

SENATE BILL REPORT

HB 2066

AS REPORTED BY COMMITTEE ON WAYS & MEANS, APRIL 5, 1993

**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

**HOUSE COMMITTEE ON APPROPRIATIONS**

**SENATE COMMITTEE ON EDUCATION**

**Majority Report:** Do pass as amended and be referred to Committee on Ways & Means.

Signed by Senators Pelz, Chairman; McAuliffe, Vice Chairman; Gaspard, Hochstatter, McDonald, Moyer, Nelson, M. Rasmussen, Rinehart, Skratek, A. Smith, and Winsley.

**Staff:** Leslie Goldstein (786-7424)

**Hearing Dates:** March 26, 1993; April 2, 1993

**SENATE COMMITTEE ON WAYS & MEANS**

**Majority Report:** Do pass as amended by Committee on Education.

Signed by Senators Rinehart, Chairman; Spanel, Vice Chairman; Anderson, Bluechel, Gaspard, Hargrove, McDonald, Moyer, Owen, Pelz, Sutherland, Talmadge, Williams, and Wojahn.

**Staff:** Bill Freund (786-7441)

**Hearing Dates:** April 5, 1993

**BACKGROUND:**

The 1977 Legislature enacted various K-12 funding reform measures including the Basic Education Act and Levy Lid Act. One of the initial purposes 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 ten times. The last major 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.

When establishing local levies, school districts cannot be certain of the specific rate that will be permitted for

collection in the calendar year following a levy election. The levy base is determined by actions of the Legislature in the Appropriations Act that occur after 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. Voters approve levies that may be higher than the actual levy a district is authorized to collect under the levy lid law. This "excess" is termed a "rollback" of voter authorized levies.

**SUMMARY:**

The levy lid is modified for the 1994 calendar year to allow collection of levy revenues approved by voters which exceed the district's levy authority under the current levy lid by up to 15 percent. Fifty-eight districts would collect \$49.2 million in additional levy revenue already approved by the voters that the districts could otherwise not collect.

**SUMMARY OF PROPOSED SENATE AMENDMENT:**

School districts are permitted to increase their maximum levy percentage by 5 percent for the 1994, 1995, 1996 and 1997 calendar years.

The 10 percent limit for state matching funds for local effort assistance is increased to 13.3 percent. This increased local effort assistance terminates after the 1997 collections. The state payment schedule for levy equalization allocations is modified shifting 17 percent of the October payment to August.

All provisions of the bill terminate on December 31, 1997.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** requested

**TESTIMONY FOR:**

This does not change the levy base or how levies are calculated. This helps districts in tight budget times, particularly as state funds decline.

**TESTIMONY AGAINST:** None

**TESTIFIED:** PRO: Representative J. Kohl, prime sponsor; John Kvamme, Tacoma School District; Dan Reff, Bellevue School District; Dwayne Slate, Washington State School Directors Association; Joan Yoshitomi, Seattle School District; Karen Davis, Washington Education Association