

HOUSE BILL REPORT

HB 1280

As Passed House:

February 12, 2003

Title: An act relating to financing contracts for research facilities or equipment of state universities.

Brief Description: Changing provisions for financing contracts for state university research facilities or equipment.

Sponsors: By Representatives Murray, Alexander and Dunshee; by request of University of Washington.

Brief History:

Committee Activity:

Capital Budget: 1/29/03, 1/30/03 [DP].

Floor Activity:

Passed House: 2/12/03, 97-0.

Brief Summary of Bill

- Clarifies the authority of the University of Washington and Washington State University to finance research facilities by entering into financing contracts supported by non-state research-related funds.

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: Do pass. Signed by 23 members: Representatives Dunshee, Chair; Hunt, Vice Chair; Alexander, Ranking Minority Member; Priest, Assistant Ranking Minority Member; Armstrong, Benson, Blake, Bush, Chase, Hankins, Hinkle, Kirby, Lantz, McIntire, Morrell, Murray, Newhouse, O'Brien, Orcutt, Schoesler, Simpson, Veloria and Woods.

Staff: Charlie Gavigan (786-7340).

Background:

Generally, new capital facilities for 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.

In 2002 the Legislature authorized the University of Washington (UW) and Washington State University (WSU) to acquire and finance research facilities and related equipment supported by the non-state fees and revenues each university receives from its facilities or research activities. This financing includes issuing local bonds or entering into lease purchase agreements. 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.

The UW and the WSU had prior statutory authorization to enter into financing contracts supported by non-state funds without State Finance Committee approval. A statutory reference in the 2002 legislation to make the institutions' new financing authority for research facilities consistent with this existing statute excluded the new authority rather than including it.

Summary of Bill:

The UW and the WSU are authorized to enter into financing contracts supported by non-state research-related funds to finance research facilities and related equipment without prior notice and approval of the State Finance Committee. Clarification is also made that the two universities may acquire real property for these research facilities using financing contracts supported by non-state research-related funds without prior legislative approval.

Appropriation: None.

Fiscal Note: Not Requested.

Effective Date: The bill takes effect ninety days after adjournment of session in which bill is passed.

Testimony For: This bill is a technical correction to fully implement last year's bill giving the UW and the WSU authorization to finance research facilities using non-state revenues related to the research facilities.

Testimony Against: None.

Testified: Dick Thompson, University of Washington; and Larry Ganders, Washington State University.