

# HOUSE BILL REPORT

## HB 1257

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### As Passed Legislature

**Title:** An act relating to educational service districts' authority to borrow.

**Brief Description:** Modifying educational service districts' borrowing authority.

**Sponsors:** By Representatives Cox, Haigh, Fromhold, Schoesler and Hunt.

#### Brief History:

##### Committee Activity:

Education: 1/31/01, 2/26/01 [DP].

##### Floor Activity:

Passed House: 3/9/01, 95-0.

Passed Senate: 4/10/01, 47-0.

Passed Legislature.

#### Brief Summary of Bill

· Removes the size restriction on the authority of educational service districts to borrow money for the acquisition of real and personal property.

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#### HOUSE COMMITTEE ON EDUCATION

**Majority Report:** Do pass. Signed by 14 members: Representatives Quall, Democratic Co-Chair; Talcott, Republican Co-Chair; Anderson, Republican Vice Chair; Haigh, Democratic Vice Chair; Cox, Ericksen, Keiser, McDermott, Pearson, Rockefeller, Santos, Schindler, D. Schmidt and Schual-Berke.

**Staff:** Susan Morrissey (786-7111).

#### Background:

By law, educational service districts (ESDs) may purchase, lease, receive by gift, or contract for any real or personal property needed by the district. The ESDs that serve a minimum of 200,000 students may also borrow money for the same purposes. The State Board of Education must approve the acquisition of any real property and may determine the conditions under which the property is acquired. The ESDs that borrow money to acquire property must use that property as collateral and must have a note signed by the

district and the lender.

Puget Sound ESD is the only ESD serving 200,000 students.

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**Summary of Bill:**

All ESDs may borrow money in order to acquire real or personal property.

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**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** At present, only one ESD has the authority to borrow money for facilities. This legislation would give that authority to all nine ESDs. The ESDs already have the authority to acquire facilities through lease-purchase arrangements, but that is not always the most cost-effective way to meet the districts' needs since lease-purchase agreements are often more complex and expensive than straight purchases. The state would not be impacted since the buildings would be used as collateral. This legislation provides equity for all the ESDs and may ultimately save money by allowing them to shop for the best mortgage rates and methods of financing facilities.

**Testimony Against:** None.

**Testified:** (In support) Representative Cox, prime sponsor; Doyle Winter, Washington Association of School Administrators; Terry Munther, Education Service District 101; Terry Lindquist, Puget Sound Educational Service District; and Ken Kanikeberg, Office of the Superintendent of Public Instruction.