
ENGROSSED SUBSTITUTE HOUSE BILL 2049

State of Washington

69th Legislature

2025 Regular Session

By House Finance (originally sponsored by Representatives Bergquist, Pollet, Santos, Peterson, Fosse, Ryu, Ormsby, Parshley, Macri, Wylie, Berry, Ramel, Street, Gregerson, Doglio, Farivar, Reed, Reeves, Hill, and Callan)

1 AN ACT Relating to investing in the state's paramount duty to
2 fund K-12 education and build strong and safe communities by
3 modifying the state and local property tax authority and adjusting
4 the school funding formula; amending RCW 84.52.0531 and 28A.500.015;
5 creating a new section; and providing an expiration date.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 **Sec. 1.** RCW 84.52.0531 and 2022 c 108 s 3 are each amended to
8 read as follows:

9 (1) Beginning with taxes levied for collection in 2020, the
10 maximum dollar amount which may be levied by or for any school
11 district for enrichment levies under RCW 84.52.053 is equal to the
12 lesser of (~~two dollars and fifty cents~~) \$2.50 per (~~thousand~~
13 ~~dollars~~) \$1,000 of the assessed value of property in the school
14 district or the maximum per-pupil limit. This maximum dollar amount
15 shall be reduced accordingly as provided under RCW 43.09.2856(2).

16 (2) The definitions in this subsection apply to this section
17 unless the context clearly requires otherwise.

18 (a) (~~For the purpose of this section, "inflation"~~) "Inflation"
19 means the percentage change in the seasonally adjusted consumer price
20 index for all urban consumers, Seattle area, for the most recent 12-
21 month period as of September 25th of the year before the taxes are

1 payable, using the official current base compiled by the United
2 States bureau of labor statistics.

3 (b) "Inflation enhancement" means:

4 (i) \$500 in the 2026 calendar year; and

5 (ii) 3.33 percentage points added to inflation each year from the
6 2027 to 2030 calendar years.

7 (c) "Maximum per-pupil limit" means:

8 (i) (~~Two thousand five hundred dollars~~) Through the 2030
9 calendar year:

10 (A) \$2,500, as increased by inflation, plus inflation
11 enhancements defined in (b) of this subsection, beginning with
12 property taxes levied for collection in 2020, multiplied by the
13 number of average annual full-time equivalent students enrolled in
14 the school district in the prior school year, for school districts
15 with fewer than (~~forty thousand~~) 40,000 annual full-time equivalent
16 students enrolled in the school district in the prior school year; or

17 (~~(ii) Three thousand dollars~~) (B) \$3,000, as increased by
18 inflation plus the inflation enhancement defined in (b)(i) of this
19 subsection, beginning with property taxes levied for collection in
20 2020, multiplied by the number of average annual full-time equivalent
21 students enrolled in the school district in the prior school year,
22 for school districts with (~~forty thousand~~) 40,000 or more annual
23 full-time equivalent students enrolled in the school district in the
24 prior school year.

25 (~~(c) "Open for in-person instruction to all students" means that~~
26 all students in all grades have the option to participate in at least
27 40 hours of planned in-person instruction per month and the school
28 follows state department of health guidance and recommendations for
29 resuming in-person instruction to the greatest extent practicable.))

30 (ii) Beginning with the 2031 calendar year, \$5,035, as increased by
31 inflation beginning with property taxes levied for collection in
32 2032, multiplied by the number of average annual full-time equivalent
33 students enrolled in the school district in the prior school year.

34 (d) "Prior school year" means the most recent school year
35 completed prior to the year in which the levies are to be
36 collected(~~, except as follows:~~

37 ~~(i) In the 2022 calendar year, if 2019-20 school year average~~
38 ~~annual full-time equivalent enrollment is greater than the school~~
39 ~~district's 2020-21 school year average annual full-time equivalent~~
40 ~~enrollment and the school district is open for in-person instruction~~

1 ~~to all students by the beginning of the 2021-22 school year, "prior~~
2 ~~school year" means the 2019-20 school year.~~

3 ~~(ii) In the 2023 calendar year, if 2019-20 school year average~~
4 ~~annual full-time equivalent enrollment is greater than the school~~
5 ~~district's 2021-22 school year average annual full-time equivalent~~
6 ~~enrollment and the school district was open for in-person instruction~~
7 ~~to all students by the beginning of the 2021-22 school year, "prior~~
8 ~~school year" means the 2019-20 school year)).~~

9 (3) For districts in a high/nonhigh relationship, the enrollments
10 of the nonhigh students attending the high school shall only be
11 counted by the nonhigh school districts for purposes of funding under
12 this section.

13 (4) For school districts participating in an innovation academy
14 cooperative established under RCW 28A.340.080, enrollments of
15 students attending the academy shall be adjusted so that each
16 participant district receives its proportional share of student
17 enrollments for purposes of funding under this section.

18 (5) Beginning with propositions for enrichment levies for
19 collection in calendar year 2020 and thereafter, a district must
20 receive approval of an enrichment levy expenditure plan under RCW
21 28A.505.240 before submission of the proposition to the voters.

22 (6) The superintendent of public instruction shall develop rules
23 and regulations and inform school districts of the pertinent data
24 necessary to carry out the provisions of this section.

25 (7) Beginning with taxes levied for collection in 2018,
26 enrichment levy revenues must be deposited in a separate subfund of
27 the school district's general fund pursuant to RCW 28A.320.330, and
28 for the 2018-19 school year are subject to the restrictions of RCW
29 28A.150.276 and the audit requirements of RCW 43.09.2856.

30 (8) Funds collected from levies for transportation vehicles,
31 construction, modernization, or remodeling of school facilities as
32 established in RCW 84.52.053 are not subject to the levy limitations
33 in subsections (1) through (5) of this section.

34 **Sec. 2.** RCW 28A.500.015 and 2022 c 108 s 4 are each amended to
35 read as follows:

36 (1) Beginning in calendar year 2020 and each calendar year
37 thereafter, the state must provide state local effort assistance
38 funding to supplement school district enrichment levies as provided
39 in this section.

1 (2) (a) For an eligible school district with an actual enrichment
2 levy rate that is less than (~~(one dollar and fifty cents)~~) \$1.50 per
3 (~~(thousand dollars)~~) \$1,000 of assessed value in the school district,
4 the annual local effort assistance funding is equal to the school
5 district's maximum local effort assistance multiplied by a fraction
6 equal to the school district's actual enrichment levy rate divided by
7 (~~(one dollar and fifty cents)~~) \$1.50 per (~~(thousand dollars)~~) \$1,000
8 of assessed value in the school district.

9 (b) For an eligible school district with an actual enrichment
10 levy rate that is equal to or greater than (~~(one dollar and fifty~~
11 ~~cents)~~) \$1.50 per (~~(thousand dollars)~~) \$1,000 of assessed value in
12 the school district, the annual local effort assistance funding is
13 equal to the school district's maximum local effort assistance.

14 (c) Beginning in calendar year 2022, for state-tribal education
15 compact schools established under chapter 28A.715 RCW, the annual
16 local effort assistance funding is equal to the actual enrichment
17 levy per student as calculated by the superintendent of public
18 instruction for the previous year for the school district in which
19 the state-tribal education compact school is located, up to a maximum
20 per-student amount of (~~(one thousand five hundred fifty dollars)~~)
21 \$1,550 as increased by inflation from the 2019 calendar year,
22 multiplied by the student enrollment of the state-tribal education
23 compact school in the prior school year.

24 (3) The state local effort assistance funding provided under this
25 section is not part of the state's program of basic education deemed
26 by the legislature to comply with the requirements of Article IX,
27 section 1 of the state Constitution.

28 (4) The definitions in this subsection apply throughout this
29 section unless the context clearly requires otherwise.

30 (a) "Eligible school district" means a school district where the
31 amount generated by a levy of (~~(one dollar and fifty cents)~~) \$1.50
32 per (~~(thousand dollars)~~) \$1,000 of assessed value in the school
33 district, divided by the school district's total student enrollment
34 in the prior school year, is less than the state local effort
35 assistance threshold.

36 (b) (~~(For the purpose of this section, "inflation")~~) "Inflation"
37 means(~~(, for any school year, the rate of the yearly increase of the~~
38 ~~previous calendar year's annual average consumer price index for all~~
39 ~~urban consumers, Seattle area, using the official current base~~
40 ~~compiled by the bureau of labor statistics, United States department~~

1 ~~of labor~~) the implicit price deflator for the previous calendar year
2 using the official current base, compiled by the bureau of economic
3 analysis, United States department of commerce.

4 (c) "Maximum local effort assistance" means the difference
5 between the following:

6 (i) The school district's actual prior school year enrollment
7 multiplied by the state local effort assistance threshold; and

8 (ii) The amount generated by a levy of (~~one dollar and fifty~~
9 ~~cents~~) \$1.50 per (~~thousand dollars~~) \$1,000 of assessed value in
10 the school district.

11 (d) "Prior school year" means the most recent school year
12 completed prior to the year in which the state local effort
13 assistance funding is to be distributed(~~, except as follows:~~

14 ~~(i) In the 2022 calendar year, if 2019-20 school year average~~
15 ~~annual full-time equivalent enrollment is greater than the school~~
16 ~~district's 2020-21 school year average annual full-time equivalent~~
17 ~~enrollment, "prior school year" means the 2019-20 school year.~~

18 ~~(ii) In the 2023 calendar year, if 2019-20 school year average~~
19 ~~annual full-time equivalent enrollment is greater than the school~~
20 ~~district's 2021-22 school year average annual full-time equivalent~~
21 ~~enrollment, "prior school year" means the 2019-20 school year)).~~

22 (e) "State local effort assistance threshold" means (~~one~~
23 ~~thousand five hundred fifty dollars~~) \$1,550 per student, increased
24 for inflation beginning in calendar year 2020.

25 (f) "Student enrollment" means the average annual full-time
26 equivalent student enrollment.

27 (5) For districts in a high/nonhigh relationship, the enrollments
28 of the nonhigh students attending the high school shall only be
29 counted by the nonhigh school districts for purposes of funding under
30 this section.

31 (6) For school districts participating in an innovation academy
32 cooperative established under RCW 28A.340.080, enrollments of
33 students attending the academy shall be adjusted so that each
34 participant district receives its proportional share of student
35 enrollments for purposes of funding under this section.

36 NEW SECTION. **Sec. 3.** The superintendent of public instruction
37 shall convene a K-12 funding equity work group to analyze K-12
38 funding formulas and revenue sources and explore options for
39 revisions to the funding formula that are responsive to student

1 needs, including economic, demographic, and geographic differences in
2 student and community populations. The office of the superintendent
3 of public instruction may contract with institutions of higher
4 education and public, nonpartisan research entities to support the
5 work group's analysis.

6 (1) At a minimum, the work group's analysis must include:

7 (a) Impacts of changes to per-pupil funding formulas and local
8 revenue;

9 (b) Compensation factors described in RCW 28A.150.412;

10 (c) Funding distribution trends resulting from the prototypical
11 school funding formula;

12 (d) Impacts of economic disparities on communities' access to
13 resources for schools; and

14 (e) Current formulas that benefit specific populations of
15 students including, but not limited to, the learning assistance
16 program, local effort assistance, and small school funding.

17 (2) The superintendent of public instruction must use the work
18 group's analysis conducted under subsection (1) of this section to
19 consider options for revising state and local school funding
20 formulas. By November 1, 2025, and annually thereafter through 2027,
21 the superintendent of public instruction shall report the work
22 group's progress and any proposed options to the education and fiscal
23 committees of the legislature. The reports must include, but are not
24 limited to, the following topics:

25 (a) Options for revisions to the funding formula that address
26 system and resource inequities;

27 (b) Options that address state, local, and regional needs;

28 (c) The potential adoption of student weights to direct
29 additional funding to students most in need;

30 (d) Modifications to state and local tax authority for schools;
31 and

32 (e) Metrics for monitoring and accountability related to
33 equitable access to resources.

34 (3) The superintendent of public instruction may determine the
35 size, membership, and meeting frequency of the work group. The work
36 group must include representation from education and community
37 partners that are demographically and geographically diverse
38 including, but not limited to, groups representing educators, school
39 and district administrators, labor unions, families, students,

1 community partners who support groups disproportionately impacted by
2 inequities, the department of revenue, and legislators.

3 (4) This section expires December 1, 2027.

--- **END** ---