CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 1431

Chapter 192, Laws of 2011

62nd Legislature
2011 Regular Session

SCHOOL DISTRICTS--FINANCIAL INSOLVENCY

EFFECTIVE DATE: 07/22/11

Passed by the House April 13, 2011
Yeas 96  Nays 0

FRANK CHOPP
Speaker of the House of Representatives

Passed by the Senate April 8, 2011
Yeas 49  Nays 0

BRAD OWEN
President of the Senate

Approved April 29, 2011, 3:29 p.m.

I, Barbara Baker, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is SUBSTITUTE HOUSE BILL 1431 as passed by the House of Representatives and the Senate on the dates hereon set forth.

BARBARA BAKER
Chief Clerk

CHRISTINE GREGOIRE
Governor of the State of Washington

FILED
April 29, 2011

Secretary of State
State of Washington
AN ACT Relating to addressing financial insolvency of school districts; and creating new sections.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. Sec. 1. (1) The superintendent of public instruction shall convene educational service districts to analyze options and make recommendations for a clear legal framework and process for dissolution of a school district on the basis of financial insolvency.

(2) The analysis must include, but not be limited to:

(a) A definition of financial insolvency;

(b) A time frame, criteria, and process for initiating a dissolution of an insolvent school district;

(c) Roles and responsibilities of the office of the superintendent of public instruction, educational service districts, and regional committees on school district organization; and

(d) Recommendations for how to address such issues as:

(i) Limiting a school board's ability to incur additional debt during the dissolution process;

(ii) Terminating staff contracts expeditiously;

(iii) Liquidation of liabilities;
(iv) Waiving requirements of the school accounting manual;
(v) Clarifying effective dates of transfers of property for taxation purposes;
(vi) Dealing with bonded indebtedness; and
(vii) Circumstances that require approval of voters in either the annexing school district or the dissolving school district, or both.
(3) In conducting the analysis, the educational service districts must consult with individuals with legal and financial expertise.
(4) As part of their report, the educational service districts may recommend a financial early warning system for consistent, early identification of school districts with potential fiscal difficulties.
(5) The superintendent of public instruction must submit a final report and recommendations to the governor and the education and fiscal committees of the legislature by January 5, 2012. The recommendations must specifically address amendments to current law as well as propose new laws as necessary.

NEW SECTION. Sec. 2. If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2011, in the omnibus appropriations act, this act is null and void.

Passed by the House April 13, 2011.
Passed by the Senate April 8, 2011.
Approved by the Governor April 29, 2011.
File in Office of Secretary of State April 29, 2011.