

## Economic Sense - Twenty-Third Edition

# **SB 5313 - A History Lesson Unlearned?**

*A \$2.5 billion property-tax increase that's  
the wrong step for equity, taxpayers, and children*

### **Bottom line up front:**

Senate Bill 5313 is a morally and fiscally flawed proposal that rejects the lessons of 40 years of K-12 funding history.

It would raise local K-12 property-tax authority by \$2.5 billion annually, in a way that benefits the wealthier areas of the state while creating funding and taxpayer inequities in the poorer areas.

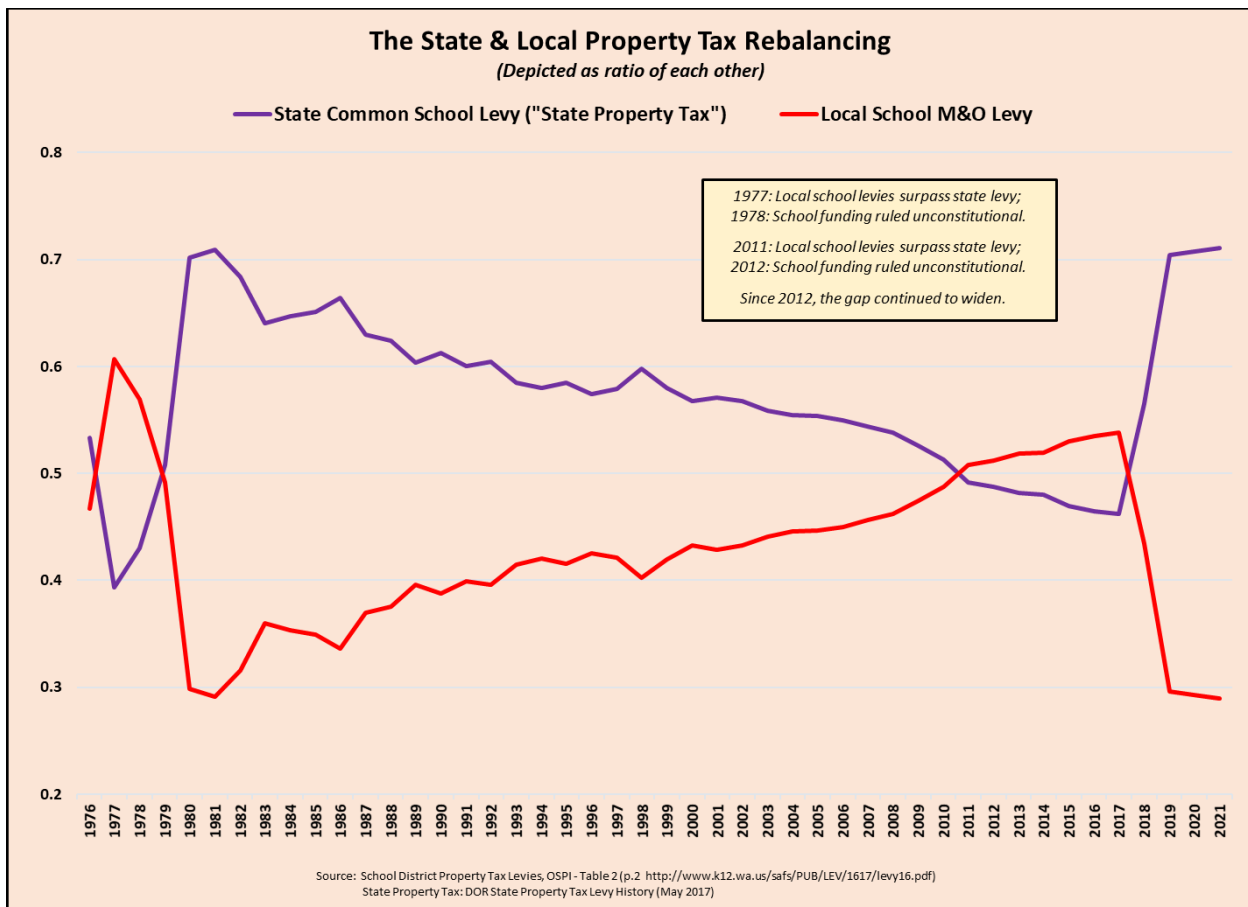
This would return Washington to the days when public schools were "haves" or "have nots," and the quality of a child's education depended on the ZIP code of his or her home.

If SB 5313 becomes law, it will result in a constitutionally non-uniform system of public education that eventually will be struck down by the courts.

## 1) The History Lesson

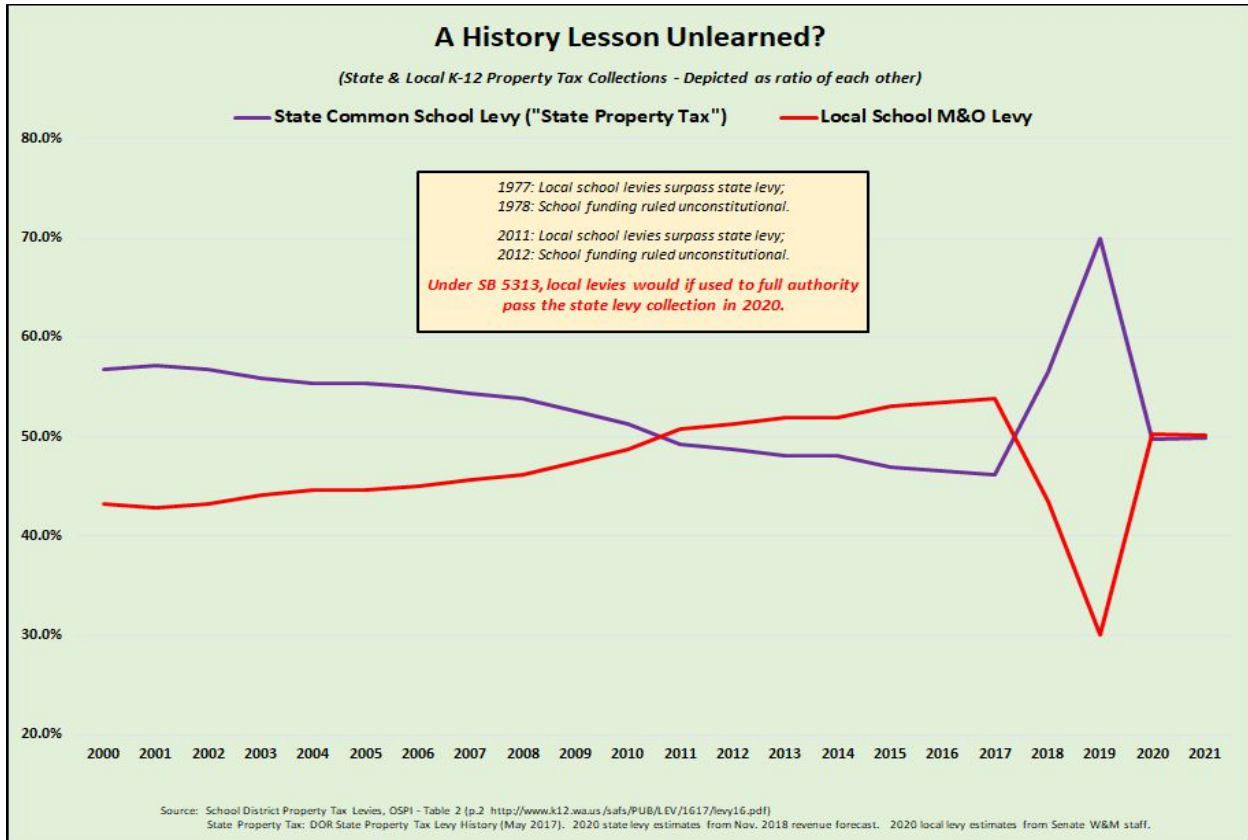
The chart below tells a compelling history lesson:

- In 1977, local school levies surpassed the state levy in tax dollars collected, indicating significant reliance on local levies to fund public education<sup>1</sup>
- **In 1978, school funding was ruled unconstitutional.**<sup>2</sup>
- In 2011, local school levies surpassed the state levy in tax dollars collected, indicating significant reliance on local levies to fund public education.<sup>3</sup>
- **In 2012, school funding was ruled unconstitutional.**<sup>4</sup>



The Legislature, as part of its effort to return school funding to constitutional compliance, rebalanced those revenue sources – increasing the state property tax, while decreasing local levy authority.<sup>5</sup>

## 2) Unconstitutional Reliance on Local Levies, Here We Come



This chart shows that if SB 5313 passes, in just one year, the state would again return to a scenario where local levies could exceed state property-tax collections. It's the exact same scenario that resulted in the 1978 and 2012 court decisions that our K-12 funding system was unconstitutional.

The magnitude of the potential increase in local levies enabled by SB 5313 is staggering: an additional \$2.5 billion a year.<sup>6</sup> To put this in perspective:

- Local levies currently are \$1.5 billion a year – this would raise it to \$4 billion.
- The \$2.5 billion increase is more than the sum of all local levies collected statewide when the *McCleary* decision found an overreliance on local levies!<sup>7</sup>

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### 3) A Fundamentally Flawed Approach: “Haves” & “Have Nots,” Leading to Inequity and a Non-Uniform System of Public Schools

We've been down this road and it doesn't end well, for taxpayers or students.

From the student perspective, this vast reliance on local levies creates a system of haves and have nots among Washington's 295 school districts.

SB 5313 would enable the "haves" of the world – districts such as Seattle, Mercer Island, Bellevue – to raise \$3,500 per student at levy rates of \$1 (per \$1,000 assessed property valuation) or less.<sup>8</sup>

The "have nots" – primarily districts in areas with high poverty, and often very diverse student populations – would need to increase their levies to \$5 per \$1,000 APV or more in order to raise that same amount.<sup>9</sup> This means, perversely, the poorer areas of the state would pay much higher taxes for the same level of service as the wealthy areas – or their children would simply get less than the wealthy areas.

This is wrong, both morally and fiscally. And ***every time*** the state has gone down this road the state Supreme Court has found it to be constitutionally flawed.

The reason? In addition to the well-known "ample provision" mandate concerning basic education, Washington's constitution requires a "general and uniform" public school system.<sup>10</sup> The lack of uniformity was the fundamental underpinning of both the *Doran* decision in the 1970s and the *McCleary* decision in 2012.<sup>11</sup>

A system with substantial reliance on local levies is bound to become a system of "haves" and "have nots". It is as certain to happen as the sun rising in the east each morning.

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## 4) Taxpayer Impacts if Districts Choose to Levy Full Authority Granted Under SB 5313

How can anyone look at the different tax rates enabled by SB 5313 and see anything but inequity? Or how it could tie the quality of a child's education to that child's ZIP code? As the table below shows, wealthier areas can – and will – generate \$3,570 per pupil at a tax rate of \$1 (per \$1,000 assessed property valuation), while areas such as Aberdeen will have to levy a rate near \$10 per \$1,000 APV to provide the same level of support.<sup>12</sup>

*[Economic Sense #15](#), from August 2018, featured an "Open Letter to Future Legislatures to Prevent McCleary 2.0". The second of its three lessons was:*

### 2. Resist the urge to raise local levies

The temptation will be great - school districts and the education establishment will line up requesting increased local levy authority, and it will seem like "free money".

Don't do it. It will only get our state in trouble.

The issue with increased local levies is multifaceted: some districts will be able to utilize them, others will not. Disparate results will occur and, make no mistake, it will be the wealthiest districts that benefit, returning our state to a school system of haves and have-nots.

The reality is this: if there are funding needs that are widespread and meritorious, then they should be funded at the state level to ensure every student receives those services and those costs are borne equally across the state.

Resisting this urge to increase local levy authority will be perhaps the biggest challenge, but it will also be among the most important if you are to avoid another education funding crisis.

*Less than a year after the Supreme Court agreed the Legislature had returned Washington's public-school funding system to constitutional compliance, SB 5313 would unwisely set the stage for another education-funding crisis.*

*This is the wrong path – inequitable for children and taxpayers alike – and ignores what 40 years of history should have taught lawmakers.*

**Estimated Tax Rates in CY 20 under Current Law versus \$3,500/pupil (assuming voter approval)**

<b>District</b>	<b>Current Law</b>	<b><u>\$3,570 Per Pupil</u> <i>(\$3,500 + inflation)</i></b>	<b>Difference</b>
Aberdeen	\$1.50	\$9.99	\$8.49
Adna	\$1.50	\$5.28	\$3.78
Almira	\$1.50	\$3.44	\$1.94
Anacortes	\$1.10	\$1.55	\$0.45
Arlington	\$1.50	\$4.03	\$2.53
Asotin-Anatone	\$1.50	\$5.70	\$4.20
Auburn	\$1.50	\$4.30	\$2.80
Bainbridge	\$1.11	\$1.55	\$0.44
Battle Ground	\$1.50	\$4.20	\$2.70
Bellevue	\$0.72	\$1.00	\$0.28
Bellingham	\$1.50	\$2.58	\$1.08
Benge	\$1.49	\$2.08	\$0.59
Bethel	\$1.50	\$5.39	\$3.89
Bickleton	\$0.79	\$1.11	\$0.32
Blaine	\$1.36	\$1.91	\$0.55
Boistfort	\$1.50	\$3.38	\$1.88
Bremerton	\$1.47	\$4.05	\$2.58
Brewster	\$1.40	\$7.14	\$5.74
Bridgeport	\$1.50	\$17.78	\$16.28
Brinnon	\$0.84	\$1.18	\$0.34
Burlington-Edison	\$1.50	\$3.35	\$1.85
Camas	\$1.50	\$3.95	\$2.45
Cape Flattery	\$1.50	\$12.17	\$10.67
Carbonado	\$1.50	\$5.98	\$4.48
Cascade	\$1.13	\$1.69	\$0.56

Cashmere	\$1.50	\$5.96	\$4.46
Castle Rock	\$1.45	\$4.73	\$3.28
Centerville	\$1.50	\$2.82	\$1.32
Central Kitsap	\$1.50	\$4.39	\$2.89
Central Valley	\$1.50	\$5.41	\$3.91
Centralia	\$1.50	\$6.04	\$4.54
Chehalis	\$1.50	\$5.02	\$3.52
Cheney	\$1.44	\$4.18	\$2.74
Chewelah	\$1.50	\$5.14	\$3.64
Chimacum	\$1.16	\$1.62	\$0.46
Clarkston	\$1.50	\$6.25	\$4.75
Cle Elum-Roslyn	\$0.83	\$1.22	\$0.39
Clover Park	\$1.50	\$6.90	\$5.40
Colfax	\$1.50	\$4.21	\$2.71
College Place	\$1.50	\$4.54	\$3.04
Colton	\$1.50	\$3.23	\$1.73
Columbia (Stevens Co.)	\$1.19	\$4.52	\$3.33
Columbia (Walla Walla)	\$1.50	\$3.49	\$1.99
Colville	\$1.49	\$5.81	\$4.32
Concrete	\$1.50	\$2.46	\$0.96
Conway	\$1.44	\$3.37	\$1.93
Cosmopolis	\$1.50	\$5.60	\$4.10
Coulee-Hartline	\$1.50	\$2.92	\$1.42
Coupeville	\$1.06	\$1.53	\$0.47
Crescent	\$1.44	\$3.37	\$1.93
Creston	\$0.89	\$1.25	\$0.36
Curlew	\$1.50	\$6.25	\$4.75
Cusick	\$1.42	\$2.95	\$1.53
Damman	\$1.03	\$1.94	\$0.91
Darrington	\$1.37	\$3.74	\$2.37

Davenport	\$1.50	\$7.22	\$5.72
Dayton	\$1.20	\$1.69	\$0.49
Deer Park	\$1.50	\$7.66	\$6.16
Dieringer	\$1.50	\$3.15	\$1.65
Dixie	\$0.99	\$1.39	\$0.40
East Valley	\$1.50	\$4.27	\$2.77
East Valley (Yakima Co.)	\$1.50	\$6.75	\$5.25
Eastmont	\$1.50	\$4.50	\$3.00
Easton	\$0.49	\$0.69	\$0.20
Eatonville	\$1.50	\$4.10	\$2.60
Edmonds	\$1.47	\$2.22	\$0.75
Ellensburg	\$1.50	\$4.19	\$2.69
Elma	\$1.50	\$5.81	\$4.31
Endicott	\$1.50	\$2.39	\$0.89
Entiat	\$1.50	\$3.77	\$2.27
Enumclaw	\$1.50	\$3.92	\$2.42
Ephrata	\$1.50	\$9.31	\$7.81
Evaline	\$1.24	\$2.36	\$1.12
Everett	\$1.50	\$3.20	\$1.70
Evergreen (Clark Co.)	\$1.50	\$5.00	\$3.50
Evergreen (Stevens Co.)	\$0.54	\$3.06	\$2.52
Federal Way	\$1.50	\$4.85	\$3.35
Ferndale	\$1.50	\$3.87	\$2.37
Fife	\$1.50	\$3.39	\$1.89
Finley	\$1.50	\$5.84	\$4.34
Franklin Pierce	\$1.50	\$6.01	\$4.51
Freeman	\$1.49	\$4.82	\$3.33
Garfield	\$1.50	\$4.10	\$2.60
Glenwood	\$1.50	\$5.96	\$4.46
Goldendale	\$1.50	\$3.04	\$1.54



Grand Coulee Dam	\$1.50	\$7.49	\$5.99
Grandview	\$1.50	\$14.48	\$12.98
Granger	\$1.50	\$14.34	\$12.84
Granite Falls	\$1.50	\$3.55	\$2.05
Grapeview	\$0.95	\$1.33	\$0.38
Great Northern	\$1.40	\$2.01	\$0.61
Green Mountain	\$1.50	\$3.43	\$1.93
Griffin	\$1.50	\$2.67	\$1.17
Harrington	\$1.50	\$3.03	\$1.53
Highland	\$1.50	\$6.91	\$5.41
Highline	\$1.50	\$3.18	\$1.68
Hockinson	\$1.50	\$4.19	\$2.69
Hood Canal	\$1.02	\$1.43	\$0.41
Hoquiam	\$1.50	\$9.63	\$8.13
Inchelium	\$1.50	\$11.76	\$10.26
Index	\$1.04	\$1.45	\$0.41
Issaquah	\$1.03	\$2.09	\$1.06
Kahlotus	\$0.89	\$1.85	\$0.96
Kalama	\$1.50	\$2.47	\$0.97
Keller	\$1.12	\$12.45	\$11.33
Kelso	\$1.47	\$7.70	\$6.23
Kennewick	\$1.50	\$8.27	\$6.77
Kent	\$1.50	\$3.58	\$2.08
Kettle Falls	\$0.00	\$6.14	\$6.14
Kiona-Benton	\$1.50	\$7.06	\$5.56
Kittitas	\$1.50	\$3.18	\$1.68
Klickitat	\$1.50	\$6.55	\$5.05
La Conner	\$1.50	\$4.02	\$2.52
La Center	\$1.50	\$4.65	\$3.15
Lacrosse Joint	\$0.69	\$0.97	\$0.28

Lake Chelan	\$1.26	\$1.86	\$0.60
Lake Stevens	\$1.44	\$4.70	\$3.26
Lake Washington	\$0.89	\$1.62	\$0.73
Lakewood	\$1.50	\$3.26	\$1.76
Lamont	\$1.50	\$3.56	\$2.06
Liberty	\$1.50	\$2.69	\$1.19
Lind	\$1.50	\$2.26	\$0.76
Longview	\$1.50	\$4.54	\$3.04
Loon Lake	\$0.61	\$2.56	\$1.95
Lopez	\$0.47	\$0.66	\$0.19
Lyle	\$1.50	\$2.47	\$0.97
Lynden	\$1.50	\$4.22	\$2.72
Mabton	\$1.46	\$14.22	\$12.76
Mansfield	\$1.50	\$3.92	\$2.42
Manson	\$1.46	\$2.28	\$0.82
Mary M Knight	\$1.50	\$23.12	\$21.62
Mary Walker	\$1.42	\$8.27	\$6.85
Marysville	\$1.50	\$4.38	\$2.88
McCleary	\$1.50	\$6.41	\$4.91
Mead	\$1.50	\$5.79	\$4.29
Medical Lake	\$1.45	\$9.85	\$8.40
Mercer Island	\$0.75	\$1.05	\$0.30
Meridian	\$1.50	\$4.88	\$3.38
Methow Valley	\$1.26	\$1.77	\$0.51
Mill A	\$0.00	\$1.93	\$1.93
Monroe	\$1.48	\$3.45	\$1.97
Montesano	\$1.50	\$7.20	\$5.70
Morton	\$1.50	\$3.05	\$1.55
Moses Lake	\$1.50	\$7.42	\$5.92
Mossyrock	\$1.50	\$3.98	\$2.48

Mount Adams	\$1.39	\$18.28	\$16.89
Mount Baker	\$1.50	\$3.61	\$2.11
Mount Pleasant	\$1.50	\$5.28	\$3.78
Mount Vernon	\$1.50	\$5.51	\$4.01
Mukilteo	\$1.50	\$2.69	\$1.19
Naches Valley	\$1.50	\$4.84	\$3.34
Napavine	\$1.50	\$6.55	\$5.05
Naselle-Grays River	\$1.50	\$4.89	\$3.39
Nespelem	\$1.50	\$46.62	\$45.12
Newport	\$1.50	\$4.69	\$3.19
Nine Mile Falls	\$1.50	\$4.59	\$3.09
Nooksack Valley	\$1.50	\$5.66	\$4.16
North Beach	\$0.99	\$1.38	\$0.39
North Franklin	\$1.41	\$5.79	\$4.38
North Kitsap	\$1.35	\$2.52	\$1.17
North Mason	\$1.50	\$3.23	\$1.73
North River	\$0.00	\$4.31	\$4.31
North Thurston	\$1.50	\$4.05	\$2.55
Northport	\$1.41	\$3.87	\$2.46
Northshore	\$1.50	\$2.33	\$0.83
Oak Harbor	\$1.50	\$4.98	\$3.48
Oakesdale	\$1.50	\$2.12	\$0.62
Oakville	\$1.50	\$5.44	\$3.94
Ocean Beach	\$1.45	\$2.03	\$0.58
Ocosta	\$1.50	\$2.82	\$1.32
Odessa	\$1.50	\$3.43	\$1.93
Okanogan	\$1.50	\$13.64	\$12.14
Olympia	\$1.50	\$3.39	\$1.89
Omak	\$1.50	\$29.28	\$27.78
Onalaska	\$1.50	\$5.25	\$3.75

Onion Creek	\$1.50	\$4.97	\$3.47
Orcas	\$0.79	\$1.11	\$0.32
Orchard Prairie	\$1.09	\$3.31	\$2.22
Orient	\$0.00	\$2.33	\$2.33
Orondo	\$1.27	\$1.96	\$0.69
Oroville	\$1.50	\$4.42	\$2.92
Orting	\$1.50	\$5.73	\$4.23
Othello	\$1.50	\$11.03	\$9.53
Palisades	\$1.50	\$2.53	\$1.03
Palouse	\$1.50	\$4.55	\$3.05
Pasco	\$1.43	\$8.74	\$7.31
Pateros	\$1.50	\$5.91	\$4.41
Paterson	\$0.59	\$0.93	\$0.34
Pe Ell	\$1.50	\$4.61	\$3.11
Peninsula	\$1.50	\$2.16	\$0.66
Pioneer	\$1.50	\$2.93	\$1.43
Pomeroy	\$1.14	\$1.59	\$0.45
Port Angeles	\$1.50	\$4.00	\$2.50
Port Townsend	\$1.05	\$1.47	\$0.42
Prescott	\$1.30	\$2.09	\$0.79
Prosser	\$1.50	\$6.47	\$4.97
Pullman	\$1.50	\$4.26	\$2.76
Puyallup	\$1.50	\$4.54	\$3.04
Queets-Clearwater	\$1.49	\$2.08	\$0.59
Quilcene	\$1.50	\$5.99	\$4.49
Quillayute Valley	\$1.50	\$24.29	\$22.79
Quinault	\$1.42	\$4.09	\$2.67
Quincy	\$1.50	\$2.11	\$0.61
Rainier	\$1.50	\$5.43	\$3.93
Raymond	\$1.50	\$9.04	\$7.54

Reardan	\$1.50	\$3.72	\$2.22
Renton	\$1.50	\$2.17	\$0.67
Republic	\$1.46	\$4.08	\$2.62
Richland	\$1.50	\$6.05	\$4.55
Ridgefield	\$1.50	\$3.00	\$1.50
Ritzville	\$1.50	\$3.29	\$1.79
Riverside	\$1.50	\$4.53	\$3.03
Riverview	\$1.50	\$2.58	\$1.08
Rochester	\$1.50	\$6.30	\$4.80
Roosevelt	\$0.41	\$1.01	\$0.60
Rosalia	\$1.50	\$3.45	\$1.95
Royal	\$1.47	\$6.66	\$5.19
San Juan	\$0.57	\$0.80	\$0.23
Satsop	\$1.50	\$8.10	\$6.60
Seattle	\$0.53	\$0.74	\$0.21
Sedro-Woolley	\$1.50	\$4.69	\$3.19
Selah	\$1.50	\$7.52	\$6.02
Selkirk	\$1.50	\$2.76	\$1.26
Sequim	\$1.32	\$2.03	\$0.71
Shaw	\$0.00	\$0.28	\$0.28
Shelton	\$1.50	\$7.11	\$5.61
Shoreline	\$1.40	\$2.28	\$0.88
Skamania	\$1.18	\$2.50	\$1.32
Skykomish	\$0.69	\$0.96	\$0.27
Snohomish	\$1.45	\$3.42	\$1.97
Snoqualmie Valley	\$1.39	\$2.45	\$1.06
Soap Lake	\$1.50	\$7.27	\$5.77
South Bend	\$1.50	\$10.45	\$8.95
South Kitsap	\$1.50	\$4.03	\$2.53
South Whidbey	\$0.75	\$1.05	\$0.30

Southside	\$1.50	\$5.07	\$3.57
Spokane	\$1.50	\$5.23	\$3.73
Sprague	\$1.34	\$1.88	\$0.54
St John	\$1.50	\$2.20	\$0.70
Stanwood-Camano	\$1.50	\$2.36	\$0.86
Star	\$0.00	\$0.93	\$0.93
Starbuck	\$0.00	\$0.92	\$0.92
Stehekin	\$0.00	\$0.58	\$0.58
Steilacoom Hist.	\$1.50	\$3.58	\$2.08
Steptoe	\$1.50	\$3.54	\$2.04
Stevenson-Carson	\$1.50	\$3.40	\$1.90
Sultan	\$1.45	\$4.30	\$2.85
Summit Valley	\$1.50	\$6.58	\$5.08
Sumner	\$1.50	\$3.49	\$1.99
Sunnyside	\$1.50	\$16.15	\$14.65
Tacoma	\$1.50	\$3.61	\$2.11
Taholah	\$1.50	\$43.01	\$41.51
Tahoma	\$1.47	\$4.15	\$2.68
Tekoa	\$1.43	\$7.78	\$6.35
Tenino	\$1.50	\$3.93	\$2.43
Thorp	\$1.50	\$2.49	\$0.99
Toledo	\$1.50	\$5.48	\$3.98
Tonasket	\$1.50	\$8.09	\$6.59
Toppenish	\$1.50	\$22.38	\$20.88
Touchet	\$1.50	\$2.85	\$1.35
Toutle Lake	\$1.50	\$5.26	\$3.76
Trout Lake	\$1.50	\$5.01	\$3.51
Tukwila	\$1.50	\$2.50	\$1.00
Tumwater	\$1.50	\$4.37	\$2.87
Union Gap	\$1.50	\$4.89	\$3.39

University Place	\$1.50	\$5.13	\$3.63
Valley	\$1.13	\$19.53	\$18.40
Vancouver	\$1.50	\$3.94	\$2.44
Vashon Island	\$1.24	\$1.74	\$0.50
Wahkiakum	\$1.50	\$3.82	\$2.32
Wahluke	\$1.50	\$10.59	\$9.09
Waitsburg	\$1.50	\$3.66	\$2.16
Walla Walla	\$1.50	\$5.76	\$4.26
Wapato	\$1.50	\$16.15	\$14.65
Warden	\$1.33	\$5.82	\$4.49
Washougal	\$1.50	\$3.55	\$2.05
Washtucna	\$1.34	\$2.88	\$1.54
Waterville	\$1.45	\$4.57	\$3.12
Wellpinit	\$1.16	\$33.37	\$32.21
Wenatchee	\$1.50	\$5.68	\$4.18
West Valley (Spokane)	\$1.50	\$6.25	\$4.75
West Valley (Yakima Co.)	\$1.50	\$6.51	\$5.01
White Pass	\$1.50	\$2.34	\$0.84
White River	\$1.40	\$3.96	\$2.56
White Salmon	\$1.50	\$3.45	\$1.95
Wilbur	\$1.50	\$4.89	\$3.39
Willapa Valley	\$1.50	\$5.48	\$3.98
Wilson Creek	\$1.50	\$5.09	\$3.59
Winlock	\$1.50	\$6.87	\$5.37
Wishkah Valley	\$1.50	\$6.25	\$4.75
Wishram	\$1.50	\$5.51	\$4.01
Woodland	\$1.50	\$4.18	\$2.68
Yakima	\$1.50	\$10.84	\$9.34
Yelm	\$1.50	\$5.79	\$4.29
Zillah	\$1.50	\$9.13	\$7.63

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## Footnotes:

1. See sourcing note on table (School district levies - OSPI Table 2 (p.2 <http://www.k12.wa.us/safs/PUB/LEV/1617/levy16.pdf>) State property Tax: DOR State Property Tax Levy History (May 2017)
2. Seattle School Dist. v. State, 90 Wn.2d 476 (1978) <https://law.justia.com/cases/washington/supreme-court/1978/44845-1.html>
3. See footnote 1.
4. McCleary vs. State, No. 84362-7 (2012) <https://law.justia.com/cases/washington/supreme-court/2012/84362-7-0.html>
5. EHB 2242 (2017) <http://lawfiles.biennium/2017-18/Pdf/Bills/House%20Passed%20Legislature/2242.PL.pdf>
6. Senate W&M staff (estimate \$3.9 billion raised in CY 20 vs. \$1.5 billion current law)
7. In 2012, local levies were \$2.04 billion. By 2016, they had risen to \$2.40 billion.
8. See table in section 4.
9. Id.
10. Article IX, sec. 2 of Washington State Constitution (“The legislature shall provide for a general and uniform system of public schools.”) <http://leg.wa.gov/lawsandagencyrules/documents/12-2010-wastateconstitution.pdf>
11. See links to footnote 2 and 4.
12. Source of table: Senate Ways & Means staff.