

SENATE BILL REPORT

SB 5003

As Reported By Senate Committee On:
Agriculture & Agricultural Trade & Development, January 12, 1995
Ways & Means, March 6, 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: 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].

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.

The general policy of the 1991 legislation was that interest earnings would be deposited in the state general fund unless specific criteria was met.

Summary of Substitute Bill: The general criteria upon which the 1991 categorization between funds that receive their interest and those that do not are placed into statute. Added to the criteria are funds for programs that are entirely supported by fees.

The agricultural local funds and the grain inspection revolving account are included with the list of funds that receive their prorated share of interest earnings. Fees for agricultural health and safety programs not entirely supported by fees are placed in a new agricultural health and safety account.

Substitute Bill Compared to Original Bill: The requirement was deleted that the Office of Financial Management and State Treasurer's office review funds to determine their consistency with the criteria. A provision was added to assure that only the interest earned from the grain inspection revolving fund and the agricultural local fund would be affected by this legislation.

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)

Second Substitute Bill Compared to Substitute Bill: The criteria that determine whether funds are to receive their prorated share of interest are eliminated. The section creating the agricultural health and safety account is deleted and programs funded out of the agricultural local account will not be moved into another account. The fair fund is added to the list of funds that will receive their prorated share of interest.

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.