

HOUSE BILL ANALYSIS

HB 2036

Brief Description: Funding management of the common school trust lands.

Brief Summary of Bill

- ∅ Increases management fee for common school trust lands, from 25 percent to 35 percent of trust revenues.
- ∅ Appropriates \$10 million from the general fund-state to the resource management cost account.
- ∅ Pooling of Department of Natural Resources trust funds no longer required.

Background

The Department of Natural Resources manages approximately 2.3 million acres of land known as enabling act trust lands. The lands are managed in trust for public educational and institutional beneficiaries. Revenues are generated from timber sales, leases, sale of materials, and interest income, and they are redirected in the capital budget back to the specific trust beneficiary.

The department receives up to 25 percent of the trust revenues to pay for the management costs of these lands. The revenues are deposited into the resource management cost account (RMCA). In 1993, the Legislature enacted a law that allows for the pooling of funds within this account. In 1996, the Legislature asked the Attorney General to render an opinion clarifying the authority and responsibilities of the state in managing lands that the state holds in trust for the common schools, universities, and other purposes. The opinion concluded that there must be a separate accounting of each individual trust's revenues and expenses.

Trust land categories include:

- agricultural school;
- capitol buildings and grounds;
- charitable, educational, penal and reform institutions;
- common schools;
- scientific schools;
- normal schools; and
- the University of Washington.

Summary

Pooling of trust funds within the resource management cost account is no longer required. If it is in the best interest of the trust, funds may be loaned to other trusts to pay for management costs. An annual accounting of each trust fund's expenditures must be conducted. Expenditures made from another trust's revenue will be accounted for and considered a debt.

From July 1, 1999 through June 30, 2003, the management fee for common school trust lands may increase from 25 percent to 35 percent.

Ten million dollars from the general fund-state account is appropriated to the resource management cost account for management of common school trust lands.

Appropriation: \$10 million.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Fiscal Note: Requested on February 26, 1999.