

SENATE BILL REPORT

SB 5425

As Passed Senate, March 7, 2003

Title: An act relating to the total outstanding indebtedness of the higher education facilities authority.

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 History:

Committee Activity: Ways & Means: 1/31/03, 2/10/03 [DP].

Passed Senate: 3/7/03, 49-0.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Rossi, Chair; Hewitt, Vice Chair; Zarelli, Vice Chair; Brown, Doumit, Fairley, Fraser, Hale, Honeyford, Johnson, Parlette, Poulsen, Regala, Sheahan, B. Sheldon and Winsley.

Staff: David Schumacher (786-7474)

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.

Summary of Bill: The total allowable bonded indebtedness of the authority is increased from \$500 million to \$1 billion.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: The Authority is now approaching its bond authorization limit and now is the time to extend it. This debt is in no way related to the state's debt limit. The debt incurred is not the debt of the state. The University of Puget Sound has used these tax exempt bonds in the past for its projects and hopes to be able to do so again.

Testimony Against: None.

Testified: PRO: Lt. Governor Brad Owen; Kim Herman, WA Higher Education Facilities Authority; Karen Goldstein, University of Puget Sound; Tom Parker, WAICU.