

SENATE BILL REPORT

SJR 8213

As Reported by Senate Committee On:
State Government, Tribal Relations & Elections, February 2, 2018

Brief Description: Amending the Constitution to allow at least fifty-five percent of voters voting to authorize school district bonds.

Sponsors: Senators Mullet, Palumbo, Fain, Frockt, Dhingra, Pedersen, Wellman, Kuderer, Keiser, Billig, Carlyle, McCoy, Takko, Rolfes, Cleveland, Lias, Saldaña, Hunt, Conway, Van De Wege and Miloscia.

Brief History:

Committee Activity: State Government, Tribal Relations & Elections: 1/24/18, 1/26/18, 2/02/18 [DP-WM, w/oRec].

Brief Summary of Joint Resolution

- Proposes a constitutional amendment to allow school districts to issue general obligation bonds for capital purposes and levy taxes to make payments on those bonds with 55 percent voter approval at a general election, regardless of voter participation.

SENATE COMMITTEE ON STATE GOVERNMENT, TRIBAL RELATIONS & ELECTIONS

Majority Report: Do pass and be referred to Committee on Ways & Means.
Signed by Senators Hunt, Chair; Kuderer, Vice Chair; Saldaña and Zeiger.

Minority Report: That it be referred without recommendation.
Signed by Senator Miloscia, Ranking Member.

Staff: Samuel Brown (786-7470)

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.

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.

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 (M&O) 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 Joint Resolution: A proposed state constitutional amendment is submitted to the voters at the 2018 general election to allow school districts to issue general obligation bonds for capital purposes and levy taxes to make payments on those bonds with 55 percent voter approval at a general election, regardless of voter participation.

Appropriation: None.

Fiscal Note: Not requested.

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: PRO: We arrived at this number as a compromise—this strikes a balance between people who are concerned about a slightly higher threshold for capital bond issuance and districts who have been failing bond measures at 57 or 58 percent. Making these capital investments at the state level inhibits our ability to fund other programs. Bonding is a challenge for our school district, and we are looking at aging facilities without hope of refurbishing or replacing them. Since 2011, 22 bond measures in eastern Washington school districts have received at least 55 percent support, but still failed. Students deserve better. The constitutional amendment will make this threshold less prone to being changed by subsequent legislatures. Democracy operates best under majority rule—the 60 percent threshold lets a minority make the final decision on bonding.

Persons Testifying: PRO: Senator Mark Mullet, Prime Sponsor; Jim Kowalkowski, Superintendent, Davenport School District; Erik Swanson, Superintendent, Omak School District; Andrew Villeneuve, Northwest Progressive Institute.

Persons Signed In To Testify But Not Testifying: No one.