

# HOUSE BILL REPORT

## HB 1457

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**As Reported by House Committee On:**  
State Government Operations & Accountability  
Capital Budget

**Title:** An act relating to military department accounts.

**Brief Description:** Creating the military department capital account and rental and lease account.

**Sponsors:** Representatives Haigh, Bailey, Conway, McCoy and McDonald; by request of Military Department.

**Brief History:**

**Committee Activity:**

State Government Operations & Accountability: 2/11/05, 2/16/05 [DP];  
Capital Budget: 3/2/05, 3/3/05 [DP].

**Brief Summary of Bill**

- Creates the Military Department Capital Account and the Military Department Rental and Lease Account in the state treasury.

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**HOUSE COMMITTEE ON STATE GOVERNMENT OPERATIONS & ACCOUNTABILITY**

**Majority Report:** Do pass. Signed by 7 members: Representatives Haigh, Chair; Green, Vice Chair; Nixon, Ranking Minority Member; McDermott, Miloscia, Schindler and Sump.

**Minority Report:** Do not pass. Signed by 2 members: Representatives Clements, Assistant Ranking Minority Member; and Hunt.

**Staff:** Marsha Reilly (786-7135).

**Background:**

The Washington Military Code, codified in several chapters of Title 38 RCW, governs the organization, administration, and duties of the Military Department and the state militia. The militia consists of both the National Guard and the State Guard. The National Guard is organized under the United States National Defense Act and serves both the Governor under state law and the President under federal law.

**Summary of Bill:**

The Military Department Capital Account is created in the state treasury. Receipts from the sale of state-owned Military Department property must be deposited into the account and money in the account may be spent only after appropriation. Expenditures from the account may be used only for Military Department capital projects.

The Military Department Rental and Lease Account is created in the state treasury. Receipts from the rental or lease of state-owned Military Department property must be deposited into the account and money in the account may be spent only after appropriation. Expenditures from the account may be used only for operating and maintenance costs of military property.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Testimony For:** The Military Department has worked very hard to find a way to manage their assets. The capital facilities are located throughout the metropolitan centers of the state. Approximately 80 percent of our facilities are more than 50 years old, and many are over 25 years old. Facilities are funded originally by the federal government with a minimal state match. For 25 years the federal government pays for the maintenance and upkeep of the facility. After 25 years the facility becomes state property and the maintenance and upkeep, as well as updating of the facility, are a drain on the budget. Many of the facilities have outlived their effective use and don't meet minimum standards. A master strategy was adopted to modernize the facilities. A dedicated capital account would be made available as a state match for federal funding of future projects. The Rental and Lease Account under section 2 of the bill was requested by the Office of Financial Management (OFM) as a housekeeping measure. Money from rental and lease property is used exclusively for operational costs for maintenance of these facilities. The OFM believes it would be better to place the funds directly into a fund for these purposes.

**Testimony Against:** None.

**Persons Testifying:** Representative Haigh, prime sponsor; and Major General Timothy Lowenberg and Brigadier General Gordon Toney, Washington Military Department.

**Persons Signed In To Testify But Not Testifying:** None.

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**HOUSE COMMITTEE ON CAPITAL BUDGET**

**Majority Report:** Do pass. Signed by 27 members: Representatives Dunshee, Chair; Ormsby, Vice Chair; Jarrett, Ranking Minority Member; Hankins, Assistant Ranking Minority Member; Blake, Chase, Cox, DeBolt, Eickmeyer, Ericks, Ericksen, Green, Holmquist, Kretz,

Kristiansen, Lantz, McCune, Moeller, Morrell, Newhouse, O'Brien, Roach, Schual-Berke, Serben, Springer, Strow and Upthegrove.

**Staff:** Kathryn Leathers (786-7114).

**Summary of Recommendation of Committee On Capital Budget Compared to Recommendation of Committee On State Government Operations & Accountability:**

No new changes were recommended.

**Appropriation:** None.

**Fiscal Note:** Requested on March 2, 2005.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Testimony For:** Monies in these new accounts can only be spent after appropriation, thereby preserving existing legislative oversight. As for the capital account, it provides state match funds to leverage federal funding for new construction, modernization, and expansion of existing readiness centers. The capital account also reduces the need for bond dollars to support capital projects. The rental and lease account reduces the need for general fund dollars for operating and maintenance costs. This bill addresses the Office of Financial Management's (OFM) concern over the way rental and lease was appropriated in the past, and holds the OFM accountable for management of the funds. This bill addresses the problems associated with the military's aging facilities.

**Testimony Against:** None.

**Persons Testifying:** Gordon Toney, Military Department.

**Persons Signed In To Testify But Not Testifying:** None.