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**SUBSTITUTE HOUSE BILL 2126**

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**State of Washington**

**63rd Legislature**

**2014 Regular Session**

**By** House Agriculture & Natural Resources (originally sponsored by Representatives Lytton, Warnick, Tharinger, Chandler, Blake, Van De Wege, MacEwen, Pettigrew, Dunshee, Stanford, Fitzgibbon, Haler, Ross, Buys, Morrell, Roberts, and Ryu; by request of Commissioner of Public Lands)

READ FIRST TIME 01/27/14.

1           AN ACT Relating to the community forest trust account; amending RCW  
2 43.30.385, 79.64.020, 79.64.040, and 79.155.090; reenacting and  
3 amending RCW 43.79A.040; and adding a new section to chapter 79.155  
4 RCW.

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

6           NEW SECTION. **Sec. 1.** A new section is added to chapter 79.155 RCW  
7 to read as follows:

8           The community forest trust account is created in the custody of the  
9 state treasurer. All moneys received for the acquisition, sale,  
10 management, and administration of the department's duties under this  
11 chapter for community forest trust lands including, but not limited to,  
12 proceeds from the sale of valuable materials from community forest  
13 trust lands, interest earned on investments in the account, and all  
14 other revenue related to community forest trust lands created or  
15 acquired pursuant to this chapter must be deposited into the account.  
16 The account is authorized to receive fund transfers and appropriations  
17 from the general fund, as well as gifts, grants, and endowments from  
18 public or private sources as may be made from time to time.  
19 Expenditures from the account may be used to reimburse management costs

1 incurred by the department on community forest trust lands, for the  
2 acquisition of interests in land or other real property to be managed  
3 as community forest trust lands, for technical assistance grants  
4 pursuant to RCW 79.155.120, and for all other purposes consistent with  
5 this chapter. Only the commissioner or the commissioner's designee may  
6 authorize expenditures from the account. However, the board must  
7 authorize any expenditures made to: (1) Reimburse state and local  
8 governmental entities' eligible financial contributions for the  
9 acquisition of community forest trust lands under RCW 79.155.090; or  
10 (2) acquire real property for the community forest trust under RCW  
11 79.155.040(3). The account is subject to allotment procedures under  
12 chapter 43.88 RCW, but an appropriation is not required for  
13 expenditures.

14 **Sec. 2.** RCW 43.30.385 and 2012 c 166 s 8 are each amended to read  
15 as follows:

16 (1) The park land trust revolving fund is to be utilized by the  
17 department for the purpose of acquiring real property, including all  
18 reasonable costs associated with these acquisitions, as a replacement  
19 for the property transferred to the state parks and recreation  
20 commission, as directed by the legislature in order to maintain the  
21 land base of the affected trusts or under RCW 79.22.060 and to receive  
22 voluntary contributions for the purpose of operating and maintaining  
23 public use and recreation facilities, including trails, managed by the  
24 department.

25 ~~(2) ((In addition to the other purposes identified in this section,~~  
26 ~~the park land trust revolving fund may be utilized by the department to~~  
27 ~~hold funding for future acquisition of lands for the community forest~~  
28 ~~trust program from willing sellers under RCW 79.155.040.~~

29 ~~(3))~~(a) Proceeds from transfers of real property to the state  
30 parks and recreation commission or other proceeds identified from  
31 transfers of real property as directed by the legislature shall be  
32 deposited in the park land trust revolving fund.

33 (b) Except as otherwise provided in this subsection, the proceeds  
34 from real property transferred or disposed under RCW 79.22.060 must be  
35 used solely to purchase replacement forest land, that must be actively  
36 managed as a working forest, within the same county as the property  
37 transferred or disposed. If the real property was transferred under

1 RCW 79.22.060 (1)(c) and (2)(c) from within a county participating in  
2 the state forest land pool created under RCW 79.22.140, replacement  
3 forest land may be located within any county participating in the land  
4 pool.

5 (c) Disbursement from the park land trust revolving fund to acquire  
6 replacement property and for operating and maintaining public use and  
7 recreation facilities shall be on the authorization of the department.

8 (d) The proceeds from the recreation access pass account created in  
9 RCW 79A.80.090 must be solely used for the purpose of operating and  
10 maintaining public use and recreation facilities, including trails,  
11 managed by the department.

12 ((+4)) (3) In order to maintain an effective expenditure and  
13 revenue control, the park land trust revolving fund is subject in all  
14 respects to chapter 43.88 RCW, but no appropriation is required to  
15 permit expenditures and payment of obligations from the fund.

16 ((+5)) (4) The department is authorized to solicit and receive  
17 voluntary contributions for the purpose of operating and maintaining  
18 public use and recreation facilities, including trails, managed by the  
19 department. The department may seek voluntary contributions from  
20 individuals and organizations for this purpose. Voluntary  
21 contributions will be deposited into the park land trust revolving fund  
22 and used solely for the purpose of public use and recreation facilities  
23 operations and maintenance. Voluntary contributions are not considered  
24 a fee for use of these facilities.

25 **Sec. 3.** RCW 79.64.020 and 2013 2nd sp.s. c 4 s 1000 are each  
26 amended to read as follows:

27 A resource management cost account in the state treasury is created  
28 to be used solely for the purpose of defraying the costs and expenses  
29 necessarily incurred by the department in managing and administering  
30 state lands, (~~community forest trust lands, and~~) aquatic lands, and  
31 the making and administering of leases, sales, contracts, licenses,  
32 permits, easements, and rights-of-way as authorized under the  
33 provisions of this title. Appropriations from the resource management  
34 cost account to the department shall be expended for no other purposes.  
35 Funds in the resource management cost account may be appropriated or  
36 transferred by the legislature for the benefit of all of the trusts  
37 from which the funds were derived. During the 2013-2015 fiscal

1 biennium, the legislature may transfer from the aquatics revenues in  
2 the resources management cost account to the marine resources  
3 stewardship trust account for the purposes of chapter 43.372 RCW.

4 **Sec. 4.** RCW 79.64.040 and 2013 2nd sp.s. c 4 s 1001 are each  
5 amended to read as follows:

6 (1) The board shall determine the amount deemed necessary in order  
7 to achieve the purposes of this chapter and shall provide by rule for  
8 the deduction of this amount from the moneys received from all leases,  
9 sales, contracts, licenses, permits, easements, and rights-of-way  
10 issued by the department and affecting state lands(~~(, community forest~~  
11 ~~trust lands,)~~) and aquatic lands, provided that no deduction shall be  
12 made from the proceeds from agricultural college lands.

13 (2) Moneys received as deposits from successful bidders, advance  
14 payments, and security under RCW 79.15.100, 79.15.080, and 79.11.150  
15 prior to December 1, 1981, which have not been subjected to deduction  
16 under this section are not subject to deduction under this section.

17 (3) Except as otherwise provided in subsection(~~(s (4) and (6))~~) (5)  
18 of this section, the deductions authorized under this section shall not  
19 exceed twenty-five percent of the moneys received by the department in  
20 connection with any one transaction pertaining to state lands and  
21 aquatic lands other than second-class tide and shore lands and the beds  
22 of navigable waters, and fifty percent of the moneys received by the  
23 department pertaining to second-class tide and shore lands and the beds  
24 of navigable waters.

25 ~~(4) ((Deductions authorized under this section for transactions~~  
26 ~~pertaining to community forest trust lands must be established at a~~  
27 ~~level sufficient to defray over time the management costs for~~  
28 ~~activities prescribed in a parcel's management plan adopted pursuant to~~  
29 ~~RCW 79.155.080, and, if deemed appropriate by the board consistent with~~  
30 ~~RCW 79.155.090, to reimburse the state and any local entities' eligible~~  
31 ~~financial contributions for acquisition of the parcel.~~

32 ~~(5))~~ In the event that the department sells logs using the  
33 contract harvesting process described in RCW 79.15.500 through  
34 79.15.530, the moneys received subject to this section are the net  
35 proceeds from the contract harvesting sale.

36 ~~((6))~~ (5) During the 2011-2013 and 2013-2015 fiscal biennia, the

1 twenty-five percent limitation on deductions set in subsection (3) of  
2 this section may be increased up to thirty percent by the board.

3 **Sec. 5.** RCW 79.155.090 and 2011 c 216 s 9 are each amended to read  
4 as follows:

5 (1) Any revenue produced on community forest trust lands must be(~~(~~  
6 ~~consistent with RCW 79.64.040,~~) allocated as follows:

7 (a) All costs incurred by the department in managing the parcel  
8 must be fully reimbursed; and

9 (b) After the department's management costs are reimbursed, any  
10 remaining revenue must then be prioritized to fulfill the management  
11 objectives for the specific parcel as identified in the postacquisition  
12 management plan developed under RCW 79.155.080 consistent with the  
13 management principles outlined in RCW 79.155.030.

14 (2)(a) If, by the determination of the board, there is revenue  
15 remaining in any given biennium after fulfilling the requirements of  
16 subsection (1) of this section, then the board has the discretion to  
17 reimburse any local entities' eligible financial contributions for  
18 acquisition of the parcel under RCW 79.155.070(2) and any state  
19 contribution to the acquisition of the parcel up to an amount that  
20 represents fifty percent of the difference between the parcel's  
21 original appraised fair market value and the parcel's timber and forest  
22 land value. However, any funds used as part of the local contribution  
23 may not be reimbursed if the funds were originally provided through a  
24 state or federal grant, provided through a fully compensated transfer  
25 of development rights at fair market value, or provided by a donation  
26 of funds or property.

27 (b) If the board decides to reimburse the state and local  
28 contribution, then it must allocate the reimbursement so that fifty  
29 percent is provided to the state general fund and fifty percent is  
30 provided to any eligible partnering local entities.

31 (c) Nothing in this section creates an expectation, requirement, or  
32 fiduciary duty for the board or the associated community forest trust  
33 lands to generate revenue in excess of amounts as provided in  
34 subsection (1)(a) of this section.

35 **Sec. 6.** RCW 43.79A.040 and 2013 c 251 s 5 and 2013 c 88 s 1 are  
36 each reenacted and amended to read as follows:

1 (1) Money in the treasurer's trust fund may be deposited, invested,  
2 and reinvested by the state treasurer in accordance with RCW 43.84.080  
3 in the same manner and to the same extent as if the money were in the  
4 state treasury, and may be commingled with moneys in the state treasury  
5 for cash management and cash balance purposes.

6 (2) All income received from investment of the treasurer's trust  
7 fund must be set aside in an account in the treasury trust fund to be  
8 known as the investment income account.

9 (3) The investment income account may be utilized for the payment  
10 of purchased banking services on behalf of treasurer's trust funds  
11 including, but not limited to, depository, safekeeping, and  
12 disbursement functions for the state treasurer or affected state  
13 agencies. The investment income account is subject in all respects to  
14 chapter 43.88 RCW, but no appropriation is required for payments to  
15 financial institutions. Payments must occur prior to distribution of  
16 earnings set forth in subsection (4) of this section.

17 (4)(a) Monthly, the state treasurer must distribute the earnings  
18 credited to the investment income account to the state general fund  
19 except under (b), (c), and (d) of this subsection.

20 (b) The following accounts and funds must receive their  
21 proportionate share of earnings based upon each account's or fund's  
22 average daily balance for the period: The Washington promise  
23 scholarship account, the Washington advanced college tuition payment  
24 program account, the accessible communities account, the community and  
25 technical college innovation account, the agricultural local fund, the  
26 American Indian scholarship endowment fund, the foster care scholarship  
27 endowment fund, the foster care endowed scholarship trust fund, the  
28 contract harvesting revolving account, the Washington state combined  
29 fund drive account, the commemorative works account, the county  
30 enhanced 911 excise tax account, the toll collection account, the  
31 developmental disabilities endowment trust fund, the energy account,  
32 the fair fund, the family leave insurance account, the food animal  
33 veterinarian conditional scholarship account, the fruit and vegetable  
34 inspection account, the future teachers conditional scholarship  
35 account, the game farm alternative account, the GET ready for math and  
36 science scholarship account, the Washington global health technologies  
37 and product development account, the grain inspection revolving fund,  
38 the industrial insurance rainy day fund, the juvenile accountability

1 incentive account, the law enforcement officers' and firefighters' plan  
2 expense fund, the local tourism promotion account, the multiagency  
3 permitting team account, the pilotage account, the produce railcar pool  
4 account, the regional transportation investment district account, the  
5 rural rehabilitation account, the stadium and exhibition center  
6 account, the youth athletic facility account, the self-insurance  
7 revolving fund, the children's trust fund, the Washington horse racing  
8 commission Washington bred owners' bonus fund and breeder awards  
9 account, the Washington horse racing commission class C purse fund  
10 account, the individual development account program account, the  
11 Washington horse racing commission operating account, the life sciences  
12 discovery fund, the Washington state heritage center account, the  
13 reduced cigarette ignition propensity account, the center for childhood  
14 deafness and hearing loss account, the school for the blind account,  
15 the Millersylvania park trust fund, the public employees' and retirees'  
16 insurance reserve fund, (~~and~~) the radiation perpetual maintenance  
17 fund, and the community forest trust account.

18 (c) The following accounts and funds must receive eighty percent of  
19 their proportionate share of earnings based upon each account's or  
20 fund's average daily balance for the period: The advanced right-of-way  
21 revolving fund, the advanced environmental mitigation revolving  
22 account, the federal narcotics asset forfeitures account, the high  
23 occupancy vehicle account, the local rail service assistance account,  
24 and the miscellaneous transportation programs account.

25 (d) Any state agency that has independent authority over accounts  
26 or funds not statutorily required to be held in the custody of the  
27 state treasurer that deposits funds into a fund or account in the  
28 custody of the state treasurer pursuant to an agreement with the office  
29 of the state treasurer shall receive its proportionate share of  
30 earnings based upon each account's or fund's average daily balance for  
31 the period.

32 (5) In conformance with Article II, section 37 of the state  
33 Constitution, no trust accounts or funds shall be allocated earnings  
34 without the specific affirmative directive of this section.

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