

# HOUSE BILL REPORT

## SSB 5385

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### As Reported By House Committee On:

Natural Resources

**Title:** An act relating to eliminating the pooling of the resource management cost account and removing reference to agricultural college lands.

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

**Sponsors:** Senate Committee on Natural Resources & Parks (originally sponsored by Senators Oke and Prentice; by request of Commissioner of Public Lands and Department of Natural Resources).

**Brief History:**

**Committee Activity:**

Natural Resources: 3/26/97, 4/4/97 [DPA].

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### HOUSE COMMITTEE ON NATURAL RESOURCES

**Majority Report:** Do pass as amended. Signed by 11 members: Representatives Buck, Chairman; Sump, Vice Chairman; Thompson, Vice Chairman; Regala, Ranking Minority Member; Butler, Assistant Ranking Minority Member; Alexander; Anderson; Chandler; Hatfield; Pennington and Sheldon.

**Staff:** Linda Byers (786-7129).

**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 made the rather unusual request of asking 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 which may be constitutionally defective. The first area involves the accounting of trust funds within the resource management cost account (RMCA), the account used for management expenses for the federal grant lands. In 1993, the Legislature passed a measure which allowed for the pooling of funds within this account. The attorney general opinion finds that there must be a

separate accounting of each individual trust's revenues and expenses and that the Legislature's action in 1993 does not meet this requirement.

A second subject area addressed by the attorney general opinion is that of 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 enabling act and a second piece of federal legislation dealing with land grants for agricultural colleges, the Morrill Act of 1862. The opinion finds 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 of Amended Bill:** Two changes are made to the operation of the RMCA. First, references to the pooling of funds within the account are removed. Funds in the account derived from sales, leases, and other revenue-generating activities on the common school lands, the university lands, the scientific school lands, the normal school lands, the capitol building lands, and the institutional federal grant lands may be used solely for the management and administration of state lands of the same trust. Second, a reference to the agricultural college lands is removed. The costs and expenses incurred in managing the agricultural college lands may not be deducted from proceeds derived from the sale of those lands or from the sale of resources that are part of those lands.

**Amended Bill Compared to Substitute Bill:** The amended bill provides that the costs and expenses incurred in managing the agricultural college lands may not be deducted from proceeds derived from the sale of those lands or from the sale of resources that are part of those lands. The underlying bill provides that no part of the gross proceeds from leases, sales, contracts, licenses, permits, easements, and rights of way on or relating to the agricultural college lands may be used to defray costs or expenses incurred in managing and administering the lands. The underlying bill defines the agricultural college lands as all public lands awarded to the state under the enabling act and all lands acquired as the result of the sale or exchange of the lands and makes other amendatory changes to current law. The amended bill does not contain the new definition or the other amendatory changes.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Amended Bill:** The bill contains an emergency clause and takes effect on July 1, 1997.

**Testimony For:** The House and Senate versions of the bill deal with the attorney general opinion. This makes technical changes to insure that no proceeds are deducted for management fees. The additional amendatory language is necessary.

**Testimony Against:** The House version of the bill deals with the attorney general opinion adequately, with less language, and is preferable.

**Testified:** Art Stearns, Department of Natural Resources (in favor, preferring House version); and Larry Ganders, Washington State University (in favor).