

# SENATE BILL REPORT

## ESHB 1619

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As Reported by Senate Committee On:  
Ways & Means, April 6, 2009

**Title:** An act relating to use of capital projects funds by school districts.

**Brief Description:** Concerning the use of capital projects funds by school districts.

**Sponsors:** House Committee on Capital Budget (originally sponsored by Representatives White, Kenney, Sullivan, Carlyle, Nelson, Hasegawa, Lias, Green, Miloscia, Orwall, Maxwell and Simpson).

**Brief History:** Passed House: 3/03/09, 96-0.

**Committee Activity:** Ways & Means: 4/06/09 [DPA, w/oRec].

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass as amended.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Tom, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Fairley, Hobbs, Honeyford, Keiser, Kline, Kohl-Welles, McDermott, Murray, Oemig, Pflug, Pridemore, Regala and Schoesler.

**Minority Report:** That it be referred without recommendation.

Signed by Senator Parlette.

**Staff:** Elise Greef (786-7708)

**Background:** By law, school districts must establish a capital projects fund for major capital purposes. Proceeds from bond sales; capital fund investments; two- to six-year levies for construction, modernization, or remodeling of school facilities (capital levies); state forest revenues; and revenue from leases and sales of property are deposited into the capital projects fund. Monies in the capital projects fund can be used for specific purposes, including:

- major renovation, including the replacement of facilities and systems where periodic repairs are no longer economical;
- renovation and rehabilitation of playfields, athletic fields, and other district real property;
- energy audits and energy capital improvements;

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- purchase of major items of equipment (except vehicles);
- costs associated with implementing technology systems; and
- costs associated with the modernization of technology systems for operations and instruction (added in 2007).

School districts pay for maintenance and other technology costs from their general fund using state allocations for nonemployee-related costs and any local maintenance and operation levies, which are subject to a levy lid. Under the State Constitution and statute, capital levies may be authorized for up to six years. There is no levy lid for capital levies.

**Summary of Bill (Recommended Amendments):** It is clarified that "major renovations and replacement of facilities and systems" includes major repairs, exterior painting of facilities, plumbing systems, and replacement and refurbishment of exterior walls and windows. The authorized uses of school districts' capital projects funds are expanded to include painting of facilities; major equipment repair; and other major preventative maintenance purposes. These purposes are also added to allowable uses of capital levy funds. Funds used for this purpose may not supplant preventive maintenance expenditures made from the districts' general funds. A school district using capital projects funds for major equipment repair, exterior painting of facilities, and other major preventive maintenance purposes must transfer the funds to the district's general fund, and the Office of the Superintendent of Public Instruction must develop accounting guidelines for transferring funds used for this purpose.

It is further clarified that, for allowable uses of school district capital projects funds, there are two alternative purposes of major renovations and replacement of facilities: (1) where periodical repairs are no longer economical; or (2) when the renovation or replacement extends the useful life of the facility or system.

**EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Amendments):** The amendment removes an intent section, includes exterior painting of facilities in the definition of "renovation and replacement," directs that the new use of funds may not supplant existing expenditures for school building maintenance, and removes the expiration date.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

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

**Staff Summary of Public Testimony:** None.

**Persons Testifying:** No one.