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**SUBSTITUTE SENATE BILL 5807**

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**State of Washington**

**61st Legislature**

**2009 Regular Session**

**By** Senate Ways & Means (originally sponsored by Senators Brandland, Fraser, McAuliffe, King, Oemig, and Shin)

READ FIRST TIME 02/25/09.

1       AN ACT Relating to use of capital projects funds by school  
2 districts; amending RCW 84.52.053; and reenacting and amending RCW  
3 28A.320.330.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5       **Sec. 1.** RCW 28A.320.330 and 2007 c 503 s 2 and 2007 c 129 s 2 are  
6 each reenacted and amended to read as follows:

7       School districts shall establish the following funds in addition to  
8 those provided elsewhere by law:

9       (1) A general fund for maintenance and operation of the school  
10 district to account for all financial operations of the school district  
11 except those required to be accounted for in another fund.

12       (2) A capital projects fund shall be established for major capital  
13 purposes. All statutory references to a "building fund" shall mean the  
14 capital projects fund so established. Money to be deposited into the  
15 capital projects fund shall include, but not be limited to, bond  
16 proceeds, proceeds from excess levies authorized by RCW 84.52.053,  
17 state apportionment proceeds as authorized by RCW 28A.150.270, earnings  
18 from capital projects fund investments as authorized by RCW 28A.320.310

1 and 28A.320.320, and state forest revenues transferred pursuant to  
2 subsection (3) of this section.

3 Money derived from the sale of bonds, including interest earnings  
4 thereof, may only be used for those purposes described in RCW  
5 28A.530.010, except that accrued interest paid for bonds shall be  
6 deposited in the debt service fund.

7 Money to be deposited into the capital projects fund shall include  
8 but not be limited to rental and lease proceeds as authorized by RCW  
9 28A.335.060, and proceeds from the sale of real property as authorized  
10 by RCW 28A.335.130.

11 Money legally deposited into the capital projects fund from other  
12 sources may be used for the purposes described in RCW 28A.530.010, and  
13 for the purposes of:

14 (a) Major renovation, including (i) the replacement of facilities  
15 and systems where periodical repairs are no longer economical and (ii)  
16 renovation of facilities and systems that extends the useful life of  
17 the facility or system beyond its original planned useful life. Major  
18 renovation and replacement shall include, but shall not be limited to,  
19 major repairs, replacement and refurbishment of roofing, exterior  
20 walls, windows, heating and ventilating systems, floor covering in  
21 classrooms and public or common areas, and electrical and plumbing  
22 systems.

23 (b) Renovation and rehabilitation of playfields, athletic fields,  
24 and other district real property.

25 (c) The conduct of preliminary energy audits and energy audits of  
26 school district buildings. For the purpose of this section:

27 (i) "Preliminary energy audits" means a determination of the energy  
28 consumption characteristics of a building, including the size, type,  
29 rate of energy consumption, and major energy using systems of the  
30 building.

31 (ii) "Energy audit" means a survey of a building or complex which  
32 identifies the type, size, energy use level, and major energy using  
33 systems; which determines appropriate energy conservation maintenance  
34 or operating procedures and assesses any need for the acquisition and  
35 installation of energy conservation measures, including solar energy  
36 and renewable resource measures.

37 (iii) "Energy capital improvement" means the installation, or

1 modification of the installation, of energy conservation measures in a  
2 building which measures are primarily intended to reduce energy  
3 consumption or allow the use of an alternative energy source.

4 (d) Those energy capital improvements which are identified as being  
5 cost-effective in the audits authorized by this section.

6 (e) Purchase or installation of additional major items of equipment  
7 and furniture: PROVIDED, That vehicles shall not be purchased with  
8 capital projects fund money.

9 (f)(i) Costs associated with implementing technology systems,  
10 facilities, and projects, including acquiring hardware, licensing  
11 software, and online applications and training related to the  
12 installation of the foregoing. However, the software or applications  
13 must be an integral part of the district's technology systems,  
14 facilities, or projects.

15 (ii) Costs associated with the application and modernization of  
16 technology systems for operations and instruction including, but not  
17 limited to, the ongoing fees for online applications, subscriptions, or  
18 software licenses, including upgrades and incidental services, and  
19 ongoing training related to the installation and integration of these  
20 products and services. However, to the extent the funds are used for  
21 the purpose under this subsection (2)(f)(ii), the school district shall  
22 transfer to the district's general fund the portion of the capital  
23 projects fund used for this purpose. The office of the superintendent  
24 of public instruction shall develop accounting guidelines for these  
25 transfers in accordance with internal revenue service regulations.

26 (g) Major equipment repair, painting of facilities, and other major  
27 preventive maintenance purposes. Funds used for this purpose may not  
28 supplant routine annual preventive maintenance expenditures made from  
29 the district's general fund. Districts shall retain detailed records  
30 of funds used under this section and make them available to the auditor  
31 as part of the annual audit performed by the state auditor's office.  
32 Further, to the extent the funds are used for the purpose under this  
33 subsection (2)(g), the school district shall transfer to the district's  
34 general fund the portion of the capital projects fund used for this  
35 purpose. The office of the superintendent of public instruction shall  
36 develop accounting guidelines for these transfers in accordance with  
37 internal revenue service regulations.

1 (3) A debt service fund to provide for tax proceeds, other  
2 revenues, and disbursements as authorized in chapter 39.44 RCW. State  
3 forest land revenues that are deposited in a school district's debt  
4 service fund pursuant to RCW 79.64.110 and to the extent not necessary  
5 for payment of debt service on school district bonds may be transferred  
6 by the school district into the district's capital projects fund.

7 (4) An associated student body fund as authorized by RCW  
8 28A.325.030.

9 (5) Advance refunding bond funds and refunded bond funds to provide  
10 for the proceeds and disbursements as authorized in chapter 39.53 RCW.

11 **Sec. 2.** RCW 84.52.053 and 2007 c 129 s 3 are each amended to read  
12 as follows:

13 (1) The limitations imposed by RCW 84.52.050 through 84.52.056, and  
14 84.52.043 shall not prevent the levy of taxes by school districts, when  
15 authorized so to do by the voters of such school district in the manner  
16 and for the purposes and number of years allowable under Article VII,  
17 section 2(a) of the Constitution of this state. Elections for such  
18 taxes shall be held in the year in which the levy is made or, in the  
19 case of propositions authorizing two-year through four-year levies for  
20 maintenance and operation support of a school district, authorizing  
21 two-year levies for transportation vehicle funds established in RCW  
22 28A.160.130, or authorizing two-year through six-year levies to support  
23 the construction, modernization, or remodeling of school facilities,  
24 which includes the purposes of RCW 28A.320.330(2) (f) and (g), in the  
25 year in which the first annual levy is made.

26 (2) Once additional tax levies have been authorized for maintenance  
27 and operation support of a school district for a two-year through four-  
28 year period as provided under subsection (1) of this section, no  
29 further additional tax levies for maintenance and operation support of  
30 the district for that period may be authorized. For the purpose of  
31 applying the limitation of this subsection, a two-year through six-year  
32 levy to support the construction, modernization, or remodeling of  
33 school facilities shall not be deemed to be a tax levy for maintenance  
34 and operation support of a school district.

35 (3) A special election may be called and the time therefor fixed by  
36 the board of school directors, by giving notice thereof by publication  
37 in the manner provided by law for giving notices of general elections,

1 at which special election the proposition authorizing such excess levy  
2 shall be submitted in such form as to enable the voters favoring the  
3 proposition to vote "yes" and those opposed thereto to vote "no".

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