

Multiple Agency Fiscal Note Summary

Bill Number: 5812 SB	Title: K-12 education funding
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Estimated Cash Receipts

Agency Name	2025-27			2027-29			2029-31		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Department of Revenue	200,000,000	200,000,000	200,000,000	618,000,000	618,000,000	618,000,000	1,083,000,000	1,083,000,000	1,083,000,000
Total \$	200,000,000	200,000,000	200,000,000	618,000,000	618,000,000	618,000,000	1,083,000,000	1,083,000,000	1,083,000,000

Agency Name	2025-27		2027-29		2029-31	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI		339,627,000		560,949,000		633,712,000
Local Gov. Other		236,000,000		741,000,000		1,308,000,000
Local Gov. Total		236,000,000		741,000,000		1,308,000,000

Estimated Operating Expenditures

Agency Name	2025-27				2027-29				2029-31			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Revenue	1.9	468,600	468,600	468,600	1.5	364,600	364,600	364,600	1.5	364,600	364,600	364,600
Superintendent of Public Instruction	.0	193,105,200	193,105,200	193,105,200	.0	372,584,000	372,697,000	372,697,000	.0	509,759,000	510,058,000	510,058,000
Total \$	1.9	193,573,800	193,573,800	193,573,800	1.5	372,948,600	373,061,600	373,061,600	1.5	510,123,600	510,422,600	510,422,600

Agency Name	2025-27			2027-29			2029-31		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI			339,627,000			560,949,000			633,712,000
Local Gov. Other									
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2025-27			2027-29			2029-31		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Superintendent of Public Instruction	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

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Prepared by: Megan Tudor, OFM	Phone: (360) 890-1722	Date Published: Preliminary 4/17/2025
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Department of Revenue Fiscal Note

Bill Number: 5812 SB	Title: K-12 education funding	Agency: 140-Department of Revenue
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

Account	FY 2026	FY 2027	2025-27	2027-29	2029-31
GF-STATE-State 01 - Taxes 50 - Property Tax	50,000,000	150,000,000	200,000,000	618,000,000	1,083,000,000
Total \$	50,000,000	150,000,000	200,000,000	618,000,000	1,083,000,000

Estimated Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	2.3	1.5	1.9	1.5	1.5
Account					
GF-STATE-State 001-1	286,300	182,300	468,600	364,600	364,600
Total \$	286,300	182,300	468,600	364,600	364,600

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:

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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: Jeffrey Mitchell	Phone: (360) 786-7438	Date: 04/15/2025
Agency Preparation: Mark Studer	Phone: (360) 534-1507	Date: 04/15/2025
Agency Approval: Valerie Torres	Phone: (360) 534-1521	Date: 04/15/2025
OFM Review: Megan Tudor	Phone: (360) 890-1722	Date: 04/17/2025

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Part II: Narrative Explanation

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

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

This fiscal note only addresses sections 4 through 7 of the bill, which impact the Department of Revenue (department).

CURRENT LAW:

The regular property tax levy growth limit statutorily limits a taxing district's increase in its regular annual property tax levy or levies by the applicable limit factor, plus an additional amount based on the prior year's levy rate multiplied by the increase in assessed value in the district from:

- New construction.
- Construction of wind turbine, solar, biomass, and geothermal facilities.
- Improvements to property.
- State-assessed property.
- Real property within a local tax increment finance area designated by a local government (excluding both parts of the state school levy, port districts, and public utility district bond levies).

The limit factor is:

- For taxing districts with a population of less than 10,000, 101%.
- For all other districts, the lesser of 101% or 100% plus inflation. However, if inflation is less than 1%, then taxing districts, except the state, that adopt a substantial need resolution can have a limit factor up to 101%.

Inflation is the percentage change in the implicit price deflator for personal consumption expenditures for the United States as published for the most recent 12-month period by the Bureau of Economic Analysis of the federal Department of Commerce by September 25th of the year before the taxes are payable.

PROPOSAL:

This bill increases the regular property tax levy growth limit for both state and local property tax levies by revising the definition of inflation and limit factor.

This bill revises the definition of inflation for both state and local property levies to mean the annual percentage increase in the consumer price index for all urban consumers (CPI-U) in the western region for all items as provided for the most recent 12-month period by the Bureau of Labor Statistics of the United States Department of Labor by July 25 of the year before the year the taxes are paid.

This bill revises the definition of limit factor for both state and local property tax levies to mean 100% plus population change and inflation, but not to exceed 103%.

Population change means the annual percent increase in the population of a taxing district between the two most recent years, as provided in the official population estimates published by the Office of Financial Management for April 1 of the year before the taxes are paid. The definition of population change also:

- Provides that if a taxing district's population decreases, the population change is zero.
- Specifies how to calculate the population change for taxing districts located in more than one county, city, town, or any combination of counties, cities, and towns.

The department must provide county assessors with the limit factors by September 1 of the year before the year the taxes are paid. It also requires the county assessor to determine the limit factor applicable to each taxing district in the county and notify each taxing district of the applicable factor by October 1 of the year before the year the taxes are paid.

This bill repeals the substantial need provision (RCW 84.55.0101).

EFFECTIVE DATE:

This bill takes effect beginning with property taxes due for calendar year 2026.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

ASSUMPTIONS:

- The department will use the change in the state's population published by OFM to calculate the limit factor for the state.
- Taxing districts taking less than the current 101% limit will not utilize the increased limit factor.
- Prorating occurs under the \$5.90 aggregate limit due to the increase in the limit factor in Columbia and Whitman counties.
- No prorating occurs under the \$10 constitutional aggregate limit due to the increase in the limit factor.
- Based on five years of state property tax collections, 52.62% of property tax collections occur in April and 47.38% occur in October. When converting from calendar year to fiscal year, this estimate assumes revenue gains and losses follow this trend.

DATA SOURCES:

- Economic and Revenue Forecast Council, November 2024 forecast
- Office of Financial Management, April 1, 2024, Population estimates
- Office of Financial Management, State population forecast
- Department of Revenue, State Property Tax Model
- Department of Revenue, State levy calculations for property taxes due for 2024
- County assessor, Property tax data

REVENUE ESTIMATES:

This bill increases state revenues by an estimated \$50 million in fiscal year 2026, and by \$150 million in fiscal year 2027, the first full year of impacted collections.

This bill also increases local revenues by an estimated \$59 million in fiscal year 2026, and by \$177 million in fiscal year 2027, the first full year of impacted collections.

PROPERTY TAX SHIFTS:

This legislation results in no state or local property tax levy shifts.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2026 -	\$ 50,000
FY 2027 -	\$ 150,000
FY 2028 -	\$ 255,000
FY 2029 -	\$ 363,000
FY 2030 -	\$ 478,000
FY 2031 -	\$ 605,000

Local Government, if applicable (cash basis, \$000):

FY 2026 -	\$ 59,000
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FY 2027 -	\$ 177,000
FY 2028 -	\$ 305,000
FY 2029 -	\$ 436,000
FY 2030 -	\$ 577,000
FY 2031 -	\$ 731,000

DETAIL OF REVENUE IMPACT FOR PROPERTY TAX BILLS, Calendar Year Basis:

State Government, Impact on Revenues (\$000):

CY 2026 -	\$ 96,000
CY 2027 -	\$ 198,000
CY 2028 -	\$ 307,000
CY 2029 -	\$ 413,000
CY 2030 -	\$ 536,000
CY 2031 -	\$ 667,000

State Government, (\$000), Shift of Tax Burden: None

Local Government, Impact on Revenues (\$000):

CY 2026 -	\$ 112,000
CY 2027 -	\$ 236,000
CY 2028 -	\$ 367,000
CY 2029 -	\$ 498,000
CY 2030 -	\$ 649,000
CY 2031 -	\$ 805,000

Local Government, (\$000), Shift of Tax Burden: None

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

ASSUMPTIONS:

This bill affects county assessors, property owners, and taxing districts.

FIRST YEAR COSTS:

The department will incur total costs of \$286,300 in fiscal year 2026. These costs include:

Labor Costs – Time and effort equate to 2.28 FTEs.

- Revise property tax manuals, update forms and training materials, and work with county assessor's offices to implement this legislation.
- Calculate limit factors for all taxing districts.
- Increased number of required county levy audits due to levy limit changes.
- Amend five administrative rules.
- Amend one property tax advisory.

SECOND YEAR COSTS:

The department will incur total costs of \$182,300 in fiscal year 2027. These costs include:

Labor Costs – Time and effort equate to 1.5 FTEs.

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- Calculate limit factors for all taxing districts.
- Continued county levy audits due to levy limit changes

ONGOING COSTS:

Ongoing costs for the 2027-29 biennium equal \$364,600 and include similar activities described in the second-year costs. Time and effort equate to 1.5 FTEs.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	2.3	1.5	1.9	1.5	1.5
A-Salaries and Wages	175,100	113,400	288,500	226,800	226,800
B-Employee Benefits	63,100	40,900	104,000	81,800	81,800
E-Goods and Other Services	33,100	20,900	54,000	41,800	41,800
G-Travel	6,000	4,200	10,200	8,400	8,400
J-Capital Outlays	9,000	2,900	11,900	5,800	5,800
Total \$	\$286,300	\$182,300	\$468,600	\$364,600	\$364,600

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

Job Classification	Salary	FY 2026	FY 2027	2025-27	2027-29	2029-31
EMS BAND 4	135,635	0.0		0.0		
EMS BAND 5	158,451	0.0		0.0		
MGMT ANALYST4	78,468	0.0		0.0		
PROPERTY AND ACQUISITION SI	72,924	1.0	1.0	1.0	1.0	1.0
PROPERTY AND ACQUISITION SI	78,468	1.0	0.4	0.7	0.4	0.4
TAX POLICY SP 2	80,460	0.0		0.0		
TAX POLICY SP 3	91,068	0.2	0.1	0.2	0.1	0.1
TAX POLICY SP 4	98,040	0.0		0.0		
WMS BAND 3	115,352	0.0		0.0		
Total FTEs		2.3	1.5	1.9	1.5	1.5

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

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

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Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Should this legislation become law, the department will use the expedited process to amend five administrative rules affecting county assessors, property owners, and taxing districts.

- WAC 458-19-005, titled: "Definitions."
- WAC 458-19-010, titled: "Levy limit and levy rate calculations."
- WAC 458-19-020, titled: "Levy limit—Method of calculation."
- WAC 458-19-030, titled: "Levy limit—Consolidation of districts."
- WAC 458-19-035, titled: "Levy limit—Annexation."

Individual State Agency Fiscal Note

Revised

Bill Number: 5812 SB	Title: K-12 education funding	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:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
Account					
General Fund-State 001-1	43,791,100	149,314,100	193,105,200	372,584,000	509,759,000
WA Opportunity Pathways Account-State 17F-1	0	0	0	113,000	299,000
Total \$	43,791,100	149,314,100	193,105,200	372,697,000	510,058,000

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: Jeffrey Mitchell	Phone: 360-786-7438	Date: 04/15/2025
Agency Preparation: Shawn Lewis	Phone: (360) 725-6019	Date: 04/16/2025
Agency Approval: TJ Kelly	Phone: 360 725-6301	Date: 04/16/2025
OFM Review: Shea Hamilton	Phone: (360) 229-4774	Date: 04/16/2025

Part II: Narrative Explanation

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

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

Amended Sec. 2. RCW 84.52.0531 and 2022 c 108 s 3:

(2) defines “inflation enhancement”

(b)(i) \$500 in the 2026 calendar year

(b)(ii) and 3.33% added to inflation each year from the 2027 to the 2030 calendar years.

(2)(c)(A) defines the maximum per-pupil levy limit as \$2,500 increased by inflation, plus the inflation enhancement defined in (b) of this subsection for districts with fewer than 40,000 FTE through the 2023 calendar year.

(B) defines maximum per-pupil levy limit as \$3,000 increased by inflation, plus the inflation enhancement defined in (b)(i) of this subsection for districts with more than 40,000 FTE.

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

Amended Sec. 3. RCW 28A.500.015 and 2022 c 108 s 4:

(2)(c) Local Effort Assistance (LEA) funding for state-tribal education compact schools maximum per-student amount of \$1,550 as increased by inflation, plus inflation enhancements.

(4)(c) Defines inflation enhancement as \$200 in the 2026, 2030 and 2031 calendar year; and \$300 in the 2027 calendar year.

(4)(f) Defines the state local effort assistance threshold as \$1,550 per student, increased for inflation, plus inflation enhancements.

Amended Sec. 8. RCW 28A.150.390 and 2024 c 229 s 1

(2)(b) removes the 16% cap on resident student enrollment for funding purposes beginning the 2028-2029 school year.

(3)(b) Removed the section that explains that special education funding is not dependent on the serving districts reporting but rather the resident district numbers. Also, how students from a nonhigh district or attending through an interdistrict agreement should be treated.

Amended Sec. 9. RCW 28A.150.392 and 2024 c 127 s 2:

(2)(f) Removed safety net awards criteria to consider proximity to group homes, military bases, and regional hospitals. Effective September 1, 2028.

Amended Sec. 10. RCW 28A.150.560 and 2023 c 417 s 6:

(2) requires OSPI to create a cost accounting methodology that accounts for expenditures beyond amounts provided through the special education funding formula under RCW 28A.150.390. This method of accounting must shift 30% of a school district’s base allocation as defined in RCW 28A.150.390 for students eligible for and receiving special education to the school district’s special education program for expenditures.

(3) To the extent that a school district’s special education program expenditures exceed state funding in a school year provided under RCW 28A.150.390 and RCW 28A.150.392, and the redirected general apportionment revenue under subsection (2) of this section, the school district must use the remaining portion of the school district’s base allocation as

defined in RCW 28A.150.390 for students eligible for and receiving special education for the expenditures to using other funding sources.

(4) Unless otherwise prohibited by law, nothing in this section prohibits districts from using other funding and state allocation above the amounts provided under RCW 29A.150.390 and subsections (2) and (3) of this section to serve students eligible for and receiving special education.

New Section:

Section 11 requires OSPI to convene a K-12 funding equity work group to analyze K-12 funding formulas and explore options for revisions to the funding formula that are responsive to student needs, including economic, demographic, and geographic differences in student and community populations.

By November 1, 2025, and annually thereafter through 2027, OSPI shall report the group's progress and any proposed options to the education and fiscal committees of the legislature. The report must include but is not limited to the following topics: Options for revisions to the funding formula that address system and resource inequities; Options that address state, local, and regional needs; the potential adoption of student weights to direct additional funding towards students most in need; and metrics for monitoring and accountability related to equitable access to resources.

The estimated cost of an option or group of options proposed by OSPI on behalf of the workgroup must not exceed the estimated state revenue provided under section 201 of this act when combined with the estimated additional state funding allocated in this act.

New Section:

Section 12 provides an effective date of September 1, 2028 for sections 8 through 10 of this act.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

None

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Section 2: OSPI assumes maximum per-pupil levy rate, with the additional \$500, for calendar year 2026 is \$3,828.51 and \$4,494.22 for districts with enrollment greater than 40,000 student FTE. The estimated enrichment levy increase for calendar year 2026 is \$98,023,000. These maximum per-pupil rates will increase with inflation plus 3.33% through 2030 calendar year. Then calendar year 3031 the maximum per-pupil rate is estimated to be \$5,035.

Section 3: OSPI assumes maximum per-pupil local effort assistance (LEA) rate, with the additional \$200, for calendar year 2026 is \$2,273.76. The estimated LEA increase for calendar year 2026 is \$79,612,000. This maximum per-pupil rates will increase by another \$300 plus inflation in calendar years 2027, 2030 and 2031.

Section 8: OSPI assumes eliminating the 16% cap for funding beginning with the 2028-29 school year will generate an estimated \$26,944,000.

Section 10: Requires OSPI, as of September 1, 2028, to create a cost accounting methodology for expenditures beyond amounts provided through the special education funding formula. These costs are neutral.

Section 11: Requires OSPI to convene a K-12 funding equity work group to analyze K-12 funding formula. OSPI assumes 4

meetings each per year for FY26 and FY27 all remote, and one remote meeting and one in person meeting for FY28. OSPI estimates 20 work group members and 4 OSPI staff to facilitate and or provide admin support to the meeting. Total cost of this work would be \$4,100 in each of the FY26 and FY27 and \$10,000 in FY28.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
001-1	General Fund	State	43,791,100	149,314,100	193,105,200	372,584,000	509,759,000
17F-1	WA Opportunity Pathways Account	State	0	0	0	113,000	299,000
Total \$			43,791,100	149,314,100	193,105,200	372,697,000	510,058,000

III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services	600	600	1,200	1,200	
G-Travel	3,500	3,500	7,000	8,800	
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	43,787,000	149,310,000	193,097,000	372,687,000	510,058,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	43,791,100	149,314,100	193,105,200	372,697,000	510,058,000

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

III. D - Expenditures By Program (optional)

Program	FY 2026	FY 2027	2025-27	2027-29	2029-31
State Office Administration (010)	4,100	4,100	8,200	10,000	
Special Education Program (026)				20,881,000	55,270,000
Local Effort Assistance (029)	43,787,000	149,310,000	193,097,000	351,806,000	454,788,000
Total \$	43,791,100	149,314,100	193,105,200	372,697,000	510,058,000

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.
 NONE

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

NONE

None

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

K-12 Funding - SB 5812 State Costs						
School Year	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Enrollment CAP	16%	16%	16%	None	None	None
Eliminate Enrollment CAP SD and Tribal	\$ -	\$ -	\$ -	\$ 26,798,000	\$ 27,334,000	\$ 27,881,000
Eliminate Enrollment CAP Charter	\$ -	\$ -	\$ -	\$ 146,000	\$ 149,000	\$ 152,000
Total School Year	\$ -	\$ -	\$ -	\$ 26,944,000	\$ 27,483,000	\$ 28,033,000
State Calendar Year	2026	2027	2028	2029	2030	2031
Local Effort Assistance SD and Tribal	\$ 79,612,000	\$ 206,336,000	\$ 171,923,000	\$ 158,239,000	\$ 225,441,000	\$ 287,527,000
Total Fiscal Year	\$ 79,612,000	\$ 206,336,000	\$ 171,923,000	\$ 158,239,000	\$ 225,441,000	\$ 287,527,000
State Fiscal Year	2026	2027	2028	2029	2030	2031
Eliminate Enrollment CAP SD and Tribal	\$ -	\$ -	\$ -	\$ 20,768,000	\$ 27,213,000	\$ 27,758,000
Eliminate Enrollment CAP Charter	\$ -	\$ -	\$ -	\$ 113,000	\$ 148,000	\$ 151,000
Local Effort Assistance SD and Tribal	\$ 43,787,000	\$ 149,310,000	\$ 187,409,000	\$ 164,397,000	\$ 195,200,000	\$ 259,588,000
K-12 FundingEquity Work Group	\$ 4,100	\$ 4,100	\$ 10,000	\$ -	\$ -	\$ -
Total Fiscal Year	\$ 43,791,100	\$ 149,314,100	\$ 187,419,000	\$ 185,278,000	\$ 222,561,000	\$ 287,497,000
Biennium	2025-2027		2027-2029		2029-2031	
Total Biennium	\$ 193,105,200		\$ 372,697,000		\$ 510,058,000	

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 5812 SB	Title: K-12 education funding
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Part I: Jurisdiction—Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☒ Cities: Property tax revenue increase
- ☒ Counties: Property tax revenue increase
- ☒ Special Districts: Property tax revenue increase
- ☐ 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 2026	FY 2027	2025-27	2027-29	2029-31
City	11,800,000	35,400,000	47,200,000	148,200,000	261,600,000
County	11,800,000	35,400,000	47,200,000	148,200,000	261,600,000
Special District	35,400,000	106,200,000	141,600,000	444,600,000	784,800,000
TOTAL \$	59,000,000	177,000,000	236,000,000	741,000,000	1,308,000,000
GRAND TOTAL \$	2,285,000,000				

Estimated expenditure impacts to:

None

Part III: Preparation and Approval

Fiscal Note Analyst: Angie Hong	Phone: 360-725-5041	Date: 04/16/2025
Leg. Committee Contact: Jeffrey Mitchell	Phone: 360-786-7438	Date: 04/15/2025
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 04/16/2025
OFM Review: Megan Tudor	Phone: (360) 890-1722	Date: 04/17/2025

Part IV: Analysis

A. SUMMARY OF BILL

Description of the bill with an emphasis on how it impacts local government.

This bill revises the definition of limit factor for both state and local property tax levies to mean 100% plus population change and inflation, but not to exceed 103%, which increases the regular property tax levy growth limit for both state and local property tax levies.

Population change is defined.

The substantial need provision in RCW 84.55.0101 is repealed.

B. SUMMARY OF EXPENDITURE IMPACTS

Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.

This bill will not impact local government expenditures.

C. SUMMARY OF REVENUE IMPACTS

Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.

According to the Washington State Dept. of Revenue, this bill increases local revenues by an estimated \$59 million in fiscal year 2026, and by \$177 million in fiscal year 2027, the first full year of impacted collections. This bill will not result in state or local property tax levy shifts.

Local Government, DOR figures:

FY 2026 -	\$ 59,000,000
FY 2027 -	\$ 177,000,000
FY 2028 -	\$ 305,000,000
FY 2029 -	\$ 436,000,000
FY 2030 -	\$ 577,000,000
FY 2031 -	\$ 731,000,000

The Local Government Fiscal Note Program assumes a 60% (special districts), 20% (counties), and 20% (cities) revenue distribution between local government types. These figures reference the Dept. of Revenue 2024 Property Tax Statistics. Only Local Special School District distributions are included in this distribution, state school district figures are not and would be included in an Office of Superintendent of Public Instruction fiscal note, if applicable.

COUNTIES (20%)

FY 2026 -	\$ 59,000,000 (.20) = \$ 11,800,000
FY 2027 -	\$ 177,000,000 (.20) = \$ 35,400,000
FY 2028 -	\$ 305,000,000 (.20) = \$ 61,000,000
FY 2029 -	\$ 436,000,000 (.20) = \$ 87,200,000
FY 2030 -	\$ 577,000,000 (.20) = \$ 115,400,000
FY 2031 -	\$ 731,000,000 (.20) = \$ 146,200,000

CITIES (20%)

FY 2026 -	\$ 59,000,000 (.20) = \$ 11,800,000
FY 2027 -	\$ 177,000,000 (.20) = \$ 35,400,000
FY 2028 -	\$ 305,000,000 (.20) = \$ 61,000,000
FY 2029 -	\$ 436,000,000 (.20) = \$ 87,200,000
FY 2030 -	\$ 577,000,000 (.20) = \$ 115,400,000

FY 2031 - \$ 731,000,000 (.20) = \$ 146,200,000

SPECIAL DISTRICTS (60%)

FY 2026 - \$ 59,000,000 (.60) = \$ 35,400,000

FY 2027 - \$ 177,000,000 (.60) = \$ 106,200,000

FY 2028 - \$ 305,000,000 (.60) = \$ 183,000,000

FY 2029 - \$ 436,000,000 (.60) = \$ 261,600,000

FY 2030 - \$ 577,000,000 (.60) = \$ 346,200,000

FY 2031 - \$ 731,000,000 (.60) = \$ 438,600,000

SOURCES

Washington State Dept. of Revenue

DOR's 2024 Property Tax Statistics

Individual State Agency Fiscal Note

Revised

Bill Number: 5812 SB	Title: K-12 education funding	Agency: SDF-School District Fiscal Note - SPI
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2026	FY 2027	2025-27	2027-29	2029-31
School District Local-Private/Local NEW-7	95,367,000	244,260,000	339,627,000	560,949,000	633,712,000
Total \$	95,367,000	244,260,000	339,627,000	560,949,000	633,712,000

Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
Account					
School District Local-Private/Local NEW-7	95,367,000	244,260,000	339,627,000	560,949,000	633,712,000
Total \$	95,367,000	244,260,000	339,627,000	560,949,000	633,712,000

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: Jeffrey Mitchell	Phone: 360-786-7438	Date: 04/15/2025
Agency Preparation: Shawn Lewis	Phone: 360 725-6019	Date: 04/16/2025
Agency Approval: TJ Kelly	Phone: (360) 725-6301	Date: 04/16/2025
OFM Review: Shea Hamilton	Phone: (360) 229-4774	Date: 04/16/2025

Part II: Narrative Explanation

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

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

Amended Sec. 2. RCW 84.52.0531 and 2022 c 108 s 3:

(2) defines “inflation enhancement”

(b)(i) \$500 in the 2026 calendar year

(b)(ii) and 3.33% added to inflation each year from the 2027 to the 2030 calendar years.

(2)(c)(A) defines the maximum per-pupil levy limit as \$2,500 increased by inflation, plus the inflation enhancement defined in (b) of this subsection for districts with fewer than 40,000 FTE through the 2023 calendar year.

(B) defines maximum per-pupil levy limit as \$3,000 increased by inflation, plus the inflation enhancement defined in (b)(i) of this subsection for districts with more than 40,000 FTE.

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

Amended Sec. 3. RCW 28A.500.015 and 2022 c 108 s 4:

(2)(c) Local Effort Assistance (LEA) funding for state-tribal education compact schools maximum per-student amount of \$1,550 as increased by inflation, plus inflation enhancements.

(4)(c) Defines inflation enhancement as \$200 in the 2026, 2030 and 2031 calendar year; and \$300 in the 2027 calendar year.

(4)(f) Defines the state local effort assistance threshold as \$1,550 per student, increased for inflation, plus inflation enhancements.

Amended Sec. 8. RCW 28A.150.390 and 2024 c 229 s 1

(2)(b) removes the 16% cap on resident student enrollment for funding purposes beginning the 2028-2029 school year.

(3)(b) Removed the section that explains that special education funding is not dependent on the serving districts reporting but rather the resident district numbers. Also, how students from a nonhigh district or attending through an interdistrict agreement should be treated.

Amended Sec. 9. RCW 28A.150.392 and 2024 c 127 s 2:

(2)(f) Removed safety net awards criteria to consider proximity to group homes, military bases, and regional hospitals. Effective September 1, 2028.

Amended Sec. 10. RCW 28A.150.560 and 2023 c 417 s 6:

(2) requires OSPI to create a cost accounting methodology that accounts for expenditures beyond amounts provided through the special education funding formula under RCW 28A.150.390. This method of accounting must shift 30% of a school district’s base allocation as defined in RCW 28A.150.390 for students eligible for and receiving special education to the school district’s special education program for expenditures.

(3) To the extent that a school district’s special education program expenditures exceed state funding in a school year provided under RCW 28A.150.390 and RCW 28A.150.392, and the redirected general apportionment revenue under subsection (2) of this section, the school district must use the remaining portion of the school district’s base allocation as

defined in RCW 28A.150.390 for students eligible for and receiving special education for the expenditures to using other funding sources.

(4) Unless otherwise prohibited by law, nothing in this section prohibits districts from using other funding and state allocation above the amounts provided under RCW 29A.150.390 and subsections (2) and (3) of this section to serve students eligible for and receiving special education.

New Section:

Section 11 requires OSPI to convene a K-12 funding equity work group to analyze K-12 funding formulas and explore options for revisions to the funding formula that are responsive to student needs, including economic, demographic, and geographic differences in student and community populations.

By November 1, 2025, and annually thereafter through 2027, OSPI shall report the group’s progress and any proposed options to the education and fiscal committees of the legislature. The report must include but is not limited to the following topics: Options for revisions to the funding formula that address system and resource inequities; Options that address state, local, and regional needs; the potential adoption of student weights to direct additional funding towards students most in need; and metrics for monitoring and accountability related to equitable access to resources.

The estimated cost of an option or group of options proposed by OSPI on behalf of the workgroup must not exceed the estimated state revenue provided under section 201 of this act when combined with the estimated additional state funding allocated in this act.

New Section:

Section 12 provides an effective date of September 1, 2028 for sections 8 through 10 of this act.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

OSPI assumes cash revenues equal state expenditures less costs associated with the funding formula equity workgroup and includes estimated Levy funding. See attached table and state note for further details.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

OSPI assumes local education agencies will expend all revenue received in full and will match state expenditures less costs associated with the funding formula equity workgroup and includes estimated Levy funding. See State note for further details.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
NEW-7	School District Local	Private/Local	95,367,000	244,260,000	339,627,000	560,949,000	633,712,000
Total \$			95,367,000	244,260,000	339,627,000	560,949,000	633,712,000

III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
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	95,367,000	244,260,000	339,627,000	560,949,000	633,712,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	95,367,000	244,260,000	339,627,000	560,949,000	633,712,000

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals 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

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

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

NONE

None

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

K-12 Funding - HB 2049 State Costs /SB 5812 State Costs						
School Year	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Enrollment CAP	16%	16%	16%	None	None	None
Eliminate Enrollment CAP SD and Tribal	\$ -	\$ -	\$ -	\$ 26,798,000	\$ 27,334,000	\$ 27,881,000
Eliminate Enrollment CAP Charter	\$ -	\$ -	\$ -	\$ 146,000	\$ 149,000	\$ 152,000
Total School Year	\$ -	\$ -	\$ -	\$ 26,944,000	\$ 27,483,000	\$ 28,033,000
State Calendar Year	2026	2027	2028	2029	2030	2031
Local Effort Assistance SD and Tribal	\$ 79,612,000	\$ 206,336,000	\$ 171,923,000	\$ 158,239,000	\$ 225,441,000	\$ 287,527,000
Local Enrichment Levy	\$ 98,023,000	\$ 92,183,000	\$ 103,079,000	\$ 78,881,000	\$ 60,212,000	\$ 49,542,000
Total Fiscal Year	\$ 177,635,000	\$ 298,519,000	\$ 275,002,000	\$ 237,120,000	\$ 285,653,000	\$ 337,069,000
State Fiscal Year	2026	2027	2028	2029	2030	2031
Eliminate Enrollment CAP SD and Tribal	\$ -	\$ -	\$ -	\$ 20,768,000	\$ 27,213,000	\$ 27,758,000
Eliminate Enrollment CAP Charter	\$ -	\$ -	\$ -	\$ 113,000	\$ 148,000	\$ 151,000
Local Effort Assistance SD and Tribal	\$ 43,787,000	\$ 149,310,000	\$ 187,409,000	\$ 164,397,000	\$ 195,200,000	\$ 259,588,000
Local Enrichment Levy	\$ 51,580,000	\$ 94,950,000	\$ 97,916,000	\$ 90,346,000	\$ 69,057,000	\$ 54,597,000
Total Fiscal Year	\$ 95,367,000	\$ 244,260,000	\$ 285,325,000	\$ 275,624,000	\$ 291,618,000	\$ 342,094,000
Biennium	2025-2027		2027-2029		2029-2031	
Total Biennium	\$ 339,627,000		\$ 560,949,000		\$ 633,712,000	



Multiple Agency Ten-Year Analysis Summary

Bill Number	Title
5812 SB	K-12 education funding

This ten-year analysis is limited to the estimated cash receipts associated with the proposed tax or fee increases.

Estimated Cash Receipts

Department of Revenue	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
Total	0	0	0	0	0	0	0	0	0	0	0



Ten-Year Analysis

Bill Number 5812 SB	Title K-12 education funding	Agency 140 Department of Revenue
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

☐ **No Cash Receipts** ☐ **Partially Indeterminate Cash Receipts** ☐ **Indeterminate Cash Receipts**

Estimated Cash Receipts

Name of Tax or Fee	Acct Code											
Total												

Biennial Totals

Agency Preparation: Mark Studer	Phone: 360-534-1507	Date: 4/15/2025 5:11:34 pm
Agency Approval: Valerie Torres	Phone: 360-534-1521	Date: 4/15/2025 5:11:34 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 5812 SB	Title K-12 education funding	Agency 350 Superintendent of Public Instruction
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

☒ **No Cash Receipts** ☐ **Partially Indeterminate Cash Receipts** ☐ **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code											
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Agency Preparation: Shawn Lewis	Phone: (360) 725-6019	Date: 4/16/2025 3:49:58 pm
Agency Approval: TJ Kelly	Phone: 360 725-6301	Date: 4/16/2025 3:49:58 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 5812 SB	Title K-12 education funding	Agency SDF School District Fiscal Note - SPI
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

☒ **No Cash Receipts** ☐ **Partially Indeterminate Cash Receipts** ☐ **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code											
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Agency Preparation: Shawn Lewis	Phone: 360 725-6019	Date: 4/16/2025 3:59:34 pm
Agency Approval: TJ Kelly	Phone: (360) 725-6301	Date: 4/16/2025 3:59:34 pm
OFM Review:	Phone:	Date: