

SENATE BILL REPORT

SB 5403

As of February 1, 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: Early Learning & K-12 Education: 2/02/23.

Brief Summary of Bill

- Requires school districts to establish a depreciation subfund within their general fund.
- Allows school districts to annually deposit up to 2 percent of their general fund into the depreciation subfund for emergency facility needs and preventative maintenance.

SENATE COMMITTEE ON EARLY LEARNING & K-12 EDUCATION

Staff: Alexandra Fairfortune (786-7416)

Background: School District Funds. School district accounting requirements organize and operate on a fund basis. Under current law, school districts must establish:

- 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 for the retirement of bonds;

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- a refunded bond fund; and
- an associated student body fund for all moneys generated through the programs and activities of any associated student body organization.

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

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, ventilation systems, floor coverings, electrical systems, 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 subfund, but moneys from the subfund may not be used for employee compensation unrelated to authorized subfund uses.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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