



**House
Legislative
Analysis
Section**

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**REGULATE COMMERCIAL
ACTIVITIES OF UNIVERSITIES**

House Bill 5345

Sponsor: Rep. Susan Grimes Munsell

Committee: Commerce

Complete to 1-5-96

A SUMMARY OF HOUSE BILL 5345 AS INTRODUCED 10-31-95

The bill would create a new act to prohibit a state college or university from selling goods to, or performing services for, the general public unless it charged at least the cost of the goods or services, calculated as specified in the bill.

Under the bill, a calculation of the cost of goods or services would have to include all of the following:

* The actual cost to the college or university of providing goods or services, including, but not limited to, 1) labor expenses, including direct wage and salary costs, training costs, overtime, and supervisory overhead; 2) total fringe benefits and other personnel expenses; and 3) operating costs incurred in the sale or service, including vehicle maintenance and repair, marketing, advertising and other sales expenses, office expenses, billing, and insurance expenses.

* A proportionate share of the real estate and equipment costs, debt service costs, and other overhead and capital expenses, including, but not limited to, vehicle depreciation and depreciation of other fixed assets (e.g., buildings, equipment) used in providing facilities for the sale or service.

* Contract management costs incurred in the sale or service.

* The activity's imputed tax impact if the college or university were required to pay federal and state taxes in the same manner as a private sector business supplying similar goods or services for profit.

* Any other cost that normally would be incurred by a private sector business that supplied similar goods or services for profit.

The bill would require the auditor general to conduct periodic audits of the institutional records of colleges and universities to ensure compliance with the bill and report this information to the standing committees of the legislature that dealt with higher education issues.

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.