

## HJR 4200, to lower the constitutional standard for increasing property taxes and imposing long-term public debt

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January 2022

### Key Findings

1. **HJR 4200 would amend the state constitution to reduce the voter-approval standard from a 60 percent requirement to a 50 percent requirement to approve school bond levies for building and remodeling school buildings.**
2. **The 60-percent standard represents a rare, but important safeguard in the state constitution to require a higher level of agreement before school officials are allowed to impose long-term debt on the community.**
3. **Like signing a mortgage, a decision as weighty as taking on long-term debt should require more than just majority support.**
4. **The provision is designed to protect children and young people from being burdened in the future with a heavy financial burden imposed by debt taken on today.**
5. **The 60 percent rule does not prevent most bond levies from passing. In 2017, 64 percent of school districts seeking bond levies received voter approval, resulting in \$1.9 billion in new funds.**
6. **Removing the 60 percent rule would remove a key incentive for officials to propose reasonable and affordable public construction projects.**
7. **The burden of debt in Washington state is already high. Taxpayers are currently paying off \$21.2 billion in existing long-term school bond debt.**
8. **The 60 percent rule is a safeguard to protect families from heavy and regressive taxation, especially low-income families, the unemployed and the elderly living on fixed incomes.**

### Introduction

Lawmakers are considering a House Joint Resolution, HJR 4200, which would amend the state constitution to lower the standard and make it easier to increase local property taxes and impose long-term debt on the public. The measure was introduced by Rep. Monica Jurado Stonier (D-Vancouver).

If passed in each house of the legislature by a two-thirds vote, the referendum would be referred to the voters at the next general election, in November of 2022. If approved by a simple majority of voters the constitutional change would be enacted. The governor's signature would not be required.

### Text of HJR 4200

House Joint Resolution 4200 is drafted to allow local school districts to take on more long-term public debt for the purpose of building, re-designing or remodeling school buildings. The measure would reduce the voter-approval standard from a 60 percent requirement to a 50 percent requirement that has been in place for 70 years.

New local construction would be subject to the state's costly LEED green building standards and to union-based Project Labor Agreements. Both mandated state policies restrict competitive bidding on public projects and increase the cost of school remodeling and construction compared to similar projects built for the private sector.

School district bond levies sometimes fail because district officials propose so-called "Taj Mahal" building plans that are rejected by the community. The failure of a bond levy does not forbid public borrowing, however. It simply requires school districts to design and propose a more reasonable proposal. Local voters often approve a more affordable re-designed building plan.

For example, officials at the Peninsula School District recently met the 60 percent standard when they successfully asked local voters to approve a school bond levy for \$198 million, after voters had rejected a \$220 million proposal last April.<sup>1</sup>

Taxpayers are currently paying off \$21.2 billion in existing long-term school bond debt.<sup>2</sup>

The lower standard proposed by the text of HJR 4200 would remove a key incentive for officials to propose reasonable and affordable public construction projects.

## Policy Analysis

The 60 percent voter approval requirement is a safeguard built into the state constitution to prevent families, business owners, the elderly and other property owners from being over-burdened by long-term public debt. The provision is particularly directed at protecting children, young workers and young families because financial burdens proposed by school officials today have to be paid by future taxpayers.

HJR 4200 would lower standards by allowing school officials to take on long-term public debt more easily. For local officials, adopting long-term debt is politically attractive because they gain new revenue that benefits their budgets today while shifting the debt and added borrowing costs onto people in the distant future.

An example of one such official is Tom Siegel (salary and benefits \$343,810 a year), superintendent of the Bethel school district.<sup>3</sup> As an announced supporter of HJR 4200,

Superintendent Siegel would stand to gain new revenue for his district budget today in exchange for creating a long-term debt burden for Bethel residents in the future.<sup>4</sup>

HJR 4200 proponents say the 60-percent standard presents a barrier to school construction. State data, however, shows this is not the case. In 2017, 64 percent of school districts that proposed a bond measure won voter approval at or above the constitutional standard, for a total of \$1.9 billion in school bond funding.<sup>5</sup>

Even in Superintendent Siegel's own district, voters approved a new \$443 million bond levy in February 2019.<sup>6</sup>

The high success rate indicates that, when local officials are able to present the public with a convincing need, voters are willing to meet the 60 percent standard for approving new long-term debt.

Making it easy to borrow encourages administrators who neglect buildings, then seek to tear down and replace 30-year-old facilities that, with proper maintenance, may last 100 years. Easy borrowing rewards ineffective administrators who go to taxpayers for a bailout for their poor budget decisions. Such mismanagement is kept in check by the 60 percent debt standard.

## The benefits of taxpayer protection

The 60 percent vote standard to pass school bonds is designed to protect families from heavy and regressive taxation. The burden of high property taxes falls hardest on young workers, low-income families, the unemployed and the elderly living on fixed incomes. The standard encourages home ownership, private savings and investment in family needs,

1 "Peninsula School District to seek \$198 million bond for new schools, upgrades," by Jake Gregg, *The News Tribune*, November 9, 2018, at <https://www.thenewstribune.com/news/local/community/gateway/article221428590.html>.

2 "Washington State School Districts, Charter and Tribal Schools, Long-Term Liabilities Per Pupil by Enrollment Groups, Fiscal years 2017-2018 Through 2019-2020," Office of Superintendent of Public Instruction, at <https://www.k12.wa.us/sites/default/files/public/safs/pub/fin/1920/%23221920LTDbyenrollment.pdf>.

3 "School District Personnel Summary Profiles---2020-21 Final," School Apportionment and Financial Services, Office of Superintendent of Public Instruction, at: <https://www.k12.wa.us/sites/default/files/public/safs/pub/per/2021/tbl15.pdf>.

4 "Failed Pierce County school bond revives supermajority debate," by Drew Mikkelsen, KING5 News, November 16, 2018, at <https://www.king5.com/article/news/local/failed-pierce-county-school-bond-revives-supermajority-debate/281-615364483>.

5 "Table 4, School District Bond Issue Election Results, Election Years 1994-2017," Office of Superintendent of Public Instruction, at <http://www.k12.wa.us/safs/PUB/LEV/1819/table4.pdf>.

6 "Pierce County Election Results, Special Election, February 12, 2019," Pierce County Auditor, at <https://results.vote.wa.gov/results/current/pierce/>.

especially at a time when the legislature has increased property taxes to provide record-level revenue to school district officials.

Super-majority vote requirements are rare, but they are used in a democracy as a safeguard, to require a higher level of public agreement. Like signing a mortgage, a decision as weighty as taking on long-term debt should require more than just majority support, particularly when many of those who will be burdened, children and other future taxpayers, are not able to participate in the decision.

## Conclusion

The 60-percent standard represents an important safeguard in the state constitution to require a higher level of agreement before school officials are allowed to impose long-term debt on the community. The provision is designed to protect children and young people from shouldering a heavy financial burden imposed by debt taken on today.

School construction debt lasts up to 30 years, long enough for school administrators today to impose a long-term tax obligation on their own students.

The 60-percent standard recognizes the political temptation of officials to propose long-term debt that will financially benefit their budgets today, while delaying the burden to the future, usually long after the beneficiaries of the spending have left office.

The 60 percent standard in the constitution is working as intended and should not be changed. The provision works whenever school officials present the community with a convincing need that gains enough votes to meet or exceed the standard. At the same time, it protects children and young families from being burdened with higher property taxes and excessive debt payments.

The 60 percent standard for passing school bonds is a successful policy Washington has had for over 70 years. The standard is a reasonable debt policy and taxpayer protection that serves the public interest.

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*Published by Washington Policy Center  
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