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**ENGROSSED SENATE BILL 5344**

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**State of Washington**

**68th Legislature**

**2023 Regular Session**

**By** Senators Schoesler, Dozier, Braun, Wagoner, Warnick, MacEwen, and Torres

Read first time 01/12/23. Referred to Committee on Early Learning & K-12 Education.

1       AN ACT Relating to establishing a school modernization loan  
2 program; adding a new section to chapter 28A.525 RCW; and creating a  
3 new section.

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

5       NEW SECTION.     **Sec. 1.**     The legislature finds that school  
6 districts may have school facilities with significant building  
7 systems deficiencies that are not adequately served by a large  
8 construction project program like the school construction assistance  
9 program or a small construction project program like the small school  
10 district and state-tribal education compact school modernization  
11 program. Therefore, the legislature finds it would be beneficial to  
12 local tax payers to establish a low interest loan program that would  
13 allow school districts to fund midsize projects through existing  
14 resources rather than paying all project costs upfront.

15       NEW SECTION.     **Sec. 2.**     A new section is added to chapter 28A.525  
16 RCW to read as follows:

17       (1) Subject to the availability of amounts appropriated for this  
18 specific purpose, the office of the superintendent of public  
19 instruction, in coordination with the office of the state treasurer,  
20 must administer a modernization loan program for school districts and

1 state-tribal education compact schools with significant building  
2 system deficiencies. The office of the superintendent of public  
3 instruction and the office of the state treasurer may adopt rules to  
4 implement this section.

5 (2) The office of the superintendent of public instruction must  
6 assist school districts and state-tribal education compact schools  
7 interested in seeking modernization loans by providing technical  
8 assistance and planning grants. The superintendent of public  
9 instruction may prioritize planning grants for school districts and  
10 state-tribal education compact schools with the most serious building  
11 deficiencies and the most limited financial capacity. Planning grants  
12 may not exceed \$75,000 per applicant.

13 (3)(a) An advisory committee with the following membership must  
14 assist the office of the superintendent of public instruction in  
15 designing the loan application process, developing the prioritization  
16 criteria, and evaluating the grant applications:

17 (i) Four members of the legislature of the state of Washington,  
18 one of whom is appointed by the chairperson of each of the two  
19 largest political caucuses in the senate and house of  
20 representatives; and

21 (ii) Three members who have experience in financing and managing  
22 school facilities, as appointed by the superintendent of public  
23 instruction.

24 (b) Advisory committee members may not be involved in developing  
25 projects or applying for loans funded under this section.

26 (c) The office of the superintendent of public instruction must  
27 provide administrative and staff support to the advisory committee.

28 (4) The superintendent of public instruction must submit a list  
29 of modernization projects, as prioritized by the advisory committee,  
30 to the governor and legislature by January 8, 2025, and every  
31 November 1st thereafter. The list must include: (a) A description of  
32 the project; (b) the proposed state funding level, not to exceed  
33 \$6,000,000 or 10 percent of the amount appropriated for this purpose,  
34 whichever is greater; (c) estimated total project costs; and (d)  
35 local funding resources used as repayment. Loan funds may be awarded  
36 only after the legislature approves the list of projects.

37 (5) The office of the state treasurer must administer the loans  
38 approved by the legislature under subsection (4) of this section.

39 (a) Modernization loans provided pursuant to this section may not  
40 exceed a one percent interest rate or a period of 20 years.

1           (b) Funds collected as repayment of loans issued under this  
2 section must be deposited in the common school construction fund.  
3           (6) For projects in this section that are also eligible for  
4 funding through the school construction assistance program, the  
5 office of the superintendent of public instruction must expedite and  
6 streamline the administrative requirements, timelines, and matching  
7 requirements for the funds provided under this section to be used  
8 promptly. Funds provided under this section plus state funds provided  
9 in the school construction assistance program grant must not exceed  
10 total project costs minus available local resources.

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