

# SENATE BILL REPORT

## ESSB 6058

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As Passed Senate, June 4, 2003

**Title:** An act relating to the distribution of state property taxes.

**Brief Description:** Modifying the distribution of state property taxes.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senator Oke; by request of Office of Financial Management).

**Brief History:**

**Committee Activity:** Ways & Means: 4/2/03, 4/3/03 [DPS, DNP].

Passed Senate: 4/15/03, 29-20.

**First Special Session:** Passed Senate: 6/4/03, 28-19.

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 6058 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rossi, Chair; Hewitt, Vice Chair; Zarelli, Vice Chair; Hale, Honeyford, Johnson, Parlette, Sheahan and Winsley.

**Minority Report:** Do not pass.

Signed by Senators Brown, Doumit, Fairley, Fraser, Poulsen, Regala and B. Sheldon.

**Staff:** Bryon Moore (786-7726)

**Background:** Under the law prior to enactment of Initiative 728 (I-728), lottery and state collected property tax revenues were deposited in the state general fund.

I-728 was approved by voters in the November 2000 general election. Under this initiative, lottery proceeds and a portion of the state property tax are dedicated for educational purposes by transferring revenues into the Student Achievement Fund and the Education Construction Account.

Under I-728, allowable uses of the Student Achievement Fund include: hiring more teachers to reduce class sizes and making necessary capital improvements; creating extended learning opportunities for students; providing professional development for educators; and providing early childhood programs.

Between school years 2001 and 2004, varying percentages of the lottery and a portion of the state property tax are deposited into the Student Achievement Fund.

Under I-728, the Student Achievement Funds provided to school districts are scheduled to increase in the 2004-05 school year through changes to property tax transfers into the account. These changes would increase the school district allocation from \$220 per FTE

student to \$450 per FTE student. In subsequent school years, the \$450 per student allocation to school districts would increase by inflation measured by the implicit price deflator.

**Summary of Bill:** The per student allocation from the Student Achievement Fund is: \$254 per FTE student in the 2004-05 school year; \$300 per FTE student in the 2005-06 school year; \$375 per FTE student in the 2006-07 school year; and \$450 per FTE student in the 2007-08 school year. In subsequent school years, the \$450 per student allocation to school districts increases by inflation measured by the implicit price deflator.

Beginning in the 2004-05 school year, Student Achievement Fund allocations will be distributed to school districts based on the state apportionment schedule.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** While not providing the step up to \$450 per student, the increase to \$254 per student is appreciated.

**Testimony Against:** The increased funding provided by Initiative 728 was designed to provide the necessary resources to get the kids to the higher standards established in the Education Reform Act. This undermines the commitment that the people indicated that they wanted to class size reduction when they voted for Initiative 728.

**Testified:** Terry Bergeson, Superintendent of Public Instruction (concerns); Lorraine Wilson, Tacoma Public Schools (con); Roger Erskine, League of Education Voters (concerns).