

# SENATE BILL REPORT

## EHB 3011

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As of March 13, 2002

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

**Brief Description:** Modifying and studying the local effort assistance program.

**Sponsors:** Representatives Fromhold, McIntire and Sommers.

**Brief History:**

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

**Background:** In 1987, the Legislature created the local effort assistance program which provides state allocations to eligible school districts to match local maintenance and operation levy revenues. The purpose of local effort assistance, also known as levy equalization, is "to mitigate the effect that above average property tax rates might have on the ability of a school district to raise local revenues to supplement the state's basic program of education." (RCW 28A.500.010)

The levy equalization formula compares the tax rate a district needs in order to raise a levy equal to 12 percent of its state and federal revenues with the statewide average tax rate for a 12 percent levy. Districts with above average property tax rates for a 12 percent levy are eligible for state matching funds on local levy dollars.

In calendar year 2002, 210 of the state's 296 school districts will receive levy equalization allocations totaling \$162.2 million.

**Summary of Bill:** The Legislature finds that changes in state and federal funding have taken place since the creation of the local effort assistance program making it necessary to reexamine whether the purpose of the program is being fulfilled.

A 19 member joint task force on local effort assistance is created. The makeup of the task force is specified, including: six members from the House of Representatives, three from each caucus; six members from the Senate, three from each caucus; the Superintendent of Public Instruction; and others.

By December 1, 2002, the task force is to complete an analysis of the history of the local effort assistance program and its impacts and determine whether the purpose of the local effort assistance program is being met under the current allocation formula.

Calendar year 2003 local effort assistance allocations to school districts must be reduced by 1 percent.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.