

HOUSE BILL REPORT

SB 5986

As Reported By House Committee On:

Education

Title: An act relating to school district indebtedness.

Brief Description: Issuing school district bonds.

Sponsors: Senator Gaspard.

Brief History:

Committee Activity:

Education: 3/28/95, 3/31/95 [DP].

HOUSE COMMITTEE ON EDUCATION

Majority Report: Do pass. Signed by 13 members: Representatives Brumsickle, Chairman; Johnson, Vice Chairman; Cole, Ranking Minority Member; Clements; Dickerson; G. Fisher; Hatfield; Quall; Radcliff; Talcott; B. Thomas; Thompson and Veloria.

Minority Report: Without recommendation. Signed by 3 members: Representatives McMahan; Pelesky and Smith.

Staff: Robert Butts (786-7111).

Background: In 1991, school districts were authorized to issue limited tax general obligation bonds for the purchase of real and personal property without a vote of the people. The bonds are subject to the existing debt limits in state law. The bond proceeds must be deposited in the districts' capital fund, transportation fund, or the general fund as applicable.

School districts may incur an indebtedness amount not exceeding 3/8ths of 1 percent of the assessed value of the taxable property in the district without getting approval of school district voters.

Summary of Bill: School district authority to contract non-voter approved indebtedness through the use of bonds, notes, or other evidence of indebtedness is expanded from the purchase of real and personal property to also include the funding of outstanding indebtedness, the erection of buildings, the improvement of energy

efficiency, the making of structural changes, and other capital purposes. Bonds issued prior to the effective date of this law are valid.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: Current law does not allow proceeds from bonds that are issued without a vote to be used for the labor needed to install capital equipment, such as computers and the portable classrooms. This bill will bring school districts in conformity with the requirements pertaining to the use of nonvoter approved debt of other local governments. It does not raise the debt limit and does not obligate the state: it only provides school districts additional flexibility and creates a more efficient method of financing small capital improvements.

Testimony Against: None.

Testified: Jon Gores, Seattle Northwest Securities Corporation; Jim McNeill, Perkins Coie; Dwayne Slate, Washington State School Directors' Association; and Ken Kanikeberg, Shoreline School District.