

FINAL BILL REPORT

HB 1833

C 386 L 99

Synopsis as Enacted

Brief Description: Authorizing school districts to use to use capitol funds to lease or lease purchase buildings.

Sponsors: Representatives Thomas, Lantz, Carlson, Keiser, Cairnes, H. Sommers, Talcott, Ogden, Quall, Dunshee, O'Brien, Murray, Cody, Pflug, Dunn, Santos, Schual-Berke, Lovick, Edmonds, Wood, Haigh, Rockefeller, Conway, Stensen, Dickerson, Kessler and Esser.

House Committee on Capital Budget
Senate Committee on Education
Senate Committee on Ways & Means

Background:

School districts may borrow money and issue bonds to construct and renovate buildings and to provide the necessary furniture and equipment for the buildings. School districts may also apply for state financial assistance to supplement the district's money to build or renovate buildings. However, to be eligible for state financial assistance, the district must first have a voter-approved bond issue to pay the district's share of the building cost.

School districts may lease buildings and pay the lease payments from their general fund budgets. Districts also may enter into sales contracts to purchase real and personal property. However, districts may use neither the capital projects fund nor borrowed money for real estate lease payments

Several school districts are investigating alternative methods of acquiring facilities to serve the needs of growing student enrollment. One of the alternatives to the traditional construction of new school buildings is leased facilities. The House Task Force on School Construction Financing has recommended that school districts be given the authority to enter into long-term leases or leases with purchase options to provide districts more flexibility to respond to explosive growth and changing student demographics with less up-front cost.

Summary:

School districts may enter into contracts to lease buildings for up to ten years in duration. School districts may also to use state matching money and voter-approved

bonds to pay for installment payments on school building purchase agreements or for long-term lease purchase contracts as long as the term of the contract is ten years or longer and contains the option for the district to purchase the property.

Votes on Final Passage:

House 96 1
Senate 47 0 (Senate amended)
House (Refused to concur)
Senate (Senate receded)
Senate 47 0 (Senate amended)
House 95 1 (House concurred)

Effective: July 25, 1999