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**Capital Budget Committee**

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**SB 5425**

**Brief Description:** Increasing the authorized total outstanding indebtedness of the higher education facilities authority.

**Sponsors:** Senators Winsley, Prentice, Benton, Kohl-Welles, Carlson, B. Sheldon, Brown, Schmidt, Rossi, West and Sheahan; by request of Lieutenant Governor.

**Brief Summary of Bill**

- The total allowable bonded indebtedness of the Washington Higher Education Facilities Authority is increased from \$500 million to \$1 billion.

**Hearing Date:** 3/20/03

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

**Background:**

In 1983 the Legislature authorized the Washington Higher Education Facilities Authority to issue tax-exempt bonds on behalf of private nonprofit colleges and universities to build, improve, and equip higher education facilities in a manner that minimizes capital costs.

To be eligible, the institution must be accredited, certified by the IRS under Section 501 (c)(3), have its main campus permanently situated in the state, and be open to residents of the state.

Eligible projects include dormitories, dining halls, student unions, administration buildings, academic buildings, classrooms, athletic facilities, health care facilities, parking facilities, etc.

The total allowable bonded indebtedness of the authority may not exceed \$500 million.

The state Supreme Court held that this program does not violate state constitutional provisions prohibiting lending of the state's credit or supporting religious institutions.

**Summary of Bill:**

The total allowable bonded indebtedness of the Washington Higher Education Facilities

Authority is increased from \$500 million to \$1 billion.

**Appropriation:** None.

**Fiscal Note:** Not Requested.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.