

SENATE BILL REPORT

SB 5477

AS REPORTED BY COMMITTEE ON WAYS & MEANS, MARCH 8, 1993

Brief Description: Eliminating school levy lids.

SPONSORS: Senators Prentice, McDonald and Skratek

SENATE COMMITTEE ON EDUCATION

Majority Report: That Substitute Senate Bill No. 5477 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

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

Staff: Leslie Goldstein (786-7424)

Hearing Dates: February 12, 1993; March 1, 1993

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5477 as recommended by Committee on Education be substituted therefor, and the substitute bill do pass.

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

Staff: Bill Freund (786-7441)

Hearing Dates: March 5, 1993; March 8, 1993

BACKGROUND:

In 1977, the Legislature enacted various K-12 funding reform measures including the Basic Education Act and the Levy Lid Act. The initial Levy Lid Act reduced levies as state funding increased.

Initially, the levy limit was set at 10 percent of state basic education funds received by a district, and school districts having levies in excess of 10 percent were grandfathered until 1981. Since 1977, the levy lid law has been amended ten times. The last major change occurred in 1987 at which time the levy lid was raised to 20 percent and a local effort assistance program was created.

The local effort assistance program was a levy equalization program for the first 10 percent of a district's levy. Districts which required a levy rate for a 10 percent levy

that exceeded the state average rate for a 10 percent levy were eligible for assistance.

In 1992, the Legislature changed the levy statutes, increasing the levy base and changing the state payment schedule for state levy equalization funds to match the receipt of school district property taxes. An unanticipated effect of the change in the payment schedule was to shift 17 percent of the state levy equalization payments from one school year to another.

SUMMARY:

The levy lid is repealed. The 10 percent limit for state matching funds for levy equalization is eliminated. State matching funds will be provided on the full amount of a school district levy to the extent that a district's levy rate exceeds the state average levy rate.

The state payment schedule for levy equalization amounts is modified shifting 17 percent of the October payment to August.

EFFECT OF PROPOSED SUBSTITUTE:

The language in the original bill is deleted. School districts are permitted to increase their maximum levy percentage by 5 percent for the 1994, 1995, 1996 and 1997 calendar years. This increased levy authority terminates after the 1997 collections.

Appropriation: none

Revenue: none

Fiscal Note: available

TESTIMONY FOR:

This bill promotes local control. The additional four-year levy authority coincides with a four-year study of school funding. Local districts can raise additional revenues during tight budget periods.

TESTIMONY AGAINST:

This legislation needs more detailed study. There is the potential of litigation over equity issues. This bill constitutes an admission by the state that it does not have the resources to meet its funding obligation and is passing it on to local school districts.

TESTIFIED: PRO: Verleeta Wooten, Seattle Education Assn.; Joan Yoshitomi, Seattle School District; Jan Shellgren, Seattle School Board; Karen Davis, WA Education Assn.; CON: Dwayne Slate, WA State School Directors Assn.