

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE HOUSE BILL 2736**

Chapter 151, Laws of 2002

57th Legislature  
2002 Regular Session

HIGHER EDUCATION--RESEARCH UNIVERSITIES

EFFECTIVE DATE: 6/13/02

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

FRANK CHOPP  
**Speaker of the House of Representatives**

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

BRAD OWEN  
**President of the Senate**

Approved March 26, 2002

GARY LOCKE  
**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.

CYNTHIA ZEHNDER

**Chief Clerk**

FILED

March 26, 2002 - 12:24 p.m.

**Secretary of State  
State of Washington**

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**SUBSTITUTE HOUSE BILL 2736**

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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.

Passed the House March 11, 2002.

Passed the Senate March 7, 2002.

Approved by the Governor March 26, 2002.

Filed in Office of Secretary of State March 26, 2002.