

# SENATE BILL REPORT

## SB 5567

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As Passed Senate, March 10, 1999

**Title:** An act relating to federal payments used to reduce the outstanding debt of school districts within counties.

**Brief Description:** Using federal funds to reduce the outstanding debt of school districts within counties.

**Sponsors:** Senators Hale and Snyder.

**Brief History:**

**Committee Activity:** State & Local Government: 2/15/99, 2/22/99 [DP].  
Passed Senate, 3/10/99, 47-0.

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### SENATE COMMITTEE ON STATE & LOCAL GOVERNMENT

**Majority Report:** Do pass.

Signed by Senators Patterson, Chair; Gardner, Vice Chair; Haugen, Horn, Kline and McCaslin.

**Staff:** Diane Smith (786-7410)

**Background:** Federal legislation in 1954 authorized, but did not require, the Atomic Energy Commission (and its successor the U.S. Department of Energy) to render financial assistance to localities in which it acquired private property previously subject to local property taxes. The Department of Energy's Hanford site is the only such site in Washington State. The federal authorization states such payments may be in the amounts, at the times, and upon the terms the Commission deems appropriate.—

In 1996, after more than a decade of difficult negotiations, the Department of Energy and Benton County entered into a settlement agreement for federal assistance payments or payments in lieu of taxes. These settlement payments are intended to mitigate the burden on the affected locality where the Department of Energy's activities are being conducted. The settlement agreement designates the annual property tax levies as the method to allocate each year's federal assistance payment among the various local taxing jurisdictions. This formula includes the levy for state schools.

Using this levy-based allocation formula, about \$500,000 per year of the annual on-going federal assistance payment would be designated state schools.— This is not a property tax. It has no relation to or impact on the county's assessed valuation or levy calculations. It has no impact on the state property tax levy or state apportionment to schools.

Funding for on-going assistance payments is subject to the annual federal budgeting and appropriations process. Funding is vulnerable to an apparent low priority status within the

Department of Energy. The settlement states that ... assistance payments will be made, without interruption but subject to the availability of funds, ....-

**Summary of Bill:** A mechanism is provided for the Benton County legislative authority to direct the county treasurer to use that portion of the federal assistance payments, which the levy-based formula in the settlement agreement allocates to state schools, to pay the school districts' outstanding voter-approved school debt.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** This bill allows the Benton County Treasurer to allocate the federal settlement money based on levy rate. It is an equitable way to distribute the money to the school districts.

**Testimony Against:** None.

**Testified:** Darwin Parker, Benton County Treasurer (pro); Rose Bowman, WSACT (pro).