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**SUBSTITUTE HOUSE BILL 1619**

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**State of Washington                      61st Legislature                      2009 Regular Session**

**By** House Capital Budget (originally sponsored by Representatives White, Kenney, Sullivan, Carlyle, Nelson, Hasegawa, Liias, Green, Miloscia, Orwall, Maxwell, and Simpson)

READ FIRST TIME 02/13/09.

1            AN ACT Relating to use of capital projects funds by school  
2 districts; amending RCW 84.52.053; reenacting and amending RCW  
3 28A.320.330; creating a new section; and providing an expiration date.

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

5            NEW SECTION.    **Sec. 1.** The legislature finds that the quality of  
6 public school buildings is a vital element of providing a quality  
7 education, and that extending the useful life of such buildings through  
8 major equipment repair and major preventive maintenance is an essential  
9 element of a comprehensive program to provide quality public school  
10 buildings. Further, major equipment repair and major preventive  
11 maintenance which prolongs the useful life of school buildings will  
12 reduce other capital costs needed for school buildings. Accordingly,  
13 the legislature finds that renovation and replacement of major building  
14 facilities and systems that extends the useful life of these facilities  
15 and systems beyond their original planned life shall be considered  
16 construction, remodeling, or modernization of the affected facilities  
17 and systems, as such terms are used in RCW 84.52.053 and Article VII,  
18 section 2 of the state Constitution. It is the intent of the

1 legislature that these expenditures be deemed for a major capital  
2 purpose and are also permitted uses of funds created by a district's  
3 two to six-year levies authorized by RCW 84.52.053.

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

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

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

11 (2) A capital projects fund shall be established for major capital  
12 purposes. All statutory references to a "building fund" shall mean the  
13 capital projects fund so established. Money to be deposited into the  
14 capital projects fund shall include, but not be limited to, bond  
15 proceeds, proceeds from excess levies authorized by RCW 84.52.053,  
16 state apportionment proceeds as authorized by RCW 28A.150.270, earnings  
17 from capital projects fund investments as authorized by RCW 28A.320.310  
18 and 28A.320.320, and state forest revenues transferred pursuant to  
19 subsection (3) of this section.

20 Money derived from the sale of bonds, including interest earnings  
21 thereof, may only be used for those purposes described in RCW  
22 28A.530.010, except that accrued interest paid for bonds shall be  
23 deposited in the debt service fund.

24 Money to be deposited into the capital projects fund shall include  
25 but not be limited to rental and lease proceeds as authorized by RCW  
26 28A.335.060, and proceeds from the sale of real property as authorized  
27 by RCW 28A.335.130.

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

31 (a) Major renovation, including (i) the replacement of facilities  
32 and systems where periodical repairs are no longer economical and (ii)  
33 renovation of facilities and systems that extends the useful life of  
34 the facility or system beyond its original planned useful life. Major  
35 renovation and replacement shall include, but shall not be limited to,  
36 major repairs, replacement, and refurbishment of roofing, exterior

1 walls, windows, heating and ventilating systems, floor covering in  
2 classrooms and public or common areas, and electrical and plumbing  
3 systems.

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

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

8 (i) "Preliminary energy audits" means a determination of the energy  
9 consumption characteristics of a building, including the size, type,  
10 rate of energy consumption, and major energy using systems of the  
11 building.

12 (ii) "Energy audit" means a survey of a building or complex which  
13 identifies the type, size, energy use level, and major energy using  
14 systems; which determines appropriate energy conservation maintenance  
15 or operating procedures and assesses any need for the acquisition and  
16 installation of energy conservation measures, including solar energy  
17 and renewable resource measures.

18 (iii) "Energy capital improvement" means the installation, or  
19 modification of the installation, of energy conservation measures in a  
20 building which measures are primarily intended to reduce energy  
21 consumption or allow the use of an alternative energy source.

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

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

27 (f)(i) Costs associated with implementing technology systems,  
28 facilities, and projects, including acquiring hardware, licensing  
29 software, and online applications and training related to the  
30 installation of the foregoing. However, the software or applications  
31 must be an integral part of the district's technology systems,  
32 facilities, or projects.

33 (ii) Costs associated with the application and modernization of  
34 technology systems for operations and instruction including, but not  
35 limited to, the ongoing fees for online applications, subscriptions, or  
36 software licenses, including upgrades and incidental services, and  
37 ongoing training related to the installation and integration of these  
38 products and services. However, to the extent the funds are used for

1 the purpose under this subsection (2)(f)(ii), the school district shall  
2 transfer to the district's general fund the portion of the capital  
3 projects fund used for this purpose. The office of the superintendent  
4 of public instruction shall develop accounting guidelines for these  
5 transfers in accordance with internal revenue service regulations.

6 (g) Major equipment repair, painting of facilities, and other major  
7 preventative maintenance purposes. However, to the extent the funds  
8 are used for the purpose under this subsection (2)(g), the school  
9 district shall transfer to the district's general fund the portion of  
10 the capital projects fund used for this purpose. The office of the  
11 superintendent of public instruction shall develop accounting  
12 guidelines for these transfers in accordance with internal revenue  
13 service regulations.

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

20 (4) An associated student body fund as authorized by RCW  
21 28A.325.030.

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

24 **Sec. 3.** RCW 84.52.053 and 2007 c 129 s 3 are each amended to read  
25 as follows:

26 (1) The limitations imposed by RCW 84.52.050 through 84.52.056, and  
27 84.52.043 shall not prevent the levy of taxes by school districts, when  
28 authorized so to do by the voters of such school district in the manner  
29 and for the purposes and number of years allowable under Article VII,  
30 section 2(a) of the Constitution of this state. Elections for such  
31 taxes shall be held in the year in which the levy is made or, in the  
32 case of propositions authorizing two-year through four-year levies for  
33 maintenance and operation support of a school district, authorizing  
34 two-year levies for transportation vehicle funds established in RCW  
35 28A.160.130, or authorizing two-year through six-year levies to support  
36 the construction, modernization, or remodeling of school facilities,

1 which includes the purposes of RCW 28A.320.330(2) (f) and (g), in the  
2 year in which the first annual levy is made.

3 (2) Once additional tax levies have been authorized for maintenance  
4 and operation support of a school district for a two-year through four-  
5 year period as provided under subsection (1) of this section, no  
6 further additional tax levies for maintenance and operation support of  
7 the district for that period may be authorized. For the purpose of  
8 applying the limitation of this subsection, a two-year through six-year  
9 levy to support the construction, modernization, or remodeling of  
10 school facilities shall not be deemed to be a tax levy for maintenance  
11 and operation support of a school district.

12 (3) A special election may be called and the time therefor fixed by  
13 the board of school directors, by giving notice thereof by publication  
14 in the manner provided by law for giving notices of general elections,  
15 at which special election the proposition authorizing such excess levy  
16 shall be submitted in such form as to enable the voters favoring the  
17 proposition to vote "yes" and those opposed thereto to vote "no".

18 NEW SECTION. **Sec. 4.** This act expires July 1, 2013.

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