
SECOND SUBSTITUTE HOUSE BILL 1721

State of Washington

55th Legislature

1997 Regular Session

By House Committee on Appropriations (originally sponsored by Representatives McMorris, Koster, Honeyford, Van Luven and Mulliken)

Read first time 03/10/97.

1 AN ACT Relating to commercial activity by government agencies;
2 adding a new section to chapter 43.01 RCW; and creating a new section.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** The legislature finds that private
5 enterprise is essential to the health, welfare, and prosperity of
6 Washington state citizens. When government engages in commercial
7 activities and provides goods and services to private citizens,
8 private businesses are unable to compete with the prices offered by
9 government because the true costs of the goods and services are not
10 reflected in the price.

11 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.01 RCW
12 to read as follows:

13 (1) By December 1, 1997, the office of financial management shall
14 develop a methodology for reflecting the fully allocated costs of goods
15 and services provided by a state agency or institution of higher
16 education that are customarily available from the private sector. The
17 methodology shall include, but is not limited to: Employee salaries
18 and benefits; capital outlays, including supplies and equipment;

1 administrative and overhead expenditures; contract administration and
2 evaluation; and taxes that would be received by state and local
3 governments from private providers of goods, services, and facilities.

4 (2) By January 1, 1998, each state agency or institution of higher
5 education must determine the fully allocated costs of commercial
6 activities that it conducts in which it sells or rents goods, services,
7 or facilities to the general public. An agency must use the
8 methodology developed by the office of financial management under
9 subsection (1) of this section, or may develop its own methodology.
10 Copies of the breakdown of fully allocated costs for commercial
11 activities, as well as the methodology used, shall be available for
12 public inspection and copying.

13 (3) The office of financial management shall prepare a report by
14 July 1, 1998, on the implementation of this section by state agencies,
15 institutions of higher education, and related boards. The report shall
16 be submitted to the members of the government administration committee
17 and the appropriations committee of the house of representatives, and
18 to the members of the government operations committee and the ways and
19 means committee of the senate.

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