

HOUSE BILL REPORT

HB 2583

As Reported By House Committee On:
Natural Resources

Title: An act relating to the management expenses for the agricultural college trust lands managed by the department of natural resources.

Brief Description: Managing agricultural college trust lands.

Sponsors: Representatives Buck, Regala, Schoesler and Chandler; by request of Commissioner of Public Lands.

Brief History:

Committee Activity:

Natural Resources: 1/30/98, 2/4/98 [DP].

HOUSE COMMITTEE ON NATURAL RESOURCES

Majority Report: Do pass. Signed by 10 members: Representatives Buck, Chairman; Sump, Vice Chairman; Thompson, Vice Chairman; Regala, Ranking Minority Member; Butler, Assistant Ranking Minority Member; Anderson; Chandler; Eickmeyer; Hatfield and Pennington.

Minority Report: Do not pass. Signed by 1 member: Representative Alexander.

Staff: Linda Byers (786-7129).

Background: In 1996, the Legislature asked the attorney general to render an opinion on a number of questions related to the management of the state's federal grant lands and forest board transfer lands. The Legislature also made the rather unusual request of asking the attorney general to consider the validity of existing statutes on the management of these lands.

The attorney general completed the requested opinion in August 1996. The opinion identifies two areas of current law which may be constitutionally defective. The first area involves the accounting of trust funds within the resource management cost account, the account used for management expenses for the federal grant lands. In 1993, the Legislature passed a measure which allowed for the pooling of funds within this account. The attorney general opinion finds that there must be a separate accounting of each

individual trust's revenues and expenses and that the Legislature's action in 1993 does not meet this requirement.

A second subject area addressed by the attorney general opinion is that of the payment of management expenses for one particular trust, the trust established for the support of an agricultural college. This trust provides support to Washington State University (WSU). The Legislature asked the attorney general if expenses for the management of these particular trust lands could be charged against the proceeds from the sale of these lands or from the sale of resources from these lands. The attorney general analyzed the provisions of the Enabling Act and a second piece of federal legislation dealing with land grants for agricultural colleges, the Morrill Act of 1862. The opinion finds that the Morrill Act precludes the state from deducting the expenses of managing the agricultural college lands from proceeds derived from the sale of those lands including proceeds from the sale of resources that are part of the lands. The opinion notes that expenses for the management and administration of the agricultural college lands must come from the treasury of the state.

Summary of Bill: With regard to the pooling issue, references to the pooling of funds within the resource management cost account are removed. Instead, funds in the account derived from revenue-generating activities on the common school lands, the university school lands, the scientific school lands, the normal school lands, the capitol building lands, and the institutional lands may only be used for management expenses of state lands of the same trust.

With regard to the issue of management expenses for the agricultural college lands, management expenses may not be deducted from proceeds from the sale of agricultural college lands or the sale of resources that are part of those lands. Instead, management expenses are paid for out of the state general fund. In order to create a 10-year endowment to cover management expenses for the agricultural college lands, \$9,450,000 is appropriated from the state general fund to the resource management cost account. The Department of Natural Resources is directed to request an appropriation in 2008 to replenish the endowment.

Appropriation: The sum of \$9,450,000 is appropriated from the state general fund to the resource management cost account.

Fiscal Note: Requested on January 21, 1998.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 1998.

Testimony For: This bill has been a cooperative effort between WSU and the department. It is seeking to remedy the defects in current law. It eliminates the pooling problem and provides a permanent endowment for management expenses of the agricultural college lands.

Testimony Against: None.

Testified: Douglas Lawrence, WSU; and Kaleen Cottingham, Department of Natural Resources (both in favor).