

SENATE BILL REPORT

SB 5844

As Reported By Senate Committee On:
Education, February 3, 2004

Title: An act relating to school districts' property.

Brief Description: Changing the disposition of proceeds from the lease, rental, or sale of school district real property.

Sponsors: Senators Johnson, McAuliffe, Schmidt and Rasmussen.

Brief History:

Committee Activity: Education: 2/28/03, 3/4/03 [DP]; 1/27/04, 2/3/04 [DPS].

SENATE COMMITTEE ON EDUCATION

Majority Report: That Substitute Senate Bill No. 5844 be substituted therefor, and the substitute bill do pass.

Signed by Senators Johnson, Chair; Finkbeiner, Vice Chair; Carlson, Eide, McAuliffe, Pflug, Rasmussen and Schmidt.

Staff: Heather Lewis-Lechner (786-7448)

Background: School districts may rent or lease surplus district property and may sell any real property of the district that is no longer required for school purposes.

Revenues derived from the rental or sale of the district real property must first be deposited in the district's general fund to recover any costs associated with the rental or sale of that property. Any additional revenue must then be deposited in either the district's debt service fund and/or the district's capital projects fund.

Summary of Substitute Bill: After evaluating the sufficiency of the school district's capital projects fund for the purposes of meeting demands for new construction and improvements, a school district may choose where to deposit any additional revenues derived from the rental of surplus real property. Additional revenue is that revenue that remains after first covering any costs associated with the rental of the property. School boards may deposit the additional revenue into the district's debt service fund and/or capital projects fund or the board may deposit the revenues in the general fund to be used only for nonrecurring costs related to operating any school facilities.

Substitute Bill Compared to Original Bill: The sale of school district real property is no longer included in the bill; it only applies to the lease or rental of real property. The list of examples of nonrecurring costs included in the bill is changed and only lists maintenance expenses. In the original language the examples also included utilities and custodial services.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: School districts face an ongoing funding limitation and need a way to maximize their resources in order to provide greater educational opportunities – this bill gives school districts the flexibility they need to use their revenues in the most effective ways possible. The recent explosion of a boiler in a Tacoma school provides an example of a "nonrecurring cost" that this bill would apply to. In that case they could have repaired the boiler with funds made available through this bill prior to it exploding. This proposal is intended to be used only for nonrecurring expenses not ongoing expenses.

Testimony Against: None.

Testified: PRO: Charlie Brown, King County School Coalition.