
Capital Budget Committee

HB 2157

Brief Description: Providing more revenue for common school construction.

Sponsors: Representatives Hunt and Armstrong.

Brief Summary of Bill

- The amount of federal forest revenue currently credited against the basic education allocation is to be deposited in to the Permanent Common School Fund. In addition, the Legislature intends to deposit five percent of the lottery proceeds going into the Education Construction Fund and a portion of savings on capital projects into the Permanent Common School Fund in each biennial capital budget.

Hearing Date: 3/6/03

Staff: Charlie Gavigan (786-7340).

Background:

Washington is a land grant state. When Washington entered the Union, the federal government granted two sections of land in every township as a trust dedicated to support the common schools. The state generally retained these trust lands, and the 1.8 million acres of school trust lands are managed by the Department of Natural Resources for the purpose of generating revenue for the support of school construction. A constitutional amendment was passed in 1967 which dedicated school trust land revenues to support school construction. Article IX of the Constitution establishes two funds: The Common School Construction Fund and the Permanent Common School Fund.

The Permanent Common School Fund was created in the original state constitution, and it received all the income from the sale of school trust lands and non-renewable resources from the trust lands. The principal of the permanent common school fund was irreducible, and only the interest income from the investment of the permanent fund was available for payment of current expenses for the common schools. The 1967 amendment dedicated the use of the interest income to school construction and to pay debt service on state bonds used for school construction. The principal in the fund, remains irreducible, and the interest income is used to pay debt service on bonds. Any remaining income is deposited into the common school construction fund

Under Initiative 728, a portion of the lottery proceeds are deposited in the Education Construction Account. Through July 1, 2002, half the lottery proceeds go to the Student Achievement Account and half to the Education Construction Account; from July 1 through June 30, 2004, seventy-five percent of the lottery proceeds are placed in the Student Achievement Account and twenty-five percent in the Education Construction Account; after June 30, 2004, all proceeds go to the Education Construction Account.

Federal forest funds are provided to mitigate the impact of significant federal land-holdings on the county tax base. Under current law, the state basic education allocation is reduced by the amount of these federal forest funds to the extent the basic education allocation the district is entitled to is not negatively impacted.

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Appropriation: None.

Fiscal Note: Requested on 2/27/03.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.