

# FINAL BILL REPORT

## HB 2357

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C 503 L 07

Synopsis as Enacted

**Brief Description:** Allowing a school district to transfer certain revenue into the district's capital projects account.

**Sponsors:** By Representatives McIntire and Fromhold.

**House Committee on Capital Budget**  
**Senate Committee on Ways & Means**

**Background:**

School districts are required to establish several funds, including a general fund, a debt service fund, and a capital projects fund. School districts may use each fund for particular purposes, subject to statutory restrictions. A school district may issue general obligation bonds that are payable from the district's tax revenues and from other moneys lawfully available and pledged for that purpose. Proceeds from a school district's bond levies must be deposited in the school district's debt service fund.

The state holds certain forest lands in trust for counties. Net revenues from these state forest lands are distributed to counties in the same manner as general taxes are paid and prorated during the year of payment. As junior taxing districts, school districts thus receive a portion of state forest land revenue distributions. The distribution of state forest lands revenue that a school district receives depends on the types of tax levies that the school district has passed. For example, if the school district has passed a capital levy for construction or remodeling, a portion of the state forest lands revenue is deposited in the school district's capital projects fund, where capital levy proceeds are deposited. If the school district has passed a bond levy, a portion of the state forest lands revenue is deposited in the school district's debt service fund, where district revenues dedicated to debt service on bond levies are deposited.

A 1998 informal opinion of the Attorney General's office advises that school districts do not have statutory authority to transfer state forest lands revenue distributed to their debt service funds into their capital projects funds. This is because the statute that distributes the forest land revenues to junior taxing districts operates as a dedication of that revenue to the respective local funds that receive tax revenues. For this reason, school districts may not spend distributions of state forest land revenues directly from their debt service funds for capital purposes.

**Summary:**

School districts are authorized to transfer distributions of state forest land revenues from their debt service funds to their capital projects funds to the extent such distributions are not necessary for debt repayment.

**Votes on Final Passage:**

House	96	0	
Senate	47	0	(Senate amended)
House	97	0	(House concurred)

**Effective:** July 22, 2007