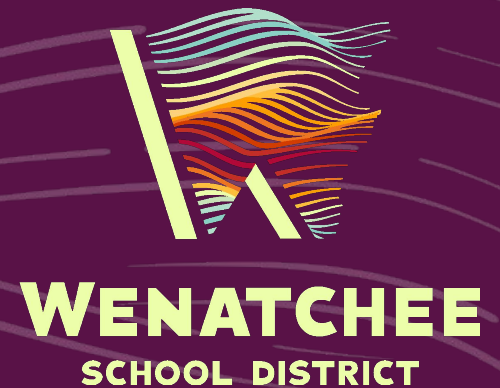


Legislative Update - Part 2

2026 Regular Session

Sean Fitzgerald
Executive Director of Business & Finance

February 24, 2026



2026 Legislative Update Background

Regular Session

- Short session: 60 days
- Start: January 12
- End: March 12
- Three weeks remain

2026 Legislative Update

School Employees' Benefits Board (SEBB) Eligibility Expansion

HB 2160 & SB 5883 - School Employees' Benefits Board (SEBB) Eligibility Expansion

- **Did not pass**
- Benefits eligibility in the SEBB program is presumed at the start of a school year if:
 - 1) the school employee worked at least 630 hours in the prior school year ***and***
 - 2) returns to the same type of position with any employer.
- **Unfunded Mandate**
 - Assumes district will cover the cost without additional state funding
 - Presumes districts will track potential employee hours from the prior year even if they worked for a different school district or a different employer entirely.

2026 Legislative Update

Areas of Focus

SB 5918 - Materials, Supplies, Operating Costs (MSOC) Funding

- Bill proposes to increase MSOC by \$100 per pupil or \$100,000 per district, whichever is greater, to help district close the current funding gap for MSOCs.
- Removed annual inflation adjustment based on IPD
- “Back-in” approach remains

2026 Legislative Update

Areas of Focus

SB 6113 / HB 2257 - Tax law corrections and clarifications

- Addresses SB 5814 from 2025 session
- Tax on school district related to professional services (Technology, Professional Development)
- **Exemption language for school districts in both bills - focus on clarifying language**

2026 Legislative Update

Areas of Focus

HJR 4201

- Lower bond threshold from supermajority (60%) to simple majority (50% + 1)
- No updates since start of the session

SJR 8200

- Lower bond threshold from supermajority (60%) to 55%.
- No updates since start of the session

2026 Legislative Update

Areas of Focus

HB 2593 - Maximum/Minimum Fund Balance

- Maximum amount removed
- Beginning 2027-28
- 2,000 AAFTE or more: 6% of the district's prior year's state apportionment
- Less than 2,000 AAFTE: 8% of the district's prior year's state apportionment
- Restricted fund balance - can only be used for certain purposes
- Formal financial reporting requirements

2026 Legislative Update

Areas of Focus

HB 2551 - Maintaining the financial solvency of school districts

- Allows school districts in binding conditions to sell real property of the district if authorized by the Superintendent of Public Instruction
- Binding conditions: Fund balance is 3% of its estimated total current year revenues
- SPI will authorize the sale if it is necessary to:
 - restore financial stability;
 - prevent adverse impacts to student learning; and
 - process from the sale will be used to address financial solvency

2026 Legislative Update

Areas of Focus

HB 2116 - Updating School Enrichment Funding

- **Did not pass**
- **Levy Rate:** Increase maximum levy rate from \$2.50/1,000 to \$3.00/1,000 beginning in 2030
- **LEA:**
 - **Rate:** Increase LEA rate from \$1.50 to \$2.00/1,000 beginning in 2030
 - **Inflation:** Use CPI instead of IPD beginning in 2028 (more state funding)

2026 Legislative Update

Areas of Focus

SB 6260 - Bus Depreciation

- Delays replacement cycles
- 8-to-13 year buses would be replaced at 15 years

2026 Legislative Update

Areas of Focus

Transition to Kindergarten Requirements

- TK enrollment subject to income requirements
- Free & Reduced Lunch status? Currently, 27 students.

2026 Legislative Update

Areas of Focus

Income Tax

- 9.9% tax on adjusted gross income (AGI) above income of \$1 million
- Where will the tax revenue go?
- Constitutional challenge?

2026 Legislative Update Summary

- SEBB expansion did not pass, but likely to return next year
- Sales tax exemption for school districts on professional services looks promising
- Bond supermajority threshold unlikely to change
- MSOC increase?
- Proposed cuts to TK, LEA, and bus funding

2026 Legislative Update Board Meetings

- **January 27**
- **February 24**
- **March 24**

Questions?