

# FINAL BILL REPORT

## SHB 2736

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Synopsis as Enacted

**Brief Description:** Authorizing the University of Washington and Washington State University to make financing arrangements for research facilities.

**Sponsors:** By House Committee on Capital Budget (originally sponsored by Representatives Murray, Esser, McIntire, Lantz, Jarrett, Ogden, Lysen, Chase, Haigh and Kenney; by request of University of Washington).

**House Committee on Capital Budget**  
**Senate Committee on Higher Education**  
**Senate Committee on Ways & Means**

### **Background:**

Generally, new capital facilities for all state agencies and higher education institutions must be specifically approved by the Legislature. The Legislature has authorized the regents and trustees of the four-year public institutions of higher education to issue revenue bonds and other debt to finance certain types of capital facilities without specific legislative approval. This includes financing student housing, dining halls, parking, and facilities for student activities. Typically the bond-holders are secured only by the university's revenues from its facilities; the debt is not a general obligation of the state.

The University of Washington (UW) and Washington State University (WSU) are considered research universities, which means faculty and students do a significant amount of basic and applied research in addition to traditional academic programs. The UW receives about \$700 million in research grants annually, while WSU receives about \$100 million annually.

When a university receives research grants, it also receives an additional amount to cover costs associated with the grant. About half of this indirect cost recovery (ICR) goes to administration and half to facilities (operating and maintenance, interest, etc.).

### **Summary:**

The UW and WSU are authorized to own and finance research facilities and related equipment supported by the fees and revenues each university receives from its facilities or research activities. The universities are also authorized to lease facilities for research purposes, and to lease out research facilities to non-university persons provided that rental income is received by the university or that opportunities for public-private

research are provided.

The regents must consider the maintenance and operating costs of the research facility and related equipment. State-appropriated funds cannot be used for maintenance and operating expenses or to support grant or contract-supported research in these facilities. The universities must report annually to the Legislature on the financing of research facilities under the authority provided by this act.

**Votes on Final Passage:**

House 98 0

Senate 45 1 (Senate amended)

House 94 0 (House concurred)

**Effective:** June 13, 2002