

# SENATE BILL REPORT

## SB 5428

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As of January 31, 2007

**Title:** An act relating to distributions to the education legacy trust account.

**Brief Description:** Modifying provisions relating to distributions to the education legacy trust.

**Sponsors:** Senator Pflug.

**Brief History:**

**Committee Activity:** Early Learning & K-12 Education: 1/31/07.

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### SENATE COMMITTEE ON EARLY LEARNING & K-12 EDUCATION

**Staff:** Eric Bratton (786-7438)

**Background:** In 2000, Initiative 728 was approved by the voters of Washington State, creating the Student Achievement Fund, which dedicates funding and resources to school districts for the purpose of achieving higher academic standards for all students through smaller class sizes and other improvements. The funds may only be used for any of the following six areas: (1) a major reduction in K-4 class size; (2) selected class size reductions in grades 5-12, such as small high school writing classes; (3) extended learning opportunities for students who need or want additional time in school; (4) investments in educators and their professional development; (5) early assistance for children who need pre-kindergarten support in order to be successful in school; and (6) providing improvements or additions to facilities to support class size reductions and extended learning opportunities.

The Student Achievement Fund is funded through the Education Legacy Trust Account and a portion of the state property tax proceeds. The property tax proceeds deposited into the Student Achievement Fund is currently as follows: (1) during the 2006-07 and 2007-08 school years, amounts equal to \$254 per full-time equivalent (FTE) student; (2) during the 2008-09 school year, an amount equal to \$265 per FTE student; (3) during the 2009-10 school year, an amount equal to \$277 per FTE student; and (4) during the 2010-11 school year and each school year thereafter, an amount equal to \$278 per FTE student.

The Education Legacy Trust Account, created in 2005, is funded through the estate tax and a portion of the cigarette tax. The money deposited into the Education Legacy Trust Account can only be deposited into the Student Achievement Fund, or used for expanding access to higher education through funding for new enrollments and financial aid, or other educational improvement efforts.

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*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.*

**Summary of Bill:** The revenue collected from the tax on cigarettes under RCW 82.24.020 will no longer be deposited into the Education Legacy Trust Account, but instead will be deposited into the state general fund. The portion of the property tax levy that used to be deposited directly into the Student Achievement Fund will now be deposited into the Education Legacy Trust Account. The property tax allocation rate per FTE student will be as follows: (1) for the 2007-08 school year, an amount equal to \$450; and (2) for each subsequent year, the amount allocated will be adjusted for inflation, defined as the percentage change in the implicit price deflator for the United States for each fiscal year as published in the federal bureau of labor statistics.

**Appropriation:** None.

**Fiscal Note:** Requested on January 19, 2007.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill contains an emergency clause and takes effect on July 1, 2007.

**Staff Summary of Public Testimony:** PRO: The intent of Initiative 728 was to use a portion of the property tax to help reduce class size. This bill returns to the original intent of the voters and removes the cigarette tax, a less stable funding source, from the funding stream.

**Persons Testifying:** PRO: Senator Jana Holmquist on behalf of Senator Cheryl Pflug, prime sponsor.