

SENATE BILL REPORT

SHB 2800

As Reported By Senate Committee On:
Ways & Means, February 26, 2002

Title: An act relating to the capital projects surcharge.

Brief Description: Removing the capital projects surcharge on certain department of services for the blind vendors.

Sponsors: House Committee on Capital Budget (originally sponsored by Representatives Hunt, Alexander, Romero, Hankins, Murray, Skinner, Woods, Reardon and Casada).

Brief History:

Committee Activity: Ways & Means: 2/25/02, 2/26/02 [DP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Brown, Chair; Regala, Vice Chair; Fairley, Vice Chair; Fraser, Hewitt, Honeyford, Kline, Kohl-Welles, Long, Parlette, Poulsen, Rasmussen, Roach, Rossi, Sheahan, B. Sheldon, Snyder, Spanel, Thibaudeau and Winsley.

Staff: David Schumacher (786-7474)

Background: The Department of General Administration (GA) owns and manages a number of buildings in Thurston County. GA rents these buildings to state agencies for the delivery of programs and to conduct the state's business.

The rental charge to building tenants in Thurston County includes two components:

- (1) a facilities and services charge for maintenance and operations, and
- (2) a capital projects surcharge or debt service charge for buildings substantially renovated since October 1994.

The Department of General Administration assesses these charges to building tenants based on square feet of the GA-owned space. The common areas, such as general lobby space, corridors, and restrooms, are prorated based on each agency's prorated fair share of the building. GA building tenants are currently paying \$4 per square foot per year for the capital projects surcharge.

Proceeds from the capital projects surcharge are deposited into the Thurston County Facilities Account. These funds are subject to capital budget appropriation and may be expended for capital improvements in state facilities owned and managed by GA in Thurston County.

GA contracts with the Department of Services for the Blind (DSB) for cafeteria services in the GA-owned buildings in Thurston County. Cafeteria space fees include rent based upon

rentable square feet, which includes maintenance and operations and also includes the capital projects surcharge or debt service charge.

Summary of Bill: Beginning July 1, 2002, DSB vendors who operate cafeteria services in a building owned and managed by GA are exempt from paying the capital projects surcharge.

GA must consider cafeteria space as a common area for purposes of allocating the capital projects surcharge to other building tenants beginning July 1, 2003.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: This bill provides economic equalization. All of the cafeterias on campus will be treated the same. During the earthquake, these cafeterias lost a lot of perishable items.

Testimony Against: None.

Testified: Larry Watkinson, Services for the Blind (pro); Jeanne Gallo, Dept. of Services for the Blind (pro).