
SENATE BILL 6525

State of Washington**65th Legislature****2018 Regular Session**

By Senators Mullet, Braun, Palumbo, Fain, Hobbs, Takko, Rivers, Becker, Miloscia, Wilson, Angel, Ericksen, Warnick, Zeiger, Wagoner, Bailey, Honeyford, Brown, Schoesler, Fortunato, O'Ban, Sheldon, King, Walsh, Padden, Short, and Hawkins

1 AN ACT Relating to final implementation of education funding
2 reform; amending RCW 28A.150.410, 84.52.0531, 28A.500.015, 84.56.020,
3 and 36.35.110; creating a new section; providing an effective date;
4 and declaring an emergency.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** (1) The legislature finds that major
7 education funding reform legislation (Engrossed House Bill No. 2242)
8 was enacted in 2017, along with the appropriations necessary to
9 support these funding reforms, resulting in unprecedented increases
10 to state K-12 funding allocations. The legislature further finds that
11 estimated 2019-2021 expenditures under Engrossed House Bill No. 2242
12 compared to 2011-2013 K-12 appropriations will be a 13.2 billion
13 dollar increase—an increase of 98.5 percent. The legislature further
14 finds that the court ruled in its November 15, 2017, order that it is
15 satisfied that the new salary model established by Engrossed House
16 Bill No. 2242 provides for full state funding of basic education
17 salaries sufficient to recruit and retain competent teachers,
18 administrators, and staff consistent with the standards established
19 for constitutional compliance. The legislature further finds that the
20 court took exception that the 2017-2019 budget funds only half of the
21 salary increase called for by the new model by the 2018-19 school

1 year, deferring full funding until the 2019-20 school year. The
2 legislature further finds that the 2017 legislature made decisions
3 regarding local school district levies based on expectations
4 regarding state and local funding levels as the state transitions to
5 the new funding structure. The legislature further finds that fully
6 implementing state salary allocations in the 2018-19 school year
7 substantially alters the carefully calibrated balance between state
8 and local sources of funding for school districts as the state
9 transitions to the new funding structure.

10 (2) It is the intent of the legislature to recalibrate the
11 balance of state and local funding for school districts in light of
12 the court's latest order. More specifically, it is the legislature's
13 intent, in its effort to fully comply with the court and bring final
14 closure to *McCleary v. State*, to fully implement the salary
15 allocations in Engrossed House Bill No. 2242 in school year 2018-19
16 if school districts accelerate the implementation of certain
17 accounting and budget transparency requirements and to reduce local
18 school district levies by an amount equal to the increased state
19 salary allocations that will be made to school districts in school
20 year 2018-19.

21 **Sec. 2.** RCW 28A.150.410 and 2017 3rd sp.s. c 13 s 101 are each
22 amended to read as follows:

23 (1) Through the 2017-18 school year, the legislature shall
24 establish for each school year in the appropriations act a statewide
25 salary allocation schedule, for allocation purposes only, to be used
26 to distribute funds for basic education certificated instructional
27 staff salaries under RCW 28A.150.260. For the purposes of this
28 section, the staff allocations for classroom teachers, teacher-
29 librarians, guidance counselors, and student health services staff
30 under RCW 28A.150.260 are considered allocations for certificated
31 instructional staff.

32 (2) Through the 2017-18 school year, salary allocations for
33 state-funded basic education certificated instructional staff shall
34 be calculated by the superintendent of public instruction by
35 determining the district's average salary for certificated
36 instructional staff, using the statewide salary allocation schedule
37 and related documents, conditions, and limitations established by the
38 omnibus appropriations act.

1 (3) Through the 2017-18 school year, no more than ninety college
2 quarter-hour credits received by any employee after the baccalaureate
3 degree may be used to determine compensation allocations under the
4 state salary allocation schedule and LEAP documents referenced in the
5 omnibus appropriations act, or any replacement schedules and
6 documents, unless:

7 (a) The employee has a master's degree; or

8 (b) The credits were used in generating state salary allocations
9 before January 1, 1992.

10 (4) Beginning in the 2007-08 school year and through the 2017-18
11 school year, the calculation of years of service for occupational
12 therapists, physical therapists, speech-language pathologists,
13 audiologists, nurses, social workers, counselors, and psychologists
14 regulated under Title 18 RCW may include experience in schools and
15 other nonschool positions as occupational therapists, physical
16 therapists, speech-language pathologists, audiologists, nurses,
17 social workers, counselors, or psychologists. The calculation shall
18 be that one year of service in a nonschool position counts as one
19 year of service for purposes of this chapter, up to a limit of two
20 years of nonschool service. Nonschool years of service included in
21 calculations under this subsection shall not be applied to service
22 credit totals for purposes of any retirement benefit under chapter
23 41.32, 41.35, or 41.40 RCW, or any other state retirement system
24 benefits.

25 (5) By the 2019-20 school year, the minimum state allocation for
26 salaries for certificated instructional staff in the basic education
27 program must be increased beginning in the 2018-19 school year to
28 provide a statewide average allocation of sixty-four thousand dollars
29 adjusted for inflation from the 2017-18 school year.

30 (6) By the 2019-20 school year, the minimum state allocation for
31 salaries for certificated administrative staff in the basic education
32 program must be increased beginning in the 2018-19 school year to
33 provide a statewide average allocation of ninety-five thousand
34 dollars adjusted for inflation from the 2017-18 school year.

35 (7) By the 2019-20 school year, the minimum state allocation for
36 salaries for classified staff in the basic education program must be
37 increased beginning in the 2018-19 school year to provide a statewide
38 average allocation of forty-five thousand nine hundred twelve dollars
39 adjusted by inflation from the 2017-18 school year.

1 (8)(a) To implement the new minimum salary allocations in
2 subsections (5) through (7) of this section and except as provided in
3 (b) of this subsection (8), the legislature must fund fifty percent
4 of the increased salary allocation in the 2018-19 school year and the
5 entire increased salary allocation in the 2019-20 school year. For
6 school year 2018-19, a district's minimum state allocation for
7 salaries is the greater of the district's 2017-18 state salary
8 allocation, adjusted for inflation, or the district's allocation
9 based on the state salary level specified in subsections (5) through
10 (7) of this section, and as further specified in the omnibus
11 appropriations act.

12 **(b) The legislature must fund one hundred percent of the**
13 **increased salary allocations in the 2018-19 school year if:**

14 **(i) The school district by September 1, 2018, establishes a local**
15 **revenue subfund of the district's general fund as provided under RCW**
16 **28A.320.330;**

17 **(ii) Beginning September 1, 2018, the school district uses**
18 **enrichment levies and transportation vehicle enrichment solely to**
19 **enrich the state's statutory program of basic education as provided**
20 **under RCW 28A.150.276;**

21 **(iii) The school district provides separate accounting of state**
22 **and local revenues to expenditures as required under RCW 28A.505.140**
23 **for school year 2018-19;**

24 **(iv) The district has an approved expenditure plan under RCW**
25 **28A.505.240 by September 1, 2018, if the district will be submitting**
26 **an enrichment levy ballot proposition to the voters in calendar year**
27 **2019; and**

28 **(v) The school district has prepared a four-year budget plan for**
29 **school year 2018-19 as required under RCW 28A.505.040.**

30 (9) Beginning with the 2018-19 school year, state allocations for
31 salaries for certificated instructional staff, certificated
32 administrative staff, and classified staff must be adjusted for
33 regional differences in the cost of hiring staff. Adjustments for
34 regional differences must be specified in the omnibus appropriations
35 act for each school year through at least school year 2022-23. For
36 school years 2018-19 through school year 2022-23, the school district
37 regionalization factors are based on the median single-family
38 residential value of each school district and proximate school
39 district median single-family residential value as described in RCW
40 28A.150.412.

1 (10) Beginning with the 2023-24 school year and every six years
2 thereafter, the minimum state salary allocations and school district
3 regionalization factors for certificated instructional staff,
4 certificated (~~(administration—[administrative])~~) administrative
5 staff, and classified staff must be reviewed and rebased, as provided
6 under RCW 28A.150.412, to ensure that state salary allocations
7 continue to align with staffing costs for the state's program of
8 basic education.

9 **Sec. 3.** RCW 84.52.0531 and 2017 3rd sp.s. c 13 s 203 are each
10 amended to read as follows:

11 (1) Beginning with taxes levied for collection in 2019, the
12 maximum dollar amount (~~(which)~~) that may be levied by or for any
13 school district for enrichment levies under RCW 84.52.053 is equal to
14 the lesser of one dollar and fifty cents per thousand dollars of the
15 assessed value of property in the school district or the maximum per-
16 pupil limit.

17 (2) The definitions in this subsection apply to this section
18 unless the context clearly requires otherwise.

19 (a) "Inflation" means inflation as defined in RCW 84.55.005.

20 (b) "Maximum per-pupil limit" means two thousand five hundred
21 dollars, multiplied by the number of average annual resident full-
22 time equivalent students enrolled in the school district in the prior
23 school year. Beginning with property taxes levied for collection in
24 2020, the maximum per-pupil limit (~~(shall)~~) must be increased by
25 inflation.

26 (c) "Prior school year" means the most recent school year
27 completed prior to the year in which the levies are to be collected.

28 (3) Beginning with propositions for enrichment levies for
29 collection in calendar year 2020 and thereafter, a district must
30 receive approval of an enrichment levy expenditure plan under RCW
31 28A.505.240 before submission of the proposition to the voters.

32 (4) The superintendent of public instruction (~~(shall)~~) must
33 develop rules and regulations and inform school districts of the
34 pertinent data necessary to carry out the provisions of this section.

35 (5) Beginning with taxes levied for collection in 2020,
36 enrichment levy revenues must be deposited in a separate subfund of
37 the school district's general fund pursuant to RCW 28A.320.330, and
38 are subject to the restrictions of RCW 28A.150.276 and the audit
39 requirements of RCW 43.09.2856.

1 (6) Funds collected from transportation vehicle enrichment levies
2 (~~shall~~) are not (~~be~~) subject to the levy limitations in this
3 section.

4 (7) For calendar year 2019, a school district's levy authority
5 must be reduced by the amount of the additional state salary
6 allocation payable to the school district as a result of section 2,
7 chapter . . ., Laws of 2018 (section 2 of this act). The reduction
8 amount under this subsection (7) must be specified on LEAP Document 4
9 provided on the web site of the legislative evaluation and
10 accountability program committee. State matching funds for local
11 effort assistance under chapter 28A.500 RCW may not be reduced due to
12 the reduction in school district levy authority under this subsection
13 (7).

14 **Sec. 4.** RCW 28A.500.015 and 2017 3rd sp.s. c 13 s 206 are each
15 amended to read as follows:

16 (1) Beginning in calendar year 2019 and each calendar year
17 thereafter, the state must provide state local effort assistance
18 funding to supplement school district enrichment levies as provided
19 in this section.

20 (2) For an eligible school district, annual local effort
21 assistance funding is equal to the school district's maximum local
22 effort assistance multiplied by a fraction equal to the school
23 district's actual enrichment levy divided by the school district's
24 maximum allowable enrichment levy.

25 (3) The state local effort assistance funding provided under this
26 section is not part of the state's program of basic education deemed
27 by the legislature to comply with the requirements of Article IX,
28 section 1 of the state Constitution.

29 (4) In calendar year 2019, local effort assistance distributions
30 under this section may not be reduced due to the reduction in school
31 district levy authority under RCW 84.52.0531(7).

32 (5) The definitions in this subsection apply throughout this
33 section unless the context clearly requires otherwise.

34 (a) "Eligible school district" means a school district whose
35 maximum allowable enrichment levy divided by the school district's
36 total student enrollment in the prior school year is less than the
37 state local effort assistance threshold.

38 (b) "Inflation" means inflation as defined in RCW 84.55.005.

1 (c) "Maximum allowable enrichment levy" means the maximum levy
2 permitted by RCW 84.52.0531.

3 (d) "Maximum local effort assistance" means the school district's
4 student enrollment in the prior school year multiplied by the
5 difference of the state local effort assistance threshold and a
6 school district's maximum allowable enrichment levy divided by the
7 school district's student enrollment in the prior school year.

8 (e) "Prior school year" means the most recent school year
9 completed prior to the year in which the state local effort
10 assistance funding is to be distributed.

11 (f) "State local effort assistance threshold" means one thousand
12 five hundred dollars per student, adjusted for inflation beginning in
13 calendar year 2020.

14 (g) "Student enrollment" means the average annual resident full-
15 time equivalent student enrollment.

16 **Sec. 5.** RCW 84.56.020 and 2017 c 142 s 1 are each amended to
17 read as follows:

18 (1) The county treasurer must be the receiver and collector of
19 all taxes extended upon the tax rolls of the county, whether levied
20 for state, county, school, bridge, road, municipal or other purposes,
21 and also of all fines, forfeitures or penalties received by any
22 person or officer for the use of his or her county. No treasurer may
23 accept tax payments or issue receipts for the same until the
24 treasurer has completed the tax roll for the current year's
25 collection and provided notification of the completion of the roll.
26 Notification may be accomplished electronically, by posting a notice
27 in the office, or through other written communication as determined
28 by the treasurer. All real and personal property taxes and
29 assessments made payable by the provisions of this title are due and
30 payable to the county treasurer on or before the thirtieth day of
31 April and, except as provided in this section, are delinquent after
32 that date.

33 (2) Each tax statement must include a notice that checks for
34 payment of taxes may be made payable to "Treasurer of
35 County" or other appropriate office, but tax statements may not
36 include any suggestion that checks may be made payable to the name of
37 the individual holding the office of treasurer nor any other
38 individual.

1 (3) When the total amount of tax or special assessments on
2 personal property or on any lot, block or tract of real property
3 payable by one person is fifty dollars or more, and if one-half of
4 such tax is paid on or before the thirtieth day of April, the
5 remainder of such tax, except as provided in subsection (5) of this
6 section, is due and payable on or before the following thirty-first
7 day of October and is delinquent after that date.

8 (4) When the total amount of tax or special assessments on any
9 lot, block or tract of real property or on any mobile home payable by
10 one person is fifty dollars or more, and if one-half of such tax is
11 paid after the thirtieth day of April but before the thirty-first day
12 of October, together with the applicable interest and penalty on the
13 full amount of tax payable for that year, the remainder of such tax,
14 except as provided in subsection (5) of this section, is due and
15 payable on or before the following thirty-first day of October and is
16 delinquent after that date.

17 (5)(a) For local school property taxes levied under RCW
18 84.52.0531 due and payable for collection in 2018, the remainder of
19 the tax is due and payable as follows:

20 (i) The 2018 payment percent is due and payable on or before the
21 thirty-first day of October 2018 and is delinquent after that date;

22 (ii) The 2019 payment percent is due and payable on or before the
23 thirtieth day of April 2019 and is delinquent after that date; and

24 (iii) The 2019 payment percent is due and payable on or before
25 the thirty-first day of October 2019 and is delinquent after that
26 date.

27 (b) The definitions in this subsection (5)(b) apply throughout
28 this subsection (5) unless the context clearly requires otherwise.

29 (i) "2018 payment percent" means the percentage determined by
30 multiplying the 2019 payment percent by two and subtracting the
31 result from 100 percent.

32 (ii) "2019 payment percent" means the percentage determined by
33 dividing the reduction amount for the school district as provided in
34 RCW 28A.150.410(7), by the school district's total amount of tax
35 levied under RCW 84.52.0531 for collection in 2018. If the numerator
36 is larger than the denominator, then "2019 payment percent" equals
37 fifty percent. If the denominator is zero, this subsection (5) does
38 not apply.

39 (6) Except as provided in (c) of this subsection, delinquent
40 taxes under this section are subject to interest at the rate of

1 twelve percent per annum computed on a monthly basis on the amount of
2 tax delinquent from the date of delinquency until paid. Interest must
3 be calculated at the rate in effect at the time of the tax payment,
4 regardless of when the taxes were first delinquent. In addition,
5 delinquent taxes under this section are subject to penalties as
6 follows:

7 (a) A penalty of three percent of the amount of tax delinquent is
8 assessed on the tax delinquent on June 1st of the year in which the
9 tax is due.

10 (b) An additional penalty of eight percent is assessed on the
11 delinquent tax amount on December 1st of the year in which the tax is
12 due.

13 (c) If a taxpayer is successfully participating in a payment
14 agreement under subsection (~~(12)~~) (13)(b) of this section or a
15 partial payment program pursuant to subsection (~~(13)~~) (14) of this
16 section, the county treasurer may not assess additional penalties on
17 delinquent taxes that are included within the payment agreement.
18 Interest and penalties that have been assessed prior to the payment
19 agreement remain due and payable as provided in the payment
20 agreement.

21 (~~(6)~~) (7)(a) When real property taxes become delinquent and
22 prior to the filing of the certificate of delinquency, the treasurer
23 is authorized to assess and collect tax foreclosure avoidance costs.

24 (b) For the purposes of this section, "tax foreclosure avoidance
25 costs" means those direct costs associated with the administration of
26 properties subject to and prior to foreclosure. Tax foreclosure
27 avoidance costs include:

28 (i) Compensation of employees for the time devoted to
29 administering the avoidance of property foreclosure; and

30 (ii) The cost of materials, services, or equipment acquired,
31 consumed, or expended in administering tax foreclosure avoidance
32 prior to the filing of a certificate of delinquency.

33 (c) When tax foreclosure avoidance costs are collected, such
34 costs must be credited to the county treasurer service fund account,
35 except as otherwise directed.

36 (d) For purposes of chapter 84.64 RCW, any taxes, interest, or
37 penalties deemed delinquent under this section remain delinquent
38 until such time as all taxes, interest, and penalties for the tax
39 year in which the taxes were first due and payable have been paid in
40 full.

1 ~~((7))~~ (8) Subsection ~~((5))~~ (6) of this section
2 notwithstanding, no interest or penalties may be assessed during any
3 period of armed conflict regarding delinquent taxes imposed on the
4 personal residences owned by active duty military personnel who are
5 participating as part of one of the branches of the military involved
6 in the conflict and assigned to a duty station outside the
7 territorial boundaries of the United States.

8 ~~((8))~~ (9) During a state of emergency declared under RCW
9 43.06.010(12), the county treasurer, on his or her own motion or at
10 the request of any taxpayer affected by the emergency, may grant
11 extensions of the due date of any taxes payable under this section as
12 the treasurer deems proper.

13 ~~((9))~~ (10) All collections of interest on delinquent taxes must
14 be credited to the county current expense fund.

15 ~~((10))~~ (11) For purposes of this chapter, "interest" means both
16 interest and penalties unless the context clearly requires otherwise.

17 ~~((11))~~ (12) The direct cost of foreclosure and sale of real
18 property, and the direct fees and costs of distraint and sale of
19 personal property, for delinquent taxes, must, when collected, be
20 credited to the operation and maintenance fund of the county
21 treasurer prosecuting the foreclosure or distraint or sale; and must
22 be used by the county treasurer as a revolving fund to defray the
23 cost of further foreclosure, distraint, and sale because of
24 delinquent taxes without regard to budget limitations and not subject
25 to indirect costs of other charges.

26 ~~((12))~~ (13)(a) For purposes of this chapter, and in accordance
27 with this section and RCW 36.29.190, the treasurer may collect taxes,
28 assessments, fees, rates, interest, and charges by electronic billing
29 and payment. Electronic billing and payment may be used as an option
30 by the taxpayer, but the treasurer may not require the use of
31 electronic billing and payment. Electronic bill presentment and
32 payment may be on a monthly or other periodic basis as the treasurer
33 deems proper for delinquent tax year payments only or for prepayments
34 of current tax. All prepayments must be paid in full by the due date
35 specified in (c) of this subsection. Payments on past due taxes must
36 include collection of the oldest delinquent year, which includes
37 interest and taxes within a twelve-month period, prior to filing a
38 certificate of delinquency under chapter 84.64 RCW or distraint
39 pursuant to RCW 84.56.070.

1 (b) The treasurer may provide, by electronic means or otherwise,
2 a payment agreement that provides for payment of current year taxes,
3 inclusive of prepayment collection charges. The treasurer may
4 provide, by electronic means or otherwise, a payment agreement for
5 payment of past due delinquencies, which must also require current
6 year taxes to be paid timely. The payment agreement must be signed by
7 the taxpayer and treasurer prior to the sending of an electronic or
8 alternative bill, which includes a payment plan for current year
9 taxes. The treasurer may accept partial payment of current and
10 delinquent taxes including interest and penalties using electronic
11 bill presentment and payments.

12 (c) All taxes upon real and personal property made payable by the
13 provisions of this title are due and payable to the treasurer on or
14 before the thirtieth day of April and, except as otherwise provided
15 in this section, are delinquent after that date. ~~((The))~~ Except as
16 provided in subsection (5) of this section, any remainder of the tax
17 is due and payable on or before the following thirty-first of October
18 and is delinquent after that date. All other assessments, fees,
19 rates, and charges are delinquent after the due date.

20 (d) A county treasurer may authorize payment of past due property
21 taxes, penalties, and interest under this chapter by electronic funds
22 transfers on a monthly basis. Delinquent taxes are subject to
23 interest and penalties, as provided in subsection ~~((+5))~~ (6) of this
24 section.

25 (e) The treasurer must pay any collection costs, investment
26 earnings, or both on past due payments or prepayments to the credit
27 of a county treasurer service fund account to be created and used
28 only for the payment of expenses incurred by the treasurer, without
29 limitation, in administering the system for collecting prepayments.

30 ~~((+13))~~ (14) In addition to the payment program in subsection
31 ~~((+12))~~ (13)(b) of this section, the treasurer may accept partial
32 payment of current and delinquent taxes including interest and
33 penalties by any means authorized.

34 ~~((+14) For purposes of this section unless the context clearly~~
35 ~~requires otherwise, the following definitions apply:))~~ (15) The
36 definitions in this subsection apply throughout this section unless
37 the context clearly requires otherwise.

38 (a) "Electronic billing and payment" means statements, invoices,
39 or bills that are created, delivered, and paid using the internet.

1 The term includes an automatic electronic payment from a person's
2 checking account, debit account, or credit card.

3 (b) "Internet" has the same meaning as provided in RCW
4 19.270.010.

5 (c) "Remainder of the tax" means the remaining tax due after at
6 least one-half of the tax due for the year is paid by April 30th of
7 the year in which the taxes are due, or after at least one-half of
8 the tax due for the year plus applicable penalties and interest is
9 paid after April 30th but before October 31st of the year in which
10 the tax is due.

11 **Sec. 6.** RCW 36.35.110 and 2013 c 221 s 2 are each amended to
12 read as follows:

13 (1) No claims are allowed against the county from any
14 municipality, school district, road district or other taxing district
15 for taxes levied on property acquired by the county by tax deed under
16 the provisions of this chapter, but all taxes must at the time of
17 deeding the property be thereby canceled. However, the proceeds of
18 any sale of any property acquired by the county by tax deed must
19 first be applied to reimburse the county for the costs of foreclosure
20 and sale. The remainder of the proceeds, if any, must be applied to
21 pay any amounts deferred under chapter 84.37 or 84.38 RCW on the
22 property, including accrued interest, and outstanding at the time the
23 county acquired the property by tax deed. The remainder of the
24 proceeds, if any, must be justly apportioned to the various funds
25 existing at the date of the sale, in the territory in which such
26 property is located, according to the tax levies of the year last in
27 process of collection.

28 (2) For purposes of this section, "costs of foreclosure and sale"
29 means those costs of foreclosing on the property that, when
30 collected, are subject to RCW 84.56.020(~~(+9)~~) (12), and the direct
31 costs incurred by the county in selling the property.

32 NEW SECTION. **Sec. 7.** Sections 3 and 4 of this act take effect
33 January 1, 2019.

34 NEW SECTION. **Sec. 8.** Except for sections 3 and 4 of this act,
35 this act is necessary for the immediate preservation of the public

1 peace, health, or safety, or support of the state government and its
2 existing public institutions, and takes effect immediately.

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