

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE HOUSE BILL 1418**

55th Legislature  
1997 Regular Session

Passed by the House April 26, 1997  
Yeas 98 Nays 0

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**Speaker of the  
House of Representatives**

Passed by the Senate April 26, 1997  
Yeas 38 Nays 8

\_\_\_\_\_  
**President of the Senate**

Approved

\_\_\_\_\_  
**Governor of the State of Washington**

CERTIFICATE

I, Timothy A. Martin, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1418** as passed by the House of Representatives and the Senate on the dates hereon set forth.

\_\_\_\_\_  
**Chief Clerk**

FILED

**Secretary of State  
State of Washington**

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**SUBSTITUTE HOUSE BILL 1418**

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Passed Legislature - 1997 Regular Session

AS RECOMMENDED BY THE CONFERENCE COMMITTEE

**State of Washington**

**55th Legislature**

**1997 Regular Session**

**By** House Committee on Natural Resources (originally sponsored by Representatives Buck and Regala; by request of Commissioner of Public Lands and Department of Natural Resources)

Read first time 03/03/97.

1       AN ACT Relating to eliminating the pooling of the resource  
2 management cost account and removing reference to agricultural college  
3 lands; amending RCW 79.64.020, 79.64.030, 79.64.040, and 79.01.136;  
4 adding a new section to chapter 79.64 RCW; providing an effective date;  
5 and declaring an emergency.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

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

1 appropriated or transferred by the legislature only for the benefit of  
2 ~~((all of))~~ the ~~((trusts from which the funds were derived))~~ trust.

3 **Sec. 2.** RCW 79.64.030 and 1993 c 460 s 2 are each amended to read  
4 as follows:

5 Funds in the account derived from the gross proceeds of leases,  
6 sales, contracts, licenses, permits, easements, and rights of way  
7 issued by the department and affecting school lands, university lands,  
8 ~~((agricultural college lands,))~~ scientific school lands, normal school  
9 lands, capitol building lands, or institutional lands shall be ~~((pooled  
10 and))~~ expended by the department solely for the purpose of defraying  
11 the costs and expenses necessarily incurred in managing and  
12 administering ~~((all of the trust lands enumerated in this section))~~  
13 state lands of the same trust. Such funds may be used for similar  
14 costs and expenses in managing and administering other lands managed by  
15 the department provided that such expenditures that have been or may be  
16 made on such other lands shall be repaid to the resource management  
17 cost account together with interest at a rate determined by the board  
18 of natural resources.

19 Costs and expenses necessarily incurred in managing and  
20 administering agricultural college lands shall not be deducted from  
21 proceeds derived from the sale of agricultural college lands including  
22 the sale of resources that are part of those lands. The department  
23 shall use funds provided under section 3 of this act for the management  
24 and administration of agricultural college lands.

25 An accounting shall be made annually of the accrued expenditures  
26 from the ~~((pooled))~~ trust funds in the account. In the event the  
27 accounting determines that expenditures have been made from moneys  
28 derived from trust lands for the benefit of another trust or other  
29 lands, such expenditure shall be considered a debt and an encumbrance  
30 against the property or trust funds benefited, including property held  
31 under chapter 76.12 RCW. The results of the accounting shall be  
32 reported to the legislature at the next regular session. The state  
33 treasurer is authorized, upon request of the department, to transfer  
34 funds between the forest development account and the resource  
35 management cost account solely for purpose of repaying loans pursuant  
36 to this section.

1        NEW SECTION.    **Sec. 3.**    A new section is added to chapter 79.64 RCW  
2 to read as follows:

3        (1) No part of the gross proceeds from leases, sales, contracts,  
4 licenses, permits, easements, and rights of way on or relating to the  
5 agricultural college lands may be used to defray costs or expenses  
6 incurred in managing and administering the lands, and all such gross  
7 proceeds shall be made available to the beneficiary of the agricultural  
8 college lands.

9        (2) The board shall determine the amount necessary in order to  
10 achieve the purposes of this chapter for the agricultural college  
11 lands. The department shall bill the state of Washington for this  
12 amount. The billing authorized under this section shall in no event  
13 exceed twenty-two percent of the gross proceeds received by the  
14 beneficiary under subsection (1) of this section.

15        (3) The state of Washington shall pay the department for  
16 administering and managing the agricultural college lands. The state  
17 may choose the fund source to use to pay this cost, provided that the  
18 funds represent moneys from the treasury of the state. The state may  
19 not pay this cost using proceeds received by the beneficiary under  
20 subsection (1) of this section.

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

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

26        Except as provided in section 3 of this act, the board shall  
27 determine the amount deemed necessary in order to achieve the purposes  
28 of this chapter and shall provide by rule for the deduction of this  
29 amount from the gross proceeds of all leases, sales, contracts,  
30 licenses, permits, easements, and rights of way issued by the  
31 department and affecting public lands. Moneys received as deposits  
32 from successful bidders, advance payments, and security under RCW  
33 79.01.132 and 79.01.204 prior to December 1, 1981, which have not been  
34 subjected to deduction under this section are not subject to deduction  
35 under this section. The deductions authorized under this section shall  
36 in no event exceed twenty-five percent of the total sum received by the  
37 department in connection with any one transaction pertaining to public  
38 lands other than second class tide and shore lands and the beds of

1 navigable waters, and fifty percent of the total gross proceeds  
2 received by the department pertaining to second class tide and shore  
3 lands and the beds of navigable waters.

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

6 Before any state lands are offered for sale, or lease, or are  
7 assigned, the department of natural resources may establish the fair  
8 market value of those authorized improvements not owned by the state.  
9 In the event that agreement cannot be reached between the state and the  
10 lessee on the fair market value, such valuation shall be submitted to  
11 a review board of appraisers. The board shall be as follows: One  
12 member to be selected by the lessee and his or her expense shall be  
13 borne by the lessee; one member selected by the state and his or her  
14 expense shall be borne by the state; these members so selected shall  
15 mutually select a third member and his or her expenses shall be shared  
16 equally by the lessee and the state. The majority decision of this  
17 appraisal review board shall be binding on both parties. For this  
18 purpose "fair market value" is defined as: The highest price in terms  
19 of money which a property will bring in a competitive and open market  
20 under all conditions of a fair sale, the buyer and seller, each  
21 prudently knowledgeable and assuming the price is not affected by undue  
22 stimulus. All damages and wastes committed upon such lands and other  
23 obligations due from the lessee shall be deducted from the appraised  
24 value of the improvements(~~(:—PROVIDED, That))~~). However, the  
25 department of natural resources on behalf of the respective trust may  
26 purchase at fair market value those improvements if it appears to be in  
27 the best interest of the state ((from the RMCA of the general fund)).  
28 Payment for the improvements may be made with funds held on behalf of  
29 the trust in the resource management cost account established under RCW  
30 79.64.020.

31 NEW SECTION. **Sec. 6.** This act is necessary for the immediate  
32 preservation of the public peace, health, or safety, or support of the  
33 state government and its existing public institutions, and takes effect  
34 July 1, 1997.

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