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**SENATE BILL 6616**

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**State of Washington**

**65th Legislature**

**2018 Regular Session**

**By Senator Braun**

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 36.35.110, 28A.505.140, 28A.320.330, and 84.52.053; creating new  
4 sections; providing an effective date; 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 accelerate the implementation of certain accounting and budget  
17 transparency requirements, and to reduce local school district levies  
18 by an amount equal to the increased state salary allocations that  
19 will be made to school districts in school year 2018-19.

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

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

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

38 (3) Through the 2017-18 school year, no more than ninety college  
39 quarter-hour credits received by any employee after the baccalaureate

1 degree may be used to determine compensation allocations under the  
2 state salary allocation schedule and LEAP documents referenced in the  
3 omnibus appropriations act, or any replacement schedules and  
4 documents, unless:

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

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

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

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

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

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

38 (8) To implement the new minimum salary allocations in  
39 subsections (5) through (7) of this section, the legislature must  
40 fund (~~fifty percent of the increased salary allocation in the~~

1 ~~2018-19 school year and~~) the entire increased salary allocation in  
2 the ((~~2019-20~~)) 2018-19 school year. For school year 2018-19, a  
3 district's minimum state allocation for salaries is the greater of  
4 the district's 2017-18 state salary allocation, adjusted for  
5 inflation, or the district's allocation based on the state salary  
6 level specified in subsections (5) through (7) of this section, and  
7 as further specified in the omnibus appropriations act.

8 (9) Beginning with the 2018-19 school year, state allocations for  
9 salaries for certificated instructional staff, certificated  
10 administrative staff, and classified staff must be adjusted for  
11 regional differences in the cost of hiring staff. Adjustments for  
12 regional differences must be specified in the omnibus appropriations  
13 act for each school year through at least school year 2022-23. For  
14 school years 2018-19 through school year 2022-23, the school district  
15 regionalization factors are based on the median single-family  
16 residential value of each school district and proximate school  
17 district median single-family residential value as described in RCW  
18 28A.150.412.

19 (10) Beginning with the 2023-24 school year and every six years  
20 thereafter, the minimum state salary allocations and school district  
21 regionalization factors for certificated instructional staff,  
22 certificated administration [administrative] staff, and classified  
23 staff must be reviewed and rebased, as provided under RCW  
24 28A.150.412, to ensure that state salary allocations continue to  
25 align with staffing costs for the state's program of basic education.

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

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

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

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

37 (b) "Maximum per-pupil limit" means two thousand five hundred  
38 dollars, multiplied by the number of average annual resident full-  
39 time equivalent students enrolled in the school district in the prior

1 school year. Beginning with property taxes levied for collection in  
2 2020, the maximum per-pupil limit (~~shall~~) must be increased by  
3 inflation.

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

6 (3) Beginning with propositions for enrichment levies for  
7 collection in calendar year 2020 and thereafter, a district must  
8 receive approval of an enrichment levy expenditure plan under RCW  
9 28A.505.240 before submission of the proposition to the voters.

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

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

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

21 (7) For calendar year 2019, a school district's levy authority  
22 must be reduced by the amount of the additional state salary  
23 allocation payable to the school district as a result of section 2,  
24 chapter . . . , Laws of 2018 (section 2 of this act). The reduction  
25 amount under this subsection (7) must be specified on LEAP Document 4  
26 provided on the web site of the legislative evaluation and  
27 accountability program committee. State matching funds for local  
28 effort assistance under chapter 28A.500 RCW may not be reduced due to  
29 the reduction in school district levy authority under this subsection  
30 (7).

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

33 (1) Beginning in calendar year 2019 and each calendar year  
34 thereafter, the state must provide state local effort assistance  
35 funding to supplement school district enrichment levies as provided  
36 in this section.

37 (2) For an eligible school district, annual local effort  
38 assistance funding is equal to the school district's maximum local  
39 effort assistance multiplied by a fraction equal to the school

1 district's actual enrichment levy divided by the school district's  
2 maximum allowable enrichment levy.

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

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

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

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

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

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

19 (d) "Maximum local effort assistance" means the school district's  
20 student enrollment in the prior school year multiplied by the  
21 difference of the state local effort assistance threshold and a  
22 school district's maximum allowable enrichment levy divided by the  
23 school district's student enrollment in the prior school year.

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

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

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

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

34 (1) The county treasurer must be the receiver and collector of  
35 all taxes extended upon the tax rolls of the county, whether levied  
36 for state, county, school, bridge, road, municipal or other purposes,  
37 and also of all fines, forfeitures or penalties received by any  
38 person or officer for the use of his or her county. No treasurer may  
39 accept tax payments or issue receipts for the same until the

1 treasurer has completed the tax roll for the current year's  
2 collection and provided notification of the completion of the roll.  
3 Notification may be accomplished electronically, by posting a notice  
4 in the office, or through other written communication as determined  
5 by the treasurer. All real and personal property taxes and  
6 assessments made payable by the provisions of this title are due and  
7 payable to the county treasurer on or before the thirtieth day of  
8 April and, except as provided in this section, are delinquent after  
9 that date.

10 (2) Each tax statement must include a notice that checks for  
11 payment of taxes may be made payable to "Treasurer of . . . . .  
12 County" or other appropriate office, but tax statements may not  
13 include any suggestion that checks may be made payable to the name of  
14 the individual holding the office of treasurer nor any other  
15 individual.

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

23 (4) When the total amount of tax or special assessments on any  
24 lot, block or tract of real property or on any mobile home payable by  
25 one person is fifty dollars or more, and if one-half of such tax is  
26 paid after the thirtieth day of April but before the thirty-first day  
27 of October, together with the applicable interest and penalty on the  
28 full amount of tax payable for that year, the remainder of such tax,  
29 except as provided in subsection (5) of this section, is due and  
30 payable on or before the following thirty-first day of October and is  
31 delinquent after that date.

32 (5)(a) For local school property taxes levied under RCW  
33 84.52.0531 due and payable for collection in 2018, the remainder of  
34 the tax is due and payable as follows:

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

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

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

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

6 (i) "2018 payment percent" means the percentage determined by  
7 multiplying the 2019 payment percent by two and subtracting the  
8 result from 100 percent.

9 (ii) "2019 payment percent" means the percentage determined by  
10 dividing the reduction amount for the school district as provided in  
11 RCW 28A.150.410(7), by the school district's total amount of tax  
12 levied under RCW 84.52.0531 for collection in 2018. If the numerator  
13 is larger than the denominator, then "2019 payment percent" equals  
14 fifty percent. If the denominator is zero, this subsection (5) does  
15 not apply.

16 (6) Except as provided in (c) of this subsection, delinquent  
17 taxes under this section are subject to interest at the rate of  
18 twelve percent per annum computed on a monthly basis on the amount of  
19 tax delinquent from the date of delinquency until paid. Interest must  
20 be calculated at the rate in effect at the time of the tax payment,  
21 regardless of when the taxes were first delinquent. In addition,  
22 delinquent taxes under this section are subject to penalties as  
23 follows:

24 (a) A penalty of three percent of the amount of tax delinquent is  
25 assessed on the tax delinquent on June 1st of the year in which the  
26 tax is due.

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

30 (c) If a taxpayer is successfully participating in a payment  
31 agreement under subsection ~~((12))~~ (13)(b) of this section or a  
32 partial payment program pursuant to subsection ~~((13))~~ (14) of this  
33 section, the county treasurer may not assess additional penalties on  
34 delinquent taxes that are included within the payment agreement.  
35 Interest and penalties that have been assessed prior to the payment  
36 agreement remain due and payable as provided in the payment  
37 agreement.

38 ~~((6))~~ (7)(a) When real property taxes become delinquent and  
39 prior to the filing of the certificate of delinquency, the treasurer  
40 is authorized to assess and collect tax foreclosure avoidance costs.



1 (b) For the purposes of this section, "tax foreclosure avoidance  
2 costs" means those direct costs associated with the administration of  
3 properties subject to and prior to foreclosure. Tax foreclosure  
4 avoidance costs include:

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

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

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

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

18 ~~((7))~~ (8) Subsection ~~((5))~~ (6) of this section  
19 notwithstanding, no interest or penalties may be assessed during any  
20 period of armed conflict regarding delinquent taxes imposed on the  
21 personal residences owned by active duty military personnel who are  
22 participating as part of one of the branches of the military involved  
23 in the conflict and assigned to a duty station outside the  
24 territorial boundaries of the United States.

25 ~~((8))~~ (9) During a state of emergency declared under RCW  
26 43.06.010(12), the county treasurer, on his or her own motion or at  
27 the request of any taxpayer affected by the emergency, may grant  
28 extensions of the due date of any taxes payable under this section as  
29 the treasurer deems proper.

30 ~~((9))~~ (10) All collections of interest on delinquent taxes must  
31 be credited to the county current expense fund.

32 ~~((10))~~ (11) For purposes of this chapter, "interest" means both  
33 interest and penalties unless the context clearly requires otherwise.

34 ~~((11))~~ (12) The direct cost of foreclosure and sale of real  
35 property, and the direct fees and costs of distraint and sale of  
36 personal property, for delinquent taxes, must, when collected, be  
37 credited to the operation and maintenance fund of the county  
38 treasurer prosecuting the foreclosure or distraint or sale; and must  
39 be used by the county treasurer as a revolving fund to defray the  
40 cost of further foreclosure, distraint, and sale because of

1 delinquent taxes without regard to budget limitations and not subject  
2 to indirect costs of other charges.

3 ~~((12))~~ (13)(a) For purposes of this chapter, and in accordance  
4 with this section and RCW 36.29.190, the treasurer may collect taxes,  
5 assessments, fees, rates, interest, and charges by electronic billing  
6 and payment. Electronic billing and payment may be used as an option  
7 by the taxpayer, but the treasurer may not require the use of  
8 electronic billing and payment. Electronic bill presentment and  
9 payment may be on a monthly or other periodic basis as the treasurer  
10 deems proper for delinquent tax year payments only or for prepayments  
11 of current tax. All prepayments must be paid in full by the due date  
12 specified in (c) of this subsection. Payments on past due taxes must  
13 include collection of the oldest delinquent year, which includes  
14 interest and taxes within a twelve-month period, prior to filing a  
15 certificate of delinquency under chapter 84.64 RCW or distraint  
16 pursuant to RCW 84.56.070.

17 (b) The treasurer may provide, by electronic means or otherwise,  
18 a payment agreement that provides for payment of current year taxes,  
19 inclusive of prepayment collection charges. The treasurer may  
20 provide, by electronic means or otherwise, a payment agreement for  
21 payment of past due delinquencies, which must also require current  
22 year taxes to be paid timely. The payment agreement must be signed by  
23 the taxpayer and treasurer prior to the sending of an electronic or  
24 alternative bill, which includes a payment plan for current year  
25 taxes. The treasurer may accept partial payment of current and  
26 delinquent taxes including interest and penalties using electronic  
27 bill presentment and payments.

28 (c) All taxes upon real and personal property made payable by the  
29 provisions of this title are due and payable to the treasurer on or  
30 before the thirtieth day of April and, except as otherwise provided  
31 in this section, are delinquent after that date. ~~((The))~~ Except as  
32 provided in subsection (5) of this section, any remainder of the tax  
33 is due and payable on or before the following thirty-first of October  
34 and is delinquent after that date. All other assessments, fees,  
35 rates, and charges are delinquent after the due date.

36 (d) A county treasurer may authorize payment of past due property  
37 taxes, penalties, and interest under this chapter by electronic funds  
38 transfers on a monthly basis. Delinquent taxes are subject to  
39 interest and penalties, as provided in subsection ~~((5))~~ (6) of this  
40 section.

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

6 ~~((13))~~ (14) In addition to the payment program in subsection  
7 ~~((12))~~ (13)(b) of this section, the treasurer may accept partial  
8 payment of current and delinquent taxes including interest and  
9 penalties by any means authorized.

10 ~~((14) For purposes of this section unless the context clearly  
11 requires otherwise, the following definitions apply:))~~ (15) The  
12 definitions in this subsection apply throughout this section unless  
13 the context clearly requires otherwise.

14 (a) "Electronic billing and payment" means statements, invoices,  
15 or bills that are created, delivered, and paid using the internet.  
16 The term includes an automatic electronic payment from a person's  
17 checking account, debit account, or credit card.

18 (b) "Internet" has the same meaning as provided in RCW  
19 19.270.010.

20 (c) "Remainder of the tax" means the remaining tax due after at  
21 least one-half of the tax due for the year is paid by April 30th of  
22 the year in which the taxes are due, or after at least one-half of  
23 the tax due for the year plus applicable penalties and interest is  
24 paid after April 30th but before October 31st of the year in which  
25 the tax is due.

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

28 (1) No claims are allowed against the county from any  
29 municipality, school district, road district or other taxing district  
30 for taxes levied on property acquired by the county by tax deed under  
31 the provisions of this chapter, but all taxes must at the time of  
32 deeding the property be thereby canceled. However, the proceeds of  
33 any sale of any property acquired by the county by tax deed must  
34 first be applied to reimburse the county for the costs of foreclosure  
35 and sale. The remainder of the proceeds, if any, must be applied to  
36 pay any amounts deferred under chapter 84.37 or 84.38 RCW on the  
37 property, including accrued interest, and outstanding at the time the  
38 county acquired the property by tax deed. The remainder of the  
39 proceeds, if any, must be justly apportioned to the various funds

1 existing at the date of the sale, in the territory in which such  
2 property is located, according to the tax levies of the year last in  
3 process of collection.

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

8 **Sec. 7.** RCW 28A.505.140 and 2017 3rd sp.s. c 13 s 602 are each  
9 amended to read as follows:

10 (1) Notwithstanding any other provision of law, the  
11 superintendent of public instruction shall adopt such rules as will  
12 ensure proper budgetary procedures and practices, including monthly  
13 financial statements consistent with the provisions of RCW 43.09.200,  
14 and this chapter. By the (~~(2019-20)~~) 2018-19 school year, the rules  
15 must require school districts to provide separate accounting of state  
16 and local revenues to expenditures.

17 (2) If the superintendent of public instruction determines upon a  
18 review of the budget of any district that said budget does not comply  
19 with the budget procedures established by this chapter or by rules  
20 adopted by the superintendent of public instruction, or the  
21 provisions of RCW 43.09.200, the superintendent shall give written  
22 notice of this determination to the board of directors of the local  
23 school district.

24 (3) The local school district, notwithstanding any other  
25 provision of law, shall, within thirty days from the date the  
26 superintendent of public instruction issues a notice pursuant to  
27 subsection (2) of this section, submit a revised budget which meets  
28 the requirements of RCW 43.09.200, this chapter, and the rules of the  
29 superintendent of public instruction.

30 **Sec. 8.** RCW 28A.320.330 and 2017 3rd sp.s. c 13 s 601 are each  
31 amended to read as follows:

32 School districts shall establish the following funds in addition  
33 to those provided elsewhere by law:

34 (1)(a) A general fund for the school district to account for all  
35 financial operations of the school district except those required to  
36 be accounted for in another fund.

37 (b) By the (~~(2019-20)~~) 2018-19 school year, a local revenue  
38 subfund of its general fund to account for the financial operations

1 of a school district that are paid from local revenues. The local  
2 revenues that must be deposited in the local revenue subfund are  
3 enrichment levies and transportation vehicle enrichment levies  
4 collected under RCW 84.52.053, local effort assistance funding  
5 received under chapter 28A.500 RCW, and other school district local  
6 revenues including, but not limited to, grants, donations, and state  
7 and federal payments in lieu of taxes, but do not include other  
8 federal revenues, or local revenues that operate as an offset to the  
9 district's basic education allocation under RCW 28A.150.250. School  
10 districts must track expenditures from this subfund separately to  
11 account for the expenditure of each of these streams of revenue by  
12 source, and must provide any supplemental expenditure schedules  
13 required by the superintendent of public instruction or state auditor  
14 for purposes of RCW 43.09.2856.

15 (2) A capital projects fund shall be established for major  
16 capital purposes. All statutory references to a "building fund" shall  
17 mean the capital projects fund so established. Money to be deposited  
18 into the capital projects fund shall include, but not be limited to,  
19 bond proceeds, proceeds from excess levies authorized by RCW  
20 84.52.053, state apportionment proceeds as authorized by RCW  
21 28A.150.270, earnings from capital projects fund investments as  
22 authorized by RCW 28A.320.310 and 28A.320.320, and state forest  
23 revenues transferred pursuant to subsection (3) of this section.

24 Money derived from the sale of bonds, including interest earnings  
25 thereof, may only be used for those purposes described in RCW  
26 28A.530.010, except that accrued interest paid for bonds shall be  
27 deposited in the debt service fund.

28 Money to be deposited into the capital projects fund shall  
29 include but not be limited to rental and lease proceeds as authorized  
30 by RCW 28A.335.060, and proceeds from the sale of real property as  
31 authorized by RCW 28A.335.130.

32 Money legally deposited into the capital projects fund from other  
33 sources may be used for the purposes described in RCW 28A.530.010,  
34 and for the purposes of:

35 (a) Major renovation and replacement of facilities and systems  
36 where periodical repairs are no longer economical or extend the  
37 useful life of the facility or system beyond its original planned  
38 useful life. Such renovation and replacement shall include, but shall  
39 not be limited to, major repairs, exterior painting of facilities,  
40 replacement and refurbishment of roofing, exterior walls, windows,

1 heating and ventilating systems, floor covering in classrooms and  
2 public or common areas, and electrical and plumbing systems.

3 (b) Renovation and rehabilitation of playfields, athletic fields,  
4 and other district real property.

5 (c) The conduct of preliminary energy audits and energy audits of  
6 school district buildings. For the purpose of this section:

7 (i) "Preliminary energy audits" means a determination of the  
8 energy consumption characteristics of a building, including the size,  
9 type, rate of energy consumption, and major energy using systems of  
10 the building.

11 (ii) "Energy audit" means a survey of a building or complex which  
12 identifies the type, size, energy use level, and major energy using  
13 systems; which determines appropriate energy conservation maintenance  
14 or operating procedures and assesses any need for the acquisition and  
15 installation of energy conservation measures, including solar energy  
16 and renewable resource measures.

17 (iii) "Energy capital improvement" means the installation, or  
18 modification of the installation, of energy conservation measures in  
19 a building which measures are primarily intended to reduce energy  
20 consumption or allow the use of an alternative energy source.

21 (d) Those energy capital improvements which are identified as  
22 being cost-effective in the audits authorized by this section.

23 (e) Purchase or installation of additional major items of  
24 equipment and furniture: PROVIDED, That vehicles shall not be  
25 purchased with capital projects fund money.

26 (f)(i) Costs associated with implementing technology systems,  
27 facilities, and projects, including acquiring hardware, licensing  
28 software, and online applications and training related to the  
29 installation of the foregoing. However, the software or applications  
30 must be an integral part of the district's technology systems,  
31 facilities, or projects.

32 (ii) Costs associated with the application and modernization of  
33 technology systems for operations and instruction including, but not  
34 limited to, the ongoing fees for online applications, subscriptions,  
35 or software licenses, including upgrades and incidental services, and  
36 ongoing training related to the installation and integration of these  
37 products and services. However, to the extent the funds are used for  
38 the purpose under this subsection (2)(f)(ii), the school district  
39 shall transfer to the district's general fund the portion of the  
40 capital projects fund used for this purpose. The office of the

1 superintendent of public instruction shall develop accounting  
2 guidelines for these transfers in accordance with internal revenue  
3 service regulations.

4 (g) Major equipment repair, painting of facilities, and other  
5 major preventative maintenance purposes. However, to the extent the  
6 funds are used for the purpose under this subsection (2)(g), the  
7 school district shall transfer to the district's general fund the  
8 portion of the capital projects fund used for this purpose. The  
9 office of the superintendent of public instruction shall develop  
10 accounting guidelines for these transfers in accordance with internal  
11 revenue service regulations. Based on the district's most recent two-  
12 year history of general fund maintenance expenditures, funds used for  
13 this purpose may not replace routine annual preventive maintenance  
14 expenditures made from the district's general fund.

15 (3) A debt service fund to provide for tax proceeds, other  
16 revenues, and disbursements as authorized in chapter 39.44 RCW. State  
17 forestland revenues that are deposited in a school district's debt  
18 service fund pursuant to RCW 79.64.110 and to the extent not  
19 necessary for payment of debt service on school district bonds may be  
20 transferred by the school district into the district's capital  
21 projects fund.

22 (4) An associated student body fund as authorized by RCW  
23 28A.325.030.

24 (5) Advance refunding bond funds and refunded bond funds to  
25 provide for the proceeds and disbursements as authorized in chapter  
26 39.53 RCW.

27 **Sec. 9.** RCW 84.52.053 and 2017 3rd sp.s. c 13 s 201 are each  
28 amended to read as follows:

29 (1) The limitations imposed by RCW 84.52.050 through 84.52.056,  
30 and 84.52.043 shall not prevent the levy of taxes by school  
31 districts, when authorized so to do by the voters of such school  
32 district in the manner and for the purposes and number of years  
33 allowable under Article VII, section 2(a) and Article IX, section 1  
34 of the Constitution of this state. Elections for such taxes shall be  
35 held in the year in which the levy is made or, in the case of  
36 propositions authorizing two-year through four-year levies for  
37 enrichment funding for a school district, authorizing two-year levies  
38 for transportation vehicle funds established in RCW 28A.160.130  
39 through calendar year 2019, authorizing two-year levies for

1 transportation vehicle enrichment beginning with calendar year 2020,  
2 or authorizing two-year through six-year levies to support the  
3 construction, modernization, or remodeling of school facilities,  
4 which includes the purposes of RCW 28A.320.330(2) (f) and (g), in the  
5 year in which the first annual levy is made.

6 (2)(a) Once additional tax levies have been authorized for  
7 enrichment funding for a school district for a two-year through four-  
8 year period as provided under subsection (1) of this section, no  
9 further additional tax levies for enrichment funding for the district  
10 for that period may be authorized, except for additional levies to  
11 provide for subsequently enacted increases affecting the district's  
12 maximum levy.

13 (b) Notwithstanding (a) of this subsection, any school district  
14 that is required to annex or receive territory pursuant to a  
15 dissolution of a financially insolvent school district pursuant to  
16 RCW 28A.315.225 may call either a replacement or supplemental levy  
17 election within the school district, including the territory annexed  
18 or transferred, as follows:

19 (i) An election for a proposition authorizing two-year through  
20 four-year levies for enrichment funding for a school district may be  
21 called and held before the effective date of dissolution to replace  
22 existing enrichment levies and to provide for increases due to the  
23 dissolution.

24 (ii) An election for a proposition authorizing additional tax  
25 levies may be called and held before the effective date of  
26 dissolution to provide for increases due to the dissolution.

27 (iii) In the event a replacement levy election under (b)(i) of  
28 this subsection is held but does not pass, the affected school  
29 district may subsequently hold a supplemental levy election pursuant  
30 to (b)(ii) of this subsection if the supplemental levy election is  
31 held before the effective date of dissolution. In the event a  
32 supplemental levy election is held under (b)(ii) of this subsection  
33 but does not pass, the affected school district may subsequently hold  
34 a replacement levy election pursuant to (b)(i) of this subsection if  
35 the replacement levy election is held before the effective date of  
36 dissolution. Failure of a replacement levy or supplemental levy  
37 election does not affect any previously approved and existing  
38 enrichment levy within the affected school district or districts.

39 (c) For the purpose of applying the limitation of this subsection  
40 (2), a two-year through six-year levy to support the construction,



1 modernization, or remodeling of school facilities shall not be deemed  
2 to be a tax levy for enrichment funding for a school district.

3 (3) A special election may be called and the time therefor fixed  
4 by the board of school directors, by giving notice thereof by  
5 publication in the manner provided by law for giving notices of  
6 general elections, at which special election the proposition  
7 authorizing such excess levy shall be submitted in such form as to  
8 enable the voters favoring the proposition to vote "yes" and those  
9 opposed thereto to vote "no."

10 (4)(a) Beginning September 1, 2019, school districts may use  
11 enrichment levies and transportation vehicle enrichment levies solely  
12 to enrich the state's statutory program of basic education as  
13 authorized under RCW 28A.150.276.

14 (b) Beginning with propositions for enrichment levies and  
15 transportation vehicle enrichment levies (~~for collection in calendar~~  
16 ~~year 2020~~) submitted to the voters in calendar year 2019 and  
17 thereafter, a district must receive approval of an enrichment levy  
18 expenditure plan from the superintendent of public instruction under  
19 RCW 28A.505.240 before submission of the proposition to the voters.

20 NEW SECTION. **Sec. 10.** The office of the superintendent of  
21 public instruction may waive the requirements to implement the  
22 changes in sections 7 and 8 of this act by the 2018-19 school year if  
23 the school district can reasonably show undue hardship.

24 NEW SECTION. **Sec. 11.** Sections 3, 4, and 9 of this act take  
25 effect January 1, 2019.

26 NEW SECTION. **Sec. 12.** Except for sections 3, 4, and 9 of this  
27 act, this act is necessary for the immediate preservation of the  
28 public peace, health, or safety, or support of the state government  
29 and its existing public institutions, and takes effect immediately.

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