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## Capital Budget Committee

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### HB 1754

**Brief Description:** Regarding capital construction and building purposes at the University of Washington and Washington State University.

**Sponsors:** Representatives Dunshee, Haler and Warnick; by request of University of Washington and Washington State University.

#### Brief Summary of Bill

- Authorizes the University of Washington (UW) and Washington State University (WSU) to use student building fees, trust revenues, and other revenues for university building purposes without an appropriation.
- Transfers any funds currently in the UW Building Account and WSU Building Account to the universities to be used for building purposes as determined by the Universities.
- Modifies bond retirement account requirements.

**Hearing Date:** 2/8/11

**Staff:** Steve Masse

#### Background:

Each of the public four-year higher education institutions and the community and technical college system have building accounts that are appropriated by the Legislature for capital projects. Higher education building accounts generally receive revenue from a building fee that students pay as part of their tuition and trust revenue from lands granted by the federal government at statehood. The University of Washington (UW) also has revenue from Metro Tract property.

The University of Washington and Washington State University (Universities) are authorized to collect revenue from several different sources including student building fees, trust land revenues, and interest. These revenues may be used for different purposes. Student building

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fees can be used for any authorized debt service for bonds sold by the Universities for construction projects authorized by the Legislature. The remaining student building fees are deposited into the University building accounts.

Revenues from the trust lands include timber sales, leases, and mining. These revenues are first deposited into the University Bond Retirement Fund, then transferred to the University building accounts if not needed for debt service. The Bond Retirement Account for the University of Washington requires a three year reserve of debt service.

The University Tract, also known as Metro Tract, consists of property owned by the UW in downtown Seattle. The Metro Tract has several commercial buildings that are leased for non-university commercial uses. After operating expenses are paid, the remaining portion of University Tract revenue is deposited into the UW Building Account. The 2011-13 projection is \$12 million to be transferred to the UW Building Account.

The appropriated university building accounts were created by the Legislature to be used for erecting, maintaining, equipping or furnishing buildings owned by the Universities. The building accounts are appropriated accounts, typically for projects in the capital budget. The 2011-13 Governor's proposed Operating Budget and Capital Budget include funding from these accounts. Non-appropriated funds can be expended without legislative appropriation out of accounts that are established as being exempt from appropriation.

The 2011-13 amounts projected for the Universities' building accounts are:

	From Tuition	Trust Revenue	Metro Tract	Total
UW	\$30,742,000	\$779,000	\$12,000,000	\$43,521,000
WSU	\$20,300,000	\$33,574,000		\$53,873,000

**Summary of Bill:**

The revenues currently deposited into the UW Building Account and into Washington State University Building Account will be used for building purposes, including erecting, maintaining, equipping, furnishing, or operating buildings owned by the Universities and for payment of debt service as determined by the Universities without a legislative appropriation. Any funds in the Universities' building accounts will be transferred to the University for building purposes. Any revenues collected from trust land sources will be transferred to the Universities for building purposes. The three year reserve for the UW Bond Retirement Account is removed. The requirement that building fees be deposited into the Universities' Bond Retirement Accounts is removed. Any interest earned on investments of University funds shall be paid to the Universities. The Universities shall continue to use these funds for capital projects, deferred maintenance, and debt service.

**Appropriation:** None.

**Fiscal Note:** Requested on 2/7/11.

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