

HOUSE BILL REPORT

HB 1839

As Reported by House Committee On:
Education

Title: An act relating to local effort assistance.

Brief Description: Changing local effort assistance provisions.

Sponsors: Representatives Rockefeller, Cox, Haigh and Talcott.

Brief History:

Committee Activity:

Education: 2/14/01, 2/26/01 [DPS].

Brief Summary of Substitute Bill

- Making schools districts eligible for local effort assistance funds if a majority but fewer than 60 percent of the voters approved a maintenance and operation levy after January 1, 2001.

HOUSE COMMITTEE ON EDUCATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 14 members: Representatives Quall, Democratic Co-Chair; Talcott, Republican Co-Chair; Anderson, Republican Vice Chair; Haigh, Democratic Vice Chair; Cox, Ericksen, Keiser, McDermott, Pearson, Rockefeller, Santos, Schindler, D. Schmidt and Schual-Berke.

Staff: Susan Morrissey (786-7111).

Background:

In 1987 the Legislature approved funding to help equalize special levy funding for school districts with above average tax rates due to low property valuations. This assistance is called local effort assistance (LEA) in law, but is commonly known as levy equalization. The state began making LEA funding to school districts in 1989.

School districts are eligible for LEA funds if they have a 12 percent levy rate that exceeds the statewide average 12 percent levy rate. The 12 percent levy rate is the tax

rate needed to collect a levy equal to 12 percent of the district's levy base. In determining the rates, assessed valuations are adjusted to bring property assessments to 100 percent of market value.

A district must certify an excess or special levy in order to receive LEA funding. In calendar year 1999, 194 of the state's 296 school districts received LEA allocations totaling \$86,000,000. Twenty-six additional districts were eligible, but did not pass a maintenance and operation levy to qualify for state matching money. In 2000 the state distributed \$116,447,868 in LEA funds. These funds comprise about 1.4 percent of all school district revenues statewide and may be spent on any general fund program or purpose.

Summary of Substitute Bill:

School districts in which a majority but fewer than 60 percent of the voters approved a maintenance and operation levy are eligible for local effort assistance funding if the districts would otherwise qualify for the matching funds provided through that program and if the election was held after January 1, 2001.

Substitute Bill Compared to Original Bill:

The date of the first levies eligible for equalization is clarified as January 1, 2001, and technical corrections are made.

Appropriation: None.

Fiscal Note: Requested on February 9, 2001.

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

Testimony For: The local effort assistance program, also called the levy equalization program, helps the state equalize funding among school districts. It helps to minimize the funding differences that result from different property values among and between districts. However, the program is not available to some of the districts that are most in need of help. This legislation will help a few school districts that have tried, and almost passed, school levies. It is a creative and much needed partial solution to remedy some of the funding inequities that always exist among districts but that are exacerbated when districts make valiant but unsuccessful efforts to pass local school levies.

Testimony Against: None.

Testified: (In support) Dwayne Slate, Washington State School Directors' Association; Barbara Mertens, Washington Association of School Administrators; Kathy Loeb sack, Washington State School Directors' Association; and Frederick Striver, Washington State School Directors' Association.