

SENATE BILL REPORT

2SSB 5003

As Passed Senate, March 9, 1995

Title: An act relating to the deposit of interest earnings from agricultural funds and accounts.

Brief Description: Providing criteria to be used in determining whether a fund or account receives interest earnings.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Rasmussen, Newhouse, Loveland, Sellar, Snyder, Hochstatter, Prince, Bauer, Morton, Haugen, Winsley and A. Anderson).

Brief History:

Committee Activity: Agriculture & Agricultural Trade & Development: 1/11/95, 1/12/95 [DPS-WM].

Ways & Means: 2/16/95, 3/6/95 [DP2S].

Passed Senate, 3/9/95, 47-0.

SENATE COMMITTEE ON AGRICULTURE & AGRICULTURAL TRADE & DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 5003 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Rasmussen, Chair; Loveland, Vice Chair; A. Anderson, Bauer, Morton, Newhouse and Snyder.

Staff: Bob Lee (786-7404)

Background: The State Treasurer's office manages over 300 funds. Prior to 1991, there was not a consistent policy as to where the interest from various funds was deposited. At that time, interest for many of the funds was deposited in accordance with the statute that created that fund.

In 1991, significant changes were made to the funds interest earnings statutes. The rationale for the 1991 legislation was that the disposition of interest income earned by these various funds varied considerably and that distributions of the earnings should be based upon some general criteria. Under the 1991 legislation, three categories of funds were created: (a) those funds whose earnings are credited to the general fund; (b) those funds for which 100 percent of the earnings are credited back to the fund; (c) those funds for which 80 percent of the earnings are credited back to the fund. In this 1991 legislation, the interest earned on various funds was to be deposited in the state general fund.

In 1993, various fee funded agricultural programs were required to pay their prorated share of general administrative costs in the Department of Agriculture.

Summary of Bill: The agricultural local fund, the grain inspection revolving fund, and the fair fund are included with the list of funds that receive their prorated share of interest earnings. The rural rehabilitation account, which currently receives its interest earnings due to existing legal provisions, is statutorily recognized to receive its interest earnings.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on June 1, 1995.

Testimony For: There was a fund shift in 1993 that required various agricultural programs to pay 100 percent of the cost of administering the program including administrative services. Those programs that are paying 100 percent should receive the interest earnings that accrue from those accounts.

Testimony Against: None.

Testified: Doug Exline, State Treasurer's office; John King; Dan Coyne, Washington Dairy Federation, Darigold; Mike Schwisow, Oregon-Washington Dairy Processors; David Roseberry, Washington Assn. of Wheat Growers (pro); Kent Liseck (pro); Marlyta Deck, Washington State Fairs Assn. (pro).

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 5003 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Rinehart, Chair; Loveland, Vice Chair; Bauer, Cantu, Drew, Finkbeiner, Fraser, Gaspard, Hargrove, Hochstatter, Johnson, Long, McDonald, Moyer, Pelz, Roach, Sheldon, Snyder, Spanel, Strannigan, Sutherland, West, Winsley and Wojahn.

Staff: Susan Lucas (786-7711)

Testimony For: The bill only applies to those agricultural accounts which are 100 percent fee supported. These funds are almost breaking even and need the interest to fully support their business. If the fund's revenue is fees only, the fund should receive the benefit of the interest generated from those fees. The criteria will serve to limit attempts to remove other funds' interest from the general fund.

Testimony Against: None.

Testified: Senator Marilyn Rasmussen; Tom Frick, Washington Association of Wheat Growers.

House Amendment(s): Added to the list of funds that receive their prorated share of interest earnings is the weights and measures account. The effective date is changed from June 1, 1995 in the Senate version to July 1, 1995 in the House version.