

SENATE BILL REPORT

SB 5932

As Reported By Senate Committee On:
Ways & Means, February 25, 1999

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

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

Sponsors: Senators Loveland, Bauer, Rossi, West, Hale and Rasmussen.

Brief History:

Committee Activity: Ways & Means: 2/23/99, 2/25/99 [DPS].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5932 be substituted therefor, and the substitute bill do pass.

Signed by Senators Loveland, Chair; Brown, Vice Chair; Fairley, Fraser, Kline, Kohl-Welles, Long, McDonald, Rasmussen, Rossi, B. Sheldon, Snyder, Spanel, Thibaudeau, West and Zarelli.

Staff: Michael Groesch (786-7434)

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 fees revenue became available.

Community college building fees revenue is now available for several reasons: (1) there are more students in the system, thus more building fees 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 Substitute 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repay the general fund for principal and interest for payment on general obligation bonds secured by building fees is repealed.

Substitute Bill Compared to Original Bill: The language in the 1997-99 capital budget requiring repayment to the general fund in the current biennium is repealed.

Appropriation: None.

Fiscal Note: Requested on February 19, 1999.

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

Testimony For: The funds provided by this change will be of great benefit to the colleges for preservation and maintenance. The change will put the colleges on a more equal footing with the four-year institutions.

Testimony Against: None.

Testified: Scott Morgan, State Board for Community and Technical Colleges (pro).