Capital Budget Committee

HB 2400

Brief Description: Enhancing school construction assistance.

Sponsors: Representatives Fromhold, Kenney and Moeller.

Brief Summary of Bill

- Creates a Joint Legislative Task Force on School Construction Funding.
- Creates three new school construction accounts for specified purposes.
- Prohibits local governments from collecting or spending impact fees for school facilities effective July 1, 2009, only if specific funding or a funding source is provided for in legislation by June 30, 2009.

Hearing Date: 4/5/07

Staff: Susan Howson (786-7142).

Background:

K-12 School Construction Assistance
The state provides financial assistance to school districts for constructing new and remodeling existing school buildings. The state assistance program is based primarily on two principles: (a) state and local school districts share the responsibility for the provision of school facilities; and (b) there is an equalization of burden among school districts to provide school facilities regardless of the wealth of the districts. Given these principles, a school district must first secure voter approval of a bond levy or other tax source for the local share of a school project before it becomes eligible for state matching money. Once the local share is secured, the state matching money is allocated to districts based on a set of space and cost standards adopted by the Office of the Superintendent of Public Instruction and a statutory matching ratio based on the relative wealth of the district.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

A 1967 constitutional amendment dedicated school trust land revenues, primarily timber sales, to support school construction, and established the Common School Construction Account to direct this revenue to school districts. During the first 20 years of the Common School Construction Account, timber revenues funded the state's share of school construction. Beginning in the mid-1980s, school construction needs grew faster than the timber revenues. Since that time, the Legislature has supplemented the Common School Construction Account with appropriations from other sources including the state General Fund and bond proceeds in order to fund the state's share of school construction.

In 2000 in an attempt to augment the trust land revenues, the Legislature changed the Initiative 601 emergency reserve from five percent of biennial general fund reserves to five percent of annual revenues. Any general fund revenues in excess of the five percent were to be deposited into the Education Construction Account every year instead of every two years. In 2001 voters passed Initiative 728 which, among other things, eliminated the deposit of excess reserves into the Education Construction Account (ECA); instead a portion of lottery proceeds are deposited in the ECA.

Growth Management Act

The Growth Management Act (GMA or Act) is the comprehensive land use planning framework for county and city governments in Washington. Enacted in 1990 and 1991, the GMA establishes numerous requirements for local governments obligated by mandate or choice to fully plan under the Act (planning jurisdictions) and a reduced number of directives for all other counties and cities. Twenty-nine of Washington's 39 counties, and the cities within those counties, are planning jurisdictions.

The GMA directs planning jurisdictions to adopt internally consistent comprehensive land use plans, which are generalized, coordinated land use policy statements of the governing body. Comprehensive plans must address specified planning elements, each of which is a subset of a comprehensive plan. Planning jurisdictions must also adopt development regulations that implement and conform with the comprehensive plan.

Impact Fees

Planning jurisdictions may impose impact fees on development activity as part of the financing of public facilities that are needed to serve new growth and development. This financing, however, must provide for a balance between impact fees and other sources of public funds and cannot rely solely on impact fees. Additionally, impact fees:

- May only be imposed for system improvements, a term defined in statute, that are reasonably related to the new development;
- May not exceed a proportionate share of the costs of system improvements; and
- Must be used for system improvements that will reasonably benefit the new development.

Reasonable permit or application fees are not considered impact fees.

Impact fees may be collected and spent only for qualifying public facilities. "Public facilities," within the context of impact fee statutes, are the following capital facilities that are owned or operated by government entities:

- Public streets and roads;
- Publicly owned parks, open space, and recreation facilities;

- School facilities; and
- Fire protection facilities in jurisdictions that are not part of a fire district.

Public facilities for which impact fees may be spent must be included in a capital facilities plan element of a comprehensive plan adopted under the GMA.

Summary of Bill:

A Joint Legislative Task Force on School Construction Funding is created to examine the following:

- The statutory provisions regarding the funding of school construction projects;
- Eligibility requirements and distribution formulae for the state's school construction assistance grant program;
- The nature and costs of school construction needs anticipated for the ten-year period ending June 30, 2017;
- Flexibility needed in the system to address diverse district and geographic needs;
- Potential revenue sources to increase stability of available funding sources and provide for anticipated future construction needs, as well as alternative funding mechanisms for school construction; and
- Methods for ensuring that revenue sources provide enough funding for future construction needs and to address construction needs unique to high growth areas, including high growth areas that do not impose school impact fees and that have experienced consecutive school levy failures.

The joint legislative task force consists of eight members with equal representation from both major caucuses: two members each from the House committees on Capital Budget and Education, appointed by the Speaker of the House of Representatives, and two members each from the Senate Committee on Ways and Means and Early Learning and K-12 Education, appointed by the President of the Senate.

The joint legislative task force must report its findings and recommendations to the Governor and Legislature by December 1, 2007.

Three new school construction accounts are created. The High Growth School District Assistance Account must be used for new construction, modernization, or replacement of school facilities within high growth districts that do not receive impact fees for school facilities, and that have experienced three or more consecutive bond levy failures. The School District Capital Equalization Account must be used to fund the impact of future increases to the minimum level of the state matching percentage of project costs that will be paid for by the state. The High Growth School District Transition Account must be used for system improvements for school facilities within high growth districts that receive impact fees for school facilities.
The list of public facilities for which impact fees may be collected and spent is amended to specify that impact fees may not be collected or spent for school facilities. This provision takes effect only if specific funding or a funding source is provided for in legislation by June 30, 2009.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed, except for Section 4, relating to school impact fees, which takes effect July 1, 2009, if specific funding or a funding source is provided for in legislation by June 30, 2009.