

SENATE BILL REPORT

SJR 8200

As of February 24, 2025

Brief Description: Amending the Constitution to allow 55 percent of voters voting to authorize school district bonds. [**Revised for 1st Substitute:** Amending the Constitution to modify local funding authority for school district facilities.]

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

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 Joint Resolution

- Proposes a constitutional amendment to allow school districts to issue general obligation bonds for capital purposes, levy taxes to make payments on those bonds, and exceed the constitutional debt limit with a simple majority of voter approval.
- Proposes adding a new section to the state constitution that prohibits a county, city, or township from imposing or collecting payment of money as a condition of approval for new residential development if such money is to be transferred to a school district.

SENATE COMMITTEE ON EARLY LEARNING & K-12 EDUCATION

Majority Report: That Substitute Senate Joint Resolution No. 8200 be substituted therefor, and the substitute joint resolution do pass and be referred to Committee on Ways & Means.

Signed by Senators Wellman, Chair; Nobles, Vice Chair, K-12; Wilson, C., Vice

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.

Chair, Early Learning; Cortes, Hansen and Krishnadasan.

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 Joint Resolution (First Substitute): A proposed constitutional amendment is submitted to the voters at the next general election to allow school districts to issue general obligation bonds for capital purposes, levy taxes to make payments on those bonds, and exceed the lower constitutional debt limit with a simple majority of voter approval. The proposed constitutional amendment also adds a new section to the state constitution that prohibits a county, city, or township from imposing or collecting payment of money as a condition of approval for new residential development if such money is to be transferred to a school district.

These proposed changes constitute a single integrated plan for modifying local funding authority for school district facilities. If the changes are held to be separate amendments then they are void.

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 resolution to a simple majority of voters;
- Adds a new section to Article XI of the state constitution that reads: “No county, city, or township may impose or collect payment of money as a condition of approval for new residential development if such money is to be transferred to a school district.”
- Describes the constitutional changes as a single integrated plan for modifying local funding authority for school district facilities.

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.

Staff Summary of Public Testimony on First Substitute Joint Resolution (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 Adrian Cortes, Prime Sponsor; Melissa Stone, Washington State PTA; Paul Marquardt, Bethel Schools.

CON: Tim Eyman, Initiative Activist; Jeff Heckathorn; Loretta Byrnes.

OTHER: Harlan Gallinger, Issaquah School District; Kevin Collins, Orting 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; Monique Dugaw, ESD 112; Larry Delaney, Washington Education Association; Jan Himebaugh, Building Industry Association of WA (BIAW); Jim Kowalkowski, Rural Education Center; Mary Templeton, Lake Stevens School District; Mary Hull-Drury, Washington Realtors; James Fisher, Washington Realtors; Angela Steck, Washington State PTA; Lindsay Brown, Central Washington Home Builders Association; Rick Chisa, Public School Employees of Washington (PSE); Angela White, Olympia Master Builders; Jeff Losey, HBA of Tri Cities; Charlie Brown, South Sound Superintendents.

CON: Tim Eyman, Initiative Activist ; Laurie Layne; Jeff Pack, Washington Citizens

Against Unfair Taxes; John Axtell; Tim Noonan; Alex Harrington, NAIOPWA.

OTHER: Grace Yuan, Puget sound school coalition.

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