
Capital Budget Committee

HB 2411

Brief Description: Adjusting school districts' authority to contract indebtedness for school construction.

Sponsors: Representatives Callan, Berg and Ortiz-Self.

Brief Summary of Bill

- Expands the specific purposes for which a school district can contract indebtedness without a vote of the qualified electors of the district, subject to the statutory indebtedness limit of 0.375 percent, to include new building construction and various related costs.
- Specifies that for a school district to contract indebtedness for new building construction and various related costs, the school district must not have been on binding conditions in the three years preceding the date of the contract.

Hearing Date: 1/25/24

Staff: John Wilson-Tepeli (786-7115).

Background:

School District Debt.

Subject to certain conditions, the board of directors of a school district may generally borrow money and issue bonds for any capital purpose.

Constitutional Limitations. The amount that may be borrowed is limited by the Washington Constitution (Constitution) and state statutes. The Constitution sets a general debt limit for school districts at 1.5 percent of the assessed value of property in the district, but permits districts

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to exceed this limit, subject to various restrictions, with approval of at least 60 percent of the voters at an election where the total number of voters is at least 40 percent of the total at the last preceding general election.

Statutory Limitations. School districts are limited to an indebtedness amount not exceeding 0.375 percent of the value of the taxable property in the district without the approval of 60 percent of the voters voting in the district. Contracted debt within this limit is often referred to as "non-voted" debt. School districts may exceed this threshold to a total indebtedness of 2.5 percent for capital outlays with the approval of at least 60 percent of the voters voting.

Uses of Non-Voted Debt. The statutes authorize school districts to contract for non-voted debt for specific purposes, including for: (a) the purchase of sites for all buildings, playgrounds, physical education and athletic facilities and structures authorized by law or necessary or proper to carry out the functions of a school district; (b) for improving the energy efficiency of school district buildings and/or installing systems and components to utilize renewable and/or inexhaustible energy resources; and (c) for major and minor structural changes and structural additions to buildings, structures, facilities and sites necessary or proper to carrying out the functions of the school district.

School District Binding Conditions.

When a school district board is unable to prepare a balanced budget or budget extension, the school district board may deliver a petition, at least twenty days before the budget or budget extension is scheduled for adoption, to the Superintendent of Public Instruction requesting permission to include receivables collectible in future years to balance the budget. If such permission is granted, it must be in writing and it must contain conditions, binding on the district, designed to improve the district's financial condition.

Summary of Bill:

The specific purposes for which a school district can contract for non-voted debt, subject to the current indebtedness limit of 0.375 percent, is expanded to include erecting all buildings authorized by law, as necessary or proper to carry out the functions of a school district, and providing the necessary furniture, apparatus, or equipment therefor.

A school district that contracts for non-voted debt for new building construction and various related costs must not have been on binding conditions in the three years preceding the date of the contract.

Appropriation: None.

Fiscal Note: Requested on January 22, 2024.

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