

SENATE BILL REPORT

SHB 2356

As Reported by Senate Committee On:
Ways & Means, April 24, 2009

Title: An act relating to revising student achievement fund allocations.

Brief Description: Revising student achievement fund allocations.

Sponsors: House Committee on Ways & Means (originally sponsored by Representative Haigh).

Brief History: Passed House: 4/21/09, 50-47.

Committee Activity: Ways & Means: 4/24/09 [DP, DNP, w/oRec].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Tom, Vice Chair, Operating Budget; Fairley, Hobbs, Keiser, Kline, Kohl-Welles, McDermott, Oemig, Pridemore, Regala and Rockefeller.

Minority Report: Do not pass.

Signed by Senators Zarelli, Ranking Minority Member; Honeyford, Parlette and Schoesler.

Minority Report: That it be referred without recommendation.

Signed by Senators Brandland and Pflug.

Staff: Elise Greef (786-7708)

Background: Initiative 728 (I-728), approved by state voters in November 2000, transfers a portion of the state property tax from the state General Fund to the Student Achievement Fund (SAF). The SAF is then distributed to school districts to use for class size reduction, extended learning opportunities for students, professional development for educators, early-childhood programs, and necessary building improvements to support class size reductions or extended learning opportunities. The initiative provided school districts \$184 per full-time equivalent (FTE) student in the 2001-02 school year, \$208 per FTE student in the 2002-03 school year, \$212 per FTE student in the 2003-04 school year, and \$450 per FTE student in the 2004-05 school year. In subsequent years, the amount would increase by inflation.

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.

In 2003 the Legislature reduced the distribution of the I-728 funds so that school districts received \$254 per FTE student in the 2004-05 school year; \$300 per FTE student in the 2005-06 school year; \$375 per FTE student in the 2006-07 school year; and \$450 per FTE student in the 2007-08 school year. In the 2008-09 school year, school districts are receiving \$458 per FTE student, which reflects an inflationary increase from the prior year.

Since I-728's enactment, the Legislature has made changes to the source of funds for the SAF. In 2005, while not changing the amount of per student distributions in each respective school year, the Legislature directed a portion of the revenue generated from an increase in the cigarette tax and the reinstatement of a modified state estate tax to support the per student distributions. This means that beginning in the 2005-06 school year, the per student distributions are now supported from property, cigarette, and estate taxes. For the 2007-09 biennium, a total of \$860.4 million is anticipated to be distributed to school districts from the SAF. If reductions were not made, the amount is scheduled to increase to \$904.4 million for the 2009-11 biennium.

Summary of Bill: The bill requires that disbursements from the Student Achievement Fund be subject to the per student rates established in the Omnibus Appropriation Act during the 2009-11 biennium.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2009, to coincide with the effective date of the 2009-11 fiscal biennium.

Staff Summary of Public Testimony: None.

Persons Testifying: No one.