
SENATE BILL 5384

State of Washington

60th Legislature

2007 Regular Session

By Senators Fraser, Shin, Brandland, Delvin, Murray, Tom and Kohl-Welles; by request of University of Washington

Read first time 01/18/2007. Referred to Committee on Ways & Means.

1 AN ACT Relating to the University of Washington's and Washington
2 State University's local borrowing authority; adding a new chapter to
3 Title 28B RCW; and declaring an emergency.

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

5 NEW SECTION. **Sec. 1.** The legislature hereby recognizes that the
6 University of Washington and Washington State University will require
7 additional methods of funding to meet the universities' educational and
8 research missions and remain competitive in a challenging environment.
9 State appropriations are sufficient to meet only a portion of these
10 research universities' funding requirements. The state authorizes the
11 universities to collect student tuition, services and activities fees,
12 building fees, and technology fees, subject to statutory limits. In
13 addition, the universities generate revenue from other sources such as
14 grants, contracts, other fees, sales and services, and investment
15 income. The legislature finds that the research universities are able
16 to leverage these local nonstate-appropriated funds to enhance
17 university facilities and services for the benefit of students,
18 faculty, and the larger community. The legislature intends that the
19 research universities be permitted to borrow and incur obligations for

1 any university purpose, so long as repayment is limited to local
2 nonappropriated university funds and so long as the state's credit or
3 general state revenues are not obligated or used for repayment. To
4 permit the University of Washington to refinance the real and personal
5 property acquired between August and October 2006 before the end of the
6 fiscal biennium, sections of chapter . . . , Laws of 2007 (this act)
7 necessary to accomplish this limited purpose are made effective before
8 the end of the biennium.

9 NEW SECTION. **Sec. 2.** The board of regents of the University of
10 Washington and Washington State University may issue bonds, notes, or
11 other evidences of indebtedness for any university purpose. The board
12 of regents of the University of Washington and Washington State
13 University may obligate all or a component of the fees and revenues of
14 the university for the payment of such bonds, notes, or evidences of
15 indebtedness: PROVIDED, That such fees and revenues are not subject to
16 appropriation by the legislature and do not constitute general state
17 revenues as defined in Article VIII, section 1 of the state
18 Constitution or general state revenues for the purpose of calculating
19 statutory limits on state indebtedness pursuant to RCW 39.42.060. Such
20 bonds, notes, and other indebtedness shall not constitute bonds, notes,
21 or other evidences of indebtedness secured by the full faith and credit
22 of the state or required to be paid, directly or indirectly, from
23 general state revenues for the purposes of RCW 39.42.060. Bonds,
24 notes, or other evidences of indebtedness issued under this chapter
25 shall be issued in accordance with the procedures in RCW 28B.10.310 and
26 28B.10.315 or the provisions applicable to either the state or local
27 governments under chapter 39.46 or 39.53 RCW.

28 NEW SECTION. **Sec. 3.** Bonds, notes, and other evidences of
29 indebtedness issued under this chapter as a part of a public securities
30 offering must be rated at the time of issuance by at least one
31 nationally recognized credit rating agency no lower than the lowest
32 subcategory of the single "A" rating category, or the then current
33 equivalent of such rating.

34 NEW SECTION. **Sec. 4.** The University of Washington and Washington
35 State University must report annually to the ways and means committee

1 of the senate, the capital budget committee of the house of
2 representatives, and the office of the state treasurer on any bonds,
3 notes, and other evidences of indebtedness issued under this chapter as
4 a part of a public securities offering. This reporting requirement may
5 be satisfied by sending a copy of the annual bondholder report filed by
6 the University of Washington and Washington State University in
7 accordance with Rule 15c2-12 of the securities and exchange commission
8 to the ways and means committee of the senate, the capital budget
9 committee of the house of representatives, and the office of the state
10 treasurer.

11 NEW SECTION. **Sec. 5.** The board of regents of the University of
12 Washington may issue bonds, notes, or other evidences of indebtedness
13 under this section for the purpose of refinancing real and personal
14 property acquired by the University of Washington during the period
15 between August and October 2006. The board of regents of the
16 University of Washington may obligate all or a component of the fees
17 and revenues of the university for the payment of such bonds, notes, or
18 evidences of indebtedness: PROVIDED, That such fees and revenues are
19 not subject to appropriation by the legislature and do not constitute
20 general state revenues as defined in Article VIII, section 1 of the
21 state Constitution or general state revenues for the purpose of
22 calculating statutory limits on state indebtedness pursuant to RCW
23 39.42.060. Bonds, notes, or other evidences of indebtedness issued
24 under this section shall be issued in accordance with the procedures in
25 RCW 28B.10.310 and 28B.10.315 or the provisions applicable to either
26 the state or local governments under chapter 39.46 or 39.53 RCW. Such
27 bonds, notes, and other indebtedness shall not constitute bonds, notes,
28 or other evidences of indebtedness secured by the full faith and credit
29 of the state or required to be paid, directly or indirectly, from
30 general state revenues for the purposes of RCW 39.42.060.

31 NEW SECTION. **Sec. 6.** The authority granted by this chapter is in
32 addition and supplemental to any previously granted or future authority
33 granted to the University of Washington or Washington State University
34 and shall not be construed to limit the existing or future powers or
35 authority of these universities, including without limitation the
36 authority to issue bonds, notes, and other evidences of indebtedness

1 pursuant to RCW 28B.10.300 through 28B.10.330, 28B.20.145, or
2 28B.20.395 through 28B.20.398, or chapter 28B.140 RCW, or to
3 participate in state reimbursable bond, certificate of participation,
4 or other state debt programs.

5 NEW SECTION. **Sec. 7.** Section 5 of this act is necessary for the
6 immediate preservation of the public peace, health, or safety, or
7 support of the state government and its existing public institutions,
8 and takes effect May 1, 2007.

9 NEW SECTION. **Sec. 8.** Sections 1 through 6 of this act constitute
10 a new chapter in Title 28B RCW.

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