

HOUSE BILL REPORT

HB 1721

As Reported By House Committee On:

Government Administration

Title: An act relating to commercial activity by government agencies.

Brief Description: Providing economic opportunities for private enterprise.

Sponsors: Representatives McMorris, Koster, Honeyford, Van Luven and Mulliken.

Brief History:

Committee Activity:

Government Administration: 2/21/97, 3/5/97 [DPS].

HOUSE COMMITTEE ON GOVERNMENT ADMINISTRATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives D. Schmidt, Chairman; D. Sommers, Vice Chairman; Scott, Ranking Minority Member; Dunn; Reams; Smith; L. Thomas and Wensman.

Minority Report: Do not pass. Signed by 5 members: Representatives Gardner, Assistant Ranking Minority Member; Doumit; Dunshee; Murray and Wolfe.

Staff: Bill Lynch (786-7092).

Background: The Legislature enacted legislation in 1987 requiring institutions of higher education to consult with local business organizations and representatives of the small business community to develop: comprehensive policies that define the legitimate purposes under which these institutions could provide goods, services, or facilities that were available from private businesses; a mechanism for reviewing current and proposed commercial activities to ensure they are consistent with institutional policies; and a mechanism for receiving, reviewing, and responding to enquiries from private businesses regarding commercial activities by higher education. No similar statutory provisions exist for state agencies or units of local government.

Summary of Substitute Bill: The Joint Legislative Audit and Review Committee (JLARC) must conduct a performance audit of commercial activities by institutions of higher education.

By December 1, 1997, the Office of Financial Management (OFM) must develop a methodology for reflecting the fully allocated costs of conducting a commercial activity by a state agency or institution of higher education. By January 1, 1998, each state agency or institution of higher education must determine the fully allocated costs of commercial activities it conducts in which it sells or rents goods, services or facilities to the general public. The OFM must report on how this is being implemented by July 1, 1998.

A task force on commercial activities by government is established. The task force may contract for consultant or other services subject to available funds. The task force is required to make recommendations on developing a mechanism for private businesses to file and resolve complaints about unfair competition. The task force must study the operation of central stores by the Department of General Administration and the provision of emergency medical services by local government. The task force must report its recommendations and findings by December 1, 1998. The task force terminates on January 1, 1999.

Substitute Bill Compared to Original Bill: The substitute largely turns the issue into a study.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: Some small businesses feel that government is in direct competition with them. Businesses need a place where they can complain. Some businesses are forced to close.

Testimony Against: (Original) Commercial activity is defined very broadly. It is not clear to what this measure applies.

Testified: (Pro) Representative McMorris, prime sponsor; Gary Smith, Independent Business Associations; Amber Balch, Association of Washington Business; and Dedi Hitchens, National Federation of Independent Businesses.

(Con) Janeen Wadsworth, Department of Corrections; Greg Devereaux, Washington Federation of State Employees; Diane Oberquell, Thurston County Commissioners; and Russell Bullock, Shepards Ambulance Service.