

SENATE BILL REPORT

ESHB 2254

As of March 31, 2009

Title: An act relating to construction financing for state colleges and universities.

Brief Description: Concerning construction financing for colleges and universities.

Sponsors: House Committee on Capital Budget (originally sponsored by Representatives White, Dunshee and Kenney; by request of Office of Financial Management).

Brief History: Passed House: 3/10/09, 60-36.
Committee Activity: Ways & Means: 4/02/09.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Tim Yowell (786-7435)

Background: A certificate of participation (COP) is a securitized financing contract that state and local agencies sometimes use to purchase equipment or construct facilities. When authorized for use by a state agency, COPs are financed by dedicated revenues outside the General Fund, and do not constitute an obligation of general state revenue for purposes of calculating the state debt limit. The Governor's proposed 2009-11 Capital Budget includes \$225 million of higher education construction projects that would be financed by COPs payable from institutional building or capital projects accounts.

Each of the six public four-year colleges and universities has a dedicated state building or capital projects account, as does the community and technical college system as a whole. The building fee portion of the tuition paid by students attending the college or university is deposited into this account, as are revenues from the trust lands set aside at statehood or by subsequent legislative acts for the exclusive benefit of the particular type of institution.

Building and capital project accounts are subject to appropriation by the Legislature, and by statute may be used for acquiring, constructing, maintaining, and equipping buildings and other capital assets at the institution. Current law allows the use of building and capital accounts for the payment of debt service on bonds, but does not specifically authorize their use for COPs.

Summary of Bill: Higher education building and capital project accounts may be used for COP debt service payments. The University of Washington and Washington State

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University building accounts may additionally be used for debt service on bonds issued for the construction or acquisition of research facilities; auxiliary enterprise facilities such as dormitories, dining facilities, bookstores, and hospitals; or for any other university purpose.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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