

FINAL BILL REPORT

SHB 1418

FULL VETO

Brief Description: Eliminating pooling of the resource management cost account and removing reference to agricultural college lands.

Sponsors: By House Committee on Natural Resources (originally sponsored by Representatives Buck and Regala; by request of Commissioner of Public Lands and Department of Natural Resources).

House Committee on Natural Resources
Senate Committee on Natural Resources & Parks

Background: In 1996, the Legislature asked the attorney general to render an opinion on a number of questions related to the management of the state's federal grant lands and forest board transfer lands. The Legislature also asked the attorney general to consider the validity of existing statutes on the management of these lands.

The attorney general completed the requested opinion in August 1996. The opinion identifies two areas of current law that may be constitutionally defective. The first area involves the accounting of trust funds within the resource management cost account, the account used for management expenses for the federal grant lands. In 1993, the Legislature enacted a law that allows for the pooling of funds within this account. The attorney general opinion determined that there must be a separate accounting of each individual trust's revenues and expenses and that the law enacted in 1993 does not meet this requirement.

The second subject area identified by the attorney general opinion relates to the payment of management expenses for one particular trust, the trust established for the support of an agricultural college. This trust provides support to Washington State University (WSU). The Legislature asked the attorney general if expenses for the management of these particular trust lands could be charged against the proceeds from the sale of these lands or from the sale of resources from these lands. The attorney general analyzed the provisions of the Washington Enabling Act and a second piece of federal legislation dealing with land grants for agricultural colleges, the Morrill Act of 1862. The opinion determined that the Morrill Act prohibits the state from deducting the expenses of managing the agricultural college lands from proceeds derived from the sale of those lands including proceeds from the sale of resources that are part of the lands. The opinion notes that expenses for the management and administration of the agricultural college lands must come from the treasury of the state.

Summary: References to pooling within the resource management cost account are removed. Funds in this account derived from sales, leases, and other revenue-generating activities on the common school lands, university lands, scientific school lands, normal school lands, capitol building lands, and institutional lands may be expended by the Department of Natural Resources only for managing and administering state lands of the same trust.

The costs and expenses of managing and administering the agricultural college lands may not be deducted from proceeds derived from the sale of agricultural college lands including the sale of resources that are part of those lands. The gross proceeds from leases, sales, contracts, licenses, permits, easements, and rights of way on the agricultural college lands may not be used to defray the costs or expenses of managing these lands. Instead, the Board of Natural Resources must determine the amount necessary for the management and administration of the agricultural college lands. The Department of Natural Resources must bill the state for this amount, and the state must pay the department. The billing may not exceed 22 percent of the gross proceeds received by the beneficiary. Moneys received by the department from this billing will be deposited into the resource management cost account.

Votes on Final Passage:

House 94 0
Senate 47 0 (Senate amended)
House (House refused to concur)
Senate (Senate refused to recede)

Conference Committee

Senate 32 8
House 98 0