
Capital Budget Committee

HB 1619

Brief Description: Concerning the use of capital projects funds by school districts.

Sponsors: Representatives White, Kenney, Sullivan, Carlyle, Nelson, Hasegawa, Lias, Green, Miloscia, Orwall, Maxwell and Simpson.

Brief Summary of Bill

- Expands the types of activities that may be funded with school districts' capital projects funds generated by two- to six-year levies, adding painting, major equipment repair, or other major preventative maintenance purposes.
- Directs the Office of the Superintendent of Public Instruction to develop accounting guidelines to allow for these new uses of capital projects funds.

Hearing Date: 2/3/09

Staff: Annie Pennucci (786-7142)

Background:

By law, school districts must establish a capital projects fund for major capital purposes. Proceeds from bond sales, capital fund investments, state forest revenues, and two- to six-year levies for construction, modernization, or remodeling of school facilities (capital levies) are deposited into the capital projects fund. Monies in the capital projects fund can be used for specific purposes, including:

- major renovation, including the replacement of facilities and systems where periodic repairs are no longer economical;
- energy audits and energy capital improvements;
- purchase of major items of equipment (except vehicles);
- costs associated with implementing technology systems; and
- costs associated with the modernization of technology systems for operations and instruction (added in 2007).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

School districts pay for maintenance and other technology costs from their general fund using state allocations for non-employee related costs and any local maintenance and operation levies, which are subject to a levy lid. Under the state Constitution and statute, capital levies may be authorized for up to six years. There is no levy lid for capital levies.

The Washington State Joint Legislative Task Force on School Construction Funding (Task Force) was created by the 2007 Legislature to comprehensively review and evaluate school construction funding issues. The Task Force recommended in its December 2008 report that the state should "expand the list of activities such as painting, major equipment repair or other major preventative maintenance purposes, that may be funded with local six-year school district capital levy revenues."

Summary of Bill:

The authorized uses of school districts' capital projects funds are expanded to include painting, major equipment repair, or other major preventative maintenance purposes. These purposes are also added to allowable uses of capital levy funds.

A school district using capital projects funds for these purposes must transfer the funds to the district's general fund. The Office of the Superintendent of Public Instruction must develop accounting guidelines for transferring funds used for this purpose from a district's capital projects fund into the district's general fund.

The provisions in this bill expire July 1, 2013.

Appropriation: None.

Fiscal Note: Requested on January 26, 2009.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.