

SENATE BILL REPORT

ESHB 2051

As of Second Reading

Title: An act relating to implementation of basic education expenditures.

Brief Description: Implementing basic education expenditures.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Lytton, Hunter, Sullivan, Maxwell and Pollet).

Brief History: Passed House: 6/28/13, 55-34.

Committee Activity: Ways & Means:

SENATE COMMITTEE ON WAYS & MEANS

Staff: Elise Greef (786-7708)

Background: Under article IX, section 1 of the Washington State Constitution, "It is the paramount duty of the state to make ample provision for the education of all children residing within its borders" The courts have interpreted this to mean that the state must define a program of Basic Education and amply fund it. Legislation enacted in 2009 and 2010 provided for phased-in implementation of changes in both the Basic Education program and the funding to support it.

One of the programs within the statutory definition of Basic Education and funded by state appropriations for K-12 is the Transitional Bilingual Instruction Program (TBIP). The TBIP provides instructional support for students whose level of English language proficiency is determined to be sufficiently deficient to impair learning. This supplemental instruction is provided only for students who are eligible for and enrolled in the TBIP. Students' English language proficiency is measured using an annual statewide assessment. Once students are tested as proficient, they exit the TBIP.

The Education Legacy Trust Account (ELTA) was established by the Legislature in 2005 to receive dedicated tax revenues to support the K-12 school system, increase higher education enrollments and financial aid, and provide for other educational improvements.

The Public Works Assistance Account (PWAA) was established in 1985 to encourage local government self-reliance in meeting public works needs and assist in financing critical

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infrastructure projects. Loan repayments and revenues from three tax sources have historically been deposited into the PWAA:

- The Real Estate Excise Tax (REET) is imposed on the sale of real property. From the revenues of the REET, 6.1 percent is deposited in the PWAA and the remainder is deposited in the State General Fund and the City-County Assistance Account. Penalties for late payments of the REET are deposited into the Housing Trust Fund.
- A Public Utility Tax is imposed on a variety of public utilities, including sewers, natural gas, water, and electricity. From the revenues of this tax, 20 percent of the revenue from water utilities and 60 percent from sewer utilities are deposited into the PWAA.
- A Solid Waste Collection Tax is imposed on garbage utilities. Until June 30, 2015, revenues from this tax are deposited into the State General Fund. In fiscal years 2016, 2017, and 2018, the revenues are evenly divided between the State General Fund and the PWAA. Thereafter, all revenues are deposited into the PWAA.

The Education Construction Fund (ECF) was established to provide for state assistance for K-12 and higher education construction projects. From July 1, 2004, to July 1, 2009, all net lottery revenues allocated for education were deposited in the ECF. Legislation enacted in 2010 redirected the deposit of state lottery revenue from the ECF into the Opportunity Pathways Account and required the State Treasurer to transfer \$102 million each year from the State General Fund into the ECF. In recent years, including the current 2011-13 biennium, the transfers from the State General Fund have been suspended.

Summary of Bill: It is the Legislature's intent to fund a plan to carry out the reforms enacted in 2009 and 2010 legislation regarding Basic Education and to make the statutory changes necessary to support this plan.

The TBIP is expanded to include a requirement that school districts make a program of instructional support available for up to two years immediately after students exit the TBIP on the basis of their performance on the statewide English proficiency assessment, for those students who need assistance in reaching grade-level performance in academic subjects.

Certain revenues currently deposited into the PWAA are deposited into the ELTA through June 30, 2019:

- From July 1, 2013, through June 30, 2019, 2 percent of the REET is deposited into the PWAA and 4.1 percent is deposited in the ELTA. Thereafter, 6.1 percent is deposited in the PWAA.
- From July 1, 2013, through June 30, 2019, the portion of the Public Utility Tax that is currently deposited in the PWAA is deposited in the ELTA. Thereafter, the Public Utility Tax is deposited in the PWAA.
- As under current law, the Solid Waste Collection Tax is deposited in the State General Fund through June 30, 2015. From July 1, 2015, through June 30, 2018, 50 percent is deposited in the ELTA rather than the PWAA. From July 1, 2018, through June 30, 2019, the Solid Waste Collection Tax is deposited in the ELTA, and thereafter it is deposited in the PWAA.

The requirement that the State Treasurer must annually transfer \$102 million from the State General Fund to the ECF is removed.

Appropriation: None.

Fiscal Note: Available on prior version of the bill.

Committee/Commission/Task Force Created: None.

Effective Date: The bill takes effect 90 days after the session in which it was passed, except that Sections 2 through 4 pertaining to expanding the Transitional Bilingual Instruction Program contain an emergency clause and take effect September 1, 2013; Section 7 pertaining to the Public Utility Tax contains an emergency clause and takes effect June 30, 2013; and Section 5 pertaining to the Education Construction Fund, Section 6 pertaining to the Real Estate Excise Tax, and Section 8 pertaining to the Solid Waste Collection Tax contain an emergency clause and take effect immediately.