

HOUSE BILL REPORT

HB 1326

As Reported By House Committee On:
Higher Education

Title: An act relating to commercial activities by institutions of higher education.

Brief Description: Requiring institutions of higher education to revise their commercial activities policies.

Sponsors: Representatives Mulliken, Chandler, Sheahan, Carlson, Benton, Blanton and Delvin.

Brief History:

Committee Activity:

Higher Education: 2/3/95, 2/10/95 [DPS].

HOUSE COMMITTEE ON HIGHER EDUCATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Carlson, Chairman; Mulliken, Vice Chairman; Jacobsen, Ranking Minority Member; Basich; Benton; Blanton; Delvin; Mastin and Sheahan.

Minority Report: Do not pass. Signed by 1 member: Representative Mason, Assistant Ranking Minority Member.

Staff: Marilee Scarbrough (786-7196).

Background: In 1987, legislation was enacted relating to commercial activities of institutions of higher education. The act requires institutions of higher education, in consultation with businesses, to define legitimate purposes under which institutions will provide goods and services that are available from private businesses. The act outlines a list of criteria that should be considered in developing policies and a list of institutional activities that are exempt from policy development. The exemptions include extracurricular or residential life programs, such as food services and athletic and recreational programs.

Summary of Substitute Bill: Franchised or licensed food services provided in an institution of higher education after January 1, 1995, must comply with current

statutory requirements. Institutions are required to adopt policies prohibiting the resale and distribution of goods and services.

Substitute Bill Compared to Original Bill: The substitute requires that only franchised and licensed food services provided after January 1, 1995, utilize the process outlined in statute. The language requiring institutions of higher education to adopt policies prohibiting the resale and distribution of goods and services obtained by students is clarified.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: Institutions of higher education should not unfairly compete with private business. Businesses on campus have a locality advantage over businesses in the community. Institutions of higher education should concentrate on providing education. Institutions should not own and operate businesses that compete with businesses in the community. Business ventures by institutions of higher education negatively impact the local community. Institutions are being allowed to engage in unfair direct competition without paying business taxes. The legislation does not go far enough, the exemption for extracurricular activities should also be removed.

Testimony Against: The institution cannot contract out food services, therefore the only viable option is to contract with a franchise. Furthermore, the franchise is a response to the request of Central University students. The food service proposed by Central is not intended to compete with the business community. There may be unintended consequences of the language that would negatively impact institutional fund raisers. Existing law should be enforced, there is no need to amend the law.

Testified: Representative Mulliken, prime sponsor; Mary Craft, Judy Almborg, and Bob Case, Ellensburg Chamber of Commerce (pro); Robert Case, private citizen (pro); Frank Erickson, private citizen (supports proposed substitute); Bill Haberman, (pro); Martha Lindley, Central Washington University (strong concerns); John Pettit, University of Washington (con); Larry Ganders, Washington State University (concerns); George Durrie, Eastern Washington University (concerns); Jeff Cox, Washington Retail Association; and Johan Hellman and Daniel Nicklaus, Washington Student Lobby (concerns).