
SENATE BILL 5590

State of Washington

66th Legislature

2019 Regular Session

By Senators Schoesler, Mullet, Becker, Short, Fortunato, O'Ban, Walsh, Hobbs, Warnick, Bailey, Honeyford, Hawkins, King, Van De Wege, and Wilson, L.

Read first time 01/24/19. Referred to Committee on Early Learning & K-12 Education.

1 AN ACT Relating to establishing school district depreciation
2 subfunds for the purposes of preventative maintenance; and amending
3 RCW 28A.320.330.

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

5 **Sec. 1.** RCW 28A.320.330 and 2018 c 266 s 302 are each amended to
6 read as follows:

7 School districts shall establish the following funds in addition
8 to those provided elsewhere by law:

9 (1)(a) A general fund for the school district to account for all
10 financial operations of the school district except those required to
11 be accounted for in another fund.

12 (b) By the 2018-19 school year, a local revenue subfund of its
13 general fund to account for the financial operations of a school
14 district that are paid from local revenues. The local revenues that
15 must be deposited in the local revenue subfund are enrichment levies
16 and transportation vehicle levies collected under RCW 84.52.053,
17 local effort assistance funding received under chapter 28A.500 RCW,
18 and other school district local revenues including, but not limited
19 to, grants, donations, and state and federal payments in lieu of
20 taxes, but do not include other federal revenues, or local revenues
21 that operate as an offset to the district's basic education

1 allocation under RCW 28A.150.250. School districts must track
2 expenditures from this subfund separately to account for the
3 expenditure of each of these streams of revenue by source, and must
4 provide any supplemental expenditure schedules required by the
5 superintendent of public instruction or state auditor for purposes of
6 RCW 43.09.2856.

7 (c) A depreciation subfund for the school district to reserve
8 funds for future facility and equipment needs. Up to two percent of a
9 school district's general fund may be deposited each fiscal year into
10 the depreciation subfund for the purpose of preventative maintenance.
11 The preventative maintenance must be necessary to realize the
12 originally anticipated useful life of a building or facility and
13 include: Exterior painting of facilities; replacement or renovation
14 of roofing, exterior walls, windows, heating, air conditioning and
15 ventilation systems, floor coverings in classrooms and common areas,
16 and electrical and plumbing systems; and renovation of playfields,
17 athletic facilities, and other district real property. No moneys from
18 the depreciation subfund may be used for employee compensation.

19 (2) A capital projects fund shall be established for major
20 capital purposes. All statutory references to a "building fund" shall
21 mean the capital projects fund so established. Money to be deposited
22 into the capital projects fund shall include, but not be limited to,
23 bond proceeds, proceeds from excess levies authorized by RCW
24 84.52.053, state apportionment proceeds as authorized by RCW
25 28A.150.270, earnings from capital projects fund investments as
26 authorized by RCW 28A.320.310 and 28A.320.320, and state forest
27 revenues transferred pursuant to subsection (3) of this section.

28 Money derived from the sale of bonds, including interest earnings
29 thereof, may only be used for those purposes described in RCW
30 28A.530.010, except that accrued interest paid for bonds shall be
31 deposited in the debt service fund.

32 Money to be deposited into the capital projects fund shall
33 include but not be limited to rental and lease proceeds as authorized
34 by RCW 28A.335.060, and proceeds from the sale of real property as
35 authorized by RCW 28A.335.130.

36 Money legally deposited into the capital projects fund from other
37 sources may be used for the purposes described in RCW 28A.530.010,
38 and for the purposes of:

39 (a) Major renovation and replacement of facilities and systems
40 where periodical repairs are no longer economical or extend the

1 useful life of the facility or system beyond its original planned
2 useful life. Such renovation and replacement shall include, but shall
3 not be limited to, major repairs, exterior painting of facilities,
4 replacement and refurbishment of roofing, exterior walls, windows,
5 heating and ventilating systems, floor covering in classrooms and
6 public or common areas, and electrical and plumbing systems.

7 (b) Renovation and rehabilitation of playfields, athletic fields,
8 and other district real property.

9 (c) The conduct of preliminary energy audits and energy audits of
10 school district buildings. For the purpose of this section:

11 (i) "Preliminary energy audits" means a determination of the
12 energy consumption characteristics of a building, including the size,
13 type, rate of energy consumption, and major energy using systems of
14 the building.

15 (ii) "Energy audit" means a survey of a building or complex which
16 identifies the type, size, energy use level, and major energy using
17 systems; which determines appropriate energy conservation maintenance
18 or operating procedures and assesses any need for the acquisition and
19 installation of energy conservation measures, including solar energy
20 and renewable resource measures.

21 (iii) "Energy capital improvement" means the installation, or
22 modification of the installation, of energy conservation measures in
23 a building which measures are primarily intended to reduce energy
24 consumption or allow the use of an alternative energy source.

25 (d) Those energy capital improvements which are identified as
26 being cost-effective in the audits authorized by this section.

27 (e) Purchase or installation of additional major items of
28 equipment and furniture: PROVIDED, That vehicles shall not be
29 purchased with capital projects fund money.

30 (f)(i) Costs associated with implementing technology systems,
31 facilities, and projects, including acquiring hardware, licensing
32 software, and online applications and training related to the
33 installation of the foregoing. However, the software or applications
34 must be an integral part of the district's technology systems,
35 facilities, or projects.

36 (ii) Costs associated with the application and modernization of
37 technology systems for operations and instruction including, but not
38 limited to, the ongoing fees for online applications, subscriptions,
39 or software licenses, including upgrades and incidental services, and
40 ongoing training related to the installation and integration of these

1 products and services. However, to the extent the funds are used for
2 the purpose under this subsection (2)(f)(ii), the school district
3 shall transfer to the district's general fund the portion of the
4 capital projects fund used for this purpose. The office of the
5 superintendent of public instruction shall develop accounting
6 guidelines for these transfers in accordance with internal revenue
7 service regulations.

8 (g) Major equipment repair, painting of facilities, and other
9 major preventative maintenance purposes. However, to the extent the
10 funds are used for the purpose under this subsection (2)(g), the
11 school district shall transfer to the district's general fund the
12 portion of the capital projects fund used for this purpose. The
13 office of the superintendent of public instruction shall develop
14 accounting guidelines for these transfers in accordance with internal
15 revenue service regulations. Based on the district's most recent two-
16 year history of general fund maintenance expenditures, funds used for
17 this purpose may not replace routine annual preventive maintenance
18 expenditures made from the district's general fund.

19 (3) A debt service fund to provide for tax proceeds, other
20 revenues, and disbursements as authorized in chapter 39.44 RCW. State
21 forestland revenues that are deposited in a school district's debt
22 service fund pursuant to RCW 79.64.110 and to the extent not
23 necessary for payment of debt service on school district bonds may be
24 transferred by the school district into the district's capital
25 projects fund.

26 (4) An associated student body fund as authorized by RCW
27 28A.325.030.

28 (5) Advance refunding bond funds and refunded bond funds to
29 provide for the proceeds and disbursements as authorized in chapter
30 39.53 RCW.

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