

HOUSE BILL ANALYSIS

HB 1829

Title: An act relating to financing school plant facilities.

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

Background: Currently, school districts can borrow money and issue bonds to construct and renovate buildings and to provide the necessary furniture and equipment for the buildings. School districts may also apply for state financial assistance to supplement the district's money to build or renovate buildings. However, to be eligible for state financial assistance, the district must first have a voter-approved bond issue to pay the district's share of the building cost. These capital costs are paid from the districts capital projects fund. The capital projects fund receives its revenues from a bond levy or other borrowed money, state basic education allocation, investment earnings, and rental income from school facilities. The amount of borrowed money and bonds must not exceed the school district's debt limit established by law.

School districts may lease buildings and pay the lease payments from their general fund budgets. Districts may also enter into sales contracts to purchase real and personal property. The general fund is financed by a combination of funding sources including state basic education allocation, voter-approved maintenance and operation excess levies, and other sources. However, districts can use neither the capital projects fund nor borrowed money for real estate lease payments.

Several school districts are investigating alternative methods of acquiring facilities to serve the needs of growing student enrollment. One of the alternatives to the traditional construction of new school buildings is leased facilities. The House Task Force on School Construction Financing has recommended that school districts be given the authority to enter into long-term leases or leases with purchase options to provide districts more flexibility to respond to explosive growth and changing student demographics with less up-front cost.

Summary of Bill: Authorizes school districts to use voter-approved bonds, voter-approved levies, state financial assistance, or other funds available to the district for school facilities for: (1) payment of an installment purchase contract for school plant facilities; or (2) payment of a lease whose term is 10 years or longer and contains an option by the school district to purchase the leased property.

Appropriation: None.

Fiscal Note: Not requested.

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