

SENATE BILL REPORT

SB 6714

As Reported By Senate Committee On:
Government Operations, February 6, 1998

Title: An act relating to real estate excise tax revenues related to construction of capital improvements to public schools.

Brief Description: Authorizing real estate excise tax revenues for construction of capital improvements to public schools.

Sponsors: Senators Anderson, Heavey, Strannigan, Rasmussen, Rossi, Finkbeiner, Stevens, Goings, Roach, T. Sheldon, Long, Hargrove, Deccio, Franklin, Johnson, Schow, Swecker, Oke, Winsley and Kline.

Brief History:

Committee Activity: Government Operations: 2/5/98, 2/6/98 [DPS-WM].

SENATE COMMITTEE ON GOVERNMENT OPERATIONS

Majority Report: That Substitute Senate Bill No. 6714 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators McCaslin, Chair; Hale, Vice Chair; Anderson, Haugen, Horn and T. Sheldon.

Staff: Genevieve Pisarski (786-7488)

Background: School construction is funded by a combination of state general funds, state timberland revenues, local property tax levies, and impact fees. Local governments are authorized to require adequate schools as a condition of subdivision and to assess mitigation fees for adverse environmental impact on school capacity.

There is a state-imposed excise tax on the sale of real property at the rate of 1.28 percent of the selling price. Of the proceeds, 7.7 percent is deposited in the public works assistance account and the rest in the general fund for the support of the common schools.

Summary of Substitute Bill: School districts are authorized to make a one-time election to request a county excise tax in lieu of school impact fees.

If requested by a school district, a county must impose an additional excise tax on the sale of real property within the requesting school district at the rate of 0.128 percent of the selling price. The additional real estate excise tax is deducted from the state-imposed real estate excise tax.

Resulting revenues are distributed to school districts proportionately with real estate sales in the district and may be used for capital improvements and repayment of bonded indebtedness, but not for operation and maintenance.

A county that imposes an additional excise tax for schools may not impose impact fees or mitigation fees. Counties and cities that plan under the Growth Management Act and impose the tax must show in their capital facilities plans that the tax has replaced the previous funding sources.

A county may use 2 percent of the additional excise tax for expenses. Counties and school districts must report revenues and expenditures from the tax annually. The effective date is July 1, 1999.

Substitute Bill Compared to Original Bill: Counties continue to be able to require that subdivisions dedicate land for schools. An effective date is added. Reporting is through the Superintendent of Public Instruction.

Appropriation: None.

Fiscal Note: Requested on February 3, 1998.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: An optional revenue source for schools is needed. No single source of school funding is sufficient. Areas of new growth benefit from impact fees, but there is a great need in urban areas, where school facilities are deteriorating. Growth will continue to be required to pay for itself. An effective date is needed.

Testimony Against: Cities would be bound without having a choice. The ability to require dedication of land by subdivisions should continue. A one-time election prevents school boards from changing past policies.

Testified: Trent Matson, John Spangenberg, Tom Heller, BIAW MBA (pro); D. Ducharme, C. Lappenbush, Paul Nolan, BIAW M Island Edmonds (pro); Field Kline, small business owner (pro); Dwayne Slate, Washington State School Directors' Association (con).