

# SENATE BILL REPORT

## SB 5851

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As Reported by Senate Committee On:  
Ways & Means, February 26, 2019

**Title:** An act relating to enhancing educational opportunities for vulnerable children and youth using funding distributed from the Puget Sound taxpayer accountability account.

**Brief Description:** Enhancing educational opportunities for vulnerable children and youth using funding distributed from the Puget Sound taxpayer accountability account.

**Sponsors:** Senators Frockt, Saldaña, Wellman and Wilson, C..

**Brief History:**

**Committee Activity:** Ways & Means: 2/20/19, 2/26/19 [DPS].

**Brief Summary of First Substitute Bill**

- Modifies the use of the Puget Sound Taxpayer Accountability Account to include facilities and programs for children and youth that are low-income, homeless, or in foster care, or other vulnerable populations and to start endowments to support improving educational outcomes in early learning, K-12, and higher education.

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 5851 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair, Operating, Capital Lead; Mullet, Capital Budget Cabinet; Braun, Ranking Member; Brown, Assistant Ranking Member, Operating; Honeyford, Assistant Ranking Member, Capital; Bailey, Becker, Billig, Carlyle, Conway, Darneille, Hasegawa, Hunt, Keiser, Liias, Palumbo, Rivers, Schoesler, Van De Wege, Wagoner, Warnick and Wilson, L..

**Staff:** Maria Hovde (786-7474)

**Background:** Regional Transit Authority. A Regional Transit Authority (RTA) is authorized to use its tax revenues to plan, construct, and operate high-capacity transportation, such as express bus service and light rail. There is currently one RTA, Sound Transit, which builds

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and operates regional transit service throughout the urban areas of Pierce, King, and Snohomish counties. Sound Transit lists 16 link light rail stations in the Seattle area and six stations in Tacoma.

Puget Sound Taxpayer Accountability Account. The Puget Sound Taxpayer Accountability (PSTA) Account was created in the state treasury in 2015. Expenditures from the account are subject to appropriation and may only be used for distribution to counties where a portion of the county is within the boundaries of a RTA that includes a county with a population of at least 1,500,000, which currently would apply to King, Pierce, and Snohomish counties. Counties may use distributions from the account only for education services to improve educational outcomes in early learning, K-12, and higher education, including, but not limited to, for youth that are low-income, homeless, or in foster care, or other vulnerable populations.

Sales and Use Tax Offset Fee. Beginning January 1, 2017, an RTA must pay the Department of Revenue a sales and use tax offset fee for deposit into the PSTA account. The sales and use tax offset fee is equal to 3.25 percent of the total payments made by the RTA to construction contractors on construction projects that are voter approved after January 1, 2015, and are excluded from retail sales tax.

**Summary of Bill (First Substitute):** The use of funds disbursed to counties from the PSTA account are modified to include:

- facilities and programs for children and youth that are low-income, homeless, or in foster care, or other vulnerable populations; and
- to start endowments to support improving educational outcomes in early learning, K-12, and higher education.

**EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (First Substitute):** Removes the provision allowing counties to pledge and use distributions from the PSTA Account to pay debt service on county bonds.

**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 on Original Bill:** *The committee recommended a different version of the bill than what was heard.* PRO: This account is a once in a generation opportunity for accelerating services to underserved communities and will allow us to fund the continuum of learning within our region that will serve our most vulnerable citizens. Allowing the establishment of an endowment provides a potential for increasing the impact of this funding and leveraging resources to serve generations to come. It will allow for a coordinated education and service model in our region from pre-Kindergarten through college. This bill makes the existing account stronger and more flexible to address the specific needs for each community and program. All three counties are working with

stakeholders and county governments to ensure that this money is used effectively to support our youth. It will ensure we have the programming we need to help kids with their academic outcomes and social-emotional learning. The young people we work with experience trauma and loss, emotional upheaval, and transitions and instability in their lives; all of which directly impacts their educational outcomes and attainment. This additional flexibility will allow each of our communities to plan to meet the needs of the most vulnerable populations. Facilities is one of the foundations for the ECEAP programs in our state and it is always a challenge. There were 115 applications for capital budget dollars for early learning facilities and only 16 awards so we know there is a need for facility funding. This bill will help to fill that need. It has been well documented that early learning is the best investment that can be made to advance educational outcome for kids as well as ending the cycle of intergenerational poverty for low-income families. With rising rents and housing costs, early learning facilities are being displaced in the neighborhoods where we need them the most. We are working with the State Treasurer's Office to make sure that there is language in the bill that does not make this state debt.

**Persons Testifying:** PRO: Dr. Joyce Loveday, President, Clover Park Technical College; David Beard, Schools Out Washington; Dawn Rains, Treehouse; Melissa Johnson, Washington State Association of Head Start and ECEAP; Nick Federici, United Way of King County; Aida Sanchez-Vela, Sound Alliance.

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