

SENATE BILL REPORT

EHB 1832

As Reported By Senate Committee On:
Ways & Means, April 5, 1999

Title: An act relating to school district indebtedness.

Brief Description: Authorizing the use of nonvoter-approved debt for school construction and repair.

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

Brief History:

Committee Activity: Ways & Means: 4/2/99, 4/5/99 [DPA].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended.

Signed by Senators Loveland, Chair; Bauer, Vice Chair; Brown, Vice Chair; Fairley, Fraser, Honeyford, Kline, Kohl-Welles, Long, McDonald, Rasmussen, Rossi, B. Sheldon, Snyder, Spanel, West, Winsley and Zarelli.

Staff: Bill Freund (786-7441)

Background: School districts, like other government entities, have constitutional authority to issue two general classifications of debt: nonvoter-approved, often referred to as councilmanic debt, and voter-approved. Current law allows school districts to borrow or issue debt without a vote of the people up to a limit of three-eighths of 1 percent of assessed value of the property in the district.

Current law limits the use of nonvoter-approved debt to acquiring real or personal property. Acquisition has been interpreted to exclude construction or repair of school district property.

Summary of Amended Bill: Permissible uses of school district nonvoter-approved debt are expanded to include the following:

1. purchasing sites for buildings or athletic facilities;
2. improving energy efficiency of school buildings; and
3. making structural changes and additions to school facilities.

Amended Bill Compared to Original Bill: The authority to use nonvoter-approved debt for funding outstanding debt is eliminated.

Appropriation: None.

Fiscal Note: Requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: Current law regarding use of nonvoter-approved debt is too narrow. This bill can save school districts money because they can borrow money for projects which produce savings and use the savings to repay the debt. This is an alternative to borrowing funds through issuing bonds which raises property taxes. This bill provides another financial tool for school districts to do their business.

Testimony Against: None.

Testified: PRO: Ron English, Seattle Schools; Charlie Brown, King County School Coalition; Dwayne Slate, School Directors Association; Mike Currie, Office of the Superintendent of Public Instruction; Patty Metropulos, Evergreen School District.