

# SENATE BILL REPORT

## SHB 3036

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As of February 17, 2010

**Title:** An act relating to nonvoter-approved school district debt.

**Brief Description:** Requiring a public meeting before a school district contracts for nonvoter-approved debt.

**Sponsors:** House Committee on Education (originally sponsored by Representatives Quall, Kenney and Santos).

**Brief History:** Passed House: 2/10/10, 96-0.

**Committee Activity:** Early Learning & K-12 Education: 2/17/10.

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### SENATE COMMITTEE ON EARLY LEARNING & K-12 EDUCATION

**Staff:** Alicia Kinne (786-7784)

**Background:** School districts, like other government entities, have authority to issue two general classifications of debt: nonvoter-approved and voter-approved. Districts may borrow or issue debt without a vote of the voters for the following purposes:

- purchasing real or personal property or property rights;
- purchasing sites for buildings or athletic facilities;
- improving energy efficiency of school buildings; and
- making structural changes and additions to school facilities.

A district's nonvoter-approved indebtedness is limited to an amount not exceeding three-eighths of 1 percent of the value of the taxable property in the district. Any debt above that limit must be approved by the voters in the district. Nonvoter-approved debt is paid from existing revenue sources because it does not give the district additional taxing authority.

**Summary of Bill:** A school district must hold a public hearing on the proposal before issuing nonvoter-approved bonds in excess of \$250,000. In advance of the public hearing, the district must publish notice, at least one time each week for two consecutive weeks, in a newspaper of general circulation in the district or in a newspaper of general circulation in the county or counties in which the district is located. The last notice may be published no later than seven days immediately before the meeting.

The notice must state:

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- the date, time, and place of the meeting;
- the purpose and amount of the bonds;
- the type, terms, and conditions of the bonds;
- the means identified for repayment; and
- that any person may appear at the hearing and comment on the topic of issuing such bonds.

The public notice and hearing requirements do not apply to any refinancing or refunding of bonds. The act applies prospectively only.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

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

**Staff Summary of Public Testimony:** PRO: It may be necessary to bring to the attention of school boards that public hearings need to be held before issuing non-voter approved debt. Districts must hold a public hearing and demonstrate an income stream of how they intend to pay the debt back to help prevent future issues in debt payments and obligations.

**Persons Testifying:** PRO: Representative Quall, prime sponsor; Barbara Mertens, WA Association of School Administrators.