

HOUSE BILL REPORT

HB 2069

As Reported By House Committee On:

Appropriations

Title: An act relating to school district levies.

Brief Description: Changing school levy provisions.

Sponsors: 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.

Brief History:

Committee Activity:

Appropriations: 3/4/97, 3/8/97 [DPS];

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 29 members: Representatives Huff, Chairman; Alexander, Vice Chairman; Clements, Vice Chairman; Wensman, Vice Chairman; H. Sommers, Ranking Minority Member; Doumit, Assistant Ranking Minority Member; Gombosky, Assistant Ranking Minority Member; Benson; Carlson; Chopp; Cody; Dyer; Grant; Keiser; Kenney; Kessler; Lambert; Linville; Lisk; Mastin; McMorris; Parlette; Poulsen; Regala; D. Schmidt; Sehlin; Sheahan; Talcott and Tokuda.

Minority Report: Do not pass. Signed by 2 members: Representatives Cooke and Crouse.

Staff: Jack Daray (786-7178).

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, and 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, and 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 of Substitute Bill: Beginning in calendar year 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 basic 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.

Substitute Bill Compared to Original Bill: The substitute added the provisions on levy equalization and the study of it.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: Making the temporary 24 percent levy lid permanent in 1999 brings needed revenue to school districts. No legal challenges have resulted from the 4 percent increase over the former statutory level. Establishing the higher levy lid rate should be accompanied with an increase in levy equalization to 12 percent.

Testimony Against: School districts aren't held accountable for the efficiency of current spending. This proposed legislation will increase local taxes for spending that isn't necessary.

Testified: Representative Mike Wensman, prime sponsor; Dwayne Slate, Washington State School Districts Association (pro); Karen Davis, Washington Education Association (pro with amendment); Donna Salcedo (pro); John Kvamme, Tacoma Public Schools (pro); Peter Escalante, citizen (con); Lloyd Gardner, citizen (con); and Joe Daniels, Seattle Public Schools (pro).