

SENATE BILL REPORT

SB 5066

As Reported by Senate Committee On:
Early Learning & K-12 Education, February 12, 2019
Ways & Means, March 1, 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].
Ways & Means: 2/28/19, 3/01/19 [DPS, DNP, w/oRec].

Brief Summary of First Substitute 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)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5066 be substituted therefor, and the substitute bill do pass.

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.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair, Operating, Capital Lead; Mullet, Capital Budget Cabinet; Billig, Carlyle, Conway, Darneille, Hasegawa, Keiser, Liias, Palumbo, Pedersen and Van De Wege.

Minority Report: Do not pass.

Signed by Senators Braun, Ranking Member; Brown, Assistant Ranking Member, Operating; Honeyford, Assistant Ranking Member, Capital; Becker, Schoesler, Wagoner, Warnick and Wilson, L..

Minority Report: That it be referred without recommendation.

Signed by Senator Rivers.

Staff: Richard Ramsey (786-7412)

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 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 (First Substitute): 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.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (First Substitute):

- Applies the simple majority to a special election vote to incur debt at the creation of a new school district.

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 on Original Bill (Early Learning & K-12 Education): 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 percent threshold and 42 were between 50 to 59.99 percent. 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 (Early Learning & K-12 Education): 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 (Early Learning & K-12 Education):
No one.

Staff Summary of Public Testimony on Original Bill (Ways & Means): *The committee recommended a different version of the bill than what was heard.* PRO: Between 1974 and 1981, Bethel School District was forced to go to year round school due to bond failures. There are significant facility failures at the Bethel High School. There are 35 districts with chronic bond failure. The longer bond failures continue, the higher the costs will be to repair or construct new facilities. The supermajority requirement is inherently undemocratic. As long as we have a supermajority for bond passage, we will not have a first rate school system. The first tenet of conservatism is to protect assets. We waste assets in repeating bond elections. I teach in a building, built in 1953, renovated in 1989, that is past its service life. When district bond elections fail, the districts are compelled to use needed resources to rerun the bond election. We are preparing to run a bond in 2020 to secure much-needed facilities to meet the needs of our growing community. We are concerned that a minority of voters will defeat the bond. A majority of the voting public supports school bonds. In the past 13 years, district has had 4 construction bonds fail, the most recent in February at 53 percent. We desperately need to improve the security of our schools. In the last 10 years, 11 of the districts in ESD 113, failed bond measures that would have passed if the simple majority requirement was in place; 8 of them passed subsequently, two of them after 8 attempts.

CON: Not all voters are property owners. The 60 percent threshold insures no taxation without representation. The 60 percent standard represents a rare but important safeguard in the state constitution to require a higher level of agreement before school officials are allowed to impose long-term debt on the community. Like signing a mortgage, one does not do that lightly. The 60 percent rule does not prevent most bond levies from passing. In 2017, 64 percent of school districts seeking bond levies received voter approval. Removing the 60 percent rule will squeeze out other needed capital projects.

Persons Testifying (Ways & Means): PRO: Lucinda Young, Washington Education Association; Dr. Jane Stavem, Superintendent, Lake Washington School District; Corine Pennington, Assistant Superintendent Business Services, Puyallup School District; Mitch Denning, Alliance of Educational Associations; Tyler Muench, Office of Superintendent of Public Instruction; Alex Williamson, Bond Campaign Chair, Bethel School District; Brenda Rogers, President, Bethel School District, Board of Directors and WSSDA President Elect.

CON: Patrick Connor, National Federation of Independent Business.

Persons Signed In To Testify But Not Testifying (Ways & Means): PRO: Dana Anderson, Superintendent, Capital Region ESD 113; Monty Sabin, Assistant Superintendent, North Thurston School District.