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**SUBSTITUTE SENATE BILL 5126**

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**State of Washington 68th Legislature 2023 Regular Session**

**By** Senate Ways & Means (originally sponsored by Senators Pedersen, Hawkins, Wellman, and C. Wilson; by request of Superintendent of Public Instruction)

AN ACT Relating to providing common school trust revenue to small school districts; and amending RCW 28A.515.320.

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

**Sec.**  RCW 28A.515.320 and 1996 c 186 s 503 are each amended to read as follows:

(1) The common school construction fund is to be used exclusively for the purpose of financing the construction of facilities for the common schools. The sources of said fund shall be: ((~~(1)~~)) (a) Those proceeds derived from sale or appropriation of timber and other crops from school and state land other than those granted for specific purposes; ((~~(2)~~)) (b) the interest accruing on the permanent common school fund less the allocations to the state treasurer's service ((~~account [fund]~~)) fund pursuant to RCW 43.08.190 and the state investment board expense account pursuant to RCW 43.33A.160 together with all rentals and other revenue derived therefrom and from land and other property devoted to the permanent common school fund; ((~~(3)~~)) (c) all moneys received by the state from the United States under the provisions of section 191, Title 30, ((~~United States Code~~)) U.S.C., Annotated, and under section 810, chapter 12, Title 16, (Conservation), ((~~United States Code~~)) U.S.C., Annotated, except moneys received before June 30, 2001, and when ((~~thirty~~)) 30 megawatts of geothermal power is certified as commercially available by the receiving utilities and the department of ((~~community, trade, and economic development~~)) commerce, ((~~eighty~~)) 80 percent of such moneys, under the Geothermal Steam Act of 1970 pursuant to former RCW 43.140.030; and ((~~(4)~~)) (d) such other sources as the legislature may direct. That portion of the common school construction fund derived from interest on the permanent common school fund may be used to retire such bonds as may be authorized by law for the purpose of financing the construction of facilities for the common schools.

(2) The interest accruing on the permanent common school fund less the allocations to the state treasurer's service fund pursuant to RCW 43.08.190 and the state investment board expense account pursuant to RCW 43.33A.160 together with all rentals and other revenues accruing thereto pursuant to subsection ((~~(2)~~)) (1)(b) of this section prior to July 1, 1967, shall be exclusively applied to the current use of the common schools.

(3) To the extent that the moneys in the common school construction fund are in excess of the amount necessary to allow fulfillment of the purpose of said fund, the excess shall be available for deposit to the credit of the permanent common school fund or available for the current use of the common schools, as the legislature may direct. Any money from the common school construction fund which is made available for the current use of the common schools shall be restored to the fund by appropriation, including interest income ((~~foregone [forgone]~~)) forgone, before the end of the next fiscal biennium following such use.

(4) Appropriations for the small school districts project prioritized list submitted under RCW 28A.525.159 are the first priority of appropriations from the common school construction fund, after payment of principal and interest on the bonds authorized in RCW 28A.527.040 from that portion of the common school construction fund derived from interest on the permanent common school fund. Appropriations from the common school construction fund must be prioritized as follows, as fund balance allows:

(a) Beginning with appropriations enacted for the 2025-2027 fiscal biennium, no less than $60,000,000 of new appropriations in the biennial capital budget must be used to fund the small school districts project prioritized list, and any remaining amounts in the common school construction fund may be appropriated for other common school construction purposes.

(b) Beginning with appropriations enacted for the 2027-2029 fiscal biennium, no less than $70,000,000 of new appropriations in the biennial capital budget must be used to fund the small school districts project prioritized list, and any remaining amounts in the common school construction fund may be appropriated for other common school construction purposes.

(c) Beginning with appropriations enacted for the 2029-2031 fiscal biennium and each biennium thereafter, no less than $80,000,000 of new appropriations in the biennial capital budget must be used to fund the small school districts project prioritized list, and any remaining amounts in the common school construction fund may be appropriated for other common school construction purposes.

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