

SENATE BILL REPORT

SB 6512

As Reported by Senate Committee On:
Early Learning & K-12 Education, February 5, 2020

Title: An act relating to the provision of housing for school district employees.

Brief Description: Providing housing to school district employees.

Sponsors: Senators Rolfes, Kuderer, Sheldon, Lovelett, Hasegawa and Wilson, C.

Brief History:

Committee Activity: Early Learning & K-12 Education: 1/31/20, 2/05/20 [DPS-WM, w/oRec, DNP].

Brief Summary of First Substitute Bill

- Allows any school district to build teachers' cottages or other single or multifamily housing for school district employees when directed by a vote of the district to do so.
- Eliminates a board of supervisors that approves certain school property plans.
- Exempts all leasehold interests in facilities owned or used by a school district which provides housing for school district employees from leasehold excise tax.

SENATE COMMITTEE ON EARLY LEARNING & K-12 EDUCATION

Majority Report: That Substitute Senate Bill No. 6512 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Wellman, Chair; Wilson, C., Vice Chair; Hawkins, Ranking Member; Hunt, McCoy, Pedersen, Salomon and Wagoner.

Minority Report: That it be referred without recommendation.

Signed by Senators Holy and Mullet.

Minority Report: Do not pass.

Signed by Senator Padden.

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.

Staff: Ailey Kato (786-7434)

Background: Teacher Cottages. Current state law requires school board directors of second-class school districts to build schoolhouses and teachers' cottages when directed by a vote of the district to do so, and may purchase real property for any school district purpose. It also allows second-class districts to provide suitable dwellings and accommodations for teachers, supervisors, and necessary assistants.

Any school district that has a student enrollment in its public schools of 2000 or more students is a first-class school district. School districts with fewer than 2000 students are second-class school districts.

Board of Supervisors that Approves School Property Plans. Second-class districts or a combination of districts must submit certain plans regarding school property to be approved by a board of supervisors that has certain members.

Leasehold Excise Tax. Leasehold excise tax is assessed on the use of public property by a private party and is in lieu of property tax. The tax rate is 0.1284 of the rent paid for the property. Approximately 53 percent of the tax is directed to the state general fund and 47 percent of the tax is returned to the county and city in which the leased property is located.

Current state law exempts certain leasehold interests from the leasehold excise tax including all leasehold interests in facilities owned or used by a school, college, or university which leasehold provides housing for students and which is otherwise exempt from certain taxation.

Summary of Bill (First Substitute): Housing for School District Employees. The board of directors of any school district may build teachers' cottages or other single or multifamily housing for school district employees, when directed by a vote of the district to do so, including by vote of the district to issue bonds for this purpose.

The board of directors may find the provision of housing for school district employees to be necessary or proper to recruit or retain qualified school district employees or otherwise carry out the functions of the district. Upon such finding, the provision of such housing is in furtherance of the district's fundamental governmental purpose.

Rental or other income from housing, including sale, may be deposited into the school district's general fund to be used for general maintenance, utility, insurance costs, and any other costs associated with the lease or rental of such property and for other district purposes including costs related to operating and maintaining school facilities.

Any school district may enter into an agreement with any municipality, taxing district, or municipal corporation regarding conveying or leasing any lands, properties, or facilities for the development of single or multifamily housing for school district employees or to provide for the joint use, or to participate in the financing as may be fixed by agreement between the respective legislative bodies.

Board of Supervisors that Approves School Property Plans. The statute creating the board of supervisors to approve certain plans regarding school property is repealed.

Leasehold Excise Tax. All leasehold interests in facilities owned or used by a school district which provides housing for students or school district employees is exempt from leasehold excise tax. This exemption expires January 1, 2031.

EFFECT OF CHANGES MADE BY EARLY LEARNING & K-12 EDUCATION COMMITTEE (First Substitute):

- Changes an "and" to "or" so that the leasehold excise tax exemption applies to housing for students or school district employees.
- Expires the tax exemption in ten years.

Appropriation: None.

Fiscal Note: Available.

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: Years ago a teacher's house would be located next to a one-room schoolhouse. Second-class school districts, including rural districts, still maintain the authority to build housing for teachers but the larger, more urban, school districts do not have this authority. Some of these school districts have an affordable housing problem, and this could be one way to address this problem. The availability of affordable housing could help recruit and retain teachers and allow teachers to live in the communities they serve. This bill could provide a model for other public service workers.

Persons Testifying: PRO: Senator Christine Rolfes, Prime Sponsor; Lucinda Young, Washington Education Association; Tyler Muench, Office of Superintendent of Public Instruction; Faith Pettis, Pacifica Law Group LLP.

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