

2 **SHB 2736** - S COMM AMD
3 By Committee on Higher Education

4 ADOPTED 03/07/02

5 Strike everything after the enacting clause and insert the
6 following:

7 NEW SECTION. **Sec. 1.** It is the policy of the state to encourage
8 basic and applied scientific research by the state's research
9 universities. The creation of knowledge is a core mission of the
10 state's research universities, and research provides teaching and
11 learning opportunities for students and faculty. State of the art
12 facilities for research by research universities serve to attract the
13 most capable students and faculty to the state and research grants from
14 public and private institutions throughout the world. The application
15 of such research stimulates investment and employment within Washington
16 and the strengthening of our tax base. In order to finance research
17 facilities, the state's research universities often use federal, state,
18 private, and university resources and therefore require the authority
19 to enter into financing arrangements that leverage funding sources and
20 reduce the costs of such complex facilities to the state.

21 NEW SECTION. **Sec. 2.** The University of Washington and Washington
22 State University each may:

23 (1) Acquire, construct, rehabilitate, equip, and operate facilities
24 and equipment to promote basic and applied research in the sciences;

25 (2) Borrow money for such research purposes, including interest
26 during construction and other incidental costs, issue revenue bonds or
27 other evidences of indebtedness, refinance the same before or at
28 maturity, and provide for the amortization of such indebtedness by
29 pledging all or a component of the fees and revenues of the university
30 available for such purpose derived from the ownership and operation of
31 any of its facilities or conducting research that are not subject to
32 appropriation by the legislature and that do not constitute general
33 state revenues as defined in Article VIII, section 1 of the state
34 Constitution;

1 (3) Enter into leases, with or without an option to purchase, of
2 real and personal property to be used in basic and applied research in
3 the sciences; and

4 (4) Lease all or a portion of such facilities and equipment as is
5 deemed prudent by the university to provide for research conducted by
6 persons or entities that are not part of the university but that
7 provide rental income to support university research facilities or
8 provide opportunities for the interaction of public and private
9 research and research personnel, including students and faculty.

10 NEW SECTION. **Sec. 3.** The governing body of a university financing
11 facilities and equipment under this chapter shall give due regard to
12 the costs of maintaining and operating such facilities and equipment
13 during the useful lives of the facilities and equipment. No state
14 appropriated funds may be used for (1) the payment of maintenance and
15 operation of the facilities and equipment financed under this chapter;
16 or (2) the grant or contract-supported research activities housed in
17 these facilities. If funding through grants or contracts for research
18 activities housed in these facilities is reduced, eliminated, or
19 declared insufficient, the funding deficiencies are not a state
20 obligation to be paid from the state general fund.

21 NEW SECTION. **Sec. 4.** The authority granted by this chapter is
22 supplemental to any existing or future authority granted to the
23 University of Washington and Washington State University and shall not
24 be construed to limit the existing or future authority of these
25 universities.

26 **Sec. 5.** RCW 28B.10.022 and 1989 c 356 s 6 are each amended to read
27 as follows:

28 The boards of regents of the state universities and the boards of
29 trustees of the regional universities, The Evergreen State College, and
30 the state board for community and technical colleges (~~education~~), are
31 severally authorized to enter into financing contracts as provided in
32 chapter 39.94 RCW. Except as provided in this section, financing
33 contracts shall be subject to the approval of the state finance
34 committee. Except for facilities financed under chapter 28B.--- RCW
35 (sections 1 through 4 and 7 of this act), the board of regents of a
36 state university may enter into financing contracts which are payable

1 solely from and secured by all or any component of the fees and
2 revenues of the university derived from its ownership and operation of
3 its facilities not subject to appropriation by the legislature and not
4 constituting "general state revenues," as defined in Article VIII,
5 section 1 of the state Constitution, without the prior approval of the
6 state finance committee. The board of regents shall notify the state
7 finance committee at least sixty days prior to entering into such
8 contract and provide information relating to such contract as requested
9 by the state finance committee.

10 **Sec. 6.** RCW 39.94.040 and 1998 c 291 s 5 are each amended to read
11 as follows:

12 (1) Except as provided in RCW 28B.10.022 and chapter 28B.--- RCW
13 (sections 1 through 4 and 7 of this act), the state may not enter into
14 any financing contract for itself if the aggregate principal amount
15 payable thereunder is greater than an amount to be established from
16 time to time by the state finance committee or participate in a program
17 providing for the issuance of certificates of participation, including
18 any contract for credit enhancement, without the prior approval of the
19 state finance committee. Except as provided in RCW 28B.10.022, the
20 state finance committee shall approve the form of all financing
21 contracts or a standard format for all financing contracts. The state
22 finance committee also may:

23 (a) Consolidate existing or potential financing contracts into
24 master financing contracts with respect to property acquired by one or
25 more agencies, departments, instrumentalities of the state, the state
26 board for community and technical colleges, or a state institution of
27 higher learning; or to be acquired by an other agency;

28 (b) Approve programs providing for the issuance of certificates of
29 participation in master financing contracts for the state or for other
30 agencies;

31 (c) Enter into agreements with trustees relating to master
32 financing contracts; and

33 (d) Make appropriate rules for the performance of its duties under
34 this chapter.

35 (2) In the performance of its duties under this chapter, the state
36 finance committee may consult with representatives from the department
37 of general administration, the office of financial management, and the
38 department of information services.

1 (3) With the approval of the state finance committee, the state
2 also may enter into agreements with trustees relating to financing
3 contracts and the issuance of certificates of participation.

4 (4) The state may not enter into any financing contract for real
5 property of the state without prior approval of the legislature.

6 (5) The state may not enter into any financing contract on behalf
7 of an other agency without the approval of such a financing contract by
8 the governing body of the other agency.

9 NEW SECTION. **Sec. 7.** Before January 31st of each year, the
10 University of Washington and Washington State University must report to
11 the ways and means committee of the senate and the capital budget
12 committee of the house of representatives on the financing arrangements
13 entered into under the authority of this chapter.

14 NEW SECTION. **Sec. 8.** Sections 1 through 4 and 7 of this act
15 constitute a new chapter in Title 28B RCW."

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19 On page 1, line 1 of the title, after "universities;" strike the
20 remainder of the title and insert "amending RCW 28B.10.022 and
21 39.94.040; and adding a new chapter to Title 28B RCW."

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