
Capital Budget Committee

HB 2254

Brief Description: Concerning construction financing for colleges and universities.

Sponsors: Representatives White, Dunshee and Kenney; by request of Office of Financial Management.

<p style="text-align: center;">Brief Summary of Bill</p> <ul style="list-style-type: none">• Adds payment of debt service on Certificates of Participation as allowable purposes for the building account by the higher education institutions.
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Hearing Date: 2/24/09

Staff: Steve Masse (786-7115)

Background:

By statute, students attending state colleges may be charged tuition that includes fees for athletics, clean energy, bus passes, health, technology, services and activities, operating, and building fees. The building fee is between 3 percent and 5 percent of total tuition costs at the four year institutions and 9.89 percent at the community and technical colleges. Statute limits increases in tuition to 7 percent of the previous year until the 2016-17 academic year.

Allowable uses of the building fees are payment for debt service on outstanding bonds issued for college buildings and deposit into the institutions' building or capital accounts. The accounts are appropriated and are used for small construction projects.

A Certificate of Participation (COP) is a type of security sold for a particular purpose and backed by any component of fees and revenues the university derived from its ownership and operation of its facilities. All COPs must be authorized in the Capital budget and, once authorized, the institution is allowed to begin the construction or purchase process.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The Governor's 2009-11 proposed Capital Budget includes projects that are financed with COPs and use building fees for debt service.

Summary of Bill:

The building account or capital account can be used for debt service payments on higher education projects that use Certificates of Participation for construction projects approved by the Legislature.

Appropriation: None.

Fiscal Note: Requested on February 23, 2009.

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