

FINAL BILL REPORT

SHB 1398

C 24 L 07

Synopsis as Enacted

Brief Description: Expanding the University of Washington's and Washington State University's local borrowing authority.

Sponsors: By House Committee on Capital Budget (originally sponsored by Representatives Fromhold, Wallace, Anderson, McDonald, Pedersen and Chase; by request of University of Washington).

House Committee on Capital Budget
Senate Committee on Ways & Means

Background:

The Boards of Regents of the state research universities are authorized to issue bonds and other debt for research and enterprise facilities. Research facilities are largely supported by federal grants and contracts, as well as other nonstate sources. Enterprise facilities generate revenue from their operations, and these facilities are not subject to legislative appropriation. Such facilities include student housing and dining halls, parking structures, intercollegiate athletics, hospitals, and other student services.

The research universities are not authorized to issue bonds for academic and administrative facilities, but may execute other long-term financial commitments for such facilities. These other long-term financial commitments include long-term leases and lease-to-own contracts that take advantage of tax-exempt financing under the federal tax code (commonly referred to as 63-20 projects). These allowable long-term financial commitments are typically more costly than bond financing.

Summary:

The authority of the University of Washington and Washington State University to issue bonds is expanded to any university purpose. Any nonappropriated funds may be obligated for the repayment of such bonds. This debt will not count against the state's constitutional debt limit and will not be backed by the full faith and credit of the state. The universities must report annually to the appropriate committees of the Legislature and the State Treasurer on the use of this bonding authority.

Votes on Final Passage:

House	93	1
Senate	45	0

Effective: July 22, 2007

May 1, 2007 (Section 4)