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## Capital Budget Committee

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### HB 2736

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

**Sponsors:** Representatives Murray, Esser, McIntire, Lantz, Jarrett, Ogden, Lysen, Chase, Haigh and Kenney; by request of University of Washington.

#### Brief Summary of Bill

- Authorizes the University of Washington and Washington State University to issue bonds for research facilities supported by revenue and fees related to the research facilities.
- These bonds are issued by the university and are not obligations of the state.

**Hearing Date:** 2/4/02

**Staff:** Charlie Gavigan (786-7340).

#### Background:

Public institutions of higher education are state agencies; generally, new capital facilities must be specifically approved by the Legislature. The Legislature has authorized the regents and trustees of the four-year public higher education institutions 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 the facilities financed by the bonds; these are not general obligations 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 \$50 million annually.

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

**Summary of Bill:**

In addition to the authority for the university itself to own and finance certain student services facilities without specific legislative approval or state financing, the University of Washington and Washington State University are authorized to own and finance research facilities and related equipment supported by the fees and revenues each university receives from these 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 unless specifically authorized by the Legislature.

**Appropriation:** None.

**Fiscal Note:** Not Requested.

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