

## Local Government Committee

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### BILL ANALYSIS HB 1585

**TITLE OF THE BILL:** Using federal funds to reduce the outstanding debt of school districts within counties.

**WHAT THIS BILL DOES:** *Allows counties that receive PILT funds from the federal Department of Energy to use the funds to pay school districts' outstanding voter approved debt.*

**SPONSORS:** Representatives Hankins, Grant, Dunshee, Mastin, Delvin, and O'Brien

**HEARING DATE:** Monday, February 15, 1999

**FISCAL NOTE:** Not requested.

**ANALYSIS PREPARED BY:** Scott MacColl (786-7106)

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### BACKGROUND:

The federal Department of Energy is allowed, but not required, to financially assist local governments in whose jurisdictions previously taxable private property was acquired by the Department. The Department of Energy owns one property in Washington, the Hanford Nuclear site in Benton County.

Payments of this nature are called payment in lieu of taxes (PILT). The terms and amounts of payments are made at the discretion of the Department of Energy. PILT are intended to mitigate the burden on the local government in which the Department of Energy's activities are located. Depending on the agreement reached between the local government and the Department of Energy, payments may be used as local property tax payments, effectively reducing the overall tax rate.

Payments used as local property taxes are divided using the same formula as regular annual property tax levies, including a portion designated for state schools.

## **SUMMARY:**

Authority is granted to a county legislative authority that receives PILT funds from the US Department of Energy to pay school districts' outstanding voter-approved debt using monies allocated to state schools by the levy based formula.

Funds for districts with no outstanding debt that meets or exceeds its distribution amount will be redistributed to remaining eligible districts. Payments received in 1998 will be distributed using 1998 levy percentages.