

SENATE BILL REPORT

SB 5986

As of February 7, 2014

Title: An act relating to school district revenues.

Brief Description: Eliminating the reduction in state basic education funding that occurs in counties with federal forest lands.

Sponsors: Senators Ericksen, Braun, King, Honeyford, Bailey and Parlette.

Brief History:

Committee Activity: Early Learning & K-12 Education: 2/03/14, 2/05/14 [DPS-WM, DNP].

Ways & Means:

SENATE COMMITTEE ON EARLY LEARNING & K-12 EDUCATION

Majority Report: That Substitute Senate Bill No. 5986 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Litzow, Chair; Dammeier, Vice Chair; Rolfes, Assistant Ranking Member; Brown, Fain, Hill and Rivers.

Minority Report: Do not pass.

Signed by Senators McAuliffe, Ranking Member; Billig, Cleveland and Mullet.

Staff: Susan Mielke (786-7422)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Lorrell Noahr (786-7708)

Background: Over 21 percent of all of Washington State land is in national forests. These forest lands are exempt from local property tax. The federal government shares a portion of the revenues from the management of these lands with the the counties and school districts in which the forest land is located. The majority of the revenues are derived from the harvest of timber. The amount of funds varies greatly from year to year, depending on the harvesting activities in the federal forest lands. It is also dependent on the federal re-authorization of the distribution of the revenues.

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.

The federal government currently pays 25 percent of revenues from federal forest lands to the state. Under federal statute, the state Legislature determines how these revenues are spent for benefit of public schools and roads in the affected counties. Under state statute, 50 percent of the revenues are distributed to counties for roads and other public purposes, and 50 percent are allocated to school districts within the affected counties. For counties in which there are more than one school district, the funds are distributed in proportion to the number of full-time equivalent students in each respective district.

The Washington State Constitution requires the state to provide basic education for all children within the state. General apportionment is the primary means by which basic education funding is allocated to school districts. The basic education rate is the per-pupil allocation provided to districts for a general education student, and is the foundation of the general apportionment budget. State basic education funding to school districts in counties with federal forest lands is reduced by an amount equal to the federal forest revenue that the district receives. The total estimated federal forest revenue to be distributed to school districts in fiscal year 2014 is approximately \$8.3 million.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (Recommended Substitute): Beginning in the 2014-15 school year, the reduction of forest fund revenue from a district's general apportionment allocations is phased out, beginning with the highest poverty school districts. Beginning with the 2017-18 school year, the superintendent may not use federal forest revenues to offset general apportionment allocations. The federal forest fund revenues must be distributed to the school districts.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect on September 1, 2014.

Staff Summary of Public Testimony (Early Learning & K-12 Education): PRO: It is difficult for the rural communities to create economic development in these economic times and especially for school districts that lost economic opportunities due to having the federal forests located in the district. However, this does not affect only rural school districts. In earlier times, as this law was enacted in 1982, it may have been appropriate, but now we need to phase this out. This is really about restoring state funding to these school districts, which could be used for things like full-day kindergarten, elementary school counselors, early childhood specialists, additional high school courses, and other ways to assist our students to be successful in our schools. Many of these school districts that get these federal forest funds have very small levies because the federal forest land is exempt from local tax.

Persons Testifying (Early Learning & K-12 Education): PRO: Senator Ericksen, prime sponsor; Tom Churchill, Meridian School District, Superintendent; Marie Sullivan, WA State School Directors Assn.; Lee Anne Riddle, Ferndale School District, School Director; Neal Kirby, Centralia School District, School Director.