

# SENATE BILL REPORT

## SB 5386

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As of February 4, 2021

**Title:** An act relating to school district elections.

**Brief Description:** Concerning school district elections.

**Sponsors:** Senators Randall, Wellman, Dhingra, Lovelett, Mullet, Nguyen, Robinson, Saldaña and Wilson, C..

**Brief History:**

**Committee Activity:** Early Learning & K-12 Education: 2/08/21.

**Brief Summary of Bill**

- Lowers the voter approval threshold from 60 percent to 55 percent of voters for school districts to issue general obligation bonds, levy taxes to make payments on those bonds, and exceed the statutory debt limit.

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### SENATE COMMITTEE ON EARLY LEARNING & K-12 EDUCATION

**Staff:** Alexandra 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 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.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.*

Excess Levies. The state constitution limits regular property tax levies to a maximum of 1 percent of the property's value. Upon majority voter approval, school districts are authorized to collect excess levies above the 1 percent constitutional property tax limit for enrichment, transportation vehicles, and capital projects.

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 55 percent 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:** Requested on February 3, 2021.

**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 8204 is not approved by voters and ratified at the next general election.