

Multiple Agency Fiscal Note Summary

Bill Number: 4200 HJR	Title: School district bonds
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Estimated Cash Receipts

NONE

Agency Name	2021-23		2023-25		2025-27	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI				1,198,360,000		2,519,669,000
Local Gov. Other		164,000				
Local Gov. Total		164,000				

Estimated Operating Expenditures

Agency Name	2021-23				2023-25				2025-27			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Office of the Secretary of State	.0	74,037	74,037	74,037	.0	0	0	0	.0	0	0	0
Office of the Secretary of State	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.											
Department of Revenue	.0	0	0	0	.0	0	0	0	.0	0	0	0
Superintendent of Public Instruction	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total \$	0.0	74,037	74,037	74,037	0.0	0	0	0	0.0	0	0	0

Agency Name	2021-23			2023-25			2025-27		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other			164,000						
Local Gov. Total			164,000						

Estimated Capital Budget Expenditures

Agency Name	2021-23			2023-25			2025-27		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of the Secretary of State	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Superintendent of Public Instruction	.0	0	0	.0	202,002,000	202,002,000	.0	424,729,000	424,729,000
Superintendent of Public Instruction	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Total \$	0.0	0	0	0.0	202,002,000	202,002,000	0.0	424,729,000	424,729,000

Agency Name	2021-23			2023-25			2025-27		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI						1,198,360,000			2,519,669,000
Local Gov. Other									
Local Gov. Total									

Estimated Capital Budget Breakout

NONE

Agency Name	2021-23	2023-25	2025-27
	Total	Total	Total
Construction	0	1,198,360,000	2,519,669,000
Superintendent of Public Instruction			
Grants/Loans	0	202,002,000	424,729,000
	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.		
Total \$	0	1,400,362,000	2,944,398,000

Prepared by: Darrell Jennings, OFM	Phone: (360) 584-4734	Date Published: Final
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Individual State Agency Fiscal Note

Bill Number: 4200 HJR	Title: School district bonds	Agency: 085-Office of the Secretary of State
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
Account					
General Fund-State 001-1	0	74,037	74,037	0	0
Total \$	0	74,037	74,037	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Megan Wargacki	Phone: 360-786-7194	Date: 01/11/2022
Agency Preparation: Mike Woods	Phone: (360) 704-5215	Date: 01/14/2022
Agency Approval: Mike Woods	Phone: (360) 704-5215	Date: 01/14/2022
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 01/14/2022

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

This bill requires the Office of the Secretary of State (OSOS) to assume costs related to placing a constitutional amendment on the General Election ballot. This would increase the prorated state share of election costs paid under RCW 29A.04.420

Additionally, submission of a constitutional amendment for a vote of the people results in expenses to OSOS for including it in the voters’ pamphlet and to publish notice four times in every legal newspaper in the state prior to the election.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

The following fiscal impacts broken out by category:

Voters’ pamphlet

This bill requires OSOS to print the constitutional amendment in the voters’ pamphlet. Printing the constitutional amendment, estimated to be 8 pages, has a projected cost of approximately \$74,037 which is comprised of \$49,476 for printing, \$5,040 for composition, and \$4,937 for language translation. Postage costs are estimated to be \$14,584 higher because of the increased weight of the pamphlets. Pamphlets over 88 pages weight more than 4oz, and for mail piece weights above 4oz, the USPS pricing formula includes a weight component. The increased cost in postage is a direct result of additional 8-pages of weight in each voters’ pamphlet.

Even-Year election costs - Indeterminate

Adding an additional issue for the state will result in an indeterminate fiscal impact. Because 2023 is the first year the State will be reimbursing the county for even-year election costs under RCW 29A.04.420 (modified in ESHB 2421 during the 2021 session), we don’t have the necessary data to determine the fiscal impact, but such an impact will likely be greater than for odd-year elections.

Based on information we used to produce the Fiscal Note for ESHB 2421, in which we assumed the state share of election costs in 2022 would be \$10,334,000, OSOS estimates reimbursement costs for this bill could be at least an additional \$164,000.

Legal advertisements

The Office of the Secretary of State operating budget includes funding for the publication of notices in every legal newspaper in the state four times prior to the general election. This fiscal note does not assume additional cost to publish this measure because the notices would be customized such that they remain within the authorized budget for legal advertising.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
001-1	General Fund	State	0	74,037	74,037	0	0
Total \$			0	74,037	74,037	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services		74,037	74,037		
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	74,037	74,037	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

III. C - Operating FTE Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

IV. D - Capital FTE Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB

NONE

Part V: New Rule Making Required

Department of Revenue Fiscal Note

Bill Number: 4200 HJR	Title: School district bonds	Agency: 140-Department of Revenue
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Part I: Estimates

☒ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact . Factors impacting the precision of these estimates , and alternate ranges (if appropriate) , are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia , complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia , complete this page only (Part I).
- ☒ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Megan Wargacki	Phone: 360-786-7194	Date: 01/11/2022
Agency Preparation: Frank Wilson	Phone: 360-534-1527	Date: 01/14/2022
Agency Approval: Valerie Torres	Phone: 360-534-1521	Date: 01/14/2022
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/14/2022

Request # 4200-1-1

Form FN (Rev 1/00) 171,893.00

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Bill # 4200 HJR

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

CURRENT LAW:

Bond levies currently require a 60% voter approval required under Article VII, section 2 and Article VIII, section 6 of the Constitution.

PROPOSAL:

This bill amends the Constitution to allow a reduction to the voter requirement for school district bond levies from three-fifths (60%) of the voters to a majority of the voters in the district.

EFFECTIVE DATE:

This bill takes effect if validly submitted and approved by the voters of the state during the November 2022 general election.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

This legislation results in no revenue impact to the state property tax levy.

HB 1226 implements this legislation.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing

The Department will not incur any costs with this legislation.

See the fiscal note for HB 1226, the implementing legislation, for the expenditure impact of reducing the voter requirement for school district bond levies from three-fifths of the voters to a majority of the voters in the district.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

NONE

III. B - Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

NONE

III. C - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

None.

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 4200 HJR	Title: School district bonds	Agency: 350-Superintendent of Public Instruction
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

	2021-23		2023-25		2025-27	
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Predesign/Design	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Grants/Loans	0	0	0	202,002,000	208,833,000	215,896,000
Staff	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total \$	0	0	0	202,002,000	208,833,000	215,896,000

In addition to the estimates above, there are additional indeterminate costs and/or savings . Please see discussion.

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact . Factors impacting the precision of these estimates , and alternate ranges (if appropriate) , are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia , complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia , complete this page only (Part I).
- ☒ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Megan Wargacki	Phone: 360-786-7194	Date: 01/11/2022
Agency Preparation: Randy Newman	Phone: 360 725-6267	Date: 01/19/2022
Agency Approval: Randy Newman	Phone: 360 725-6267	Date: 01/19/2022
OFM Review: Darrell Jennings	Phone: (360) 584-4734	Date: 01/20/2022

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

The bill would allow school districts to authorize general obligation bonds for capital purposes and to pay the principal and interest on the bonds by annual tax levies if the proposition to voters is approved by fifty percent or more of the voters voting on the proposition.

Once the proposed bill is approved by the legislature, it would need to be approved and ratified by the voters of the state in the next general election.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

No impact to the Office of Superintendent of Public Instruction’s (OSPI) cash receipts.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

No impact to OSPI’s operating budget.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA
NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
057-1	State Building Construction Account	State	0	0	0	202,002,000	424,729,000
Total \$			0	0	0	202,002,000	424,729,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services				202,002,000	424,729,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	0	0	202,002,000	424,729,000

In addition to the estimates above, there are additional indeterminate costs and/or savings . Please see discussion.

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

Construction Estimate	FY 2022	FY 2023	2021-23	2023-25	2025-27
Predesign/Design					
Construction					
Grants/Loans				202,002,000	424,729,000
Staff					
Other					
Total \$				202,002,000	424,729,000

In addition to the estimates above, there are additional indeterminate costs and/or savings . Please see discussion.

IV. D - Capital FTE Detail: List FTEs by classification and corresponding annual compensation . Totals need to agree with total FTEs in Part IVB

NONE

The fiscal impact for this proposal is indeterminate because the dates of future bond elections and voter participation for all 295 local school districts are not known. However, for discussion purposes, the following is an estimate of the fiscal impact of the proposed bill based on assumptions of future voter behavior and historical data.

The following are two potential impacts of lowering the threshold for passing local school district bond issues from sixty percent (60%) “super-majority” level to a level of fifty (50%) percent:

First, by lowering the threshold, school districts could be more successful in gaining voter to approve school construction initiatives through levying taxes, issuing bonds, and incurring debt.

Second, if school districts are more successful, then the demand for state funding assistance through the School Construction Assistance Program (SCAP) would be expected to increase.

Fiscal Analysis (See Attachment 1 for Cost Detail)

According to county election data results, school district voters have approved over \$10.9 billion in capital bonds for school construction projects from 2016 to 2020 which averages to approximately \$2.1 billion per year. In the same time period, SCAP has approved \$2.2 billion (\$444.8 million average yearly funding) in state funding assistance to local school districts.

Based on this historical data, the ratio of state funding to local funding amounted to 20% (\$444.8 Million Average Annual State Funding / \$2.19 Billion Average Annual Local Bond Passages).

During the time period 2016 through 2020, local school district bond issues in all elections receiving voter approval rates of 50% - 59.99% totaled \$4.3 billion which averages \$872 million per year. Applying the same ratio of state funding (20%) to these bond issues which would have passed with at least 50% approval, the estimated additional annual state funding cost to SCAP would be \$176.8 million (\$872 million average amount of bonds receiving 50% -59.9% voter approval X 20% average ratio of state funding assistance) before construction inflation.

OSPI assumes the legislature and voters would approve the change to the constitution in 2022. Based on this time frame, OSPI estimates the first round of school construction projects eligible for state funding would not seek state assistance until the 2024 grant release (Fiscal Year 2025).

The estimated additional SCAP funding assistance due to lowering the level of voter approval for school districts to issue bonds is the following:

- FY 2022 – No Fiscal Impact
- FY 2023 – No Fiscal Impact
- FY 2024 – No Fiscal Impact
- FY 2025 \$202.0 Million
- FY 2026 \$208.8 Million
- FY 2027 \$215.9 Million

Part V: New Rule Making Required

Office of Superintendent of Public Instruction
HJR 4200 School District Elections- Attachment 1

Bond Issue Elections with passage > 60%							Years 2016 - 2020	
Calendar Year	2016	2017	2018	2019	2020	2021 ⁽¹⁾	Total	Average
Number of Bond Elections Which Passed The First Time	24	21	16	12	8	0	81	16
Value of Bond Elections Which Passed The First Time	\$ 3,372,159,242	\$ 1,999,880,773	\$ 2,449,662,812	\$ 1,383,308,000	\$ 1,765,000,000	\$ -	\$ 10,970,010,827	\$ 2,194,002,165

1. Due to the Covid Pandemic impact to local school district in 2021 elections the analysis focused on the elections which occurred 2016-2020.
2. Only "First" bond elections were included in this analysis because second and third bond election attempts are typically for reduced amounts.

School Construction Assistance Funding

Fiscal Year	2017	2018	2019	2020	2021	Total	Average
SCAP Calendar Release Year	2016	2017	2018	2019	2020		
State Funding for Projects (Base Grant)	\$ 312,012,979	\$ 336,129,669	\$ 572,139,295	\$ 386,434,460	\$ 617,346,992	\$ 2,224,063,395	\$ 444,812,679
State Art Allocation	\$ 1,043,134	\$ 928,911	\$ 1,836,120	\$ 1,469,290	\$ 1,836,429	\$ 7,113,884	\$ 1,422,777
Total State Funding	\$ 313,056,113	\$ 337,058,580	\$ 573,975,414	\$ 387,903,750	\$ 619,183,421	\$ 1,224,090,108	\$ 446,235,456

Note: State funding for projects based on SCAP D-10 approvals.

5 Year Average of Bond Elections with passage >60%	\$ 2,194,002,165
5 Year Average of State Funding Assistance	\$ 444,812,679
Ratio of State Funding to Bond Passed	20%

Bond Issue Elections with approval rates > 50% - 60%							Years 2016 - 2020	
Calendar Year	2016	2017	2018	2019	2020	2021 ⁽¹⁾	Total	Average
Number of "First" Elections	13	12	19	5	10	0	59	12
Bond Value of "First" Elections	\$ 1,141,510,452	\$ 607,154,039	\$ 2,342,905,861	\$ 132,660,000	\$ 136,995,000	\$ -	\$ 4,361,225,352	\$ 872,245,070

Ratio of State Funding to Bonds Passed	20%
Estimated State Funding Assistance (Average Bonds Issues with passage >50% - 60% X Ratio of State Funding to Bonds Passed)	\$ 176,839,236

1. Due to the Covid Pandemic impact to local school district in 2021 elections the analysis focused on the elections which occurred 2016-2020.

		2021-23 Biennium		2023-25 Biennium		2025-27 Biennium	
Fiscal Year	2021	2022	2023	2024	2025	2026	2027
Construction Inflation							
4 Year Average Boeckh Index (Historical 2017-2020)*		103.571%	103.571%	103.571%	103.571%	103.571%	103.571%
4 Year Average US IPD for State and Local Govt Construction** (2017-2020)		103.193%	103.193%	103.193%	103.193%	103.193%	103.193%
Average Inflation Rate		103.382%	103.382%	103.382%	103.382%	103.382%	103.382%
Estimated SCAP Funding with Inflation	\$ 176,839,236	\$ 182,819,631	\$ 189,002,274	\$ 195,394,002	\$ 202,001,887	\$ 208,833,240	\$ 215,895,617
Estimated SCAP Funding with Inflation (Rounded 000's)		\$ 182,820,000	\$ 189,002,000	\$ 195,394,000	\$ 202,002,000	\$ 208,833,000	\$ 215,896,000

Footnotes:
*Source: Boeckh Index - Corelogic Cost Index
**Source: OFM Forecasting Division

Fiscal Impact*	2021-23 Biennium		2023-25 Biennium		2025-27 Biennium	
Fiscal Year	2022	2023	2024	2025	2026	2027
Estimated Additional State Assistance			\$ -	\$ 202,002,000	\$ 208,833,000	\$ 215,896,000
Biennial Total		\$ -		\$ 202,002,000		\$ 424,729,000

Note: The estimate assumes voters would approve the measure in November 2022 and the earliest any projects funded by a local bond issue passed with a voter approval of 50% would receive state assistance is fiscal year 2025.

Office of Superintendent of Public Instruction
HJR 4200 School District Elections- Attachment 2
Local School District Capital Budget Impact

Bond Issue Elections with approval rates > 50% - 60%							Years 2016 - 2020	
Calendar Year	2016	2017	2018	2019	2020	2021(1)	Total	Average
Number of "First" Elections	13	12	19	5	10	0	59	12
Bond Value of "First" Elections	\$ 1,141,510,452	\$ 607,154,039	\$ 2,342,905,861	\$ 132,660,000	\$ 136,995,000	\$ -	\$ 4,361,225,352	\$ 872,245,070

1. Due to the Covid Pandemic impact to local school district in 2021 elections the analysis focused on the elections which occurred 2016-2020.
2. Only "First" bond elections were included in this analysis because second and third bond election attempts are typically for reduced amounts.

		2021-23 Biennium		2023-25 Biennium		2025-27 Biennium	
Fiscal Year	2021	2022	2023	2024	2025	2026	2027
Construction Inflation							
4 Year Average Boeckh Index (Historical 2017-2020)*		103.571%	103.571%	103.571%	103.571%	103.571%	103.571%
4 Year Average US IPD for State and Local Govt Construction** (2017-2020)		103.193%	103.193%	103.193%	103.193%	103.193%	103.193%
Average Inflation Rate		103.382%	103.382%	103.382%	103.382%	103.382%	103.382%
Estimated Increase of Local Bond Issues Passed > 50% to 60%	\$ 872,245,070	\$ 901,742,882	\$ 932,238,259	\$ 963,764,936	\$ 996,357,791	\$ 1,030,052,880	\$ 1,064,887,477
Estimated Increase of Local Bond Issues Passed > 50% to 60% (Rounded 000's)		\$ 901,743,000	\$ 932,238,000	\$ 963,765,000	\$ 996,358,000	\$ 1,030,053,000	\$ 1,064,887,000

Footnotes:
*Source: Boeckh Index - Corelogic Cost Index
**Source: OFM Forecasting Division

Fiscal Impact*	2021-23 Biennium		2023-25 Biennium		2025-27 Biennium	
Fiscal Year	2022	2023	2024	2025	2026	2027
Estimated Additional Local Bond Issues For School Construction			\$ -	\$ 996,358,000	\$ 1,030,053,000	\$ 1,064,887,000
Estimated Amount of State Funding Assistance		\$ -	\$ -	\$ 202,002,000	\$ 208,833,000	\$ 215,896,000
Total Local and State Funds	\$ -	\$ -	\$ -	\$ 1,198,360,000	\$ 1,238,886,000	\$ 1,280,783,000
Biennial Total		\$ -		\$ 1,198,360,000		\$ 2,519,669,000

Note: The estimate assumes voters would approve the measure in November 2022 and the earliest any projects funded by a local bond issue passed with a voter approval of 50% would receive state assistance is fiscal year 2025.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 4200 HJR	Title: School district bonds
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Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☐ Cities:
- ☒ Counties: Offsetting costs and revenue for county auditors
- ☐ Special Districts:
- ☐ Specific jurisdictions only:
- ☐ Variance occurs due to:

Part II: Estimates

- ☐ No fiscal impacts.
- ☐ Expenditures represent one-time costs:
- ☐ Legislation provides local option:
- ☐ Key variables cannot be estimated with certainty at this time:

Estimated revenue impacts to:

Jurisdiction	FY 2022	FY 2023	2021-23	2023-25	2025-27
County		164,000	164,000		
TOTAL \$		164,000	164,000		
GRAND TOTAL \$					164,000

Estimated expenditure impacts to:

Jurisdiction	FY 2022	FY 2023	2021-23	2023-25	2025-27
County		164,000	164,000		
TOTAL \$		164,000	164,000		
GRAND TOTAL \$					164,000

Part III: Preparation and Approval

Fiscal Note Analyst: Allan Johnson	Phone: 360-725-5033	Date: 01/19/2022
Leg. Committee Contact: Megan Wargacki	Phone: 360-786-7194	Date: 01/11/2022
Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 01/19/2022
OFM Review: Myra Baldini	Phone: (360) 688-8208	Date: 01/20/2022

Part IV: Analysis

A. SUMMARY OF BILL

Provide a clear, succinct description of the bill with an emphasis on how it impacts local government .

This measure would propose a constitutional amendment to allow school districts to issue general obligation bonds for capital purposes , levy taxes to make payments on those bonds , and exceed the constitutional debt limit with 50 percent voter approval .

B. SUMMARY OF EXPENDITURE IMPACTS

Briefly describe and quantify the expenditure impacts of the legislation on local governments , identifying the expenditure provisions by section number, and when appropriate, the detail of expenditures. Delineate between city, county and special district impacts.

Counties would incur expenditures to place the constitutional amendment on the ballot primarily related to ballot printing costs . It is anticipated that these costs would be recovered through the reimbursement of pro-rated election costs . The Secretary of State estimates these pro-rated election costs at \$164,000. It is assumed that these costs would be incurred in FY 2023 .

C. SUMMARY OF REVENUE IMPACTS

Briefly describe and quantify the revenue impacts of the legislation on local governments , identifying the revenue provisions by section number, and when appropriate, the detail of revenue sources. Delineate between city, county and special district impacts.

The Secretary of State fiscal note for HJR 4200 assumes an impact of \$164 ,000 for pro-rated election reimbursements due to the cost of placing the constitutional amendment on the ballot . It is assumed that these reimbursements to county auditors would occur during FY 2023.

SOURCES

Washington State Association of County Auditors
Secretary of State
Department of Revenue

Individual State Agency Fiscal Note

Bill Number: 4200 HJR	Title: School district bonds	Agency: SDF-School District Fiscal Note - SPI
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2022	FY 2023	2021-23	2023-25	2025-27
Local School District-Private/Local NEW-7				1,198,360,000	2,519,669,000
Total \$				1,198,360,000	2,519,669,000

Estimated Operating Expenditures from:
NONE

Estimated Capital Budget Impact:

	2021-23		2023-25		2025-27	
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Predesign/Design	0	0	0	0	0	0
Construction	0	0	0	1,198,360,000	1,238,886,000	1,280,783,000
Grants/Loans	0	0	0	0	0	0
Staff	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total \$	0	0	0	1,198,360,000	1,238,886,000	1,280,783,000

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact . Factors impacting the precision of these estimates , and alternate ranges (if appropriate) , are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia , complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia , complete this page only (Part I).
- ☒ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Megan Wargacki	Phone: 360-786-7194	Date: 01/11/2022
Agency Preparation: Randy Newman	Phone: 360 725-6267	Date: 01/19/2022
Agency Approval: Randy Newman	Phone: 360 725-6267	Date: 01/19/2022
OFM Review: Darrell Jennings	Phone: (360) 584-4734	Date: 01/20/2022

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

The bill would allow school districts to authorize general obligation bonds for capital purposes and to pay the principal and interest on the bonds by annual tax levies if the proposition to voters is approved by fifty percent or more of the voters voting on the proposition.

Once the proposed bill is approved by the legislature, it would need to be approved and ratified by the voters of the state in the next general election.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

By lowering the voter approval level for bonds, it will be easier for local school districts to access funding through the school construction assistance program (SCAP) administered by the Office of Superintendent of Public Instruction (OSPI). The amount of cash receipts is indeterminate because the amount of future bond issues and voter approval is unknown. However, for discussion purposes, the following is an estimate of the fiscal impact of the proposed bill based on assumptions of future voter behavior and historical data.

Fiscal Analysis (See Attachments 1 and 2) – The cash receipts estimate is based on the amount of funding local school districts would receive from the state through SCAP using the assumptions in OSPI’s fiscal note to compute the impact to SCAP.

School district voters have approved over \$4.3 billion in capital bonds from 2016 to 2020 which averages to approximately \$872 million per year. In the same time period, SCAP has provided \$2.2 billion (\$444.8 million average yearly funding) in funding to local school districts. Based on this historical data, the ratio of state funding to local funding amounted to 20% (\$444 Million Average Annual State Funding / \$2.19 Billion Average Annual Local Bonds Passages).

In the same time period (2016 through 2020), local school district bond issues in all elections receiving voter approval rate of 50%- 60% totaled \$4.3 billion which averaged \$872 million per year. Applying the same ratio of state funding (20%) to these bond issues, the estimated additional annual cost to SCAP would be \$176.8 million (\$872 million average annual amount of bonds receiving 50%-60% voter approval X 20% ratio of state funding assistance) before construction inflation.

OSPI assumes the legislature and voters would approve the change to the constitution in 2022. Based on this time frame, OSPI estimates the first round of school construction projects eligible for state funding would not seek state assistance until the July 2024 grant release (Fiscal Year 2025).

The estimated additional SCAP funding assistance due to lowering the level of voter approval for school districts to issue general obligation bonds is the following:

- FY 2022 – No Fiscal Impact
- FY 2023 – No Fiscal Impact
- FY 2024 – No Fiscal Impact
- FY 2025 \$202.0 Million
- FY 2026 \$208.8 Million
- FY 2027 \$215.9 Million

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates . Distinguish between one time and ongoing functions .

Local school districts pay for the cost of their bond elections. If the voter approval rate is lowered, it’s assumed a majority of bond issues will pass on their first attempt and will decrease the number of bond elections which will fail. The amount of savings which would be incurred by districts by not having a second bond election is not known.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: List FTEs by classification and corresponding annual compensation . Totals need to agree with total FTEs in Part I and Part IIIA

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
New-7	Local School District	State	0	0	0	1,198,360,000	2,519,669,000
Total \$			0	0	0	1,198,360,000	2,519,669,000

IV. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services				1,198,360,000	2,519,669,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	0	0	1,198,360,000	2,519,669,000

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

Construction Estimate	FY 2022	FY 2023	2021-23	2023-25	2025-27
Predesign/Design					
Construction				1,198,360,000	2,519,669,000
Grants/Loans					
Staff					
Other					
Total \$				1,198,360,000	2,519,669,000

IV. D - Capital FTE Detail: List FTEs by classification and corresponding annual compensation . Totals need to agree with total FTEs in Part IVB

NONE

With the lower voter approval level, OSPI estimates school districts will be more successful in passing bonds related to school construction.

The fiscal impact for this proposal is indeterminate because the dates of future bond elections of all 295 local school districts are not known and voter participation and behavior is not known. However, for discussion purposes, the following is an estimate of the fiscal impact of the proposed bill based on assumptions of future voter behavior and historical data.

Fiscal Analysis (See attachments 1 and 2)

Local school districts have offered bond issues to voters which did not achieve a 3 /5 approval (60%) but did receive a majority of votes, which would satisfy the 50% threshold in the proposal in the amount of \$4.3 billion from 2016 to 2020. The five year average of these bonds was \$872 million. OSPI assumes local school districts will offer the same level of bond issues plus construction inflation to its voters in this cost estimate.

OSPI assumes the legislature and voters would approve the changes to the constitution in 2022. Based on this time frame, OSPI estimates the first round of school construction projects eligible for state funding would not see state assistance until the July 2024 grant release (Fiscal Year 2025).

The estimated additional funding available for school construction raised by local school districts due to lowering of the vote approval threshold to issue general obligation bonds is :

- FY 2022 – No Fiscal Impact
- FY 2023 – No Fiscal Impact
- FY 2024 – No Fiscal Impact
- FY 2025 \$1.19 Billion (\$996.3 Million Local Funding + \$202.0 Million State Assistance)
- FY 2026 \$1.24 Billion (\$1.03 Billion Local Funding + \$208.8 Million State Assistance)
- FY 2027 \$1.28 Billion (\$1.06 Billion Local Funding + \$215.9 Million State Assistance)

Part V: New Rule Making Required

Office of Superintendent of Public Instruction
HJR 4200 School District Elections- Attachment 1

Bond Issue Elections with passage > 60%							Years 2016 - 2020	
Calendar Year	2016	2017	2018	2019	2020	2021 ⁽¹⁾	Total	Average
Number of Bond Elections Which Passed The First Time	24	21	16	12	8	0	81	16
Value of Bond Elections Which Passed The First Time	\$ 3,372,159,242	\$ 1,999,880,773	\$ 2,449,662,812	\$ 1,383,308,000	\$ 1,765,000,000	\$ -	\$ 10,970,010,827	\$ 2,194,002,165

1. Due to the Covid Pandemic impact to local school district in 2021 elections the analysis focused on the elections which occurred 2016-2020.
2. Only "First" bond elections were included in this analysis because second and third bond election attempts are typically for reduced amounts.

School Construction Assistance Funding							
Fiscal Year	2017	2018	2019	2020	2021	Total	Average
SCAP Calendar Release Year	2016	2017	2018	2019	2020		
State Funding for Projects (Base Grant)	\$ 312,012,979	\$ 336,129,669	\$ 572,139,295	\$ 386,434,460	\$ 617,346,992	\$ 2,224,063,395	\$ 444,812,679
State Art Allocation	\$ 1,043,134	\$ 928,911	\$ 1,836,120	\$ 1,469,290	\$ 1,836,429	\$ 7,113,884	\$ 1,422,777
Total State Funding	\$ 313,056,113	\$ 337,058,580	\$ 573,975,414	\$ 387,903,750	\$ 619,183,421	\$ 1,224,090,108	\$ 446,235,456

Note: State funding for projects based on SCAP D-10 approvals.

5 Year Average of Bond Elections with passage >60%	\$ 2,194,002,165
5 Year Average of State Funding Assistance	\$ 444,812,679
Ratio of State Funding to Bond Passed	20%

Bond Issue Elections with approval rates > 50% - 60%							Years 2016 - 2020	
Calendar Year	2016	2017	2018	2019	2020	2021 ⁽¹⁾	Total	Average
Number of "First" Elections	13	12	19	5	10	0	59	12
Bond Value of "First" Elections	\$ 1,141,510,452	\$ 607,154,039	\$ 2,342,905,861	\$ 132,660,000	\$ 136,995,000	\$ -	\$ 4,361,225,352	\$ 872,245,070

Ratio of State Funding to Bonds Passed	20%
Estimated State Funding Assistance (Average Bonds Issues with passage >50% - 60% X Ratio of State Funding to Bonds Passed)	\$ 176,839,236

1. Due to the Covid Pandemic impact to local school district in 2021 elections the analysis focused on the elections which occurred 2016-2020.

		2021-23 Biennium		2023-25 Biennium		2025-27 Biennium	
Fiscal Year	2021	2022	2023	2024	2025	2026	2027
Construction Inflation							
4 Year Average Boeckh Index (Historical 2017-2020)*		103.571%	103.571%	103.571%	103.571%	103.571%	103.571%
4 Year Average US IPD for State and Local Govt Construction** (2017-2020)		103.193%	103.193%	103.193%	103.193%	103.193%	103.193%
Average Inflation Rate		103.382%	103.382%	103.382%	103.382%	103.382%	103.382%
Estimated SCAP Funding with Inflation	\$ 176,839,236	\$ 182,819,631	\$ 189,002,274	\$ 195,394,002	\$ 202,001,887	\$ 208,833,240	\$ 215,895,617
Estimated SCAP Funding with Inflation (Rounded 000's)		\$ 182,820,000	\$ 189,002,000	\$ 195,394,000	\$ 202,002,000	\$ 208,833,000	\$ 215,896,000

Footnotes:
*Source: Boeckh Index - Corelogic Cost Index
**Source: OFM Forecasting Division

Fiscal Impact*	2021-23 Biennium		2023-25 Biennium		2025-27 Biennium	
Fiscal Year	2022	2023	2024	2025	2026	2027
Estimated Additional State Assistance			\$ -	\$ 202,002,000	\$ 208,833,000	\$ 215,896,000
Biennial Total		\$ -		\$ 202,002,000		\$ 424,729,000

Note: The estimate assumes voters would approve the measure in November 2022 and the earliest any projects funded by a local bond issue passed with a voter approval of 50% would receive state assistance is fiscal year 2025.

Office of Superintendent of Public Instruction
HJR 4200 School District Elections- Attachment 2
Local School District Capital Budget Impact

Bond Issue Elections with approval rates > 50% - 60%							Years 2016 - 2020	
Calendar Year	2016	2017	2018	2019	2020	2021(1)	Total	Average
Number of "First" Elections	13	12	19	5	10	0	59	12
Bond Value of "First" Elections	\$ 1,141,510,452	\$ 607,154,039	\$ 2,342,905,861	\$ 132,660,000	\$ 136,995,000	\$ -	\$ 4,361,225,352	\$ 872,245,070

1. Due to the Covid Pandemic impact to local school district in 2021 elections the analysis focused on the elections which occurred 2016-2020.
2. Only "First" bond elections were included in this analysis because second and third bond election attempts are typically for reduced amounts.

	2021-23 Biennium			2023-25 Biennium		2025-27 Biennium	
Fiscal Year	2021	2022	2023	2024	2025	2026	2027
Construction Inflation							
4 Year Average Boeckh Index (Historical 2017-2020)*		103.571%	103.571%	103.571%	103.571%	103.571%	103.571%
4 Year Average US IPD for State and Local Govt Construction** (2017-2020)		103.193%	103.193%	103.193%	103.193%	103.193%	103.193%
Average Inflation Rate		103.382%	103.382%	103.382%	103.382%	103.382%	103.382%
Estimated Increase of Local Bond Issues Passed > 50% to 60%	\$ 872,245,070	\$ 901,742,882	\$ 932,238,259	\$ 963,764,936	\$ 996,357,791	\$ 1,030,052,880	\$ 1,064,887,477
Estimated Increase of Local Bond Issues Passed > 50% to 60% (Rounded 000's)		\$ 901,743,000	\$ 932,238,000	\$ 963,765,000	\$ 996,358,000	\$ 1,030,053,000	\$ 1,064,887,000

Footnotes:
*Source: Boeckh Index - Corelogic Cost Index
**Source: OFM Forecasting Division

Fiscal Impact*	2021-23 Biennium		2023-25 Biennium		2025-27 Biennium	
Fiscal Year	2022	2023	2024	2025	2026	2027
Estimated Additional Local Bond Issues For School Construction			\$ -	\$ 996,358,000	\$ 1,030,053,000	\$ 1,064,887,000
Estimated Amount of State Funding Assistance		\$ -	\$ -	\$ 202,002,000	\$ 208,833,000	\$ 215,896,000
Total Local and State Funds	\$ -	\$ -	\$ -	\$ 1,198,360,000	\$ 1,238,886,000	\$ 1,280,783,000
Biennial Total		\$ -		\$ 1,198,360,000		\$ 2,519,669,000

Note: The estimate assumes voters would approve the measure in November 2022 and the earliest any projects funded by a local bond issue passed with a voter approval of 50% would receive state assistance is fiscal year 2025.