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HOUSE BILL 1953

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State of Washington

58th Legislature

2003 Regular Session

By Representatives Kagi, McIntire, Dickerson, Cody, Pflug, Schual-Berke, Anderson and Darneille

Read first time 02/18/2003. Referred to Committee on State Government.

1 AN ACT Relating to administrative overhead costs of contract  
2 administration for state agencies, state offices, and institutions of  
3 higher education; amending RCW 39.34.020 and 39.34.130; adding a new  
4 section to chapter 39.34 RCW; providing an effective date; and  
5 declaring an emergency.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 NEW SECTION. **Sec. 1.** A new section is added to chapter 39.34 RCW  
8 to read as follows:

9 The legislature finds that the public interest requires state  
10 agencies to coordinate and collaborate whenever appropriate and to  
11 avoid excessive or duplicative administrative costs for interagency  
12 contracts. The legislature therefore finds it necessary to limit  
13 indirect administrative costs charged by state agencies to administer  
14 contracts with other state agencies.

15 **Sec. 2.** RCW 39.34.020 and 1985 c 33 s 1 are each amended to read  
16 as follows:

17 For the purposes of this chapter, the term "public agency" shall  
18 mean any agency, political subdivision, or unit of local government of

1 this state including, but not limited to, municipal corporations, quasi  
2 municipal corporations, special purpose districts, and local service  
3 districts; any agency of the state government, including institutions  
4 of higher education; any agency of the United States; any Indian tribe  
5 recognized as such by the federal government; and any political  
6 subdivision of another state.

7 The term "state" shall mean a state of the United States.

8 **Sec. 3.** RCW 39.34.130 and 1979 c 151 s 45 are each amended to read  
9 as follows:

10 (1) Except as otherwise provided by law and in subsection (3) of  
11 this section, the full costs of a state agency incurred in providing  
12 services or furnishing materials to or for another agency, other than  
13 an agency of state government, under chapter 39.34 RCW or any other  
14 statute shall be charged to the agency contracting for such services or  
15 materials and shall be repaid and credited to the fund or appropriation  
16 against which the expenditure originally was charged. Amounts  
17 representing a return of expenditures from an appropriation shall be  
18 considered as returned loans of services or of goods, supplies or other  
19 materials furnished, and may be expended as part of the original  
20 appropriation to which they belong without further or additional  
21 appropriation. Such interagency transactions shall be subject to  
22 regulation by the director of financial management, including but not  
23 limited to provisions for the determination of costs, prevention of  
24 interagency contract costs beyond those which are fully reimbursable,  
25 disclosure of reimbursements in the governor's budget and such other  
26 requirements and restrictions as will promote more economical and  
27 efficient operations of state agencies.

28 (2) Except as otherwise provided by law, this section shall not  
29 apply to the furnishing of materials or services by one agency to  
30 another when other funds have been provided specifically for that  
31 purpose pursuant to law.

32 (3) Except as otherwise authorized by law or the omnibus operating  
33 appropriations act, a state agency may not charge another state agency  
34 an administrative overhead cost in excess of ten percent to administer  
35 a contract. This limitation does not apply to interagency contracts  
36 solely involving specific federal grant moneys.

1        NEW SECTION.   **Sec. 4.**   This act is necessary for the immediate  
2   preservation of the public peace, health, or safety, or support of the  
3   state government and its existing public institutions, and takes effect  
4   July 1, 2003.

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