

# SENATE BILL REPORT

## SB 5786

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As Reported By Senate Committee On:  
Early Learning, K-12 & Higher Education, February 23, 2005

**Title:** An act relating to county property tax levies for school purposes.

**Brief Description:** Authorizing voter approved regular property tax levies for school purposes.

**Sponsors:** Senators Weinstein, Pridemore, Prentice, Franklin, Keiser, Kline and McAuliffe.

**Brief History:**

**Committee Activity:** Early Learning, K-12 & Higher Education: 2/16/05, 2/23/05 [w/oRec-WM, DNP].

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

**Majority Report:** That it be referred to Committee on Ways & Means without recommendation.

Signed by Senators McAuliffe, Chair; Pridemore, Vice Chair; Weinstein, Vice Chair; Berkey, Eide, Kohl-Welles, Rasmussen, Rockefeller and Shin.

**Minority Report:** Do not pass.

Signed by Senators Benton, Carrell, Delvin and Schoesler.

**Staff:** Heather Lewis-Lechner (786-7448)

**Background:** Initiative 728. I-728 was approved by voters in the November 2000 general election. Under this initiative, lottery proceeds and a portion of the state property tax are dedicated for educational purposes by transferring revenues into the Student Achievement Fund and the Education Construction Account. Under I-728, allowable uses of the Student Achievement Fund include: hiring more teachers to reduce class sizes and making necessary capital improvements; creating extended learning opportunities for students; providing professional development for educators; and providing early childhood programs.

Property Taxes and Levies. Property taxes are imposed by the state and many local governments. All real and personal property in this state is subject to property tax each year based on its value, unless a specific exemption is provided by law.

The maximum property tax rate is limited by the state constitution to a maximum of 1 percent of true and fair value, or \$10 per \$1,000 of value. Levies that fit within the 1 percent rate limit are regular levies. Generally, districts are not required to get voter approval for regular levies. Property tax rates that exceed the 1 percent limit are called excess levies. The most common excess levies are maintenance and operation levies for school districts and bond retirement levies. Excess levies must obtain a 60 percent majority vote plus meet a minimum voter turnout requirement.

For regular levies, the legislature has adopted dollar rate limits for each individual type of district. The state levy rate is limited to \$3.60 per \$1,000 of assessed value. County general levies are limited to \$1.80 per thousand and city levies are limited to \$3.375 per thousand. In unincorporated areas, there is no city levy but a county road levy of \$2.25 per thousand is authorized. Other districts like fire, library, and hospital districts each have specific rate limits as well. Together the city, county, and these other districts are limited to \$5.90 per thousand and if the combined rates of these districts exceed that \$5.90 limit, the rates of the taxing districts are reduced according to statutorily set priorities until the combined rate is within the \$5.90 limit.

The state, city, county, and other district levies are in total limited to \$9.50 per thousand. Outside the \$9.50 levy districts, other levies have been authorized including: emergency medical services, conservation futures, and affordable housing. If the combined rate of all levies that are imposed exceeds \$10 per thousand, the levies outside of the \$9.50 levies are reduced first. If the total levies are still over \$10 per thousand then the levies subject to the \$5.90 limit are reduced according to statutorily set priorities.

Additionally, the aggregate amount that districts are allowed to raise are limited to the lesser of 1 percent or inflation plus a factor for new construction. This revenue limit does not apply to new value placed on tax rolls attributable to new construction, to improvements to existing property, or to changes in state-assessed valuation.

Currently, school districts are authorized to impose excess levies but not regular levies.

**Summary of Bill:** Counties are authorized to impose a permanent regular property tax levy for the maintenance and operation of schools upon a majority vote of the people. The maximum levy rate is \$0.75 per \$1,000 of assessed value. The county may submit a levy to the county voters after the county has received resolutions requesting the levy from school district boards representing a majority of the students in the county. The levy proceeds are distributed to school districts based on the number of full-time equivalent students in the prior school year in each school district. The tax is not subject to either the \$5.90 aggregate rate limit or the revenue limit and if the combined rate of all levies is over \$10 per thousand this levy will not be reduced.

The legislature intends that this additional funding be used by school districts to provide collectively bargained regional cost-of-living salary supplements and to support two of the objectives of I-728: extended learning opportunities for students and additional professional development for educators.

**Appropriation:** None.

**Fiscal Note:** Requested on February 9, 2005.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** This bill allows a local option. We have a problem in this state in certain areas with the cost of living especially for teachers. Some teachers cannot find affordable housing in their own district and end up driving two hours to work. Students will see their teachers at school during the day and then that night see those same teachers working at Red

Robin in order to afford to live in the district. This bill allows districts to put this levy out to a vote of the people to help out with cost of living expenses for teachers. In Seattle, the salaries for teachers are not keeping up with the cost of living.

We understand that the state overall is dealing with an education funding issue. This is a short term solution that will help school districts retain our best teachers while the state is finding a long-term funding solution. The State's expectations for students and teachers are high. A quality public education must be available to all students and we must have teachers who are experts in their area and people that love what they are doing. With the current salary schedule we cannot do that because we cannot compete with other areas and other jobs. The costs of instruction is increasing and special education costs are rising quickly. We need a capable and stable work force to help students meet the new high expectations we have established for our students.

We are having trouble attracting and retaining teachers. There are many young, bright people who want to work in schools but because of salary and overall funding, schools cannot keep them. They are leaving the schools and going into the private sector. We have invested in training these teachers and are losing that investment. We do not have a uniform system in this state - while we may pay the same amount it does not cost the same amount to live in different areas across the state.

**Testimony Against:** In Washington, education is our paramount duty under the Constitution. We also have a constitutional duty to provide a uniform system. This bill potentially collides with that duty to provide a uniform system. Getting more money into the system is applaudable, but how this bill does it is the possible problem. We need to know for sure that the districts this bill is targeted at are having trouble recruiting and retaining teachers. National research may suggest that is not true. Different counties could produce a disproportionately larger amount of revenue than other counties and so we need to know that they have a disproportionately larger problem to justify the funding difference. When considering the uniform system issue we must also consider the issue of retirement benefits and whether this money will be considered in determining a teacher's retirement benefits. If so we also have a uniform system issue. We have state funding issues we need to deal with. We do not see this as a temporary short-term solution, it is a permanent tax and smaller counties will have trouble keeping up with larger counties without an infusion of a large amount of state money. We urge caution in considering this bill.

The biggest concern in this state is the overall state's funding of education. We do not want to exacerbate the problems that have emerged over the years through patchwork solutions to the funding problems. By allowing individual districts or areas to increase salaries differently there is a discrepancy between districts and that creates an uneven playing field. All districts are having problems dealing with recruitment and retention of teachers; including the rural areas. We need to have a statewide solution.

**Who Testified:** PRO: Senator Weinstein, prime sponsor; Raj Manhas, Seattle Public Schools Superintendent; Wendy Kimball, Seattle Education Assoc.; Connie Fletcher, Issaquah School Board; Chris Mitchell, Citizen; Andrea Cox, LWEA; Kathy Johns, Teacher; Steven Miller, Bellevue Education Assoc.; Judy Bushnell, Bellevue School Board; Gary King, WEA.

CON: Representative Cox, 9th District; Barbara Mertens, WASA; Neal Kirby, Principal, Centralia.