

HOUSE BILL REPORT

SB 5516

As Reported by House Committee On:

Higher Education
Ways & Means

Title: An act relating to advance payments for equipment maintenance services for institutions of higher education.

Brief Description: Allowing advance payments for equipment maintenance services for institutions of higher education.

Sponsors: Senators Tom, Hill, Becker, Kilmer, White and Shin.

Brief History:

Committee Activity:

Higher Education: 3/16/11, 3/17/11 [DP];

Ways & Means: 3/30/11, 3/31/11 [DP].

Brief Summary of Bill

- Allows institutions of higher education to make advance payments for equipment maintenance services to be performed up to 60 months after such payment, rather than the 12-month limit to which all other state agencies are subject.

HOUSE COMMITTEE ON HIGHER EDUCATION

Majority Report: Do pass. Signed by 13 members: Representatives Seaquist, Chair; Haler, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Buys, Fagan, Hasegawa, Jacks, Probst, Reykdal, Sells, Springer, Warnick and Zeiger.

Staff: Cece Clynch (786-7195).

Background:

The State Treasurer is required to receive, keep, and disburse all public funds of the state that are not expressly required by law to be received, kept, and disbursed by other persons. The

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single exception to this general provision concerns public funds of institutions of higher education that are not subject to appropriation.

Disbursements of public funds are subject to certain rules, including the following:

1. disbursements must be upon forms or by alternative means prescribed by the Director of the Office of Financial Management;
2. the forms or alternative means must provide for authentication and certification by the agency head or his or her designee that:
 - services have been rendered;
 - materials furnished;
 - loans or grants authorized by law; or
 - with respect to periodic maintenance services to be performed on state-owned equipment, a written contract is in effect;
3. except with respect to equipment maintenance providers, before an advance payment for services is made by a state agency, the private individual or business entity must provide a cash deposit or furnish surety bond coverage in an amount which will fully indemnify the state against any and all losses on account of breach of promise to fully perform such services; and
4. no payments shall be made in advance for any equipment maintenance services to be performed more than 12 months after such payment.

Summary of Bill:

Institutions of higher education may make payments in advance for equipment maintenance services to be performed up to 60 months after such payment.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) The sponsor of this bill intended for this to be a way by which institutions could save money and improve efficiencies. Colleges and universities purchase a lot of equipment, such as heating and air conditioning, dining hall, and lab equipment. It is common practice for the vendors to offer maintenance service agreements for multiple years at a discounted price. This would allow institutions to save money.

(Opposed) None.

Persons Testifying: Steve DuPont, Council of Presidents.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass. Signed by 24 members: Representatives Hunter, Chair; Darneille, Vice Chair; Hasegawa, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Carlyle, Chandler, Cody, Dickerson, Haigh, Haler, Hinkle, Hunt, Kagi, Kenney, Ormsby, Pettigrew, Ross, Schmick, Seaquist, Springer, Sullivan and Wilcox.

Minority Report: Do not pass. Signed by 3 members: Representatives Orcutt, Assistant Ranking Minority Member; Hudgins and Parker.

Staff: Trista Zugel (786-7157).

Summary of Recommendation of Committee On Ways & Means Compared to Recommendation of Committee On Higher Education:

No new changes were recommended.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) In response to a request from legislators to the higher education institutions to provide them with ways that institutions could realize financial savings, the institutions came up with a variety of ideas. This is one of them. Institutions buy quite a lot of equipment for which they also enter into equipment maintenance agreements. This includes heating, ventilation, and air conditioning (HVAC), and kitchen and lab equipment. At the time of purchase, a discounted rate on the equipment service maintenance agreement is frequently offered if the institution will purchase an extended term agreement. Under current rules, however, no payments can be made in advance for such agreements if the term is beyond 12 months so institutions are unable to take advantage of the discounted rate even though they will ultimately be planning to renew such agreements for as long as five years.

(Opposed) None.

Persons Testifying: Steve Dupont, Central Washington University.

Persons Signed In To Testify But Not Testifying: None.