

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 1431

Chapter 192, Laws of 2011

62nd Legislature
2011 Regular Session

SCHOOL DISTRICTS--FINANCIAL INSOLVENCY

EFFECTIVE DATE: 07/22/11

Passed by the House April 13, 2011
Yeas 96 Nays 0

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate April 8, 2011
Yeas 49 Nays 0

BRAD OWEN

President of the Senate

Approved April 29, 2011, 3:29 p.m.

CHRISTINE GREGOIRE

Governor of the State of Washington

CERTIFICATE

I, Barbara Baker, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1431** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BARBARA BAKER

Chief Clerk

FILED

April 29, 2011

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 1431

AS AMENDED BY THE SENATE

Passed Legislature - 2011 Regular Session

State of Washington

62nd Legislature

2011 Regular Session

By House Education (originally sponsored by Representatives Anderson and Haigh)

READ FIRST TIME 02/17/11.

1 AN ACT Relating to addressing financial insolvency of school
2 districts; and creating new sections.

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

4 NEW SECTION. **Sec. 1.** (1) The superintendent of public instruction
5 shall convene educational service districts to analyze options and make
6 recommendations for a clear legal framework and process for dissolution
7 of a school district on the basis of financial insolvency.

8 (2) The analysis must include, but not be limited to:

9 (a) A definition of financial insolvency;

10 (b) A time frame, criteria, and process for initiating a
11 dissolution of an insolvent school district;

12 (c) Roles and responsibilities of the office of the superintendent
13 of public instruction, educational service districts, and regional
14 committees on school district organization; and

15 (d) Recommendations for how to address such issues as:

16 (i) Limiting a school board's ability to incur additional debt
17 during the dissolution process;

18 (ii) Terminating staff contracts expeditiously;

19 (iii) Liquidation of liabilities;

- 1 (iv) Waiving requirements of the school accounting manual;
- 2 (v) Clarifying effective dates of transfers of property for
- 3 taxation purposes;
- 4 (vi) Dealing with bonded indebtedness; and
- 5 (vii) Circumstances that require approval of voters in either the
- 6 annexing school district or the dissolving school district, or both.

7 (3) In conducting the analysis, the educational service districts
8 must consult with individuals with legal and financial expertise.

9 (4) As part of their report, the educational service districts may
10 recommend a financial early warning system for consistent, early
11 identification of school districts with potential fiscal difficulties.

12 (5) The superintendent of public instruction must submit a final
13 report and recommendations to the governor and the education and fiscal
14 committees of the legislature by January 5, 2012. The recommendations
15 must specifically address amendments to current law as well as propose
16 new laws as necessary.

17 NEW SECTION. **Sec. 2.** If specific funding for the purposes of this
18 act, referencing this act by bill or chapter number, is not provided by
19 June 30, 2011, in the omnibus appropriations act, this act is null and
20 void.

Passed by the House April 13, 2011.
Passed by the Senate April 8, 2011.
Approved by the Governor April 29, 2011.
Filed in Office of Secretary of State April 29, 2011.