

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 2736

57th Legislature
2002 Regular Session

Passed by the House March 11, 2002
Yeas 94 Nays 0

Speaker of the House of Representatives

Passed by the Senate March 7, 2002
Yeas 45 Nays 1

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Cynthia Zehnder, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 2736** as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 2736

AS AMENDED BY THE SENATE

Passed Legislature - 2002 Regular Session

State of Washington 57th Legislature 2002 Regular Session

By House Committee on Capital Budget (originally sponsored by Representatives Murray, Esser, McIntire, Lantz, Jarrett, Ogden, Lysen, Chase, Haigh and Kenney; by request of University of Washington)

Read first time 02/12/2002. Referred to Committee on .

1 AN ACT Relating to research by state universities; amending RCW
2 28B.10.022 and 39.94.040; and adding a new chapter to Title 28B RCW.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

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

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

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

5 (2) Borrow money for such research purposes, including interest
6 during construction and other incidental costs, issue revenue bonds or
7 other evidences of indebtedness, refinance the same before or at
8 maturity, and provide for the amortization of such indebtedness by
9 pledging all or a component of the fees and revenues of the university
10 available for such purpose derived from the ownership and operation of
11 any of its facilities or conducting research that are not subject to
12 appropriation by the legislature and that do not constitute general
13 state revenues as defined in Article VIII, section 1 of the state
14 Constitution;

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

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

24 NEW SECTION. **Sec. 3.** The governing body of a university financing
25 facilities and equipment under this chapter shall give due regard to
26 the costs of maintaining and operating such facilities and equipment
27 during the useful lives of the facilities and equipment. No state
28 appropriated funds may be used for (1) the payment of maintenance and
29 operation of the facilities and equipment financed under this chapter;
30 or (2) the grant or contract-supported research activities housed in
31 these facilities. If funding through grants or contracts for research
32 activities housed in these facilities is reduced, eliminated, or
33 declared insufficient, the funding deficiencies are not a state
34 obligation to be paid from the state general fund.

35 NEW SECTION. **Sec. 4.** The authority granted by this chapter is
36 supplemental to any existing or future authority granted to the
37 University of Washington and Washington State University and shall not

1 be construed to limit the existing or future authority of these
2 universities.

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

5 The boards of regents of the state universities and the boards of
6 trustees of the regional universities, The Evergreen State College, and
7 the state board for community and technical colleges (~~(education)~~), are
8 severally authorized to enter into financing contracts as provided in
9 chapter 39.94 RCW. Except as provided in this section, financing
10 contracts shall be subject to the approval of the state finance
11 committee. Except for facilities financed under chapter 28B.--- RCW
12 (sections 1 through 4 and 7 of this act), the board of regents of a
13 state university may enter into financing contracts which are payable
14 solely from and secured by all or any component of the fees and
15 revenues of the university derived from its ownership and operation of
16 its facilities not subject to appropriation by the legislature and not
17 constituting "general state revenues," as defined in Article VIII,
18 section 1 of the state Constitution, without the prior approval of the
19 state finance committee. The board of regents shall notify the state
20 finance committee at least sixty days prior to entering into such
21 contract and provide information relating to such contract as requested
22 by the state finance committee.

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

25 (1) Except as provided in RCW 28B.10.022 and chapter 28B.--- RCW
26 (sections 1 through 4 and 7 of this act), the state may not enter into
27 any financing contract for itself if the aggregate principal amount
28 payable thereunder is greater than an amount to be established from
29 time to time by the state finance committee or participate in a program
30 providing for the issuance of certificates of participation, including
31 any contract for credit enhancement, without the prior approval of the
32 state finance committee. Except as provided in RCW 28B.10.022, the
33 state finance committee shall approve the form of all financing
34 contracts or a standard format for all financing contracts. The state
35 finance committee also may:

36 (a) Consolidate existing or potential financing contracts into
37 master financing contracts with respect to property acquired by one or

1 more agencies, departments, instrumentalities of the state, the state
2 board for community and technical colleges, or a state institution of
3 higher learning; or to be acquired by an other agency;

4 (b) Approve programs providing for the issuance of certificates of
5 participation in master financing contracts for the state or for other
6 agencies;

7 (c) Enter into agreements with trustees relating to master
8 financing contracts; and

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

11 (2) In the performance of its duties under this chapter, the state
12 finance committee may consult with representatives from the department
13 of general administration, the office of financial management, and the
14 department of information services.

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

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

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

23 NEW SECTION. **Sec. 7.** Before January 31st of each year, the
24 University of Washington and Washington State University must report to
25 the ways and means committee of the senate and the capital budget
26 committee of the house of representatives on the financing arrangements
27 entered into under the authority of this chapter.

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

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