

HOUSE BILL REPORT

HB 1562

*As Reported By House Committee on:
State Government*

Title: An act relating to cost recovery by the department of general administration.

Brief Description: Modifying the department of general administration's duties regarding excess receipts from building rent.

Sponsor(s): Representatives Anderson, McLean, Belcher and Bowman; by request of Department of General Administration.

Brief History:

Reported by House Committee on:
State Government, March 6, 1991, DP.

**HOUSE COMMITTEE ON
STATE GOVERNMENT**

Majority Report: *Do pass.* Signed by 10 members: Representatives Anderson, Chair; Pruitt, Vice Chair; McLean, Ranking Minority Member; Bowman, Assistant Ranking Minority Member; Chandler; R. Fisher; Grant; Moyer; O'Brien; and Sheldon.

Staff: Linda May (786-7135).

Background: The Department of General Administration (GA) assesses charges to state building occupants and users for the costs of operating and maintaining those facilities. GA's practice is to divide an agency's biennial appropriation for this cost into eight equal payments. The agency is billed at this rate of one-eighth of its appropriation for two quarters. By the time of the billing for the third quarter, actual cost figures are available from the first quarter. The third quarter billing is adjusted to reflect the difference in estimated versus actual costs. Subsequent quarterly billings are also adjusted to reflect actual costs in earlier quarters. GA is required by statute to make these adjustments at least every six months. An additional adjustment is made for the last quarterly billing to exhaust the agency's appropriation.

At the end of a biennium, GA compares the total biennial appropriations with total actual costs billed. If there are

unspent balances in the appropriations, those amounts are refunded to agencies.

Summary of Bill: The statute requiring GA to adjust its billings at least every six months is removed. GA is proposing a policy of allowing a consistent quarterly billing of one-eighth of an agency's total allowable billing, rather than making quarterly adjustments based on actual costs in earlier quarters. This new policy is not proposed in statute.

In a situation where there is an unspent balance at the end of a biennium between the appropriations made for these costs and actual costs incurred, GA would be able to retain this balance so long as it did not exceed 5 percent of the biennial appropriation. Any portion of the balance in excess of 5 percent would be returned to the agencies.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: This new billing approach will better match expectations of agencies. Agencies get upset about being billed higher or lower than the portion of their appropriation that they have budgeted for payment to GA. This bill will also allow GA to accumulate some working capital, which will allow GA to take advantage of early payment discounts and give GA some emergency money.

Testimony Against: None.

Witnesses: Mark Feldhausen, Department of General Administration (in favor).