

HOUSE BILL REPORT

HB 1537

As Reported By House Committee On:

Agriculture & Ecology
Finance

Title: An act relating to earnings of agricultural funds and accounts.

Brief Description: Modifying disposition of earnings of agricultural funds and accounts.

Sponsors: Representatives Honeyford, Chandler, Mastin, Chappell, Clements, Kremen, Schoesler, Robertson, McMorris, Delvin, Koster, Boldt, Johnson, L. Thomas, Goldsmith, McMahan, Mulliken and Brumsickle.

Brief History:

Committee Activity:

Agriculture & Ecology: 1/23/95 (HB 1095); 2/1/95 [DPS];
Finance: 2/22/95, 3/6/95 [DP2S(w/o sub AG)].

HOUSE COMMITTEE ON AGRICULTURE & ECOLOGY

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 15 members: Representatives Chandler, Chair; Koster, Vice Chair; McMorris, Vice Chair; Mastin, Ranking Minority Member; Chappell, Assistant Ranking Minority Member; Boldt; Clements; Delvin; Honeyford; Johnson; Kremen; Poulsen; Regala; Robertson and Schoesler.

Minority Report: Do not pass. Signed by 2 members: Representatives R. Fisher and Rust.

Staff: Kenneth Hirst (786-7105).

Background: Prior to 1991, earnings from investments of the accounts within the General Fund or of the funds and accounts within the custody of the State Treasurer (and, therefore, managed within the Treasurer's Trust Fund) were credited to those funds and accounts. As a general rule, they received 80 percent of these earnings; the remaining 20 percent was dedicated directly or indirectly to covering the costs of managing the accounts.

Legislation enacted in 1991 lists accounts within the General Fund or the Treasurer's Trust Fund that are to receive the earnings from investments, less payments made for

purchased banking services and administrative costs. If accounts are not among those listed, the earnings are credited to the General Fund.

Summary of Substitute Bill: The following are added to funds and accounts within the general fund and the Treasurer's Trust Fund that are to receive the earnings from investments of the funds and accounts, less payments made for purchased banking services and administrative costs: the weights and measures account, agricultural local fund, fair fund, and grain inspection revolving fund.

Substitute Bill Compared to Original Bill: Section 1 of the bill no longer amends the text of RCW 43.84.092 (the RCW section has been amended 8 times without reconciliation).

Appropriation: None.

Fiscal Note: Available (on c.f. HB 1095).

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect on June 1, 1995.

Testimony For: (Taken from testimony on identical original bill, HB 1095.)
(1) Many of the programs administered by the Department of Agriculture are paid for entirely by user fees. Positive fund balances must be maintained for these programs to accommodate the seasonal and cyclical nature of the programs. Before 1991, the interest on these accounts helps to maintain the needed fund balances. The interest should be returned to the accounts. (2) The fair fund has experienced a 64 percent loss of revenues (from horse racing); the loss of interest payments exaggerates an already difficult situation for the fairs across the state. (3) Diverting the interest from these accounts represents a general tax on user fees for the benefit of the General Fund. (4) The Governor vetoed a sunset on diverting the interest on the grain inspection fund to the general fund.

Testimony Against: None.

Testified: (Taken from testimony on identical original bill, HB 1095.)
Representative Jim Honeyford (prime sponsor); Mike Schwisow, Oregon -Washington Dairy Processors and Washington Cattle Feeders Association (pro); Marlyta Deck, Washington State Fairs Association (pro); Terry Van Doren, Washington Cattlemen's Association (pro); and Michael Largent, Washington Association of Wheat Growers (pro).

HOUSE COMMITTEE ON FINANCE

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Agriculture & Ecology. Signed by 12 members: Representatives B. Thomas, Chairman; Boldt, Vice Chairman; Carrell, Vice Chairman; Morris, Ranking Minority Member; Dickerson, Assistant Ranking Minority Member; Hymes; Mason; Mulliken; Pennington; Schoesler; Sheldon and Van Luven.

Staff: Bob Longman (786-7139).

Summary of Recommendation of Committee on Finance Compared to Recommendation of Committee on Agriculture & Ecology: The second substitute changes the effective date from June 1, 1995 to July 1, 1995. Therefore the I-601 expenditure limit will be reduced by the amount of interest revenue transferred out of the general fund. The correct RCW section is amended, instead of creating a new section.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on March 8, 1995.

Effective Date The bill contains an emergency clause and takes effect on July 1, 1995.

Testimony For: The USDA inspection program is supported almost totally by fees. A few years ago the Legislature removed interest from these accounts. This made quite a hardship to our program and we had to raise fees to maintain the program. Unless the interest money is restored, we will have to raise fees again, or to cut our programs back. The fair fund has already taken a hard hit with the closure of Longacres. Taking the interest money made it worse. People attending fairs bring a lot of money into the communities.

Testimony Against: None.

Testified: Representative Jim Honeyford, prime sponsors; David Rosenberry, Washington Association of Wheat Growers; and Marlyta Deck, Washington State Fairs Association.