

HOUSE BILL REPORT

SB 5403

As Passed House - Amended:

April 12, 2023

Title: An act relating to establishing school district depreciation subfunds for the purposes of preventative maintenance.

Brief Description: Establishing school district depreciation subfunds for the purposes of preventative maintenance.

Sponsors: Senators Schoesler, Wellman, Torres, Boehnke, Muzzall, Dozier, Kuderer, Randall, Wilson, C. and Wilson, L..

Brief History:

Committee Activity:

Education: 3/13/23, 3/20/23 [DP].

Floor Activity:

Passed House: 4/12/23, 89-8.

Brief Summary of Bill (As Amended by House)

- Requires school districts with fewer than 2,000 students to establish a depreciation subfund to reserve funds for future facility and equipment needs, and establishes limits on the amount of money that may be deposited into the subfund.

HOUSE COMMITTEE ON EDUCATION

Majority Report: Do pass. Signed by 11 members: Representatives Santos, Chair; Rude, Ranking Minority Member; McEntire, Assistant Ranking Minority Member; Bergquist, Harris, McClintock, Ortiz-Self, Pollet, Sandlin, Steele and Stonier.

Minority Report: Without recommendation. Signed by 3 members: Representatives

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Shavers, Vice Chair; Callan and Timmons.

Staff: Megan Wargacki (786-7194).

Background:

School districts are required to establish specified funds, for example:

- a general fund for most financial operations of the schools district, including a subfund for local revenues;
- a capital projects fund for major capital purposes;
- a debt service fund;
- a refunded bond fund; and
- an associated student body fund.

The Superintendent of Public Instruction (SPI) is responsible for the classification and numbering system of school districts. Any school district in the state that has a student enrollment of 2,000 or more students, as shown by evidence acceptable to the Educational Service District superintendent and the SPI, is a school district of the first class. School districts with fewer than 2,000 students are school districts of the second class.

Summary of Amended Bill:

School districts must establish a depreciation subfund to reserve funds for future facility and equipment needs. Up to 2 percent of a school district's general fund may be deposited each fiscal year into the depreciation subfund for the purpose of preventative maintenance or emergency facility needs.

The preventative maintenance must be necessary to realize the originally anticipated useful life of a building or facility and includes: exterior painting of facilities; replacement or renovation of roofing, exterior walls, windows, heating, air conditioning and ventilation systems, floor coverings in classrooms and common areas, and electrical and plumbing systems; and renovation of playfields, athletic facilities, and other district real property.

School districts, subject to applicable public works bid limits, may use school district employees to perform preventative maintenance with moneys from the depreciation subfund, but moneys from the depreciation subfund may not be used for employee compensation that is unrelated to authorized subfund uses.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) The policy in this bill has been considered previously and been revised. For example, the bill allows employees to be hired to perform preventative maintenance, subject to public works limits.

(Opposed) School district funds are not as simple as personal checking and savings accounts. Before moving money between funds, school districts must provide direction to the county treasurer, which holds the funds. In addition, before moving money, a school district must adopt a formal school board resolution. This bill would create barriers to the use of school district funds in a financial emergency because 2 percent of the general money would be in a subfund of the general fund. The bill also does not establish the authority for how a school district would move money out of the subfund. This bill repeats the purpose of a capital projects fund for maintenance to extend the useful life of a facility beyond its planned life. With declining enrollments, school districts do not have money to move into a subfund. This process would create redundancy, disruption, and confusion.

Persons Testifying: (In support) Senator Mark Schoesler, prime sponsor.

(Opposed) Meisha Robertson, Riverview School District.

Persons Signed In To Testify But Not Testifying: None.