
HOUSE BILL 1612

State of Washington 60th Legislature 2007 Regular Session

By Representatives Anderson and Rodne

Read first time 01/24/2007. Referred to Committee on Education.

1 AN ACT Relating to revising school funding from school district
2 levies and local effort assistance; amending RCW 28A.500.010,
3 28A.500.020, and 84.52.0531; amending 2006 c 119 s 3 (uncodified);
4 reenacting and amending RCW 28A.500.030; adding a new section to
5 chapter 28A.500 RCW; and providing an effective date.

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

7 **Sec. 1.** RCW 28A.500.010 and 1999 c 317 s 1 are each amended to
8 read as follows:

9 Commencing with calendar year 2000, in addition to a school
10 district's other general fund allocations, each eligible district shall
11 be provided local effort assistance funds. The purpose of these funds
12 is to mitigate the effect that above average property tax rates and
13 property tax rates in the top twenty percent of all districts might
14 have on the ability of a school district to raise local revenues to
15 supplement the state's basic program of education. These funds serve
16 to equalize the property tax rates that individual taxpayers would pay
17 for such levies and to provide tax relief to taxpayers in high tax rate
18 school districts. Such funds are not part of the district's basic
19 education allocation.

1 **Sec. 2.** RCW 28A.500.020 and 1999 c 317 s 2 are each amended to
2 read as follows:

3 (1) Unless the context clearly requires otherwise, the definitions
4 in this section apply throughout this chapter.

5 (a) "Prior tax collection year" means the year immediately
6 preceding the year in which the local effort assistance shall be
7 allocated.

8 (b) "Statewide average (~~((twelve))~~) twenty percent levy rate" means
9 (~~((twelve))~~) twenty percent of the total levy bases as defined in RCW
10 84.52.0531(~~((+3))~~) (2) summed for all school districts, and divided by
11 the total assessed valuation for excess levy purposes in the prior tax
12 collection year for all districts as adjusted to one hundred percent by
13 the county indicated ratio established in RCW 84.48.075.

14 (c) The "district's (~~((twelve))~~) twenty percent levy amount" means
15 the school district's maximum levy authority after transfers determined
16 under RCW 84.52.0531(~~((+2))~~) (1) (a) through (c) divided by (~~((the~~
17 ~~district's maximum levy percentage determined under RCW 84.52.0531(4))~~)
18 thirty percent multiplied by (~~((twelve))~~) twenty percent.

19 (d) The "district's twenty-five percent levy amount" means the
20 school district's maximum levy authority after transfers determined
21 under RCW 84.52.0531(1) (a) through (c) divided by thirty percent
22 multiplied by twenty-five percent.

23 (e) The "district's (~~((twelve))~~) twenty percent levy rate" means the
24 district's (~~((twelve))~~) twenty percent levy amount divided by the
25 district's assessed valuation for excess levy purposes for the prior
26 tax collection year as adjusted to one hundred percent by the county
27 indicated ratio.

28 (~~((e))~~) (f) "Districts eligible for (~~((local effort assistance))~~)
29 twenty percent equalization" means those districts with a (~~((twelve))~~)
30 twenty percent levy rate that exceeds the statewide average (~~((twelve))~~)
31 twenty percent levy rate but that is not in the top quintile of all
32 district rates ranked from highest to lowest.

33 (g) "Districts eligible for twenty-five percent equalization" means
34 those districts with a twenty percent levy rate in the top quintile of
35 all district rates ranked from highest to lowest.

36 (2) Unless otherwise stated all rates, percents, and amounts are
37 for the calendar year for which local effort assistance is being
38 calculated under this chapter.

1 **Sec. 3.** RCW 28A.500.030 and 2006 c 372 s 904 and 2006 c 119 s 1
2 are each reenacted and amended to read as follows:

3 Allocation of state matching funds to eligible districts for local
4 effort assistance shall be determined as follows:

5 (1) Funds raised by the district through maintenance and operation
6 levies shall be matched with state funds using the following ratio of
7 state funds to levy funds:

8 (a) The difference between the district's (~~twelve~~) twenty percent
9 levy rate and the statewide average (~~twelve~~) twenty percent levy
10 rate; to

11 (b) The statewide average (~~twelve~~) twenty percent levy rate.

12 (2) The maximum amount of state matching funds for districts
13 eligible for (~~local effort assistance~~) twenty percent equalization
14 shall be the district's (~~twelve~~) twenty percent levy amount,
15 multiplied by the following percentage:

16 (a) The difference between the district's (~~twelve~~) twenty percent
17 levy rate and the statewide average (~~twelve~~) twenty percent levy
18 rate; divided by

19 (b) The district's (~~twelve~~) twenty percent levy rate.

20 (3) (~~Calendar year 2003 allocations and maximum eligibility under~~
21 ~~this chapter shall be multiplied by 0.99.~~

22 (4) ~~From January 1, 2004, to December 31, 2005, allocations and~~
23 ~~maximum eligibility under this chapter shall be multiplied by 0.937.~~

24 (5) ~~From January 1, 2006, to December 31, 2006, allocations and~~
25 ~~maximum eligibility under this chapter shall be multiplied by 0.9563))~~

26 The maximum amount of state matching funds for districts eligible for
27 twenty-five percent equalization shall be the district's twenty-five
28 percent levy amount multiplied by the following percentage:

29 (a) The difference between the district's twenty percent levy rate
30 and the statewide average twenty percent levy rate; divided by

31 (b) The district's twenty percent levy rate.

32 (4) Beginning with calendar year 2007, allocations and maximum
33 eligibility under this chapter shall be fully funded at one hundred
34 percent and shall not be reduced.

35 **Sec. 4.** RCW 84.52.0531 and 1997 c 259 s 2 are each amended to read
36 as follows:

1 The maximum dollar amount which may be levied by or for any school
2 district for maintenance and operation support under the provisions of
3 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))~~
8 2008 and thereafter, the maximum dollar amount shall be the sum of (a)
9 plus or minus (b) and (c) of this subsection minus (d) of this
10 subsection:

11 (a) The district's levy base as defined in subsection ~~((3))~~ (2)
12 of this section multiplied by the district's maximum levy percentage as
13 defined in subsection ~~((4))~~ (3) 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 school
16 district's maximum levy amount shall be increased by an amount equal to
17 the estimated amount of the nonhigh payment due to the high school
18 district under RCW 28A.545.030(3) and 28A.545.050 for the school year
19 commencing the year of the levy;

20 (c) For districts in an interdistrict cooperative agreement, the
21 nonresident school district's maximum levy amount shall be reduced and
22 the resident school district's maximum levy amount shall be increased
23 by an amount equal to the per pupil basic education allocation included
24 in the nonresident district's levy base under subsection ~~((3))~~ (2) of
25 this section multiplied by:

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

28 (ii) The serving district's maximum levy percentage determined
29 under subsection ~~((4))~~ (3) of this section; increased by:

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

34 (d) The district's maximum levy amount shall be reduced by the
35 maximum amount of state matching funds for which the district is
36 eligible under RCW 28A.500.010.

37 ~~((3))~~ (2) For excess levies for collection in calendar year
38 ~~((1998))~~ 2008 and thereafter, a district's levy base shall be the sum

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

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

13 (b) State and federal categorical allocations for the following
14 programs:

15 (i) Pupil transportation;

16 (ii) Special education;

17 (iii) Education of highly capable students;

18 (iv) Compensatory education, including but not limited to learning
19 assistance, migrant education, Indian education, refugee programs, and
20 bilingual education;

21 (v) Food services; and

22 (vi) Statewide block grant programs; and

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

26 ~~((4))~~ (3) A district's maximum levy percentage shall be ~~((twenty-~~
27 ~~two))~~ thirty percent ~~((in 1998 and twenty four percent in 1999 and~~
28 ~~every year thereafter; plus, for qualifying districts, the~~
29 ~~grandfathered percentage determined as follows:~~

30 ~~(a) For 1997, the difference between the district's 1993 maximum~~
31 ~~levy percentage and twenty percent; and~~

32 ~~(b) For 1998 and thereafter, the percentage calculated as follows:~~

33 ~~(i) Multiply the grandfathered percentage for the prior year times~~
34 ~~the district's levy base determined under subsection (3) of this~~
35 ~~section;~~

36 ~~(ii) Reduce the result of (b)(i) of this subsection by any levy~~
37 ~~reduction funds as defined in subsection (5) of this section that are~~
38 ~~to be allocated to the district for the current school year;~~

1 ~~(iii) Divide the result of (b)(ii) of this subsection by the~~
2 ~~district's levy base; and~~

3 ~~(iv) Take the greater of zero or the percentage calculated in~~
4 ~~(b)(iii) of this subsection)).~~

5 ~~((+5))~~ (4) "Levy reduction funds" shall mean increases in state
6 funds from the prior school year for programs included under subsection
7 ~~((+3))~~ (2) of this section: (a) That are not attributable to
8 enrollment changes, compensation increases, or inflationary
9 adjustments; and (b) that are or were specifically identified as levy
10 reduction funds in the appropriations act. If levy reduction funds are
11 dependent on formula factors which would not be finalized until after
12 the start of the current school year, the superintendent of public
13 instruction shall estimate the total amount of levy reduction funds by
14 using prior school year data in place of current school year data.
15 Levy reduction funds shall not include moneys received by school
16 districts from cities or counties.

17 ~~((+6))~~ (5) For the purposes of this section, "prior school year"
18 means the most recent school year completed prior to the year in which
19 the levies are to be collected.

20 ~~((+7))~~ (6) For the purposes of this section, "current school year"
21 means the year immediately following the prior school year.

22 ~~((+8))~~ (7) Funds collected from transportation vehicle fund tax
23 levies shall not be subject to the levy limitations in this section.

24 ~~((+9))~~ (8) The superintendent of public instruction shall develop
25 rules and regulations and inform school districts of the pertinent data
26 necessary to carry out the provisions of this section.

27 NEW SECTION. **Sec. 5.** A new section is added to chapter 28A.500
28 RCW to read as follows:

29 (1) It is the intent of the legislature to mitigate the initial
30 impact of chapter . . ., Laws of 2007 (this act) by providing a one-
31 time hold harmless allocation. The hold harmless allocation as
32 provided in subsection (2) of this section is equivalent to providing
33 a declining hold harmless allocation over a four-year period.

34 (2) If the provisions of chapter . . ., Laws of 2007 (this act)
35 result in a net change to a district's excess levy revenue and local
36 effort assistance allocation in calendar year 2008 that is negative,
37 the district shall receive a hold harmless allocation. The hold

1 harmless allocation shall be two and one-half times the following
2 amount: (a) The difference between the amount of levy revenue the
3 district would have received in calendar year 2008 had the chapter . .
4 ., Laws of 2007 (this act) amendments to RCW 84.52.0531 not been
5 enacted, and the amount the district will receive in calendar year 2008
6 under the chapter . . ., Laws of 2007 (this act) amendments to RCW
7 84.52.0531; plus (b) the difference between the amount of local effort
8 assistance the district would have received in calendar year 2008 had
9 the chapter . . ., Laws of 2007 (this act) amendments to RCW
10 28A.500.020 and 28A.500.030 not been enacted, and the amount the
11 district will receive in calendar year 2008 under the chapter . . .,
12 Laws of 2007 (this act) amendments to RCW 28A.500.020 and 28A.500.030.

13 **Sec. 6.** 2006 c 119 s 3 (uncodified) is amended to read as follows:
14 This act expires January 1, (~~2012~~) 2008.

15 NEW SECTION. **Sec. 7.** Sections 1 through 5 of this act take effect
16 January 1, 2008.

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