

# HOUSE BILL ANALYSIS

## HB 1832

**Title:** An act relating to school district indebtedness.

**Sponsors:** Representatives Ogden, Thomas, Lantz, Cairnes, Keiser, Carlson, Talcott, H. Sommers, Lambert, Dunshee and Quall.

**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 3/8 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 same purposes as voter-approved debt.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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