
SUBSTITUTE SENATE BILL 5590

State of Washington

66th Legislature

2019 Regular Session

By Senate Early Learning & K-12 Education (originally sponsored by Senators Schoesler, Mullet, Becker, Short, Fortunato, O'Ban, Walsh, Hobbs, Warnick, Bailey, Honeyford, Hawkins, King, Van De Wege, and Wilson, L.)

READ FIRST TIME 02/22/19.

1 AN ACT Relating to establishing school district depreciation
2 subfunds for the purposes of preventative maintenance; and amending
3 RCW 28A.320.330.

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

5 **Sec. 1.** RCW 28A.320.330 and 2018 c 266 s 302 are each amended to
6 read as follows:

7 School districts shall establish the following funds in addition
8 to those provided elsewhere by law:

9 (1)(a) A general fund for the school district to account for all
10 financial operations of the school district except those required to
11 be accounted for in another fund.

12 (b) By the 2018-19 school year, a local revenue subfund of its
13 general fund to account for the financial operations of a school
14 district that are paid from local revenues. The local revenues that
15 must be deposited in the local revenue subfund are enrichment levies
16 and transportation vehicle levies collected under RCW 84.52.053,
17 local effort assistance funding received under chapter 28A.500 RCW,
18 and other school district local revenues including, but not limited
19 to, grants, donations, and state and federal payments in lieu of
20 taxes, but do not include other federal revenues, or local revenues
21 that operate as an offset to the district's basic education

1 allocation under RCW 28A.150.250. School districts must track
2 expenditures from this subfund separately to account for the
3 expenditure of each of these streams of revenue by source, and must
4 provide any supplemental expenditure schedules required by the
5 superintendent of public instruction or state auditor for purposes of
6 RCW 43.09.2856.

7 (c) A depreciation subfund for the school district to reserve
8 funds for future facility and equipment needs. Up to two percent of a
9 school district's general fund may be deposited each fiscal year into
10 the depreciation subfund for the purpose of preventative maintenance
11 or emergency facility needs. The preventative maintenance must be
12 necessary to realize the originally anticipated useful life of a
13 building or facility and include: Exterior painting of facilities;
14 replacement or renovation of roofing, exterior walls, windows,
15 heating, air conditioning and ventilation systems, floor coverings in
16 classrooms and common areas, and electrical and plumbing systems; and
17 renovation of playfields, athletic facilities, and other district
18 real property. No moneys from the depreciation subfund may be used
19 for employee compensation.

20 (2) A capital projects fund shall be established for major
21 capital purposes. All statutory references to a "building fund" shall
22 mean the capital projects fund so established. Money to be deposited
23 into the capital projects fund shall include, but not be limited to,
24 bond proceeds, proceeds from excess levies authorized by RCW
25 84.52.053, state apportionment proceeds as authorized by RCW
26 28A.150.270, earnings from capital projects fund investments as
27 authorized by RCW 28A.320.310 and 28A.320.320, and state forest
28 revenues transferred pursuant to subsection (3) of this section.

29 Money derived from the sale of bonds, including interest earnings
30 thereof, may only be used for those purposes described in RCW
31 28A.530.010, except that accrued interest paid for bonds shall be
32 deposited in the debt service fund.

33 Money to be deposited into the capital projects fund shall
34 include but not be limited to rental and lease proceeds as authorized
35 by RCW 28A.335.060, and proceeds from the sale of real property as
36 authorized by RCW 28A.335.130.

37 Money legally deposited into the capital projects fund from other
38 sources may be used for the purposes described in RCW 28A.530.010,
39 and for the purposes of:

1 (a) Major renovation and replacement of facilities and systems
2 where periodical repairs are no longer economical or extend the
3 useful life of the facility or system beyond its original planned
4 useful life. Such renovation and replacement shall include, but shall
5 not be limited to, major repairs, exterior painting of facilities,
6 replacement and refurbishment of roofing, exterior walls, windows,
7 heating and ventilating systems, floor covering in classrooms and
8 public or common areas, and electrical and plumbing systems.

9 (b) Renovation and rehabilitation of playfields, athletic fields,
10 and other district real property.

11 (c) The conduct of preliminary energy audits and energy audits of
12 school district buildings. For the purpose of this section:

13 (i) "Preliminary energy audits" means a determination of the
14 energy consumption characteristics of a building, including the size,
15 type, rate of energy consumption, and major energy using systems of
16 the building.

17 (ii) "Energy audit" means a survey of a building or complex which
18 identifies the type, size, energy use level, and major energy using
19 systems; which determines appropriate energy conservation maintenance
20 or operating procedures and assesses any need for the acquisition and
21 installation of energy conservation measures, including solar energy
22 and renewable resource measures.

23 (iii) "Energy capital improvement" means the installation, or
24 modification of the installation, of energy conservation measures in
25 a building which measures are primarily intended to reduce energy
26 consumption or allow the use of an alternative energy source.

27 (d) Those energy capital improvements which are identified as
28 being cost-effective in the audits authorized by this section.

29 (e) Purchase or installation of additional major items of
30 equipment and furniture: PROVIDED, That vehicles shall not be
31 purchased with capital projects fund money.

32 (f)(i) Costs associated with implementing technology systems,
33 facilities, and projects, including acquiring hardware, licensing
34 software, and online applications and training related to the
35 installation of the foregoing. However, the software or applications
36 must be an integral part of the district's technology systems,
37 facilities, or projects.

38 (ii) Costs associated with the application and modernization of
39 technology systems for operations and instruction including, but not
40 limited to, the ongoing fees for online applications, subscriptions,

1 or software licenses, including upgrades and incidental services, and
2 ongoing training related to the installation and integration of these
3 products and services. However, to the extent the funds are used for
4 the purpose under this subsection (2)(f)(ii), the school district
5 shall transfer to the district's general fund the portion of the
6 capital projects fund used for this purpose. The office of the
7 superintendent of public instruction shall develop accounting
8 guidelines for these transfers in accordance with internal revenue
9 service regulations.

10 (g) Major equipment repair, painting of facilities, and other
11 major preventative maintenance purposes. However, to the extent the
12 funds are used for the purpose under this subsection (2)(g), the
13 school district shall transfer to the district's general fund the
14 portion of the capital projects fund used for this purpose. The
15 office of the superintendent of public instruction shall develop
16 accounting guidelines for these transfers in accordance with internal
17 revenue service regulations. Based on the district's most recent two-
18 year history of general fund maintenance expenditures, funds used for
19 this purpose may not replace routine annual preventive maintenance
20 expenditures made from the district's general fund.

21 (3) A debt service fund to provide for tax proceeds, other
22 revenues, and disbursements as authorized in chapter 39.44 RCW. State
23 forestland revenues that are deposited in a school district's debt
24 service fund pursuant to RCW 79.64.110 and to the extent not
25 necessary for payment of debt service on school district bonds may be
26 transferred by the school district into the district's capital
27 projects fund.

28 (4) An associated student body fund as authorized by RCW
29 28A.325.030.

30 (5) Advance refunding bond funds and refunded bond funds to
31 provide for the proceeds and disbursements as authorized in chapter
32 39.53 RCW.

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