

SENATE BILL REPORT

SB 5066

As Reported by Senate Committee On:
Early Learning & K-12 Education, February 12, 2019

Title: An act relating to school district elections.

Brief Description: Concerning school district elections.

Sponsors: Senators Wellman, Frockt, Hunt and Saldaña; by request of Superintendent of Public Instruction.

Brief History:

Committee Activity: Early Learning & K-12 Education: 2/06/19, 2/12/19 [DP, DNP].

Brief Summary of Bill

- Lowers voter approval threshold from 60 percent to a majority of voters for school districts to issue general obligation bonds, levy taxes to make payments on those bonds, and exceed the statutory debt limit.

SENATE COMMITTEE ON EARLY LEARNING & K-12 EDUCATION

Majority Report: Do pass.

Signed by Senators Wellman, Chair; Wilson, C., Vice Chair; Hunt, McCoy, Mullet, Pedersen and Salomon.

Minority Report: Do not pass.

Signed by Senators Holy, Padden and Wagoner.

Staff: Alex Fairfortune (786-7416)

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.

School districts may exceed the constitutional debt limit for construction of 1.5 percent of the assessed value of property in the district, up to 5 percent indebtedness, with approval of at least 60 percent of the voters at an election where the total number of voters is at least 40

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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 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 if 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. A proposed amendment to the state constitution 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, levies, and indebtedness limits, school districts may:

- 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 majority of voters voting on the proposition.

If the Constitutional amendment is not approved and ratified at the next general election the bill is void in its entirety.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed. However, the act is null and void if the state constitutional amendment proposed by SJR 8201 is not approved by voters and ratified at the next general election.

Staff Summary of Public Testimony: PRO: Any reduction in the threshold would be welcome as many bonds have failed to pass by a close margin. School districts then have to expend precious resources to run another bond. A 60 percent threshold gives a disproportionate amount of power to a small group to thwart the needs of the community. This is a school safety issue, as students are not in adequate facilities or facilities that will allow them to meet state standards. Doors cannot lock from the inside and there are no ways to close campuses down. Upgrades are needed for seismic safety, fire safety, proper

ventilation, and to make buildings handicap accessible. Many buildings are 60+ years old and are supplemented by large numbers of portable classrooms. Sports facilities and libraries have to be used on a rotating schedule so there is limited access. There are some communities where passing a bond is a Herculean effort that can only happen in moments of crisis. In the last three years there were 126 school bonds in the state, of which only 73 reached the 60% threshold and 42 were between 50%-59.99%. The supermajority was originally used to protect against defense contractors in war time and should no longer be used. Elected representatives are elected at a simple majority threshold and the people trust them with important policy and fiscal decisions, so the same threshold should be used for school bonds.

Persons Testifying: PRO: Senator Lisa Wellman, Prime Sponsor; Lucinda Young, Washington Education Association; Dana Anderson, Capital Region ESD 113; Brian Wharton, Superintendent, Yelm School District; Monty Sabin, Assistant Superintendent, North Thurston Public Schools; Jim Stoffer, School Board Director, Sequim School District; Brian Sims, Washington State School Directors' Association; Mavis Nickels, School Board Director, Battleground School District; Mark Watson, Retired Teacher, Battleground School District; Cathy Golik, Citizens for Better Schools; Sue Cranke, Citizens for Better Schools; Chris Reykdal, Office of Superintendent of Public Instruction; Tom Seigel, Bethel School District; Paul Marquardt, Bethel School District; Mitch Denning, Alliance of Educational Associations.

Persons Signed In To Testify But Not Testifying: No one.