
SENATE BILL 6104

State of Washington

64th Legislature

2015 Regular Session

By Senators Rolfes, Frockt, McAuliffe, Hargrove, Ranker, Nelson, Billig, and Conway

Read first time 04/16/15. Referred to Committee on Ways & Means.

1 AN ACT Relating to improving education financing; amending RCW
2 28A.150.410, 28A.400.200, 28A.400.205, 83.100.230, and 28A.150.261;
3 reenacting and amending RCW 84.52.0531; adding new sections to
4 chapter 28A.150 RCW; adding a new section to chapter 28A.300 RCW;
5 adding a new section to chapter 82.04 RCW; adding a new chapter to
6 Title 82 RCW; creating new sections; prescribing penalties; providing
7 an effective date; and providing an expiration date.

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

9 NEW SECTION. **Sec. 1.** It is the intent of the legislature to
10 provide a plan for phasing in the state's constitutional duties to
11 fully fund basic education as required by the Washington state
12 supreme court's order dated January 9, 2014.

13 The legislature recognizes that Substitute House Bill No. 2776,
14 chapter 236, Laws of 2010, was part one of a phase-in plan for
15 meeting the state's constitutional obligations. That legislation
16 established four initial funding priorities within the program of
17 basic education as defined in Engrossed Substitute House Bill No.
18 2261, chapter 548, Laws of 2009, and provided the final 2018 enhanced
19 values for those priorities. The legislature intends to evidence a
20 portion of part two of the phase-in plan through the 2015-2016
21 omnibus operating appropriations act by providing half the funding

1 necessary to meet the final 2018 values of the Substitute House Bill
2 No. 2776 priorities. Funding shall be phased in for class size
3 reductions in a manner that reduces class sizes for the same cohort
4 of students as they progress through the educational system in order
5 to provide stability for students and give the system time to plan
6 for future investments.

7 In recognition of the court's statement that it is "deeply
8 troubling" that the state has not offered any plan for meeting its
9 compensation obligations, it is the intent of the legislature that
10 phase two also include a phase-in plan for compensation and a state
11 revenue source to support these increased state allocations. The
12 legislature also recognizes that the court has repeatedly noted that
13 shortfalls in state funding have forced districts to increasingly
14 rely on local levies to fund the state's constitutional basic
15 education obligations. The legislature finds that evidence suggests
16 that much of the reliance on local levies is integrally tied to the
17 compensation obligations and therefore intends to implement a process
18 for determining how to reduce local levy reliance in a way that is
19 coordinated with the increased state investment in educator
20 compensation and in a way that does not create additional unintended
21 financial burdens on school districts.

22 The legislature acknowledges that future legislatures may
23 consider alternative schedules and plans to reflect different
24 legislative priorities and new emerging research.

25 **PART I**

26 **PHASE-IN PLAN FOR EDUCATOR COMPENSATION AS REQUIRED BY THE SUPREME**
27 **COURT'S MCCLEARY DECISION.**

28 NEW SECTION. **Sec. 101.** The legislature intends to implement a
29 plan to phase-in a modified version of the compensation working group
30 recommendations for a revised compensation system for all staff in
31 order to attract and retain high quality educators to Washington
32 schools through full funding of competitive salaries with state
33 resources as required by the Washington state Constitution. The
34 legislature intends to begin phase-in during the 2017-18 school year
35 and complete the phase-in by the 2022-23 school year.

36 NEW SECTION. **Sec. 102.** A new section is added to chapter
37 28A.150 RCW to read as follows:

1 (1)(a) In order to eliminate grandfathered salary allocations,
2 which means a state salary allocation rate for classified or
3 certificated administrative staff provided to a school district that
4 exceeds the standard salary allocation, beginning in the 2017-2019
5 biennium, the legislature shall provide sufficient funds for
6 whichever is greater:

7 (i) The certificated administrative and classified salary
8 allocation amounts shown on LEAP Document 2 for the 2017-18 school
9 year; or

10 (ii) The average state salary allocation amounts for basic
11 education state-funded certificated administrative staff and
12 classified staff units per full-time equivalent as follows:

13	Certificated administrative staff.	\$99,765
14	Classified staff.	\$43,153

15 (b) The minimum allocations provided in (a) of this subsection
16 shall be enhanced in a linear fashion to provide sufficient state
17 funds for the average state salary allocations for basic education
18 state-funded certificated administrative staff and classified staff
19 units per full-time equivalent in the 2022-23 school year as follows:

20	Certificated administrative staff.	\$105,158
21	Classified staff.	\$ 45,486

22 (2) The allocations established in subsection (1) of this section
23 shall be adjusted for initiative measure no. 732 cost-of-living
24 increases as provided in the omnibus appropriations act.

25 (3) This section expires August 1, 2022.

26 **Sec. 103.** RCW 28A.150.410 and 2010 c 236 s 10 are each amended
27 to read as follows:

28 (1) The legislature shall establish for each school year in the
29 appropriations act a statewide salary allocation schedule, for
30 allocation purposes only(~~(, to be)~~) and used to distribute funds for
31 basic education certificated instructional staff salaries under RCW
32 28A.150.260. For the purposes of this section, the staff allocations
33 for classroom teachers, teacher librarians, guidance counselors, and
34 student health services staff under RCW 28A.150.260 are considered
35 allocations for certificated instructional staff.

36 (2) Salary allocations for state-funded basic education
37 certificated instructional staff shall be calculated by the

1 superintendent of public instruction by determining the district's
2 average salary for certificated instructional staff, using the
3 statewide salary allocation schedule and related documents,
4 conditions, and limitations established by the omnibus appropriations
5 act.

6 (3) Beginning January 1, 1992, no more than ninety college
7 quarter-hour credits received by any employee after the baccalaureate
8 degree may be used to determine compensation allocations under the
9 state salary allocation schedule and LEAP documents referenced in the
10 omnibus appropriations act, or any replacement schedules and
11 documents, unless:

12 (a) The employee has a master's degree; or

13 (b) The credits were used in generating state salary allocations
14 before January 1, 1992.

15 (4) For the 2017-18 school year through the 2022-23 school year,
16 a revised statewide salary allocation schedule as provided in section
17 104 of this act shall be phased-in for certificated instructional
18 staff.

19 (5)(a) Beginning in the 2023-24 school year and thereafter, a
20 beginning certificated instructional staff with an entry-level
21 residency certificate may remain on a residency certificate for up to
22 nine years at the same salary allocation, although there are
23 different levels of salary allocations for residency certificate
24 holders who have a bachelor's degree and those who have an advanced
25 degree. Allocations based on an advanced degree must be only for
26 those degrees that are relevant to current or future assignments as
27 locally determined by the relevant school district.

28 (b) For the school year immediately following a certificated
29 instructional staff's attainment of a professional certificate or
30 advanced degree, the salary allocated for that staff must increase to
31 reflect the salaries for a professional or continuing certificate or
32 advanced degree in the state salary allocation schedule. A minimum of
33 three years of experience is required to make the progression from
34 the residency certification to the professional certification and the
35 corresponding step on the salary allocation model.

36 (c) For certificated instructional staff with a professional or
37 continuing certificate, there are different levels of salary
38 allocations for those who have a bachelor's degree and those who have
39 an advanced degree. Allocations based on an advanced degree must be

1 only for those degrees that are relevant to current or future
2 assignments as locally determined by the relevant school district.

3 (d) After nine years of experience, inclusive of the years with
4 an initial or residency certificate, an additional salary increase
5 must be allocated for a certificated instructional staff member who
6 has achieved and retained the professional or continuing certificate.

7 (e) The following minimum salary allocations are provided in the
8 2023-24 school year, after which the allocations shall be adjusted
9 annually for the cost-of-living increase as specified in RCW
10 28A.400.205:

<u>Service</u>	<u>BA -</u>	<u>BA -</u>	<u>MA+-</u>	<u>MA+-</u>
	<u>Initial/</u>	<u>Prof. /</u>	<u>Initial/</u>	<u>Prof. /</u>
	<u>Residency</u>	<u>Cont.</u>	<u>Residency</u>	<u>Cont.</u>
<u>0</u>	<u>\$48,000</u>	<u>\$N/A</u>	<u>\$52,800</u>	<u>\$N/A</u>
<u>1</u>	<u>48,000</u>	<u>N/A</u>	<u>52,800</u>	<u>N/A</u>
<u>2</u>	<u>48,000</u>	<u>N/A</u>	<u>52,800</u>	<u>N/A</u>
<u>3</u>	<u>48,000</u>	<u>N/A</u>	<u>52,800</u>	<u>N/A</u>
<u>4</u>	<u>48,000</u>	<u>58,000</u>	<u>52,800</u>	<u>62,800</u>
<u>5</u>	<u>48,000</u>	<u>58,000</u>	<u>52,800</u>	<u>62,800</u>
<u>6</u>	<u>48,000</u>	<u>58,000</u>	<u>52,800</u>	<u>62,800</u>
<u>7</u>	<u>48,000</u>	<u>58,000</u>	<u>52,800</u>	<u>62,800</u>
<u>8</u>	<u>48,000</u>	<u>58,000</u>	<u>52,800</u>	<u>62,800</u>
<u>9</u>	<u>48,000</u>	<u>58,000</u>	<u>52,800</u>	<u>62,800</u>
<u>10+</u>	<u>N/A</u>	<u>70,000</u>	<u>52,800</u>	<u>77,000</u>

25 (6) Beginning in the 2023-24 school year and thereafter, the
26 state salary allocation schedule shall be specified in the omnibus
27 appropriations act and shall be no less than the salary allocation
28 schedule framework established in subsection (5)(e) of this section
29 and annually adjusted for the cost-of-living increase under RCW
30 28A.400.205.

31 (7) The office of the superintendent of public instruction and
32 the professional educator standards board shall make rules to
33 implement this section.

34 (8) Beginning in the 2007-08 school year, the calculation of
35 years of service for occupational therapists, physical therapists,
36 speech-language pathologists, audiologists, nurses, social workers,

1 counselors, and psychologists regulated under Title 18 RCW may
 2 include experience in schools and other nonschool positions as
 3 occupational therapists, physical therapists, speech-language
 4 pathologists, audiologists, nurses, social workers, counselors, or
 5 psychologists. The calculation shall be that one year of service in a
 6 nonschool position counts as one year of service for purposes of this
 7 chapter, up to a limit of two years of nonschool service. Nonschool
 8 years of service included in calculations under this subsection shall
 9 not be applied to service credit totals for purposes of any
 10 retirement benefit under chapter 41.32, 41.35, or 41.40 RCW, or any
 11 other state retirement system benefits.

12 NEW SECTION. **Sec. 104.** A new section is added to chapter
 13 28A.150 RCW to read as follows:

14 (1)(a) In the 2017-18 school year, except as provided in
 15 subsection (2) of this section, the minimum state salary allocation
 16 shall be as follows:

17	Service	BA + 0	BA + 15	BA + 30	BA + 45	BA + 90	BA + 135	MA	MA + 45	PhD
18	0	\$38,000	\$38,000	\$38,000	\$38,000	\$41,000	\$43,000	\$47,000	\$47,000	\$47,000
19	1	38,000	38,000	38,000	38,000	41,000	43,000	47,000	47,000	47,000
20	2	38,000	38,000	38,000	38,000	41,259	43,275	47,000	47,000	47,000
21	3	38,000	38,000	38,000	38,437	41,518	43,549	47,000	47,000	47,724
22	4	38,000	45,600	38,000	38,964	42,064	44,110	47,000	47,000	48,447
23	5	38,000	45,600	38,385	39,498	42,586	44,673	47,000	47,000	49,171
24	6	38,000	45,600	38,769	40,039	43,113	45,211	47,000	47,000	49,894
25	7	38,000	45,600	39,621	40,960	44,079	46,235	47,000	48,159	50,618
26	8	38,787	45,600	40,905	42,355	45,516	47,751	47,000	49,318	51,341
27	9	38,787	45,600	42,262	43,765	46,999	49,310	47,241	50,477	52,788
28	10	38,787	45,600	43,635	45,247	48,524	50,913	50,249	52,003	54,390
29	11	38,787	45,600	43,635	46,772	50,121	52,557	51,835	53,599	56,034
30	12	38,787	45,600	43,635	48,249	51,761	54,269	53,476	55,238	57,748
31	13	38,787	45,600	43,635	48,249	53,440	56,024	55,165	56,918	59,501
32	14	38,787	45,600	43,635	48,249	55,128	57,844	68,750	58,716	61,322
33	15	38,787	45,600	43,635	48,249	62,500	62,500	68,750	68,750	68,750
34	16+	38,787	45,600	43,635	48,249	62,500	62,500	68,750	68,750	68,750

1 (b) In the 2018-19 school year, except as provided in subsection
 2 (2) of this section, the minimum state salary allocation shall be as
 3 follows:

4	Service	BA + 0	BA + 15	BA + 30	BA + 45	BA + 90	BA + 135	MA	MA + 45	PhD
5	0	\$42,000	\$42,000	\$42,000	\$42,000	\$42,000	\$44,000	\$48,500	\$48,500	\$48,500
6	1	42,000	42,000	42,000	42,000	42,000	44,000	48,500	48,500	48,500
7	2	42,000	42,000	42,000	42,000	42,000	44,000	48,500	48,500	48,500
8	3	42,000	42,000	42,000	42,000	42,000	44,000	48,500	48,500	48,500
9	4	42,000	42,000	42,000	42,000	42,064	44,110	48,500	48,500	48,500
10	5	42,000	42,000	42,000	42,000	42,586	44,673	48,500	48,500	48,500
11	6	42,000	42,000	42,000	42,000	43,113	45,211	48,500	48,500	49,678
12	7	42,000	42,000	42,000	42,000	44,079	46,235	48,500	48,500	50,856
13	8	42,000	42,000	42,000	42,355	45,516	47,751	48,500	49,667	52,034
14	9	42,000	42,135	42,262	43,765	46,999	49,310	48,500	50,834	53,212
15	10	42,000	42,135	43,635	45,247	48,524	50,913	48,724	52,003	54,390
16	11	42,000	42,135	43,635	46,772	50,121	52,557	50,249	53,599	56,034
17	12	42,000	42,135	43,635	48,249	51,761	54,269	51,835	55,238	57,748
18	13	42,000	42,135	43,635	48,249	53,440	56,024	53,476	56,918	59,501
19	14	42,000	42,135	43,635	48,249	64,000	64,000	70,400	70,400	70,400
20	15	42,000	42,135	43,635	48,249	64,000	64,000	70,400	70,400	70,400
21	16+	42,000	42,135	43,635	48,249	64,000	64,000	70,400	70,400	70,400

22 (c) In the 2019-20 school year, except as provided in subsection
 23 (2) of this section, the minimum state salary allocation shall be as
 24 follows:

25	Service	BA + 0	BA + 15	BA + 30	BA + 45	BA + 90	BA + 135	MA	MA + 45	PhD
26	0	\$44,000	\$44,000	\$44,000	\$44,000	\$44,000	\$46,000	\$50,000	\$50,000	\$50,000
27	1	44,000	44,000	44,000	44,000	44,000	46,000	50,000	50,000	50,000
28	2	44,000	44,000	44,000	44,000	44,000	46,000	50,000	50,000	50,000
29	3	44,000	44,000	44,000	44,000	44,000	46,000	50,000	50,000	50,000
30	4	44,000	44,000	44,000	44,000	44,000	46,000	50,000	50,000	50,000
31	5	44,000	44,000	44,000	44,000	44,000	46,000	50,000	50,000	50,000
32	6	44,000	44,000	44,000	44,000	44,000	46,000	50,000	50,000	50,000

1	7	44,000	44,000	44,000	44,000	44,079	46,325	50,000	50,000	50,856
2	8	44,000	44,000	44,000	44,000	45,516	47,751	50,000	50,000	52,034
3	9	44,000	44,000	44,000	44,000	46,999	49,310	50,000	50,834	53,212
4	10	44,000	44,000	44,000	45,247	48,524	50,913	50,125	52,003	54,390
5	11	44,000	44,000	44,000	46,772	50,121	52,557	50,249	53,599	56,034
6	12	44,000	44,000	44,000	48,249	51,761	54,269	51,835	55,238	57,748
7	13	44,000	44,000	44,000	48,249	65,500	65,500	72,050	72,050	72,050
8	14	44,000	44,000	44,000	48,249	65,500	65,500	72,050	72,050	72,050
9	15	44,000	44,000	44,000	48,249	65,500	65,500	72,050	72,050	72,050
10	16+	44,000	44,000	44,000	48,249	65,500	65,500	72,050	72,050	72,050

11 (d) In the 2020-21 school year, except as provided in subsection
12 (2) of this section, the minimum state salary allocation shall be as
13 follows:

14	Service	BA + 0	BA + 15	BA + 30	BA + 45	BA + 90	BA + 135	MA	MA + 45	PhD
15	0	\$48,000	\$48,000	\$48,000	\$48,000	\$48,000	\$48,000	\$52,800	\$52,800	\$52,800
16	1	48,000	48,000	48,000	48,000	48,000	48,000	52,800	52,800	52,800
17	2	48,000	48,000	48,000	48,000	48,000	48,000	52,800	52,800	52,800
18	3	48,000	48,000	48,000	48,000	48,000	48,000	52,800	52,800	52,800
19	4	48,000	48,000	48,000	48,000	48,000	48,000	52,800	52,800	52,800
20	5	48,000	48,000	48,000	48,000	48,000	48,000	52,800	52,800	52,800
21	6	48,000	48,000	48,000	48,000	48,000	48,000	52,800	52,800	52,800
22	7	48,000	48,000	48,000	48,000	48,000	48,000	52,800	52,800	52,800
23	8	48,000	48,000	48,000	48,000	48,000	48,000	52,800	52,800	52,800
24	9	48,000	48,000	48,000	48,000	48,000	49,310	52,800	52,800	53,212
25	10	48,000	48,000	48,000	48,000	48,524	50,913	52,800	52,800	54,390
26	11	48,000	48,000	48,000	48,000	50,121	52,557	52,800	53,599	56,034
27	12	48,000	48,000	48,000	67,000	67,000	67,000	73,700	73,700	73,700
28	13	48,000	48,000	48,000	67,000	67,000	67,000	73,700	73,700	73,700
29	14	48,000	48,000	48,000	67,000	67,000	67,000	73,700	73,700	73,700
30	15	48,000	48,000	48,000	67,000	67,000	67,000	73,700	73,700	73,700
31	16+	48,000	48,000	48,000	67,000	67,000	67,000	73,700	73,700	73,700

1 (e) In the 2021-22 school year, except as provided in subsection
 2 (2) of this section, the minimum state salary allocation shall be as
 3 follows:

4	Service	BA + 0	BA + 15	BA + 30	BA + 45	BA + 90	BA + 135	MA	MA + 45	PhD
5	0	\$48,000	\$48,000	\$48,000	\$48,000	\$48,000	\$48,000	\$52,800	\$52,800	\$52,800
6	1	48,000	48,000	48,000	48,000	48,000	48,000	52,800	52,800	52,800
7	2	48,000	48,000	48,000	48,000	48,000	48,000	52,800	52,800	52,800
8	3	48,000	48,000	48,000	48,000	48,000	48,000	52,800	52,800	52,800
9	4	48,000	48,000	48,000	48,000	48,000	48,367	52,800	52,800	52,800
10	5	48,000	48,000	48,000	48,000	48,000	48,984	52,800	52,800	52,913
11	6	48,000	48,000	48,000	48,000	48,000	49,574	52,800	52,800	53,425
12	7	48,000	48,000	48,000	48,000	48,333	50,697	52,800	52,800	54,511
13	8	48,000	48,000	48,000	48,000	49,909	52,359	52,800	53,722	56,172
14	9	48,000	48,000	48,000	48,000	51,535	54,069	52,800	55,349	57,883
15	10	48,000	48,000	48,000	49,614	53,207	55,826	55,826	57,021	59,693
16	11	48,000	48,000	48,000	68,500	68,500	68,500	75,350	75,350	75,350
17	12	48,000	48,000	48,000	68,500	68,500	68,500	75,350	75,350	75,350
18	13	48,000	48,000	48,000	68,500	68,500	68,500	75,350	75,350	75,350
19	14	48,000	48,000	48,000	68,500	68,500	68,500	75,350	75,350	75,350
20	15	48,000	48,000	48,000	68,500	68,500	68,500	75,350	75,350	75,350
21	16+	48,000	48,000	48,000	68,500	68,500	68,500	75,350	75,350	75,350

22 (f) In the 2022-23 school year, except as provided in subsection
 23 (2) of this section, the minimum state salary allocation shall be as
 24 follows:

25	Service	BA + 0	BA + 15	BA + 30	BA + 45	BA + 90	BA + 135	MA	MA + 45	PhD
26	0	\$48,000	\$48,000	\$48,000	\$48,000	\$48,000	\$49,298	\$52,800	\$52,800	\$53,941
27	1	48,000	48,000	48,000	48,000	48,000	49,941	52,800	52,800	54,496
28	2	48,000	48,000	48,000	48,000	48,249	50,581	52,800	52,800	55,049
29	3	48,000	48,000	48,000	48,000	48,834	51,223	52,800	53,216	55,606
30	4	48,000	48,000	48,000	48,000	58,000	58,000	52,800	53,774	56,181
31	5	48,000	48,000	48,000	48,000	58,000	58,000	62,800	62,800	62,800
32	6	48,000	48,000	48,000	48,000	58,000	58,000	62,800	62,800	62,800

1	7	48,000	48,000	48,000	48,178	58,000	58,000	62,800	62,800	62,800
2	8	48,000	48,000	48,112	49,818	58,000	58,000	62,800	62,800	62,800
3	9	48,000	48,000	49,709	51,476	58,000	58,000	62,800	62,800	62,800
4	10	48,000	48,000	70,000	70,000	70,000	70,000	77,000	77,000	77,000
5	11	48,000	48,000	70,000	70,000	70,000	70,000	77,000	77,000	77,000
6	12	48,000	48,000	70,000	70,000	70,000	70,000	77,000	77,000	77,000
7	13	48,000	48,000	70,000	70,000	70,000	70,000	77,000	77,000	77,000
8	14	48,000	48,000	70,000	70,000	70,000	70,000	77,000	77,000	77,000
9	15	48,000	48,000	70,000	70,000	70,000	70,000	77,000	77,000	77,000
10	16+	48,000	48,000	70,000	70,000	70,000	71,202	77,000	77,000	77,000

11 (2) As the revised statewide salary allocation schedule in this
12 section is phased-in beginning in the 2017-18 school year through the
13 2022-23 school year, if the salary allocation schedule in effect for
14 the 2016-17 school year would provide a salary allocation for an
15 individual certificated instructional staff greater than the salary
16 allocation schedule for the specified year in subsection (1) of this
17 section, then the allocation for the certificated instructional staff
18 must be the allocation from the 2016-17 school year salary allocation
19 schedule. Beginning with the 2017-18 school year through the 2022-23
20 school year, if an individual certificated instructional staff does
21 not receive a salary increase under the revised state salary
22 allocation schedules in this section, then the certificated
23 instructional staff shall receive a cost-of-living adjustment in
24 accordance with RCW 28A.400.205.

25 (3) This section expires September 1, 2024.

26 NEW SECTION. **Sec. 105.** A new section is added to chapter
27 28A.300 RCW to read as follows:

28 (1) The legislature intends to ensure that K-12 salary
29 allocations keep pace with the wages of comparable occupations by
30 requiring a comparable wage analysis be conducted every four years.

31 (2) By July 1, 2027, and every four years thereafter, the
32 superintendent of public instruction shall conduct or contract for a
33 comparative labor market analysis of the salaries and other
34 compensation for school district employees. The first analysis,
35 including any recommendations for salary adjustments based on the
36 analysis, must be submitted to the governor and the legislature by

1 July 1, 2028. Subsequent reports shall be submitted by July 1st every
2 four years thereafter.

3 **Sec. 106.** RCW 28A.400.200 and 2010 c 235 s 401 are each amended
4 to read as follows:

5 (1) The legislature finds that the state is responsible for fully
6 funding salaries of staff performing basic education activities. The
7 legislature further finds that the compensation technical working
8 group created in chapter 548, Laws of 2009 in its June 30, 2012,
9 final report affirmed that average comparable wages are sufficient to
10 recruit and retain high quality staff. However, the legislature
11 further finds that the compensation technical working group
12 recommended that districts be allowed to provide locally funded
13 salary enhancements for nonbasic education functions. The legislature
14 intends to implement the recommendation of the working group and
15 authorize school districts to use local funds to provide salary
16 enhancements for nonbasic education functions. The legislature
17 further intends to ensure equity around the state by limiting the
18 locally funded enhancements to ten percent above the state basic
19 education allocation to the district once the state is fully funding
20 basic education salaries at comparable wages.

21 (2) Every school district board of directors shall fix, alter,
22 allow, and order paid salaries and compensation for all district
23 employees in conformance with this section.

24 ~~((+2))~~ (3)(a) Salaries for certificated instructional staff
25 shall not be less than the salary provided in the appropriations act
26 in the statewide salary allocation schedule for an employee with a
27 baccalaureate degree and zero years of service; and

28 (b) Salaries for certificated instructional staff with a master's
29 degree shall not be less than the salary provided in the
30 appropriations act in the statewide salary allocation schedule for an
31 employee with a master's degree and zero years of service.

32 ~~((+3)(a) The actual average salary paid to certificated~~
33 ~~instructional staff shall not exceed the district's average~~
34 ~~certificated instructional staff salary used for the state basic~~
35 ~~education allocations for that school year as determined pursuant to~~
36 ~~RCW 28A.150.410.~~

37 ~~(b))~~ (4) Fringe benefit contributions for certificated
38 instructional staff shall be included as salary ((under (a) of this
39 subsection)) only to the extent that the district's actual average

1 benefit contribution exceeds the amount of the insurance benefits
2 allocation provided per certificated instructional staff unit in the
3 state operating appropriations act in effect at the time the
4 compensation is payable. For purposes of this section, fringe
5 benefits shall not include payment for unused leave for illness or
6 injury under RCW 28A.400.210; employer contributions for old age
7 survivors insurance, workers' compensation, unemployment
8 compensation, and retirement benefits under the Washington state
9 retirement system; or employer contributions for health benefits in
10 excess of the insurance benefits allocation provided per certificated
11 instructional staff unit in the state operating appropriations act in
12 effect at the time the compensation is payable. A school district may
13 not use state funds to provide employer contributions for such excess
14 health benefits.

15 ((e)) (5)(a) Except as provided in (b) of this subsection,
16 school districts are authorized to use local funds for salaries of
17 certificated instructional staff up to but not exceeding ten percent
18 of the state basic education allocation to the district. The use of
19 the local funds will be defined at the school district level and will
20 provide for locally funded salary enhancements for nonbasic education
21 functions.

22 (b) As the state phases-in a new state salary allocation schedule
23 in section 104 of this act, for the school years 2017-18 through
24 2022-23, school districts are authorized to provide ten percent of
25 the amount of state basic education funding that the school district
26 would receive under the 2023-24 school year state salary allocation
27 schedule contained in RCW 28A.150.410.

28 (c) The use of local funds for salary enhancements under this
29 section:

30 (i) Shall not cause the state to incur any present or future
31 funding obligation; and

32 (ii) Is subject to the collective bargaining provisions of
33 chapter 41.59 RCW and the provisions of RCW 28A.405.240, shall not
34 exceed one year, and, if not renewed, shall not constitute adverse
35 change in accordance with RCW 28A.405.300 through 28A.405.380.

36 (d) No district may use local funds under the authorization of
37 this subsection (5) for the provision of services that are a part of
38 the basic education program required by Article IX, section 3 of the
39 state Constitution.

1 (6) Salary and benefits for certificated instructional staff in
2 programs other than basic education shall be consistent with the
3 salary and benefits paid to certificated instructional staff in the
4 basic education program.

5 ~~((4) Salaries and benefits for certificated instructional staff
6 may exceed the limitations in subsection (3) of this section only by
7 separate contract for additional time, for additional
8 responsibilities, for incentives, or for implementing specific
9 measurable innovative activities, including professional development,
10 specified by the school district to: (a) Close one or more
11 achievement gaps, (b) focus on development of science, technology,
12 engineering, and mathematics (STEM) learning opportunities, or (c)
13 provide arts education. Beginning September 1, 2011, school districts
14 shall annually provide a brief description of the innovative
15 activities included in any supplemental contract to the office of the
16 superintendent of public instruction. The office of the
17 superintendent of public instruction shall summarize the district
18 information and submit an annual report to the education committees
19 of the house of representatives and the senate. Supplemental
20 contracts shall not cause the state to incur any present or future
21 funding obligation. Supplemental contracts shall be subject to the
22 collective bargaining provisions of chapter 41.59 RCW and the
23 provisions of RCW 28A.405.240, shall not exceed one year, and if not
24 renewed shall not constitute adverse change in accordance with RCW
25 28A.405.300 through 28A.405.380. No district may enter into a
26 supplemental contract under this subsection for the provision of
27 services which are a part of the basic education program required by
28 Article IX, section 3 of the state Constitution.~~

29 ~~(5))~~ (7) Employee benefit plans offered by any district shall
30 comply with RCW 28A.400.350 ~~((and))~~ 28A.400.275 and 28A.400.280.

31 **Sec. 107.** RCW 28A.400.205 and 2013 2nd sp.s. c 5 s 1 are each
32 amended to read as follows:

33 (1) Except as provided in subsection (3) of this section, school
34 district employees shall be provided an annual salary cost-of-living
35 increase in accordance with this section.

36 (a) The cost-of-living increase shall be calculated by applying
37 the rate of the yearly increase in the cost-of-living index to any
38 state-funded salary base used in state funding formulas for teachers
39 and other school district employees. Beginning with the 2001-02

1 school year, and for each subsequent school year, except for the
2 2013-14 and 2014-15 school years, each school district shall be
3 provided a cost-of-living allocation sufficient to grant this cost-
4 of-living increase, except as provided in subsection (3) of this
5 section.

6 (b) A school district shall distribute its cost-of-living
7 allocation for salaries and salary-related benefits in accordance
8 with the district's salary schedules, collective bargaining
9 agreements, and compensation policies. No later than the end of the
10 school year, each school district shall certify to the superintendent
11 of public instruction that it has spent funds provided for cost-of-
12 living increases on salaries and salary-related benefits.

13 (c) Any funded cost-of-living increase shall be included in the
14 salary base used to determine cost-of-living increases for school
15 employees in subsequent years. For teachers and other certificated
16 instructional staff, the rate of the annual cost-of-living increase
17 funded for certificated instructional staff shall be applied to the
18 base salary used with the statewide salary allocation schedule
19 established under RCW 28A.150.410 and to any other salary models used
20 to recognize school district personnel costs.

21 (2) For the purposes of this section, "cost-of-living index"
22 means, for any school year, the previous calendar year's annual
23 average consumer price index, using the official current base,
24 compiled by the bureau of labor statistics, United States department
25 of labor for the state of Washington. If the bureau of labor
26 statistics develops more than one consumer price index for areas
27 within the state, the index covering the greatest number of people,
28 covering areas exclusively within the boundaries of the state, and
29 including all items shall be used for the cost-of-living index in
30 this section.

31 (3) As the state phases-in a revised statewide salary allocation
32 schedule, beginning in the 2015-16 school year and through the
33 2020-21 school year certificated instructional staff for whom the
34 allocation provided by the state is in accordance with section 104(2)
35 of this act shall be the only certificated instructional staff who
36 are eligible to receive a cost-of-living increase under this section.

37 **Sec. 108.** RCW 84.52.0531 and 2010 c 237 s 2 and 2010 c 99 s 11
38 are each reenacted and amended to read as follows:

1 The maximum dollar amount which may be levied by or for any
2 school district for maintenance and operation support under the
3 provisions of RCW 84.52.053 shall be determined as follows:

4 (1) For excess levies for collection in calendar year 1997, the
5 maximum dollar amount shall be calculated pursuant to the laws and
6 rules in effect in November 1996.

7 (2) For excess levies for collection in calendar year 1998 and
8 thereafter, the maximum dollar amount shall be the sum of (a) plus or
9 minus (b), (c), and (d) of this subsection minus (e) of this
10 subsection:

11 (a) The district's levy base as defined in subsection (3) of this
12 section multiplied by the district's maximum levy percentage as
13 defined in subsection (4) of this section;

14 (b) For districts in a high/nonhigh relationship, the high school
15 district's maximum levy amount shall be reduced and the nonhigh
16 school district's maximum levy amount shall be increased by an amount
17 equal to the estimated amount of the nonhigh payment due to the high
18 school district under RCW 28A.545.030(3) and 28A.545.050 for the
19 school year commencing the year of the levy;

20 (c) Except for nonhigh districts under (d) of this subsection,
21 for districts in an interdistrict cooperative agreement, the
22 nonresident school district's maximum levy amount shall be reduced
23 and the resident school district's maximum levy amount shall be
24 increased by an amount equal to the per pupil basic education
25 allocation included in the nonresident district's levy base under
26 subsection (3) of this section multiplied by:

27 (i) The number of full-time equivalent students served from the
28 resident district in the prior school year; multiplied by:

29 (ii) The serving district's maximum levy percentage determined
30 under subsection (4) of this section; increased by:

31 (iii) The percent increase per full-time equivalent student as
32 stated in the state basic education appropriation section of the
33 biennial budget between the prior school year and the current school
34 year divided by fifty-five percent;

35 (d) The levy bases of nonhigh districts participating in an
36 innovation academy cooperative established under RCW 28A.340.080
37 shall be adjusted by the office of the superintendent of public
38 instruction to reflect each district's proportional share of student
39 enrollment in the cooperative;

1 (e) The district's maximum levy amount shall be reduced by the
2 maximum amount of state matching funds for which the district is
3 eligible under RCW 28A.500.010.

4 (3) For excess levies for collection in calendar year 1998 and
5 thereafter, a district's levy base shall be the sum of allocations in
6 (a) through (c) of this subsection received by the district for the
7 prior school year, including allocations for compensation increases,
8 plus the sum of such allocations multiplied by the percent increase
9 per full time equivalent student as stated in the state basic
10 education appropriation section of the biennial budget between the
11 prior school year and the current school year and divided by fifty-
12 five percent. A district's levy base shall not include local school
13 district property tax levies or other local revenues, or state and
14 federal allocations not identified in (a) through (c) of this
15 subsection.

16 (a) The district's basic education allocation as determined
17 pursuant to RCW 28A.150.250, 28A.150.260, and 28A.150.350;

18 (b) State and federal categorical allocations for the following
19 programs:

20 (i) Pupil transportation;
21 (ii) Special education;
22 (iii) Education of highly capable students;
23 (iv) Compensatory education, including but not limited to
24 learning assistance, migrant education, Indian education, refugee
25 programs, and bilingual education;

26 (v) Food services; and
27 (vi) Statewide block grant programs; and

28 (c) Any other federal allocations for elementary and secondary
29 school programs, including direct grants, other than federal impact
30 aid funds and allocations in lieu of taxes.

31 (4)(a) A district's maximum levy percentage shall be twenty-four
32 percent in 2010 and twenty-eight percent in 2011 through 2017 and
33 twenty-four percent every year thereafter;

34 (b) For qualifying districts, in addition to the percentage in
35 (a) of this subsection the grandfathered percentage determined as
36 follows:

37 (i) For 1997, the difference between the district's 1993 maximum
38 levy percentage and twenty percent; (~~and~~)

39 (ii) For 2011 through 2017, the percentage calculated as follows:

1 (A) Multiply the grandfathered percentage for the prior year
2 times the district's levy base determined under subsection (3) of
3 this section;

4 (B) Reduce the result of (b)(ii)(A) of this subsection by any
5 levy reduction funds as defined in subsection (5) of this section
6 that are to be allocated to the district for the current school year;

7 (C) Divide the result of (b)(ii)(B) of this subsection by the
8 district's levy base; and

9 (D) Take the greater of zero or the percentage calculated in
10 (b)(ii)(C) of this subsection;

11 (iii) For 2018 and thereafter, the percentage shall be calculated
12 as follows:

13 (A) Multiply the grandfathered percentage for the prior year
14 times the district's levy base determined under subsection (3) of
15 this section;

16 (B) Reduce the result of (b)(iii)(A) of this subsection by any
17 levy reduction funds as defined in subsection (5) of this section
18 that are to be allocated to the district for the current school year;

19 (C) Divide the result of (b)(iii)(B) of this subsection by the
20 district's levy base; and

21 (D) Take the greater of zero or the percentage calculated in
22 (b)(iii)(C) of this subsection.

23 (5)(a) "Levy reduction funds" shall mean increases in state funds
24 from the prior school year for programs included under subsection (3)
25 of this section: (~~((a))~~) (i) That are not attributable to enrollment
26 changes, compensation increases, or inflationary adjustments; and
27 (~~((b))~~) (ii) that are or were specifically identified as levy
28 reduction funds in the appropriations act. If levy reduction funds
29 are dependent on formula factors which would not be finalized until
30 after the start of the current school year, the superintendent of
31 public instruction shall estimate the total amount of levy reduction
32 funds by using prior school year data in place of current school year
33 data. Levy reduction funds shall not include moneys received by
34 school districts from cities or counties.

35 (b) The increased salary allocations under the revised salary
36 allocation schedule in RCW 28A.150.410 for the 2017-18 school year
37 through the 2022-23 school year shall be deemed levy reduction funds
38 for those school districts that have been grandfathered at a greater
39 levy authority than the maximum levy percentage provided in
40 subsection (4)(a) of this section.

1 (6) For the purposes of this section, "prior school year" means
2 the most recent school year completed prior to the year in which the
3 levies are to be collected.

4 (7) For the purposes of this section, "current school year" means
5 the year immediately following the prior school year.

6 (8) Funds collected from transportation vehicle fund tax levies
7 shall not be subject to the levy limitations in this section.

8 (9) The superintendent of public instruction shall develop rules
9 and regulations and inform school districts of the pertinent data
10 necessary to carry out the provisions of this section.

11 PART II

12 REDUCING RELIANCE ON LOCAL LEVIES

13 NEW SECTION. **Sec. 201.** The legislature finds that the
14 Washington supreme court in the *McCleary* decision found that "the
15 shortfall in state funding forced school districts to increasingly
16 rely on local levies to meet the actual costs of the basic education
17 programs" and that the increase in "levy capacity over the years
18 reflects the growing need to fill the gap between state allocations
19 and the actual cost of providing the program of basic education." The
20 legislature further finds that evidence presented during the *McCleary*
21 case indicated that a significant portion of the basic education
22 obligations being paid out of local levies are related to the school
23 districts' need to supplement the state compensation allocations in
24 order to attract and retain quality educational staff. As the
25 legislature phases in full funding of the program of basic education
26 including the compensation necessary to attract and retain quality
27 staff under the provisions of this act, it is the intent of the
28 legislature to also reduce school district reliance on local levies.

29 The legislature recognizes that reductions to local levy
30 authority and the elimination of grandfathering is a constitutional
31 necessity but that it must be done in a way that is balanced and
32 coordinated with the phasing in of increased funding so as to not
33 negatively or inequitably impact the ability of school districts to
34 provide instructional supports for their students. The legislature
35 also recognizes that there is value in allowing local communities to
36 invest and experiment in the development of enriched educational
37 programs outside the program of basic education through the use of
38 local levies. Therefore, the legislature intends to both support

1 local levy authority as an important component of the overall finance
2 system for public schools while also ensuring local levy funds are
3 not being used for the state's basic education obligations.

4 NEW SECTION. **Sec. 202.** (1) Beginning July 1, 2015, the office
5 of financial management, with assistance and support from the office
6 of the superintendent of public instruction, shall convene a local
7 levy reduction technical working group to develop a phase-in plan for
8 reducing the local authority for school districts and eliminating
9 grandfathered levy authority.

10 (2) The working group's authority is restricted to the following:

11 (a) To recommend a new, reduced local levy authority. The reduced
12 levy authority may be through modifications to the levy base
13 calculations, reductions to the levy percentages as are established
14 in RCW 84.52.0531, or a combination of the two; and

15 (b) To develop a phase-in plan for reducing local levy authority.
16 In developing the plan, the working group shall consider and
17 coordinate the levy authority reductions with the phase-in plans for
18 increasing overall school district basic education revenues as
19 established under this act. The phase-in plan shall be developed in a
20 way that no school district suffers a decrease in overall state,
21 local, and federal funding from one school year to the next due to
22 the reductions in local levy authority.

23 (3)(a) The working group shall be composed of:

24 (i) Representatives from the department of revenue;

25 (ii) One representative from each of the following: The
26 treasurer's office, the legislative evaluation and accountability
27 program committee, school district and educational service district
28 financial managers, the Washington association of school business
29 officers, the Washington education association, the Washington
30 association of school administrators, the association of Washington
31 school principals, the Washington state school directors'
32 association, the public school employees of Washington; and

33 (iii) Other interested stakeholders with expertise in education
34 finance.

35 (b) The working group may convene advisory subgroups on specific
36 topics as necessary to assure participation and input from a broad
37 array of diverse stakeholders.

1 (4) The working group shall be monitored and overseen by the
2 legislature. The working group shall make a final report to the
3 legislature and the governor by October 1, 2016.

4 **PART III**

5 **PROVIDING NEW REVENUE TO SUPPORT MEETING THE STATE'S ARTICLE IX**
6 **CONSTITUTIONAL DUTY TO FUND EDUCATOR COMPENSATION**

7 NEW SECTION. **Sec. 301.** (1) Washington's economy is dependent on
8 a thriving middle class, and the prosperity of the middle class
9 depends on children's access to, and ability to benefit from, high
10 quality education at all levels. The state must provide funding for
11 education and it must also take action so that students receive high
12 quality education to support their personal and economic success.

13 (2) Therefore, this act implements an excise tax on capital gains
14 to provide an ongoing state source of funding to support the
15 compensation component within the program of basic education. As the
16 supreme court in the *McCleary* decisions has noted, quality educators
17 and administrators are the heart of Washington's education system and
18 nothing is more basic than adequate pay. This new revenue source will
19 have a direct and positive impact on the social and economic success
20 of the state by enabling every school to attract and retain the high
21 quality educational staff that we need to teach our children and
22 provide each child with the opportunity to succeed.

23 NEW SECTION. **Sec. 302.** The definitions in this section apply
24 throughout this chapter unless the context clearly requires
25 otherwise.

26 (1) "Adjusted capital gain" means federal net long-term capital
27 gain:

28 (a) Plus any loss from a sale or exchange that is exempt from the
29 tax imposed in this chapter, to the extent such loss was included in
30 calculating federal net long-term capital gain; and

31 (b) Less any gain from a sale or exchange that is exempt from the
32 tax imposed in this chapter, to the extent such gain was included in
33 calculating federal net long-term capital gain.

34 (2) "Capital asset" has the same meaning as provided by section
35 1221 of the internal revenue code and also includes any other
36 property if the sale or exchange of the property results in a gain

1 that is treated as a long-term capital gain under section 1231 or any
2 other provision of the internal revenue code.

3 (3) "Department" means the department of revenue.

4 (4) "Federal net long-term capital gain" means the net long-term
5 capital gain reportable for federal income tax purposes.

6 (5) "Individual" means a natural person.

7 (6) "Internal revenue code" means the United States internal
8 revenue code of 1986 as amended as of the effective date of this
9 section, or such subsequent date as the department may provide by
10 rule consistent with the purpose of this chapter.

11 (7) "Long-term capital asset" means a capital asset that is held
12 for more than one year.

13 (8)(a) "Resident" means an individual:

14 (i) Who is domiciled in this state during the taxable year,
15 unless the individual (A) maintained no permanent place of abode in
16 this state during the entire taxable year, (B) maintained a permanent
17 place of abode outside of this state during the entire taxable year,
18 and spent in the aggregate not more than thirty days of the taxable
19 year in this state; or

20 (ii) Who is not domiciled in this state during the taxable year
21 but maintained a place of abode and was physically present in this
22 state for more than one hundred eighty-three days during the taxable
23 year.

24 (b) For purposes of this subsection, "day" includes any portion
25 of a day, except that a continuous period of twenty-four hours or
26 less may not constitute more than one day.

27 (c) An individual who is a resident under (a) of this subsection
28 is a resident for that portion of a taxable year in which the
29 individual was domiciled in this state or maintained a place of abode
30 in this state.

31 (9) "Taxable year" means the taxpayer's taxable year as
32 determined under the internal revenue code.

33 (10) "Taxpayer" means an individual subject to tax under this
34 chapter.

35 (11) "Washington capital gains" means an individual's adjusted
36 capital gains allocated to this state as provided in section 307 of
37 this act, less:

38 (a) Two hundred fifty thousand dollars; or

39 (b) Five hundred thousand dollars for individuals filing joint
40 returns under this chapter.

1 NEW SECTION. **Sec. 303.** (1) Beginning January 1, 2016, a tax is
2 imposed on all individuals for the privilege of selling or exchanging
3 long-term capital assets, or of receiving Washington capital gains.
4 The tax equals seven percent multiplied by the individual's
5 Washington capital gains. The tax is measured by the individual's
6 Washington capital gains multiplied by the rate of seven percent.

7 (2) If an individual's Washington capital gains are less than
8 zero for a taxable year, no tax is due under this section. No such
9 losses may be carried back or carried forward to another taxable
10 year.

11 (3)(a) The tax imposed in this section applies to the sale or
12 exchange of long-term capital assets owned by the taxpayer, whether
13 the taxpayer was the legal or a beneficial owner at the time of the
14 sale or exchange.

15 (b) For purposes of this chapter, an individual is a beneficial
16 owner of long-term capital assets held by an entity that is a pass-
17 through or disregarded entity for federal tax purposes, such as a
18 partnership, limited liability company, S-corporation, or trust, to
19 the extent of the individual's ownership interest in the entity as
20 reported for federal income tax purposes.

21 NEW SECTION. **Sec. 304.** This chapter does not apply to the sale
22 or exchange of:

23 (1) Residential real property. "Residential real property" means
24 property consisting solely of a single-family residence, a
25 residential condominium unit, or a residential cooperative unit;

26 (2) Assets held under a retirement savings account under section
27 401(k) of the internal revenue code, a tax-sheltered annuity or a
28 custodial account described in section 403(b) of the internal revenue
29 code, a deferred compensation plan under section 457(b) of the
30 internal revenue code, an individual retirement account or an
31 individual retirement annuity described in section 408 of the
32 internal revenue code, a Roth individual retirement account described
33 in section 408A of the internal revenue code, an employee defined
34 contribution program, an employee defined benefit plan, or similar
35 retirement savings vehicle;

36 (3) Assets pursuant to or under imminent threat of condemnation
37 proceedings by the United States, the state or any of its political
38 subdivisions, or a municipal corporation;

1 (4) Cattle, horses, or breeding livestock held for more than
2 twelve months if for the taxable year of the sale or exchange, more
3 than fifty percent of the taxpayer's gross income for the taxable
4 year, including from the sale or exchange of capital assets, is from
5 farming or ranching;

6 (5) Agricultural or timber land by an individual who has regular,
7 continuous, and substantial involvement in the operation of the land
8 that meets the criteria for material participation in an activity
9 under section 469(h) of the internal revenue code for the ten years
10 prior to the date of the sale or exchange of the agricultural or
11 timber land;

12 (6) Property used in the trade or business of the taxpayer if the
13 property qualifies for an income tax deduction under sections 167 or
14 179 of the internal revenue code; and

15 (7) Timber for which the taxpayer makes an election under section
16 631 (a) or (b) of the internal revenue code to treat the cutting of
17 such timber as a sale or exchange.

18 NEW SECTION. **Sec. 305.** The tax imposed under this chapter is in
19 addition to any other taxes imposed by the state or any of its
20 political subdivisions, or a municipal corporation, with respect to
21 the same sale or exchange, including the taxes imposed in or under
22 the authority of chapters 82.04, 82.08, 82.12, 82.14, 82.45, or 82.46
23 RCW.

24 NEW SECTION. **Sec. 306.** In computing tax there may be deducted
25 from the measure of tax amounts that the state is prohibited from
26 taxing under the Constitution of this state or the Constitution or
27 laws of the United States.

28 NEW SECTION. **Sec. 307.** (1) For purposes of the tax imposed
29 under this chapter, adjusted capital gains are allocated as follows:

30 (a) Adjusted capital gains from the sale or exchange of real
31 property are allocated to this state if the real property is located
32 in this state or a majority of the fair market value of the real
33 property is located in this state.

34 (b) Adjusted capital gains from the sale or exchange of tangible
35 personal property are allocated to this state if the property was
36 located in this state at the time of the sale or exchange. Adjusted
37 capital gains from the sale or exchange of tangible personal property

1 are also allocated to this state even though the property was not
2 located in this state at the time of the sale or exchange if:

3 (i) The property was located in the state at any time during the
4 taxable year in which the sale or exchange occurred or the
5 immediately preceding taxable year;

6 (ii) The taxpayer was a resident at the time the sale or exchange
7 occurred; and

8 (iii) The taxpayer is not subject to the payment of an income or
9 excise tax legally imposed on the adjusted capital gain by another
10 taxing jurisdiction.

11 (c) Adjusted capital gains from the sale or exchange of
12 intangible personal property are allocated to this state if the
13 taxpayer was domiciled in this state at the time the sale or exchange
14 occurred.

15 (2)(a) A credit is allowed against the tax imposed in section 303
16 of this act equal to the amount of any legally imposed income or
17 excise tax paid by the taxpayer to another taxing jurisdiction on
18 capital gains derived from capital assets within the other taxing
19 jurisdiction to the extent such capital gains are included in the
20 taxpayer's Washington capital gains. The amount of credit under this
21 subsection may not exceed the total amount of tax due under this
22 chapter, and there is no carryback or carryforward of any unused
23 credits.

24 (b) As used in this section, "taxing jurisdiction" means a state
25 of the United States other than the state of Washington, the District
26 of Columbia, the Commonwealth of Puerto Rico, any territory or
27 possession of the United States, or any foreign country or political
28 subdivision of a foreign country.

29 NEW SECTION. **Sec. 308.** (1) Except as otherwise provided in this
30 section or RCW 82.32.080, taxpayers owing tax under this chapter must
31 file, on forms prescribed by the department, a return with the
32 department on or before the date the taxpayer's federal income tax
33 return for the taxable year is required to be filed.

34 (2) Each taxpayer required to file a return under this section
35 must, without assessment, notice, or demand, pay any tax due thereon
36 to the department on or before the date fixed for the filing of the
37 return, not including any filing extension. If any tax due under this
38 chapter is not paid by the due date, interest and penalties as
39 provided in chapter 82.32 RCW apply to the deficiency.

1 (3) The department may by rule require that certain individuals
2 and other persons file, at times and on forms prescribed by the
3 department, informational returns for any period.

4 (4) If a taxpayer has obtained an extension of time for filing
5 the federal income tax return for the taxable year, the taxpayer is
6 entitled to the same extension of time for filing the return required
7 under this section if the taxpayer provides the department, before
8 the due date provided in subsection (1) of this section, the
9 extension confirmation number or other evidence satisfactory to the
10 department confirming the federal extension. An extension under this
11 subsection for the filing of a return under this chapter is not an
12 extension of time to pay the tax due under this chapter.

13 NEW SECTION. **Sec. 309.** (1) If the federal income tax
14 liabilities of both spouses are determined on a joint federal return
15 for the taxable year, they must file a joint return under this
16 chapter.

17 (2) Except as otherwise provided in this subsection, if the
18 federal income tax liability of either spouse is determined on a
19 separate federal return for the taxable year, they must file separate
20 returns under this chapter. State registered domestic partners and
21 spouses of the same sex may file a joint return under this chapter
22 even if they filed separate federal returns for the taxable year.

23 (3) In any case in which a joint return is filed under this
24 section, the liability of each spouse or state registered domestic
25 partner is joint and several, unless:

26 (a) The spouse is relieved of liability for federal tax purposes
27 as provided under 26 U.S.C. Sec. 6015 of the internal revenue code;
28 or

29 (b) The department determines that the domestic partner qualifies
30 for relief as provided by rule of the department. Such rule, to the
31 extent possible without being inconsistent with this chapter, must
32 follow 26 U.S.C. Sec. 6015.

33 NEW SECTION. **Sec. 310.** To the extent not inconsistent with the
34 provisions of this chapter, the following sections apply to the
35 administration of taxes imposed under this chapter: RCW 82.32.050,
36 82.32.055, 82.32.060, 82.32.070, 82.32.080, 82.32.085, 82.32.090,
37 82.32.100, 82.32.105, 82.32.110, 82.32.117, 82.32.120, 82.32.130,
38 82.32.135, 82.32.150, 82.32.160, 82.32.170, 82.32.180, 82.32.190,

1 82.32.200, 82.32.210, 82.32.212, 82.32.220, 82.32.230, 82.32.235,
2 82.32.237, 82.32.240, 82.32.245, 82.32.265, 82.32.300, 82.32.310,
3 82.32.320, 82.32.330, 82.32.340, 82.32.350, 82.32.360, 82.32.380, and
4 82.32.410.

5 NEW SECTION. **Sec. 311.** (1) Any taxpayer who knowingly attempts
6 to evade payment of the tax imposed under this chapter is guilty of a
7 class C felony as provided in chapter 9A.20 RCW.

8 (2) Any taxpayer who knowingly fails to pay tax, make returns,
9 keep records, or supply information, as required under this title, is
10 guilty of a gross misdemeanor as provided in chapter 9A.20 RCW.

11 NEW SECTION. **Sec. 312.** RCW 82.32.805 and 82.32.808 apply only
12 with respect to new tax preferences under chapter 82.--- RCW (the new
13 chapter created in section 502 of this act), as defined in RCW
14 82.32.805, enacted after the effective date of this section.

15 NEW SECTION. **Sec. 313.** All revenue collected under this chapter
16 must be deposited in the education legacy trust account created in
17 RCW 83.100.230.

18 **Sec. 314.** RCW 83.100.230 and 2012 1st sp.s. c 10 s 7 are each
19 amended to read as follows:

20 The education legacy trust account is created in the state
21 treasury. Money in the account may be spent only after appropriation.
22 Expenditures from the account may be used only for support of the
23 common schools, and for expanding access to higher education through
24 funding for new enrollments and financial aid, and other educational
25 improvement efforts. Funds deposited in this account from section 313
26 of this act may only be spent on the program of basic education.

27 NEW SECTION. **Sec. 315.** A new section is added to chapter 82.04
28 RCW to read as follows:

29 (1) A deduction is allowed against a person's gross income of the
30 business to the extent necessary to avoid taxing the same amounts
31 under this chapter and section 303 of this act.

32 (2) This section is not subject to RCW 82.32.805 and 82.32.808(1)
33 through (5).

1 **ESTABLISHING A PHASE-IN PLAN FOR MEETING OUR BASIC EDUCATION**
2 **OBLIGATIONS TO REDUCE CLASS SIZES THROUGHOUT THE K-12 SYSTEM**

3 NEW SECTION. **Sec. 401.** The legislature recognizes that a second
4 set of basic education priorities was established by the citizens of
5 Washington in November 2014 through the passage of Initiative Measure
6 No. 1351. By providing final enhanced funding values for the
7 remaining components of the program of basic education as defined in
8 Engrossed Substitute House Bill No. 2261, chapter 548, Laws of 2009,
9 the initiative expanded the state's basic education obligations. The
10 legislature notes that the initial four funding priorities
11 established by Substitute House Bill No. 2776, chapter 236, Laws of
12 2010, were chosen based on research showing that class size
13 reductions at the lower grade levels have a greater positive impact
14 on student achievement than class size reductions at the higher grade
15 levels. In light of this research, the legislature intends to
16 complete the full phase in of the priorities established in
17 Substitute House Bill No. 2776 before beginning the phase in of the
18 investments required by Initiative Measure No. 1351.

19 The legislature also recognizes that evidence suggests a lack of
20 capacity within the educational system to provide the staffing
21 necessary to support increased staffing ratios necessary to fully
22 implement the requirements of Initiative Measure No. 1351 now. A
23 later phase-in date is therefore appropriate in order to allow the
24 higher education system time to produce additional teachers to meet
25 the increased future demands.

26 Based on this current lack of system capacity to produce
27 increased numbers of staff and the research related to the impact of
28 class size reductions, the legislature therefore intends to provide
29 the funding for the requirements of Initiative Measure No. 1351 as
30 part three of the state's basic education phase-in plan beginning in
31 2018 and phase in funding for the increased staffing by following the
32 grade cohort of students.

33 **Sec. 402.** RCW 28A.150.261 and 2015 c 2 s 3 (Initiative Measure
34 No. 1351) are each amended to read as follows:

35 In order to make measurable progress toward implementing the
36 provisions of section 2, chapter 2, Laws of 2015 by September 1,
37 ((2017)) 2023, the legislature shall increase state funding

1 allocations under RCW 28A.150.260 according to the following
2 schedule:

3 (1) For the ~~((2015-2017))~~ 2017-2019 biennium, funding allocations
4 shall be no less than ~~((fifty percent))~~ one-third of the difference
5 between the funding necessary to support the numerical values under
6 RCW 28A.150.260 as of September 1, 2013, and the funding necessary to
7 support the numerical values under section 2, chapter 2, Laws of
8 2015, with ~~((priority for additional funding provided during this
9 biennium for the highest poverty schools and school districts))~~
10 funding first provided to support the numerical values at the
11 elementary school level in order to build upon the prior class size
12 improvements in kindergarten through third grade and continue to have
13 funding enhancements follow the grade cohort of students with added
14 focus on highest poverty schools and school districts;

15 (2) For the 2019-2021 biennium, funding allocations shall be no
16 less than two-thirds of the difference between the funding necessary
17 to support the numerical values under RCW 28A.150.260 as of September
18 1, 2013, and the funding necessary to support the numerical values
19 under section 2, chapter 2, Laws of 2015, with funding first provided
20 to support the numerical values at the elementary and middle school
21 level in order to build upon the prior biennium's class size
22 improvements and continue to have funding enhancements follow the
23 grade cohort of students with added focus on highest poverty schools
24 and school districts;

25 (3) By the end of the ~~((2017-2019))~~ 2021-2023 biennium and
26 thereafter, funding allocations shall be no less than the funding
27 necessary to support the numerical values under section 2, chapter 2,
28 Laws of 2015.

29 **PART V**

30 **MISCELLANEOUS PROVISIONS**

31 NEW SECTION. Sec. 501. Section 108 of this act takes effect
32 January 1, 2018.

33 NEW SECTION. Sec. 502. Sections 301 through 313 of this act
34 constitute a new chapter in Title 82 RCW.

35 NEW SECTION. Sec. 503. Notwithstanding any common law rule of
36 strict construction of statutes imposing taxes, this act, being

1 necessary for the welfare of the state and its inhabitants, must be
2 liberally construed in support of the tax.

3 NEW SECTION. **Sec. 504.** If any provision of this act or its
4 application to any person or circumstance is held invalid, the
5 remainder of the act or the application of the provision to other
6 persons or circumstances is not affected.

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