

# FINAL BILL REPORT

## HB 1495

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Synopsis as Enacted

C 410 L 93

**Brief Description:** Changing local effort assistance distribution.

By Representatives Dorn, Brough, Ogden, Rayburn, G. Cole, Springer and G. Fisher.

House Committee on Education  
House Committee on Appropriations  
Senate Committee on Education

**Background:** The 1987 Legislature established the Levy Equalization (LEA) Program to assist school districts with above average tax rates due to low property valuations. Payments were to be made so that district taxpayers would not have to pay more than the state average 10 percent rate to raise a district's 10 percent levy.

A monthly payment schedule for levy equalization to the districts was not specified except that 55 percent was to be paid "before June 30" and 45 percent was to be distributed "before December 31" of any year. The Superintendent of Public Instruction adopted administrative rules (WAC) that specified a monthly schedule which included equalization payments due "before December 31" starting with July and August payments of 8.5 percent, a 17 percent total. Because these months are considered the last two months of a school fiscal year, districts incorporated these payments in their budgets for the "first" year and effectively realized 72 percent of their LEA funds in the first budget period.

The 1992 Legislature amended provisions of the levy statutes including the payment schedule of levy equalization funds (HB 1932). The intent of the change was to match the timing of the flow of revenue to the districts through local tax collections.

The modified payment schedule shifted a portion of payments received by school districts in July and August to October, November and December, effectively moving 17 percent of the revenue out of the first year of school budget period. There were two effects of this provision:

- 1) cash flow was delayed several months, therefore the state treasury would gain from interest on the cash held, and
- 2) districts which built budgets based on the original schedule would find themselves short 17 percent of equalization allocations due to the modified schedule.

The intended overall effect of the combined provisions of HB 1932 was to increase revenues to districts over a maximum of four years.

**Summary:** The state payment schedule for levy equalization allocations is modified to move 17 percent of equalization allocations into August, effectively returning to the money flow schedule that existed before adoption of HB 1932.

**Votes on Final Passage:**

House	98	0
Senate	48	1

**Effective:** July 25, 1993