

# FINAL BILL REPORT

## ESHB 1619

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**C 460 L 09**  
Synopsis as Enacted

**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, Liias, Green, Miloscia, Orwall, Maxwell and Simpson).

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

### **Background:**

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

- major renovation, including the replacement of facilities and systems where periodic repairs are no longer economical;
- energy audits and energy capital improvements;
- 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 non-employee 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.

The Joint Legislative Task Force on School Construction Funding (Task Force) was created in the 2007 State Capital Budget to comprehensively review and evaluate school construction funding issues. The Task Force recommended in its December 2008 report that the state should "expand the list of activities such as painting, major equipment repair or other major

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preventative maintenance purposes, that may be funded with local six-year school district capital levy revenues."

**Summary:**

The authorized uses of school districts' capital projects funds are expanded to include major equipment repair, painting of facilities, or other major preventative maintenance purposes. These purposes are also added to allowable uses of capital levy funds.

The definition of major renovation and replacement is clarified, and the following activities are added to the definition: major repairs, replacement and refurbishing of roofing, exterior painting, exterior walls, windows, and plumbing systems.

A school district using capital projects funds for these purposes must transfer the funds to the district's general fund. The Office of the Superintendent of Public Instruction must develop accounting guidelines for these transfers.

The new use of capital projects funds may not replace school districts' routine expenditures for maintenance.

**Votes on Final Passage:**

House	96	0	
Senate	47	0	(Senate amended)
House			(House refuses to concur)
Senate	49	0	(Senate amended)
House	94	0	(House concurred)

**Effective:** July 26, 2009