

# SENATE BILL REPORT

## SB 5789

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As of February 2, 2024

**Title:** An act relating to the sales and use tax for school construction assistance program capital projects.

**Brief Description:** Concerning the sales and use tax for school construction assistance program capital projects.

**Sponsors:** Senators Mullet, Schoesler, Dozier, Nobles, Pedersen and Torres.

**Brief History:**

**Committee Activity:** Ways & Means: 2/03/24.

**Brief Summary of Bill**

- Changes the School Construction Assistance Program formula so that the state will pay for the full sales and use tax levied on all costs chargeable to a school construction project.

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Michael Bezanson (786-7449)

**Background:** The School Construction Assistance Program (SCAP) provides funding assistance to school districts that are undertaking a major new construction or modernization project. Projects must meet eligibility requirements.

School districts are responsible to secure local funding for construction projects. If eligible, the state provides partial funding based on formulas, allowances, and costs related to certain aspects of a construction project called recognized project costs.

Recognized project costs include construction costs, architecture and engineering fees, furniture and equipment, and other related costs. Included in recognized costs is state and

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local sales tax up to 7 percent. The remaining sales tax above 7 percent is paid for entirely by the school district.

Non-recognized projects costs are those costs that exceed the formulas, allowances, and costs under SCAP. These include sales and use tax above 7 percent, square footage per student above the SCAP formula, and price per square foot that is higher than SCAP's allowance as examples.

The percentage of recognized project costs that the state will pay for is determined by a formula set forth in law called the funding assistance percentage. The percentage varies by the local district's ability to raise funds measured in terms of assessed value per student and the number of students in a district. A district's funding assistance percentage applies to a calendar year.

**Summary of Bill:** The SCAP formula is modified so that the state will pay for the full sales and use tax levied on all costs chargeable to the school construction project.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

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