
Education Committee

SB 5043

Brief Description: Providing housing to school district employees.

Sponsors: Senators Salomon, Rolfes, Conway, Das, Hasegawa, Hunt, Kuderer, Lovelett, Saldaña, Wellman and Wilson, C..

Brief Summary of Bill

- Makes changes to provisions related to school district construction of, financing for, and use of income from housing for school district employees.
- Repeals the requirement that a board of supervisors approve plans regarding second-class districts or other combinations of districts to use school district property for specified public purposes.
- Exempts from leasehold excise tax, until January 1, 2032, leasehold interests in facilities owned or used by a school district in which the leasehold provides housing for students or school district employees.

Hearing Date:

Staff: Megan Wargacki (786-7194).

Background:

A school district that has a student enrollment of 2,000 or more students is a first-class school district, and a school district that has a student enrollment of fewer than 2,000 students is a second-class school district. Plans of any second-class school district or combination of districts to use school district property for specified public purposes, including to provide suitable dwellings for teachers and other employees, must be submitted to and approved by a board of supervisors composed of members, as follows: the Superintendent of Public Instruction; the

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head of the extension department of Washington State University; the head of the extension department of the University of Washington; and the educational service district superintendent; these members then choose one member from such county in which the facilities are proposed to be located, and two members, from the district or districts concerned.

Subject to statutory and constitutional debt limits, a board of directors of a school district may borrow money and issue bonds for any capital purpose, for example to the purchase land and build structures necessary or proper to carry out the functions of a district. In some circumstances, bonds may only be issued when authorized by a vote of the qualified electors of the district.

When directed by a vote of the district, the board of directors of a second-class school district must build schoolhouses and teachers' cottages. In addition, the board of directors of a second-class nonhigh school district that is totally surrounded by water and serves fewer than 40 students may authorize the construction of teachers' cottages without a vote of the district using funds from the district's capital projects fund or general fund.

In general, the proceeds from any sale of school district real property must be deposited to the debt service fund and/or the capital projects fund, except for amounts required to be expended for the costs associated with the sale of such property, which may be deposited into the fund from which the expenditure was incurred. However, rental and other income from teacher cottages constructed by a second-class nonhigh school district that is totally surrounded by water and serves fewer than 40 students may be deposited into the school district's general fund, debt service fund, or capital projects fund as determined by the board of directors.

Leasehold tax is due when there is a private lease, permit, license, or similar agreement for publicly owned real or personal property. In most instances, the tax is measured by contract rent, which is the amount paid for use of the public property. The leasehold tax rate is 12.84 percent, of which 6.84 percent goes to the state and 6.00 percent goes to local jurisdictions. There are several statutory leasehold excise tax exemptions, including an exemption for leasehold interests in facilities owned or used by a school, college or university which leasehold provides housing for students and which meets certain other tax exemption requirements, as well as an exemption for leasehold interests of subsidized housing for people with low incomes if the fee ownership of the property is vested in the federal, state, or local government.

Summary of Bill:

The board of directors of a school district 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 necessary or proper to carry out the functions of the district, and upon such finding the provision of such housing is in furtherance of the district's fundamental governmental purpose.

The authority for the board of directors to determine whether rental, sale, and other income from the cottages or other housing is deposited into the general fund, debt service fund, or capital

projects fund is expanded to first-class districts, in addition to second-class districts. In addition, purposes for which housing income deposited into the general fund may be used are provided, so that housing income may be used for costs associated with the lease or rental of such property and for other district purposes.

The board of directors of a school district, whether first-class or second class, may build schoolhouses and teachers' cottages, or other single or multifamily housing for school district employees, when directed by a vote of the qualified electors of the district to do so pursuant to requirements related to borrowing money and issuing negotiable bonds.

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

Leasehold interests in facilities owned or used by a school district in which the leasehold provides housing for students or school district employees are exempt from leasehold excise tax until January 1, 2032.

The statute requiring the board of supervisors to approve plans regarding second-class districts or other combinations of districts to use of school district property for public purposes is repealed.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.