

FINAL BILL REPORT

ESHB 2069

C 259 L 97

Synopsis as Enacted

Brief Description: Changing school levy provisions.

Sponsors: By House Committee on Appropriations (originally sponsored by Representatives Wensman, Cole, Bush, H. Sommers, Benson, D. Schmidt, L. Thomas, Dyer, B. Thomas, Reams, Doumit, Ballasiotes, Alexander, Hatfield, Lantz, Sullivan, Thompson, Kessler and Butler).

House Committee on Appropriations

Background:

Maintenance and Operations Levies

Since 1979, there has been a lid on the amount that school districts may levy for maintenance and operations. The Legislature has amended this levy lid numerous times since its inception. The most recent changes occurred in 1993 and 1995.

The 1993 Legislature enacted a two-year temporary levy lid increase, increasing the levy lid from 20 percent to 24 percent, and by 4 percent for districts grandfathered above 20 percent. The 1995 Legislature extended the temporary increase for another two years. This extension expires after calendar year 1997.

Local Effort Assistance (Levy Equalization)

The 1987 Legislature increased the levy lid from 10 percent to 20 percent and enacted a local effort assistance program to equalize half of the permissible levy. Under this program, the state assists any district requiring a property tax rate for a 10 percent levy which exceeds the state average for a 10 percent levy.

When the initial temporary 4 percent levy lid increase was enacted, the 1993 Legislature also increased levy equalization by 2 percent, subject to funding in the appropriations act. The levy equalization increase was not funded, and it was not continued when the 1995 Legislature extended the 4 percent levy lid increase.

Summary: Beginning in calendar year 1998, the levy lid is increased 2 percent. In 1999, the temporary levy lid increase of 4 percent is made permanent. Revenues resulting from policies in this legislation are not part of the state's funding obligation for education. A study of levy equalization provided to low property value school districts will be conducted by the House and Senate fiscal committees. The 25

percent of school districts that must request the highest property tax rates to achieve the same maintenance and operation levy support rate are provided state levy equalization funding to the equivalent of a 12 percent levy to the extent these districts can pass up to a 12 percent levy. Other districts with qualifying local levy effort will be provided the equivalent of a 10 percent levy as in current statute.

Votes on Final Passage:

House 86 9
Senate 38 10

Effective: July 27, 1997