

FINAL BILL REPORT

HB 2066

Synopsis as Enacted

C 465 L 93

Brief Description: Changing school levy provisions.

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

House Committee on Appropriations

Senate Committee on Education

Senate Committee on Ways & Means

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 the 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: 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.

Votes on Final Passage:

House	89	9	
Senate	33	15	(Senate amended)
House	87	10	(House concurred)

Effective: July 25, 1993