

# SENATE BILL REPORT

## ESSB 5267

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As Passed Senate, February 16, 2007

**Title:** An act relating to the use of the school district capital projects funds for technology.

**Brief Description:** Providing for the use of the school district capital projects funds for technology.

**Sponsors:** Senate Committee on Early Learning & K-12 Education (originally sponsored by Senators McAuliffe, Eide, Brandland, Fairley and Kohl-Welles).

**Brief History:**

**Committee Activity:** Early Learning & K-12 Education: 1/24/07, 2/1/07 [DPS].  
Passed Senate: 2/16/07, 42-0.

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### SENATE COMMITTEE ON EARLY LEARNING & K-12 EDUCATION

**Majority Report:** That Substitute Senate Bill No. 5267 be substituted therefor, and the substitute bill do pass.

Signed by Senators McAuliffe, Chair; Tom, Vice Chair; Holmquist, Ranking Minority Member; Brandland, Clements, Eide, Hewitt, Hobbs, Kauffman, Oemig, Rasmussen and Weinstein.

**Staff:** Eric Bratton (786-7438)

**Background:** By law, school districts must establish a capital projects fund for major capital purposes. Money in the fund may come from a variety of sources, including bond proceeds, money from excess levies, a portion of state basic education dollars, rental and lease dollars, money from the sale of real property, and earnings from capital project fund investments.

Expenditures from the capital projects fund are restricted by law, including restrictions that vary by the source of the money in the fund. Money in the fund that comes from sources other than bond sales may be used for a variety of purposes described in law. These include the renovation or replacement of facilities and the renovation or rehabilitation of playfields, athletic fields, and other district property. The money may also be used for energy audits, cost-effective energy conservation measures, and for the purchase or installation of equipment and furniture. Vehicles cannot be acquired through these funds. Money from the capital projects fund can also be used to implement technology systems, facilities, and projects.

School districts are making substantial capital investments in their technology systems, facilities, and projects. However, many software companies are shifting from selling software

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as a one-time package to a license or an extended contractual relationship requiring a subscription and ongoing payments.

**Summary of Engrossed Substitute Bill:** Money in each school district's capital projects fund that is acquired from sources other than bond sales may be used for certain technology expenses. The expenses include the implementation, application, and modernization of technology systems, facilities, and projects. Allowable expenses include the acquisition of hardware, initial and ongoing fees for on-line applications and licensing of software, including upgrades and incidental services, and training related to the installation and integration of the technology. The monies used for the implementation, application, and modernization of technology systems, facilities, and projects are considered permitted uses of a school district's two to six-year levies.

Those schools choosing to use capital project funds for ongoing technology purposes must transfer those funds to the General Fund for accounting purposes. Transferring the funds to the General Fund will create more transparency in tracking technology costs and allow for greater degree of comparability among the different school districts and with other states. Technology levies are not to be considered maintenance and operations levies.

**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:** PRO: This legislation is an extension of SSB 6515 from 2002, which gave school district's the ability to use capital project levy revenue for technology implementation. Technology has become an integral part of education delivery in the school systems and is now just as important as other capital projects, such as plumbing and lighting. Allowing school districts to use two to six year capital project levies for ongoing technology applications gives school districts greater flexibility in how they fund technology. School districts are not forced to use capital project levies for technology, but are given more options.

**Persons Testifying:** PRO: Grace Yuan, School Technology Coalition; Dick Anastasi, Northshore School District; Lorraine Wilson, Tacoma Public Schools.