of natural resources may establish the fair  
28 market value of those authorized improvements not owned by the state.  
29 In the event that agreement cannot be reached between the state and the  
30 lessee on the fair market value, such valuation shall be submitted to  
31 a review board of appraisers. The board shall be as follows: One  
32 member to be selected by the lessee and his or her expense shall be  
33 borne by the lessee; one member selected by the state and his or her  
34 expense shall be borne by the state; these members so selected shall  
35 mutually select a third member and his or her expenses shall be shared  
36 equally by the lessee and the state. The majority decision of this  
37 appraisal review board shall be binding on both parties. For this

1 purpose "fair market value" is defined as: The highest price in terms  
2 of money which a property will bring in a competitive and open market  
3 under all conditions of a fair sale, the buyer and seller, each  
4 prudently knowledgeable and assuming the price is not affected by undue  
5 stimulus. All damages and wastes committed upon such lands and other  
6 obligations due from the lessee shall be deducted from the appraised  
7 value of the improvements(~~(:—PROVIDED, That))~~). However, the  
8 department of natural resources on behalf of the respective trust may  
9 purchase at fair market value those improvements if it appears to be in  
10 the best interest of the state ((from the RMCA of the general fund)).  
11 Payment for the improvements may be made with funds held on behalf of  
12 the trust in the resource management cost account established under RCW  
13 79.64.020.

14 NEW SECTION. Sec. 6. This act is necessary for the immediate  
15 preservation of the public peace, health, or safety, or support of the  
16 state government and its existing public institutions, and takes effect  
17 July 1, 1997."

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21 On page 1, line 3 of the title, after "lands;" strike the remainder  
22 of the title and insert "amending RCW 79.64.020, 79.64.030, 79.64.040,  
23 and 79.01.136; adding a new section to chapter 79.64 RCW; providing an  
24 effective date; and declaring an emergency."

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