

# HOUSE BILL REPORT

## ESSB 5098

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**As Reported By House Committee On:**  
Capital Budget

**Title:** An act relating to general obligation bond debt service payments from the community and technical college capital projects account.

**Brief Description:** Changing provisions relating to bond debt service payments from the community and technical college capital projects account.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Loveland, B. Sheldon, Snyder, Fairley and Kohl).

**Brief History:**

**Committee Activity:**

Capital Budget: 2/24/98, 2/27/98 [DP].

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### HOUSE COMMITTEE ON CAPITAL BUDGET

**Majority Report:** Do pass. Signed by 11 members: Representatives Sehlin, Chairman; Honeyford, Vice Chairman; Ogden, Ranking Minority Member; Sullivan, Assistant Ranking Minority Member; Costa; Hankins; Koster; Lantz; Mitchell; D. Sommers and H. Sommers.

**Staff:** Susan Howson (786-7142).

**Background:** Students at public institutions of higher education pay building fees as a part of their tuition and fees. Since academic year 1995-96, building fees have been a percentage, as calculated by the Higher Education Coordinating Board, of total tuition fees. These fees are used to finance capital construction projects either through direct expenditures of available funds or by pledging the ongoing revenue as security for general obligation bond indebtedness.

When building fees at community colleges failed to meet principal and interest payments on these bonds, the state general fund provided a loan to meet payment obligations with the statutory intention that the general fund be repaid when sufficient building fee revenue became available.

Community college building fee revenue is now available for several reasons: (1) there are more students in the system, thus more building fee revenue is available; and (2)

since academic year 1995-96, building fees have been a percentage of total tuition fees and the building fee charge is increasing proportionately.

**Summary of Bill:** The provision that building fees repay the general fund for principal and interest for payment on general obligation bonds secured by building fees is repealed.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**Testimony For:** Aging facilities, deteriorating building conditions and providing adequate space for growing student demands are placing increasing pressures on the system. Forgiveness of General Fund reimbursement allows the State Board for Community and Technical Colleges to redirect excess student building fees to meet critical capital requirements earlier than would be possible without the legislation.

**Testimony Against:** None.

**Testified:** Tom Henderson, State Board for Community and Technical Colleges; and Ken Minnaert, South Puget Sound Community College.