

# HOUSE BILL REPORT

## HB 1645

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**As Passed House:**  
March 4, 2013

**Title:** An act relating to the Washington higher education facilities authority.

**Brief Description:** Increasing the number of public members on the Washington higher education facilities authority.

**Sponsors:** Representatives Riccelli, Sells, Ryu and Moscoso; by request of Washington State Higher Education Facilities Authority.

**Brief History:**

**Committee Activity:**

Higher Education: 2/12/13, 2/19/13 [DP].

**Floor Activity:**

Passed House: 3/4/13, 96-2.

**Brief Summary of Bill**

- Adds one public member to the Higher Education Facilities Authority.

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### HOUSE COMMITTEE ON HIGHER EDUCATION

**Majority Report:** Do pass. Signed by 19 members: Representatives Seaquist, Chair; Pollet, Vice Chair; Haler, Ranking Minority Member; Zeiger, Assistant Ranking Minority Member; Fagan, Hansen, Hargrove, Johnson, Magendanz, Pedersen, Reykdal, Riccelli, Sawyer, Scott, Sells, Smith, Tarleton, Walsh and Wylie.

**Staff:** Luke Wickham (786-7146).

**Background:**

The Washington Higher Education Facilities Authority (Facilities Authority) was created in 1983 to allow Washington's nonprofit, independent colleges to build, improve, and outfit higher education facilities through tax-exempt financing. The Facilities Authority issues tax-exempt, nonrecourse revenue bonds for the independent qualified institutions of higher Education in Washington. The eligible colleges within the Facilities Authority include Bastyr

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University, Cornish College of the Arts, Gonzaga University, Heritage University, Northwest Indian College, Pacific Lutheran University, Pacific Northwest University of Health Sciences, Seattle Pacific University, Seattle University, University of Puget Sound, Walla Walla University, Whitman College, and Whitworth University.

Currently, the board consists of six members, including: the Governor; Lieutenant Governor; and four public members, one of whom must be the President of a higher education institution at the time of appointment. The public members must be residents of the state, appointed by the Governor, and subject to confirmation by the Senate. The public members serve staggered, four-year terms. The Governor serves as the chairperson of the Facilities Authority.

**Summary of Bill:**

This bill adds one public member to the Facilities Authority, increasing the total membership from six members to seven members.

**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 2012 the Legislature replaced the Higher Education Coordinating Board (HEC Board) with the Office of Student Financial Assistance and the Student Achievement Council. The same bill eliminated the HEC Board position on the Facilities Authority. This legislation reduced the Facility Authority's board membership from seven to six members. A board consisting of six members creates problems for establishing a quorum and potential tie votes. As currently provided, a quorum requires four members, and a majority is still needed for passage of a resolution. Historically, a board membership of seven has proven effective for scheduling meetings, establishing a quorum, and preventing tie votes. During the reorganization of the HEC Board, there was a decision to delete the HEC Board director as a member of the Facility Authority's board. It is unclear why the Legislature decided not to replace the HEC Board director. It is difficult to establish a quorum with a six-member board, especially during the legislative session when the Governor and Lieutenant Governor are busy. For a bond resolution to pass there has to be four positive votes, so a six-member board can cause problems. The Facilities Authority includes 14 member institutions. It would be easiest to have the Governor appoint a member. The Facilities Authority was created to issue tax exempt bonds for those institutions. There is no income tax charged on the bond proceeds. The Facilities Authority does not lend the full faith and credit of the State. The Facilities Authority can do anything that has to do with the missions of the private colleges or universities that it represents. There are people who are interested in joining the Facilities Authority, but recruiting has not begun because the new position does not exist yet.

(Opposed) None.

**Persons Testifying:** Kim Herman and Carol Johnson, Washington Higher Education Facilities Authority.

**Persons Signed In To Testify But Not Testifying:** None.