

SENATE BILL REPORT

SB 5186

As of February 24, 2025

Title: An act relating to school district elections.

Brief Description: Concerning school district elections. [**Revised for 1st Substitute:** Concerning local funding for school district facilities.]

Sponsors: Senators Krishnadasan, Wellman, Orwall, Riccelli, Chapman, Hasegawa, Frame, Hansen, Lias, Saldaña, Cortes, Dhingra, Lovelett, Nobles, Shewmake, Slatter, Stanford, Valdez and Wilson, C..

Brief History:

Committee Activity: Early Learning & K-12 Education: 1/16/25, 2/13/25 [DPS-WM, DNP].

Ways & Means: 2/24/25.

Brief Summary of First Substitute Bill

- Lowers the voter approval threshold from 60 percent to a simple 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.
- Removes school facilities from the definition of public facilities for which impact fees may be collected and removes all related references within the impact fee statutes.

SENATE COMMITTEE ON EARLY LEARNING & K-12 EDUCATION

Majority Report: That Substitute Senate Bill No. 5186 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Wellman, Chair; Nobles, Vice Chair, K-12; Wilson, C., Vice Chair, Early Learning; Cortes, Hansen and Krishnadasan.

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.

Minority Report: Do not pass.

Signed by Senators Harris, Ranking Member; Dozier and McCune.

Staff: Alex Fairfortune (786-7416)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Michael Bezanson (786-7449)

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.

The state constitution imposes a debt limit of 1.5 percent of the assessed value of property in the district. School districts may exceed this lower debt limit, up to the maximum limit of 5 percent indebtedness, plus an additional 5 percent for capital outlays, with approval of at least 60 percent of the voters. 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, plus an additional 2.5 percent for capital outlays, with the approval of at least 60 percent of the voters voting.

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.

Impact Fees. Impact fees are one-time charges assessed by a local government on new development activities to help pay for the increased services that will be required because of new growth and development. Development activity includes any construction or expansion of a building or use, any change in use of a building, or any change in the use of land, that creates an additional need for public facilities. Approval of a new development may be conditioned on the payment of impact fees.

Local governments planning under the Growth Management Act are authorized to impose impact fees for public streets and roads, publicly owned parks and recreation facilities, school facilities, and fire protection facilities. Impact fees may only be used on public facilities that are included in the capital facilities element of the comprehensive plan. The public facilities must be reasonably related to the new development, must reasonably benefit it, and must be designed to provide service areas to the community at large.

With some exceptions, impact fees must be collected prior to construction, and must be kept in a separate account depending on the type of public facility for which it was collected. Local governments collecting impact fees must produce an annual report detailing the fees that have been collected and what the fees have been used for. If impact fees are not used within ten years of collection, they generally must be returned. A developer who has paid an impact fee may receive a refund if the development does not proceed and no impact materializes.

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): School District Bonds. 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 lower statutory debt limit with approval by a simple majority of voters voting on the proposition.

Impact Fees. School facilities are removed from the definition of public facilities for which impact fees may be collected. All related references to schools, school districts, and school facilities are removed from the impact fee statutes.

Effective Date. The bill takes effect only if the proposed constitutional amendment is approved by voters at the next general election.

EFFECT OF CHANGES MADE BY EARLY LEARNING & K-12 EDUCATION COMMITTEE (First Substitute):

- Lowers the threshold to pass school district bonds, levy taxes to make payments on those bonds, and exceed the debt limit from 55 percent in the underlying bill to a simple majority of voters.
- Removes school facilities from the definition of public facilities for which impact fees may be collected, and removes all related references within the impact fee statutes.
- Modifies the effective date language related to SJR 8200 to align the Articles being amended and the joint topic being addressed.
- Changes the title.

Appropriation: None.

Fiscal Note: Available.

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

Effective Date: The bill takes effect if the state constitutional amendment proposed by SJR 8200 is approved by voters and ratified at the next general election.

Staff Summary of Public Testimony on Original Bill (Early Learning & K-12 Education): *The committee recommended a different version of the bill than what was heard.* The following testimony reflects comments on both SB 5186 and SJR 8200, as testifiers were invited to speak on both pieces of legislation at the same time.

PRO: Providing access to high quality education is one of the most important investments that we can make as a state. We continue to impose an unnecessary barrier on local communities with the 60 percent supermajority that has been in place for 80 years and it is holding districts back. Districts are struggling to meet growing demands, address safety measures, and invest in resources to support world class classrooms. Students are suffering from having to learn in overcrowded and unsafe environments. Schools are cancelling games due to unsafe field conditions. Old schools are not energy efficient and can't meet building standards. Districts are wasting money running multiple bond initiatives. Bonds fail with even overwhelming support. The last election had 14 bond measures and of those four passed and ten failed. Nine would have passed under this 55 percent threshold, and all but two would have passed under a simple majority threshold. This outdated standard leaves schools underfunded and students underserved. This requirement disproportionately impacts diverse and economically impacted communities. Washington is one of only seven states that require 60 percent, while 40 other states require a simple majority. This 55 percent is a thoughtful compromise that recognizes the protection of taxpayers but is a more realistic standard. It will empower local communities, avoid costly delays of failed bond measures, and foster trust in communities that their votes lead directly to serving schools. While a simple majority threshold is ideal, the 55 percent threshold has bipartisan support.

CON: This bill makes it easier for property taxes to go up faster. This is not the direction most voters want to go. The effort should be to lower taxes. This violates the constitution. When parents go to school board meetings the board members haven't read the documents. Districts do a poor job of outlining how money will be spent and community members aren't there. They vote no against bonds because of frustration of failure in the education system and the costs of school buildings being driven up.

OTHER: Moving to 55 percent is a step in the right direction but a simple majority should be the standard. This proposal falls short. The majority's will is thwarted by an outdated threshold.

Persons Testifying (Early Learning & K-12 Education): PRO: Senator Deborah Krishnadasan, Prime Sponsor; Jennifer Butler, Stand Up for Peninsula Schools; Krestin

Bahr, Peninsula School District; Melissa Stone, Washington State PTA; Kyle Rydell, West valley School District; Miranda Skalisky, Wenatchee School District; Bailey Andersen Andersen, Student Representative for Eatonville School District; Charlie Brown, Tacoma, Clover Park, Orting, Puyallup and other School Districts; Mikhail Cherniske, OSPI.

CON: Tim Eyman, Initiative Activist; Barbara Gulley.

OTHER: Barbara Posthumus, Lake Washington School District; Ronda Litzenberger, Washington State School Directors' Association; Stephen McDuffie; Martin Turney, Issaquah School District; Julie Salvi, Washington Education Association.

Persons Signed In To Testify But Not Testifying (Early Learning & K-12 Education):

No one.

Staff Summary of Public Testimony (Ways & Means): The following testimony reflects comments on both SB 5186 and SJR 8200, as testifiers were invited to speak on both pieces of legislation at the same time.

PRO: The current 60 percent requirement for passing school bonds is outdated. It has caused many bonds to fail, even when most voters support them. Lowering the threshold to a simple majority will give communities more control over school funding decisions. Other local measures, like school levies, only need a simple majority, so this change would make things more consistent. It isn't fair that professional sports stadiums only need a simple majority, while school construction requires a supermajority. This change will help improve education in rural areas. A simple majority will help these areas access State Construction Assistance Program funds and meet their infrastructure needs. Lowering impact fees for developers will reduce the cost of building new homes and make housing more affordable, which is crucial for families wanting to settle in areas with good schools.

CON: Reducing the bond approval threshold will place unnecessary tax burdens on residents. Voters should have a stronger say in approving large funding decisions. Lowering or eliminating school impact fees will unfairly affect new homebuyers, especially those buying single-family homes, by raising property taxes. These fees help support school infrastructure for growing communities, so removing them will shift the financial burden to other taxpayers and make housing less affordable. Raising property taxes hurts businesses, who pass these costs onto consumers. High property taxes hurt future business growth. Making it easier to pass school bonds could lead to unnecessary or poorly planned investments.

OTHER: Impact fees have been significant in school district efforts to pass bonds. There is a relationship between impact fees and bonds because local people would like to know that developers are helping to pay for schools.

Persons Testifying (Ways & Means): PRO: Melissa Gombosky, ESD 105 Schools Coalition; Tyler Muench, Office of Superintendent of Public Instruction; Monique Dugaw,

ESD 112; Larry Delaney, Washington Education Association; Jan Himebaugh, BIAW (Building Industry Association of WA); Mitch Denning, Alliance of Educational Associations; Jim Kowalkowski, Rural Education Center; Mary Templeton, Lake Stevens School District; Jessie Gamble, Master Builders Association of Pierce County; Tori Emerson, Washington State PTA; Mary Hull-Drury, Washington Realtors; James Fisher, Washington Realtors; Lance Goodpaster, Franklin Pierce School District; Noelle Lovern, BIA of Clark County; Lindsay Brown, Central Washington Home Builders Association; Michele Thomas, Washington Low Income Housing Alliance; Rick Chisa, Public School Employees of Washington (PSE); Jeff Losey, Home Builders Association of Tri Cities ; Angela White, Olympia Master Builders; Charlie Brown, South Sound Superintendents; Tysen Shaw.

CON: John Axtell; Tim Noonan.

OTHER: Grace Yuan, Puget Sound School Coalition.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.