

FINAL BILL REPORT

ESSB 6058

C 19 L 03 E1
Synopsis as Enacted

Brief Description: Modifying the distribution of state property taxes.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senator Oke; by request of Office of Financial Management).

Senate Committee on Ways & Means
House Committee on Finance

Background: Under the law prior to enactment of Initiative 728 (I-728), lottery and state collected property tax revenues were deposited in the state general fund.

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.

Between school years 2001 and 2004, varying percentages of the lottery and a portion of the state property tax are deposited into the Student Achievement Fund.

Under I-728, the Student Achievement Funds provided to school districts are scheduled to increase in the 2004-05 school year through changes to property tax transfers into the account. These changes would increase the school district allocation from \$220 per FTE student to \$450 per FTE student. In subsequent school years, the \$450 per student allocation to school districts would increase by inflation measured by the implicit price deflator.

Summary: The per student allocation from the Student Achievement Fund is: \$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 subsequent school years, the \$450 per student allocation to school districts increases by inflation measured by the implicit price deflator.

Beginning in the 2004-05 school year, Student Achievement Fund allocations will be distributed to school districts based on the state apportionment schedule.

Votes on Final Passage:

Senate 29 20

First Special Session

Senate 28 19

House 66 31

Effective: September 9, 2003