

SENATE BILL REPORT

SB 6127

AS REPORTED BY COMMITTEE ON WAYS & MEANS, FEBRUARY 11, 1992

Brief Description: Relating to school construction.

SPONSORS: Senator Bailey

SENATE COMMITTEE ON EDUCATION

Majority Report: That Substitute Senate Bill No. 6127 be substituted therefor, and the substitute bill do pass.

Signed by Senators Bailey, Chairman; Erwin, Vice Chairman; Craswell, Metcalf, Murray, Oke, Pelz, Rinehart, A. Smith, and Talmadge.

Staff: Leslie Goldstein (786-7424)

Hearing Dates: February 5, 1992; February 6, 1992

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 6127 be substituted therefor, and the second substitute bill do pass.

Signed by Senators McDonald, Chairman; Craswell, Vice Chairman; Bailey, Bauer, Bluechel, Cantu, Gaspard, M. Kreidler, Metcalf, Murray, Niemi, Rinehart, Saling, Talmadge, and Williams.

Staff: Terry Wilson (786-7715)

Hearing Dates: February 10, 1992; February 11, 1992

BACKGROUND:

Currently, the common school construction account is a dedicated account funded mainly through timber sales revenue from state trust lands. The common school construction account receives approximately \$75 million a year from the timber sales. The moneys from the common school construction account are used to provide matching funds to school districts for construction projects. School districts are anticipated to be eligible for approximately \$150 million a year in state matching funds.

In 1967, the United States Supreme Court in the Bella Hess decision held that states cannot require out-of-state firms to collect and remit sales or use tax unless the firm has a physical presence within the state's borders. The Supreme Court has agreed to review a challenge to this decision in Quill v. North Dakota with an outcome expected by July of 1992.

SUMMARY:

The bill was introduced by title only.

EFFECT OF PROPOSED SUBSTITUTE:

Revenues from any taxes collected on out-of-state mail order sales are deposited in the common school construction fund.

EFFECT OF PROPOSED SECOND SUBSTITUTE:

Only revenue above \$6.5 million per year is deposited in the common school construction fund.

Appropriation: none

Revenue: yes

Fiscal Note: requested January 28, 1992

TESTIMONY FOR (Education):

The crisis in school construction continues. The legislation would help.

TESTIMONY AGAINST (Education): None

TESTIFIED (Education): Kathleen Anderson, President, State Board of Education (pro); John Kvamme, WA Assn. of School Administrators

TESTIMONY FOR (Ways & Means):

The bill would help reduce shortfalls in school construction revenues.

TESTIMONY AGAINST (Ways & Means): None

TESTIFIED (Ways & Means): John Kvamme, Washington Association of School Administrators