
SENATE BILL 5576

State of Washington

62nd Legislature

2011 Regular Session

By Senators Kilmer, Zarelli, Tom, and Shin; by request of University of Washington and Washington State University

Read first time 01/31/11. Referred to Committee on Ways & Means.

1 AN ACT Relating to capital construction and building purposes at
2 the University of Washington and Washington State University; amending
3 RCW 28B.20.382, 28B.20.720, 28B.20.721, 28B.20.725, 28B.20.800,
4 28B.20.810, 43.79.080, 28B.30.700, 28B.30.710, 28B.30.720, 28B.30.741,
5 28B.30.742, 28B.30.750, 43.79.110, 43.79.130, and 28B.30.740; and
6 reenacting and amending RCW 28B.15.210 and 28B.15.310.

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

8 **Sec. 1.** RCW 28B.15.210 and 2009 c 499 s 1 and 2009 c 497 s 6019
9 are each reenacted and amended to read as follows:

10 ~~((Within thirty five days from the date of collection thereof,))~~
11 (1) All building fees at the University of Washington, including
12 building fees to be charged students registering in the schools of
13 medicine and dentistry, shall be ((paid into the state treasury and
14 credited as follows:

15 ~~One half or such larger portion as may be necessary to prevent a~~
16 ~~default in the payments required to be made out of the bond retirement~~
17 ~~fund to the "University of Washington bond retirement fund" and the~~
18 ~~remainder thereof to the "University of Washington building account."~~
19 ~~The sum so credited to the University of Washington building account~~

1 ~~shall be used exclusively for the purpose of erecting, altering,~~
2 ~~maintaining, equipping, or furnishing buildings, and for certificates~~
3 ~~of participation under chapter 39.94 RCW, except for any sums~~
4 ~~transferred as authorized in RCW 28B.20.725(3). The sum so credited to~~
5 ~~the University of Washington bond retirement fund shall be used for the~~
6 ~~payment of principal of and interest on bonds outstanding as provided~~
7 ~~by chapter 28B.20 RCW except for any sums transferred as authorized in~~
8 ~~RCW 28B.20.725(5). During the 2009-2011 biennium, sums credited to the~~
9 ~~University of Washington building account shall also be used for~~
10 ~~routine facility maintenance and utility costs)) applied by the~~
11 university for university building purposes.

12 (2) The university shall continue to fund high priority major and
13 minor capital projects including deferred maintenance.

14 (3) As used in this section, "university building purposes" means
15 to pay or finance costs of acquiring, erecting, altering, maintaining,
16 equipping, furnishing, or operating buildings, including without
17 limitation payment of principal of and interest on bonds authorized
18 pursuant to section 5029, chapter 497, Laws of 2009, and certificates
19 of participation under chapter 39.94 RCW, except for auxiliary
20 enterprise facility projects that have separate and distinct revenue
21 sources including, but not limited to, student housing, dining
22 facilities, or athletic facilities.

23 **Sec. 2.** RCW 28B.20.382 and 1999 c 346 s 3 are each amended to read
24 as follows:

25 (1) Until authorized by statute of the legislature, the board of
26 regents of the university, with respect to the university tract, shall
27 not sell the land or any part thereof or any improvement thereon, or
28 lease the land or any part thereof or any improvement thereon or renew
29 or extend any lease thereof for a term of more than eighty years. Any
30 sale of the land or any part thereof or any improvement thereon, or any
31 lease or renewal or extension of any lease of the land or any part
32 thereof or any improvement thereon for a term of more than eighty years
33 made or attempted to be made by the board of regents shall be null and
34 void until the same has been approved or ratified and confirmed by
35 legislative act.

36 (2) The board of regents shall have power from time to time to
37 lease the land, or any part thereof or any improvement thereon for a

1 term of not more than eighty years. Any and all records, books,
2 accounts, and agreements of any lessee or sublessee under this section,
3 pertaining to compliance with the terms and conditions of such lease or
4 sublease, shall be open to inspection by the board of regents, the ways
5 and means committee of the senate, the appropriations committee of the
6 house of representatives, and the joint legislative audit and review
7 committee or any successor committees. It is not intended that
8 unrelated records, books, accounts, and agreements of lessees,
9 sublessees, or related companies be open to such inspection. The board
10 of regents shall make a full, detailed report of all leases and
11 transactions pertaining to the land or any part thereof or any
12 improvement thereon to the joint legislative audit and review
13 committee, including one copy to the staff of the committee, during
14 odd-numbered years.

15 (3) The net proceeds from the sale or lease of land in the
16 university tract, or any part thereof or any improvement thereon, shall
17 be ~~((deposited into the University of Washington facilities bond
18 retirement account hereby established outside the state treasury as a
19 nonappropriated local fund to be))~~ used by the university exclusively
20 for the purpose of ~~((erecting, altering, maintaining, equipping, or
21 furnishing buildings at the University of Washington. The board of
22 regents shall transfer from the University of Washington facilities
23 bond retirement account to the University of Washington building
24 account under RCW 43.79.080 any funds in excess of amounts reasonably
25 necessary for payment of debt service in combination with other
26 nonappropriated local funds related to capital projects for which debt
27 service is required under section 4, chapter 380, Laws of 1999))~~ (a)
28 payment of debt service in combination with other nonappropriated local
29 funds related to capital projects for which debt service is required
30 under section 4, chapter 380, Laws of 1999, and (b) for university
31 building purposes as defined in RCW 28B.15.210.

32 **Sec. 3.** RCW 28B.20.720 and 2009 c 499 s 3 are each amended to read
33 as follows:

34 For the purpose of paying and securing the payment of the principal
35 of and interest on the bonds as the same shall become due, there is
36 created in the custody of the state treasurer a special trust fund to

1 be known as the University of Washington bond retirement fund. An
2 appropriation is not required for expenditures from the fund. There
3 shall be paid into the fund, the following:

4 ~~(1) ((One-half of such building fees as the board may from time to~~
5 ~~time determine, or such larger portion as may be necessary to prevent~~
6 ~~default in the payments required to be made out of the bond retirement~~
7 ~~fund;~~

8 ~~(2)) Any gifts, bequests, or grants which may be made, or may~~
9 ~~become available, for the purpose of furthering the construction of any~~
10 ~~authorized projects, or for the repayment of the costs thereof;~~

11 ~~((3)) (2) Such additional funds as the legislature may provide.~~

12 While any bonds issued in accordance with the provisions of this
13 chapter or any interest thereon remain unpaid, the bond retirement fund
14 shall be available solely for the payment thereof ~~((except as provided~~
15 ~~in RCW 28B.20.725(5). As a part of the contract of sale of such bonds,~~
16 ~~the board undertakes to charge and collect building fees and to deposit~~
17 ~~the portion of such fees in the bond retirement fund in amounts which~~
18 ~~will be sufficient to pay the principal of, and interest on all such~~
19 ~~bonds outstanding)).~~

20 **Sec. 4.** RCW 28B.20.721 and 1969 ex.s. c 223 s 28B.20.721 are each
21 amended to read as follows:

22 All moneys received from the lease or rental of lands set apart by
23 the enabling act for university purposes; all interest or income
24 arising from the proceeds of the sale of such lands or of the timber,
25 fallen timber, stone, gravel, or other valuable material thereon; and
26 all moneys received as interest on deferred payments on contracts for
27 the sale of such lands shall be ~~((deposited in the "University of~~
28 ~~Washington bond retirement fund" to be expended for the purposes set~~
29 ~~forth in RCW 28B.20.720)) paid to the university to be used for~~
30 university building purposes as defined in RCW 28B.15.210.

31 **Sec. 5.** RCW 28B.20.725 and 2010 1st sp.s. c 36 s 6008 are each
32 amended to read as follows:

33 The board is hereby empowered:
34 (1) To reserve the right to issue bonds later on a parity with any
35 bonds being issued;

1 (2) To authorize the investing of moneys in the bond retirement
2 fund and any reserve account therein;

3 (3) To authorize the transfer of money (~~((from the University of~~
4 ~~Washington building account))~~) to the bond retirement fund when
5 necessary to prevent a default in the payments required to be made out
6 of such fund; and

7 (4) To create a reserve account or accounts in the bond retirement
8 fund to secure the payment of the principal of and interest on any
9 bonds((+

10 ~~(5) To authorize the transfer to the University of Washington~~
11 ~~building account of any money on deposit in the bond retirement fund in~~
12 ~~excess of debt service for a period of three years from the date of~~
13 ~~such transfer on all outstanding bonds payable out of such fund.~~
14 ~~However, during the 2009-2011 fiscal biennium, the legislature may~~
15 ~~transfer to the University of Washington building account moneys that~~
16 ~~are in excess of the debt service due within one year of the date of~~
17 ~~transfer on all outstanding bonds payable out of the bond retirement~~
18 ~~fund)).~~

19 **Sec. 6.** RCW 28B.20.800 and 1991 sp.s. c 13 s 97 are each amended
20 to read as follows:

21 All moneys hereafter received from the lease or rental of lands set
22 apart for the University of Washington by chapter 91, Laws of 1903 and
23 section 9, chapter 122, Laws of 1893, and all interest or income
24 arising from the proceeds of the sale of such land, less the allocation
25 to the state treasurer's service (~~(account-[fund])~~) fund pursuant to
26 RCW 43.08.190 and the state investment board expense account pursuant
27 to RCW 43.33A.160, and all proceeds from the sale of timber, fallen
28 timber, stone, gravel, or other valuable material and all other
29 receipts therefrom shall be (~~(deposited to the credit of the~~
30 ~~"University of Washington bond retirement fund" to be expended for the~~
31 ~~purposes set forth in RCW 28B.20.720)) paid to the university to be
32 used for university building purposes as defined in RCW 28B.15.210.~~

33 All proceeds of sale of such lands, exclusive of investment income,
34 shall be deposited to the credit of the state university permanent
35 fund, shall be retained therein and shall not be transferred to any
36 other fund or account. All interest earned or income received from the
37 investment of the money in the state university permanent fund (~~(shall~~

1 ~~be deposited to the credit of the University of Washington bond~~
2 ~~retirement fund)) less the allocations to the state treasurer's service~~
3 ~~fund pursuant to RCW 43.08.190 and the state investment board expense~~
4 ~~account pursuant to RCW 43.33A.160, shall be paid to the university to~~
5 ~~be used for university building purposes as defined in RCW 28B.15.210.~~

6 ~~((As a part of the contract of sale of bonds payable out of the~~
7 ~~University of Washington bond retirement fund, the board of regents of~~
8 ~~the University of Washington may covenant that all moneys derived from~~
9 ~~the above provided sources, which are required to be paid into the bond~~
10 ~~retirement fund, shall continue to be paid into such bond retirement~~
11 ~~fund for as long as any of such bonds are outstanding.))~~

12 **Sec. 7.** RCW 28B.20.810 and 1991 sp.s. c 13 s 78 are each amended
13 to read as follows:

14 The board of regents of the University of Washington is empowered
15 to authorize from time to time the transfer from the state university
16 permanent fund ~~((to be held in reserve in the bond retirement fund~~
17 ~~created by RCW 28B.20.720)) any unobligated funds and investments~~
18 ~~derived from lands set apart for the support of the university by~~
19 ~~chapter 91, Laws of 1903 and section 9, chapter 122, Laws of 1893, ((to~~
20 ~~the extent required to comply with bond covenants regarding principal~~
21 ~~and interest payments and reserve requirements for bonds payable out of~~
22 ~~the bond retirement fund up to a total amount of five million dollars,~~
23 ~~and to transfer any or all of said unobligated funds and investments in~~
24 ~~excess of five million dollars)) to the university ~~((building account~~
25 ~~created by RCW 43.79.330(22). Any funds transferred to the bond~~
26 ~~retirement fund pursuant to this section shall be replaced by moneys~~
27 ~~first available out of the moneys required to be deposited in such fund~~
28 ~~pursuant to RCW 28B.20.800)) for university building purposes as~~
29 ~~defined in RCW 28B.15.210. The board is further empowered to direct~~
30 ~~the state finance committee to convert any investments in such~~
31 ~~permanent fund acquired with funds derived from such lands into cash or~~
32 ~~obligations of or guaranteed by the United States of America prior to~~
33 ~~the transfer of such funds and investments to ~~((such reserve account or~~~~
34 ~~building account)) the university.~~~~

35 **Sec. 8.** RCW 43.79.080 and 1985 c 57 s 36 are each amended to read
36 as follows:

1 There shall be in the state treasury a fund known and designated as
2 the "University of Washington building account(~~(=)~~)." All amounts on
3 deposit in the University of Washington building account on the
4 effective date of this section shall be transferred to the university
5 to be applied for university building purposes as defined in RCW
6 28B.15.210.

7 **Sec. 9.** RCW 28B.15.310 and 2009 c 499 s 2 and 2009 c 497 s 6020
8 are each reenacted and amended to read as follows:

9 (~~Within thirty five days from the date of collection thereof,)~~
10 (1) All building fees at Washington State University shall be ((paid
11 and credited as follows:— To the Washington State University bond
12 retirement fund, one half or such larger portion as may be necessary to
13 prevent a default in the payments required to be made out of such bond
14 retirement fund; and the remainder thereof to the Washington State
15 University building account.

16 ~~The sum so credited to the Washington State University building~~
17 ~~account shall be expended by the board of regents for buildings,~~
18 ~~equipment, or maintenance on the campus of Washington State University~~
19 ~~as may be deemed most advisable and for the best interests of the~~
20 ~~university, and for certificates of participation under chapter 39.94~~
21 ~~RCW, except for any sums transferred as authorized by law. During the~~
22 ~~2009–2011 biennium, sums credited to the Washington State University~~
23 ~~building account shall also be used for routine facility maintenance~~
24 ~~and utility costs. Expenditures so made shall be accounted for in~~
25 ~~accordance with existing law and shall not be expended until~~
26 ~~appropriated by the legislature.~~

27 ~~The sum so credited to the Washington State University bond~~
28 ~~retirement fund shall be used to pay and secure the payment of the~~
29 ~~principal of and interest on building bonds issued by the university,~~
30 ~~except for any sums which may be transferred out of such fund as~~
31 ~~authorized by law.)) applied by the university for university building~~
32 purposes.

33 (2) The university shall continue to fund high priority major and
34 minor capital projects including deferred maintenance.

35 (3) As used in this section and RCW 28B.30.741, 28B.30.742,
36 43.79.110, and 43.79.130, "university building purposes" means to pay
37 or finance costs of acquiring, erecting, altering, maintaining,

1 equipping, furnishing, or operating buildings, including without
2 limitation payment of principal of and interest on bonds authorized
3 pursuant to sections 5044, 5047, and 5058, chapter 497, Laws of 2009,
4 and certificates of participation under chapter 39.94 RCW, except for
5 auxiliary enterprise facility projects that have separate and distinct
6 revenue sources including, but not limited to, student housing, dining
7 facilities, or athletic facilities.

8 **Sec. 10.** RCW 28B.30.700 and 1985 c 390 s 41 are each amended to
9 read as follows:

10 The board of regents of Washington State University is empowered,
11 in accordance with the provisions of RCW 28B.30.700 through 28B.30.780,
12 to provide for the construction, completion, reconstruction,
13 remodeling, rehabilitation and improvement of buildings and facilities
14 (~~authorized by the legislature~~) for the use of the university and to
15 finance the payment thereof by bonds payable out of a special fund from
16 revenues hereafter derived from the payment of building fees, gifts,
17 bequests or grants, and such additional funds as the legislature may
18 provide.

19 **Sec. 11.** RCW 28B.30.710 and 1985 c 390 s 42 are each amended to
20 read as follows:

21 The following terms, whenever used or referred to in RCW 28B.30.700
22 through 28B.30.780, shall have the following meaning, excepting in
23 those instances where the context clearly indicates otherwise:

24 (1) The word "board" means the board of regents of Washington State
25 University.

26 (2) The words "building fees" mean the building fees charged
27 students registering at the university, but shall not mean special
28 tuition or other fees charged such students or fees, charges, rentals,
29 and other income derived from any or all revenue-producing lands,
30 buildings, and facilities of the university, heretofore or hereafter
31 acquired, constructed or installed, including but not limited to income
32 from rooms, dormitories, dining rooms, hospitals, infirmaries, housing
33 or student activity buildings, vehicular parking facilities, land or
34 the appurtenances thereon.

35 (3) The words "bond retirement fund" mean the special fund created

1 by RCW 28B.30.700 through 28B.30.780, to be known as the Washington
2 State University bond retirement fund.

3 (4) The word "bonds" means the bonds payable out of the bond
4 retirement fund.

5 (5) The word "projects" means the construction, completion,
6 reconstruction, remodeling, rehabilitation, or improvement of any
7 building or other facility of the university (~~authorized by the~~
8 ~~legislature~~) at any time and to be financed by the issuance and sale
9 of bonds.

10 **Sec. 12.** RCW 28B.30.720 and 1969 ex.s. c 223 s 28B.30.720 are each
11 amended to read as follows:

12 In addition to the powers conferred under existing law, the board
13 is authorized and shall have the power:

14 (1) To contract for the construction, completion, reconstruction,
15 remodeling, rehabilitation and improvement of (~~such~~) buildings or
16 other facilities of the university (~~as are or may be authorized by the~~
17 ~~legislature.~~);

18 (2) To finance the same by the issuance of bonds secured by the
19 pledge of any or all of the revenues and receipts of the bond
20 retirement fund(~~-~~); and

21 (3) Without limitation of the foregoing, to accept grants from the
22 United States government, or any federal or state agency or
23 instrumentality, or any public or private corporation, association, or
24 person to aid in defraying the costs of any such projects.

25 **Sec. 13.** RCW 28B.30.741 and 1991 sp.s. c 13 s 76 are each amended
26 to read as follows:

27 All moneys received from the lease or rental of lands set apart by
28 the enabling act for a scientific school; all interest or income
29 arising from the proceeds of the sale of such lands or of the timber,
30 fallen timber, stone, gravel or other valuable material thereon, except
31 for investment income derived pursuant to RCW 43.84.080 and, less the
32 allocation to the state investment board expense account pursuant to
33 RCW 43.33A.160; and all moneys received as interest on deferred
34 payments on contracts for the sale of such lands shall be (~~deposited~~
35 ~~in the "Washington State University bond retirement fund" to be~~

1 ~~expended for the purposes set forth in RCW 28B.30.740))~~ paid to the
2 university to be used for university building purposes as defined in
3 RCW 28B.15.310.

4 **Sec. 14.** RCW 28B.30.742 and 1991 sp.s. c 13 s 77 are each amended
5 to read as follows:

6 Whenever federal law shall permit all moneys received from the
7 lease or rental of lands set apart by the enabling act for an
8 agricultural college, all interest or income arising from the proceeds
9 of the sale of such lands or of the timber, fallen timber, stone,
10 gravel or other valuable material thereon, except for investment income
11 derived pursuant to RCW 43.84.080 and, less the allocation to the state
12 investment board expense account pursuant to RCW 43.33A.160; and all
13 moneys received as interest on deferred payments on contracts for the
14 sale of such lands shall be ~~((deposited in the Washington State~~
15 ~~University bond retirement fund to be expended for the purposes set~~
16 ~~forth in RCW 28B.30.740))~~ paid to the university to be used for
17 university building purposes as defined in RCW 28B.15.310.

18 **Sec. 15.** RCW 28B.30.750 and 2010 1st sp.s. c 36 s 6009 are each
19 amended to read as follows:

20 The board is hereby empowered:

21 (1) To reserve the right to issue bonds later on a parity with any
22 bonds being issued;

23 (2) To authorize the investing of moneys in the bond retirement
24 fund and any reserve account therein;

25 (3) To authorize the transfer of money ~~((from the Washington State~~
26 ~~University building account))~~ to the bond retirement fund when
27 necessary to prevent a default in the payments required to be made out
28 of such fund; and

29 (4) To create a reserve account or accounts in the bond retirement
30 fund to secure the payment of the principal of and interest on any
31 bonds((÷

32 ~~(5) To authorize the transfer to the Washington State University~~
33 ~~building account of any money on deposit in the bond retirement fund in~~
34 ~~excess of debt service for a period of three years from the date of~~
35 ~~such transfer on all outstanding bonds payable out of such fund.~~
36 ~~However, during the 2009-2011 fiscal biennium, the legislature may~~

1 ~~transfer to the Washington State University building account moneys~~
2 ~~that are in excess of the debt service due within one year of the date~~
3 ~~of transfer on all outstanding bonds payable out of the bond retirement~~
4 ~~fund)).~~

5 **Sec. 16.** RCW 43.79.110 and 2007 c 215 s 7 are each amended to read
6 as follows:

7 There shall be in the state treasury a permanent fund known as the
8 "scientific permanent fund," into which shall be paid all moneys
9 derived from the sale of lands set apart by the enabling act or
10 otherwise for a scientific school. The income derived from investments
11 pursuant to RCW 43.84.080 and 43.33A.140 shall be (~~credited to the~~
12 ~~Washington State University building account~~) paid to the university
13 to be used for university building purposes as defined in RCW
14 28B.15.310, less the applicable allocations to the state treasurer's
15 service fund pursuant to RCW 43.08.190 or to the state investment board
16 expense account pursuant to RCW 43.33A.160.

17 **Sec. 17.** RCW 43.79.130 and 2007 c 215 s 8 are each amended to read
18 as follows:

19 There shall be in the state treasury a permanent fund known as the
20 "agricultural permanent fund," into which shall be paid all moneys
21 derived from the sale of lands set apart by the enabling act or
22 otherwise for an agricultural college. The income derived from
23 investments pursuant to RCW 43.84.080 and 43.33A.140 shall be
24 (~~credited to the Washington State University building account~~) paid
25 to the university to be used for university building purposes as
26 defined in RCW 28B.15.310, less the applicable allocations to the state
27 treasurer's service fund pursuant to RCW 43.08.190 or to the state
28 investment board expense account pursuant to RCW 43.33A.160.

29 **Sec. 18.** RCW 28B.30.740 and 2009 c 499 s 4 are each amended to
30 read as follows:

31 For the purpose of paying and securing the payment of the principal
32 of and interest on the bonds as the same shall become due, there is
33 created in the custody of the state treasurer a special trust fund to
34 be known as the Washington State University bond retirement fund. An

1 appropriation is not required for expenditures from the fund. There
2 shall be paid into the fund, the following:

3 (1) One-half of such building fees as the board may from time to
4 time determine, or such larger portion as may be necessary to prevent
5 default in the payments required to be made out of the bond retirement
6 fund;

7 (2) Any grants which may be made, or may become available, for the
8 purpose of furthering the construction of any authorized projects, or
9 for the repayment of the costs thereof;

10 (3) Such additional funds as the legislature may provide.

11 While any bonds issued in accordance with the provisions of this
12 chapter or any interest thereon remain unpaid, the bond retirement fund
13 shall be available solely for the payment thereof (~~except as provided~~
14 ~~in RCW 28B.30.750(5)~~). As a part of the contract of sale of such
15 bonds, the board shall undertake to charge and collect building fees
16 and to deposit the portion of such fees in the bond retirement fund in
17 amounts which will be sufficient to pay the principal of, and interest
18 on all such bonds outstanding.

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