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## Education Committee

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### HB 1941

**Brief Description:** Providing for a simple majority of voters voting to authorize school district bonds at general elections.

**Sponsors:** Representatives Gregerson, Muri, Santos, Orwall, Ryu, Hunter, Sells, Ormsby, Springer, Bergquist, Ortiz-Self, Kilduff, Moscoso, Peterson, Senn, Farrell, Hudgins, McBride, Fitzgibbon, Clibborn, Fey, Morris, Takko, Moeller, Wylie, Gregory, Walkinshaw, Riccelli, Hansen, Robinson, Kagi, Jinkins, Pettigrew, Lytton, Tharinger, Cody, Carlyle, Sawyer, Stanford, Goodman, Dunshee, Appleton, Tarleton, Van De Wege and Pollet.

#### Brief Summary of Bill

- Authorizes school districts to issue general obligation bonds for capital purposes, levy taxes to make payments on those bonds, and exceed the statutory debt limit with approval by a simple majority of the voters, rather than approval by 60 percent of the voters, at a general election where the total number of voters is at least 40 percent of the total at the last preceding general election.
- Provides that the bill is void unless a Constitutional amendment to this effect is approved at the next general election.

**Hearing Date:** 2/19/16

**Staff:** Megan Wargacki (786-7194).

#### **Background:**

##### General Obligation Bonds.

The board of directors of a school district may borrow money and issue bonds for any capital purpose. The amount that may be borrowed is limited by the state Constitution and state statutes.

The Constitution sets a debt limit for school districts at 1.5 percent of the assessed value of property in the district, but the Constitution permits districts to exceed this limit for construction, up to 5 percent indebtedness, with approval of at least 60 percent of the voters at an election

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where the total number of voters is at least 40 percent of the total at the last preceding general election. State statute imposes a lower threshold of 0.375 percent indebtedness, but allows districts to exceed this threshold to a total indebtedness of 2.5 percent with the approval of at least 60 percent of the voters voting.

Maintenance and Operation Levies and Capital Levies.

Under constitutional restrictions on property taxes, school districts may collect property tax revenues in excess of 1 percent of the assessed value of property in the district for the maintenance and operation (M&O) of common schools, or the construction, modernization, or remodeling of school facilities. In 2007, the voters approved a constitutional amendment allowing school districts to levy this additional tax by a simple majority of the voters voting at an election for that purpose.

Bond Levies.

School districts may also levy taxes above the 1 percent limit to make required payments of principal and interest on bonds issued for capital purposes. The Constitution requires that bond levies be approved by at least 60 percent of the voters at an election where the total number of voters is at least 40 percent of the total at the last preceding general election.

Constitutional Amendment.

To amend the Constitution, the amendment must be approved by two-thirds of the members elected to each house of the Legislature, and then approved by a majority of the voters in the next general election.

**Summary of Bill:**

If the voters at the next general election approve an amendment to the state Constitution to change the voter approval requirement for school district bonds and levies, school districts may: (1) issue general obligation bonds for capital purposes, (2) levy taxes to make payments on those bonds, and (3) exceed the statutory debt limit with approval by a simple majority of the voters voting at a general election for that purpose where the total number of voters is at least 40 percent of the total at the last preceding general election. Changes are made to state statutes to conform to these provisions.

If the Constitutional amendment is not approved and ratified at the next general election, and ratified by the Secretary of State, the bill is void in its entirety.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed. However, the bill is void unless the corresponding Constitutional amendment is approved and ratified at the next general election, and certified by the Secretary of State.