

SENATE BILL REPORT

ESHB 1619

As of April 6, 2009

Title: An act relating to use of capital projects funds by school districts.

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

Sponsors: House Committee on Capital Budget (originally sponsored by Representatives White, Kenney, Sullivan, Carlyle, Nelson, Hasegawa, Lias, Green, Miloscia, Orwall, Maxwell and Simpson).

Brief History: Passed House: 3/03/09, 96-0.

Committee Activity: Ways & Means:

SENATE COMMITTEE ON WAYS & MEANS

Staff: Elise Greef (786-7708)

Background: By law, school districts must establish a capital projects fund for major capital purposes. Proceeds from bond sales; capital fund investments; two- to six-year levies for construction, modernization, or remodeling of school facilities (capital levies); state forest revenues; and revenue from leases and sales of property 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;
- renovation and rehabilitation of playfields, athletic fields, and other district real property;
- 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).

School districts pay for maintenance and other technology costs from their general fund using state allocations for nonemployee-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.

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.

Summary of Bill: An intent section finds, in part, that "the quality of public school buildings is a vital element of providing a quality education, and that extending the useful life of such buildings through major equipment repair and major preventive maintenance is an essential element of a comprehensive program to provide quality public school buildings."

It is clarified that "major renovations and replacement of facilities and systems" includes major repairs, plumbing systems, and replacement and refurbishment of exterior walls and windows. The authorized uses of school districts' capital projects funds are expanded to include painting of facilities; major equipment repair; and 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 major equipment repair, exterior painting of facilities, and other major preventive maintenance purposes must transfer the funds to the district's general fund, and the Office of the Superintendent of Public Instruction must develop accounting guidelines for transferring funds used for this purpose.

It is further clarified that, for allowable uses of school district capital projects funds, there are two alternative purposes of major renovations and replacement of facilities: (1) where periodical repairs are no longer economical; or (2) when the renovation or replacement extends the useful life of the facility or system.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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