

# HOUSE BILL REPORT

## HB 2434

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**As Reported by House Committee On:**  
Higher Education

**Title:** An act relating to the total outstanding indebtedness of the higher education facilities authority.

**Brief Description:** Authorizing an increase in the total outstanding indebtedness of the higher education facilities authority.

**Sponsors:** Representatives Walsh, Seaquist, Ryu and Freeman; by request of Washington State Higher Education Facilities Authority.

**Brief History:**

**Committee Activity:**

Higher Education: 1/24/14, 1/29/14 [DP].

**Brief Summary of Bill**

- Increases the limit on total outstanding bonded indebtedness of the Washington Higher Education Facilities Authority from \$1 billion to \$1.5 billion.

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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; Gregerson, Hansen, Hargrove, Johnson, Magendanz, Muri, Reykdal, Sawyer, Scott, Sells, Smith, Tarleton, Walkinshaw, Walsh and Wylie.

**Staff:** Madeleine Thompson (786-7304).

**Background:**

The Washington Higher Education Facilities Authority.

The Washington Higher Education Facilities Authority (Facilities Authority) was created in 1983 to minimize the capital costs of construction, financing, and use of higher education facilities at Washington's nonprofit, independent colleges.

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*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 Facilities Authority issues tax-exempt, nonrecourse revenue bonds for qualified independent higher education institutions. The institutions may use the bond proceeds for refinancing taxable or tax-exempt debt, remodeling, construction, purchase of equipment, or other approved purposes. Bonds may be issued by the Facilities Authority to refund other outstanding bonds, at or prior to the maturity of those bonds. The total outstanding bonded indebtedness of the Facilities Authority must not exceed \$1 billion.

The qualified nonprofit, independent higher education institutions are:

- Bastyr University;
- Cornish College of the Arts;
- Gonzaga University;
- Heritage University;
- Northwest Indian College;
- Pacific Lutheran University;
- Pacific Northwest University of Health Sciences;
- Saint Martin's University;
- Seattle Pacific University;
- Seattle University;
- University of Puget Sound;
- Walla Walla University;
- Whitman College; and
- Whitworth University.

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**Summary of Bill:**

The limit on total outstanding bonded indebtedness of the Facilities Authority is increased from \$1 billion to \$1.5 billion.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**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 independent higher education institutions experience vast savings on interest rates because of this program which helps to expand the higher education capacity in the state. Expansion can happen more rapidly because of this program. A great deal has been achieved at no cost to the state as all administration is paid by the institutions through program fees. This is planning ahead. Proposed expansions will bring the total debt limit above the threshold if this measure does not pass.

(Opposed) None.

**Persons Testifying:** Representative Walsh, prime sponsor; and Kim Herman, Washington Higher Education Facilities Authority.

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