

HOUSE BILL REPORT

EHB 1832

As Passed House:

March 17, 1999

Title: An act relating to school district indebtedness.

Brief Description: Authorizing the use of nonvoter-approved debt for school construction and repair.

Sponsors: Representatives Ogden, Thomas, Lantz, Cairnes, Keiser, Carlson, Talcott, H. Sommers, Lambert, Dunshee, Quall, O'Brien, Cody, Dunn, Santos, Schual-Berke, Lovick, Edmonds, Wood, Haigh, Rockefeller, Conway, Stensen, Dickerson, Tokuda, Kessler, Hurst and Esser.

Brief History:

Committee Activity:

Capital Budget: 3/3/99, 3/8/99 [DP].

Floor Activity:

Passed House: 3/17/99, 98-0.

Brief Summary of Bill

- Authorize school districts to use nonvoter-approved debt, within existing debt limits, to pay for the purchase, energy efficiencies, and structural changes to school facilities in the same manner as voter-approved debt.

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: Do pass. Signed by 12 members: Representatives Mitchell, Republican Co-Chair; Murray, Democratic Co-Chair; Edmonds, Democratic Vice Chair; Esser, Republican Vice Chair; Anderson; Barlean; Constantine; Dunshee; Lantz; Miloscia; O'Brien and Ogden.

Minority Report: Do not pass. Signed by 6 members: Representatives Alexander; Bush; Hankins; Koster; Mastin and Schoesler.

Staff: Bill Robinson (786-7140).

Background:

School districts, like other government entities, have constitutional authority to issue two general classifications of debt: nonvoter-approved, often referred to as councilmanic debt, and voter-approved. Current law allows school districts to borrow or issue debt without a vote of the people up to a limit of three-eighths of 1 percent of assessed value of the property in the district. Any debt above that level must be approved by the voters in the district. The statutory limit on voter-approved debt is 5 percent of assessed value, and one-half of that limit may be used for capital outlays only. Nonvoter-approved debt is paid from existing revenue sources because it does not give the district additional taxing authority.

The use of nonvoter-approved debt is limited by current law to acquiring real or personal property. Although not defined in law, acquisition has been interpreted to exclude construction or repair of school district property. The House Task Force on School Construction Financing has recommended that the current debt limits remain unchanged, but that districts be authorized to use nonvoter-approved debt to pay for construction of new facilities, repair of existing buildings or any use authorized by voter-approved debt.

Summary of Bill:

A school district may use nonvoter-approved debt for the following:

1. Funding outstanding debt;
 2. Purchasing sites for buildings or athletic facilities;
 3. Improving energy efficiency of school buildings; and
 4. Making structural changes and additions to school facilities.
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Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: This provides a clearer definition for the use of capital funds. It does not change the taxing authority or the debt limits of a school district, nor does it change the state matching requirements for school construction. Currently, school districts must use operating funds to retrofit or make small modifications to school facilities. This would allow districts to borrow money to spread those costs over time.

Non-voter debt would not be used for construction of new buildings or remodeling existing buildings because it does not provide the additional tax authority to support a project that large.

Testimony Against: None.

Testified: Representative Val Ogden, prime sponsor; Jon Gores, Seattle Northwest Securities; Michael Currie, Office of Superintendent of Public Instruction; Grace Yuan, King County School Coalition; Duke Schaub, Association of General Contractors; and George Fleming and Ron English, Seattle School District.