

# SENATE BILL REPORT

## SSB 5298

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As Passed Senate, March 10, 1999

**Title:** An act relating to local effort assistance.

**Brief Description:** Changing local assistance funds provisions.

**Sponsors:** Senate Committee on Education (originally sponsored by Senators McAuliffe, Winsley, Goings, Honeyford, Eide, Brown, Kohl-Welles and Patterson; by request of Superintendent of Public Instruction).

**Brief History:**

**Committee Activity:** Education: 1/27/99, 2/11/99 [DPS].

Ways & Means: 2/17/99, 3/4/99 [DPS (EDU)].

Passed Senate, 3/10/99, 47-0.

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### SENATE COMMITTEE ON EDUCATION

**Majority Report:** That Substitute Senate Bill No. 5298 be substituted therefor, and the substitute bill do pass.

Signed by Senators McAuliffe, Chair; Eide, Vice Chair; Bauer, Benton, Brown, Hochstatter, Kohl-Welles, Rasmussen, Sellar, Swecker and Zarelli.

**Staff:** William Bridges (786-7424)

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 5298 as recommended by Committee on Education be substituted therefor, and the substitute bill do pass.

Signed by Senators Loveland, Chair; Bauer, Vice Chair; Fairley, Fraser, Honeyford, Kline, Long, McDonald, Rasmussen, Roach, B. Sheldon, Snyder, Spanel, West, Winsley and Zarelli.

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

**Background:** School districts are authorized to run maintenance and operations levies to supplement state basic education funding. The amount which school districts may collect is limited by the 1977 Levy Lid Act. Initially the act set the levy lid at 10 percent and established a four-year period in which districts above 10 percent would be reduced to 10 percent. Subsequently, the Legislature amended the act to grandfather a number of districts at higher percentages.

In 1987, the Legislature increased the levy lid to 20 percent and enacted the Local Effort Assistance Act, which is also referred to as levy equalization. It provided state assistance so that eligible districts could collect a 10 percent levy at a property tax rate which did not

exceed the state average property tax rate for a 10 percent levy. To receive state levy equalization funds a district had to pass a levy.

In 1997, the Legislature permanently increased the levy lid to 24 percent effective for the 1999 calendar year. At the same time, the Legislature increased levy equalization from 10 percent to 12 percent for the 25 percent of districts having the highest property tax rates for a 10 percent levy. This resulted in 74 school districts eligible for 12 percent levy equalization and 146 districts eligible for 10 percent levy equalization.

**Summary of Bill:** Levy equalization is provided at 12 percent for all districts passing a levy requiring a property tax rate for a 12 percent levy that exceeds the state average property tax rate for a 12 percent levy.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect on January 1, 2000.

**Testimony For:** Taxpayers in "property poor" districts make a greater effort for their M&O levies, yet receive far less for that effort than "property rich" districts. Levy equalization helps to correct that problem. Levy equalization insures that middle class property owners get a fair shake on the taxes they pay and the educational services that are delivered.

It is time to level the playing field between "property rich" and "property poor" districts. Equalization of 12 percent should be given to all eligible districts--the lowest 25 percent was an arbitrary limit. In addition, the makeup of the lowest 25 percent shifts with new property valuations so it does not assure a stable source of assistance for some "property poor" districts. Linkage between levy lid (24 percent) and equalization (12 percent) should be kept at 50 percent for all school districts to help pay for such essential services as school security and transportation.

**Testimony Against:** None.

**Testified:** PRO: Rick Cole, Colville School District; Karen Davis, Office of Superintendent of Public Instruction; Marilyn Enright, Washington State PTA; Jim Keene, Clarkston School District; Gary King, Washington Education Association; Representative Neal Kirby, Centralia School District, Principal; Barbara Mertens, Washington Association of School Directors; Doug Nelson, Public School Employees of Washington; Jennifer Priddy, Office of Superintendent of Public Instruction; Steve Rasmussen, Franklin Pierce School District; Dwayne Slate, Washington State School Directors' Association.