

# HOUSE BILL REPORT

## HB 1220

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### As Reported By House Committee On:

Education

**Title:** An act relating to state assistance for school plant facilities.

**Brief Description:** Authorizing state assistance for school plant facilities to school districts that have not received a voter-approved bond issuance or levy.

**Sponsors:** Representatives Ogden, Carlson, Thomas, Dunshee, Lantz and Rockefeller.

### Brief History:

#### Committee Activity:

Education: 2/17/99, 2/24/99 [DPS].

#### Brief Summary of Substitute Bill

- Provides more flexibility to school districts in financing school facilities.

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### HOUSE COMMITTEE ON EDUCATION

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 14 members: Representatives Quall, Democratic Co-Chair; Talcott, Republican Co-Chair; Haigh, Democratic Vice Chair; Schindler, Republican Vice Chair; Carlson; Cox; Keiser; Rockefeller; Santos; D. Schmidt; Schual-Berke; Stensen; Sump and Wensman.

**Staff:** Charlie Gavigan (786-7340).

### Background:

School districts have constitutional authority to issue two general classifications of debt: non-voter approved and voter approved. Current law allows school districts to borrow or issue debt without a vote of the people up to a limit of 3/8 of 1 percent of assessed value of the property in the district. Any debt above that limit must be approved by the voters in the district. The statutory limit on voter-approved debt is 5 percent of assessed value; half of this may be used for capital outlays only.

The State Board of Education annually allocates funds for school facilities to school districts that are appropriated in the Capital Budget. These funds must be matched by the school district, and can only be accessed if the school district passes a bond levy.

The use of non-voter approved debt is limited by current law to acquiring real or personal property. School districts cannot use capital funds or borrowed money for real estate lease payments.

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**Summary of Substitute Bill:**

A school district can access state matching funds for school district facilities without passing a bond levy if certain conditions are met. These are: (1) the school district has declared a school housing emergency; (2) the district's enrollment and available space are higher than the standards and they are likely to worsen without state assistance, or the school facilities are deteriorating to the extent there is insufficient safe space to handle the enrollment; (3) the district's proposed project is eligible for state assistance under the state priority allotment system; and (4) the district has matching funds from other sources.

A school district may use non-voter approved debt for the same purposes as voter-approved debt. In addition, a school district may use voter-approved bonds, levies and other funds available for school district facilities for payment of an installment purchase contract or payment of a lease with a term of 10 years or more with an option to purchase.

**Substitute Bill Compared to Original Bill:** The substitute bill adds a provision making state matching funds available for deteriorating school facilities in addition to assistance for new facilities.

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**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** This bill provides more flexibility to school districts in financing much needed school facilities.

**Testimony Against:** None.

**Testified:** Representative Ogden, prime sponsor.