

HOUSE BILL REPORT

HB 2066

As Amended by the Senate

Title: An act relating to school district excess levies.

Brief Description: Changing school levy provisions.

Sponsors: Representatives J. Kohl, Wang, G. Cole, Silver, Leonard, R. Fisher, Patterson, Peery, Locke, Pruitt, Brough, Cothorn, Appelwick and Eide.

Brief History:

Reported by House Committee on:
Appropriations, March 6, 1993, DP;
Passed House, March 11, 1993, 89-9;
Amended by Senate.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 25 members:
Representatives Locke, Chair; Valle, Vice Chair; Silver, Ranking Minority Member; Carlson, Assistant Ranking Minority Member; Appelwick; Valle; Basich; Cooke; Dellwo; Dorn; Dunshee; G. Fisher; Jacobsen; Lemmon; Linville; Peery; Rust; Sehlin; Sheahan; Sommers; Stevens; Talcott; Wang; Wineberry; and Wolfe.

Staff: Jack Daray (786-7178).

Background: The 1977 Legislature enacted various K-12 funding reform measures including the Levy Lid Act. The intent of the Levy Lid Act was to reduce maintenance and operation levies as state funding increased.

Initially the levy limit was set at 10 percent of state basic education funds received by a district. School districts having levies in excess of 10 percent were provided grandfather exemptions. Since 1977, the levy lid law has been amended 10 times. The most significant recent change occurred in 1987 when the levy lid was raised to 20 percent, and a levy equalization program was created for districts with high tax rates due to low property valuations.

Under current levy lid statute, school districts cannot be certain of the specific rate that will be permitted for collection in the calendar year following a levy election.

The uncertainty in the levy calculation base is due to actions of the Legislature in the Appropriations Act that will occur subsequent to the levy election. Common practice is to ask voters to approve a rate that permits districts room to collect revenues reflecting the levy base in place in the year of actual tax collection. To the extent the rate approved exceeds the rate permitted for actual tax collection under the levy lids, the district cannot collect excess revenues. This is termed a "rollback" of voter authorized levies.

Summary of Bill: The levy lid is modified for the 1994 calendar year to allow collection of levy revenues approved by voters which exceed the current levy lid by up to 15 percent. Fifty-eight districts would collect \$49.2 million in additional levy revenue that would have been subject to "rollback" under current statute.

EFFECT OF SENATE AMENDMENT(S): The levy lid is modified for calendar years 1994 and 1995 to allow collection of voter approved levy revenues by 4 percentage points above current statutory limits. The current maximum for payments of levy equalization of a 10 percent state average is increased to 12 percent. Payments for levy equalization may be prorated if sufficient funds are not provided in the appropriations act to fully fund the 12 percent entitlement. The payment schedule for levy equalization is modified to require 72 percent of annual payments to occur by the end of August.

Fiscal Note: Available.

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

Testimony For: The levies collected will not change the cost of levy equalization, these are tough budgetary times so the added revenue is needed and this is a unique situation that warrants temporary lifting of levy lids for districts facing rollback of portions of voter approved levies.

Testimony Against: None.

Witnesses: (All pro): John Kvamme, Tacoma Public Schools; Dan Reff, Bellevue School District; Susan Trimmingham, Bellingham School District; Walter Ball, Association of Washington Principals; Karen Davis, Washington Education Association; and Debra Aungst, Renton School District.

VOTE ON FINAL PASSAGE:

Yeas 89; Nays 9

Nays: Representatives Brown, Brumsickle, Campbell,
Chandler, Finkbeiner, Hansen, Heavey, Morris, Padden