

# SENATE BILL REPORT

## SSB 6190

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As Amended by House, March 4, 2020

**Title:** An act relating to preserving the developmental disabilities community trust.

**Brief Description:** Preserving the developmental disabilities community trust.

**Sponsors:** Senate Committee on Health & Long Term Care (originally sponsored by Senators Braun, Keiser and Kuderer).

**Brief History:**

**Committee Activity:** Health & Long Term Care: 1/22/20, 1/27/20 [DPS-WM].

Ways & Means: 2/04/20, 2/05/20 [DPS (HLTC), DNP].

**Floor Activity:**

Passed Senate: 2/18/20, 45-1.

Passed House: 3/04/20, 95-2.

### Brief Summary of First Substitute Bill

- Expands the use of the Developmental Disabilities Community Trust (trust) funds from family support, employment, or day services to community supports for individuals with developmental disabilities.
- Expands the proceeds that must be deposited into the trust.
- Requires any lease or sale of land, conservation easements, or sale of timber be at fair market value.
- Requires the State Investment Board to invest the trust funds and to routinely consult and communicate with DSHS and the Legislature on the investment policy, earnings of the accounts, and related needs of the trust account.

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### SENATE COMMITTEE ON HEALTH & LONG TERM CARE

**Majority Report:** That Substitute Senate Bill No. 6190 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Cleveland, Chair; Randall, Vice Chair; O'Ban, Ranking Member; Conway, Dhingra, Frockt, Keiser, Muzzall, Rivers and Van De Wege.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Staff:** LeighBeth Merrick (786-7445)

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## SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair, Operating, Capital Lead; Mullet, Capital Budget Cabinet; Braun, Ranking Member; Brown, Assistant Ranking Member, Operating; Honeyford, Assistant Ranking Member, Capital; Becker, Billig, Carlyle, Conway, Darneille, Dhingra, Hunt, Keiser, Liias, Muzzall, Pedersen, Rivers, Schoesler, Van De Wege, Wagoner, Warnick and Wilson, L..

**Minority Report:** Do not pass.

Signed by Senator Hasegawa.

**Staff:** Maria Hovde (786-7474)

**Background:** The Department of Social and Health Services (DSHS) operates four residential habilitation centers (RHCs) which provide 24/7 care to individuals with developmental disabilities. In 2005, the Legislature established the trust account, known as the Dan Thompson Memorial Trust Account. The account receives proceeds from the alternative use of excess property at the RHCs. Lease and rent payments for surplus land must be deposited in the account and only be spent to provide family support, employment, or day services to eligible persons with developmental disabilities who can be served by community-based developmental disability services.

**Summary of First Substitute Bill:** Proceeds from underutilized or vacated RHC property must be deposited into the trust account. The sale of RHC property or timber from the property may be deposited into the account. The sale of property or timber, or other periodic payments is considered investment income.

Any lease or sale of the land, conservation easements, or sale of timber must be at fair market value. Property and trust management services must be paid from the investment income. The account funds must only be spent to benefit eligible persons with intellectual and developmental disabilities who need community supports through grants, projects, or other means that increase community capacity and workforce. The State Investment Board must invest the trust funds and routinely consult and communicate with DSHS and the Legislature on the investment policy, earnings of the accounts, and related needs of the trust account.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony on Original Bill (Health & Long Term Care):** *The committee recommended a different version of the bill than what was heard.* PRO: This is an

important bill to ensure that developmental disabilities advocates trust the state as the state considers the future of RHCs. This would ensure proceeds from the RHC land would benefit the developmentally disabled. Individuals with developmental disabilities and their families want opportunities to have jobs and live in the community. Many states have closed their RHCs. If Washington decides to close their RHCs and sell or lease the land, this would ensure that any of these proceeds directly benefit individuals with disabilities in accessing services in the community. The trust should have a trust manager. The bill should require the trust be managed by the State Investment Board and the state receive fair market value for any of the proceeds related to the RHCs. This bill will activate the trust and will provide opportunities for local communities to create customized solutions to meet their unique needs for serving individuals with developmental disabilities.

**Persons Testifying (Health & Long Term Care):** PRO: Senator John Braun, Prime Sponsor; Margaret Lee Thompson, WISE; Stacy Dym, The Arc of King County; Adrienne Stuart, Developmental Disabilities Council; Cathy Murahashi, citizen.

**Persons Signed In To Testify But Not Testifying (Health & Long Term Care):** No one.

**Staff Summary of Public Testimony on First Substitute (Ways & Means):** PRO: Individuals with developmental disabilities and their families want opportunities to have jobs and live in the community. Many states have already closed their RHCs. Despite one of the strongest economies, Washington ranks 41st in the nation for money spent on developmental disabilities services. Without someone to advocate for the highest and best use the land has been essentially fallow. This valuable asset is being held to benefit individuals with developmental disabilities. This bill will provide for professional management of the trust and allows for proceeds from land sales as well as leases. This bill moves the trust under the SIB to maximize the return. These proceeds could fund programs for individuals with developmental disabilities for many years to come. The bill also broadens the scope of the use of these funds and allows us to keep the collective promise that was made to the developmental disabilities community.

**Persons Testifying (Ways & Means):** PRO: Jeremy Norden-Paul, Developmental Disabilities Council, Executive Director; Stacy Dym, The Arc of King County; Margaret-Lee Thompson, parent of Dan Thompson.

**Persons Signed In To Testify But Not Testifying (Ways & Means):** No one.

#### **EFFECT OF HOUSE AMENDMENT(S):**

- Renames the Dan Thompson Memorial Trust Account to the Dan Thompson Memorial Developmental Disabilities Community Services Account.
- Restructures the account to clarify the proceeds that can be deposited into the account and how the funds may be used:
  - Permits the account to accept deposits made by the Legislature.
  - Excludes real property DSHS determines is required for RHC operations and real property owned by the charitable, educational, penal, and reformatory institution trust from the real property that may be sold for the benefit of the account.
  - Removes references to investment earnings and principal.

- Modifies how the account's funds may be used to support individuals with developmental disabilities from community supports through grants, projects, or other means that increase community capacity and workforce to supports and services in the community setting.
- Allows the account funds to cover the State Investment Board's costs for investing the account.