

SENATE BILL REPORT

SB 6253

AS REPORTED BY COMMITTEE ON COMMERCE & LABOR,
FEBRUARY 7, 1992

Brief Description: Concerning government activity in the private sector.

SPONSORS: Senators Anderson, Owen, Bluechel and Johnson

SENATE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass.

Signed by Senators Matson, Chairman; Anderson, Vice Chairman; Bluechel, McDonald, and Moore.

Staff: Jonathan Seib (786-7427)

Hearing Dates: January 23, 1992; February 7, 1992

BACKGROUND:

It is suggested that many state agencies engage in activities in direct competition with private businesses, and that this in most cases is not an appropriate function of government. Because these agencies do not share many of the costs imposed on a private business, they can provide goods and services at a lower price, unfairly interfering with private enterprise.

SUMMARY:

No state agency may engage in commercial activities except as provided in law.

An exemption is provided from this policy for a number of agency functions. Agencies engaged in a commercial activity not exempt may continue the activity until July 1, 1994 upon requesting and receiving a waiver from the Governor.

An agency providing goods or services for a price to local governments may continue doing so until July 1, 1994. After July 1, 1994, such goods may not be provided unless the agency has prepared a competitive pricing impact statement.

Any agency with specific authority to engage in commercial activity must charge a price which includes the agency's direct costs plus various imputed costs which would be included were the good or service sold in the private sector. The agency must file a competitive pricing impact statement with the Office of Financial Management demonstrating the basis for its fair and reasonable price.

State institutions of higher education are prohibited from engaging in commercial activity except as authorized by the

act. Specific prohibitions are placed on courses of study reasonably available from private enterprise and on the provision of goods, services or facilities not related to the educational, research, or public service mission of the institution.

A person may bring an action in superior court to prohibit an agency from engaging in activity violating this act. Prior to trial, the court is to order a competitive pricing impact statement for the violating activity, to be completed by the State Auditor. The court may award the plaintiff reasonable attorneys' fees and costs.

Appropriation: none

Revenue: none

Fiscal Note: available

TESTIMONY FOR:

Businesses should not have to compete with subsidized government programs for customers. This is a major concern of the small business community. It is generally inappropriate for government agencies to engage in commercial activities. If they do engage in such activities, the prices charged should reflect a real market price, not a subsidized price.

TESTIMONY AGAINST: None

TESTIFIED: Carolyn Logue, NFIB (pro); Gary Smith, IBA (pro); Clif Finch, AWB (pro); Nancy Bratton, Seattle Chamber of Commerce (pro)