
Education Committee

HB 1901

Brief Description: Changing school districts' maximum levy percentages.

Sponsors: Representatives McDermott, Jarrett and Hunter; by request of Governor Locke.

Brief Summary of Bill

- Increases the maximum levy percentage under the levy lid to 36 percent in 2004.
- Permits school districts that adopted a multi-year levy before 2004 to request a second levy that will permit them to collect the amount allowed under the new percentage.

Hearing Date: 3/3/03

Staff: Susan Morrissey (786-7111).

Background:

In 1977, when the state assumed additional responsibility for funding schools, the Legislature limited school district maintenance and operation levy authority by passing the levy lid law. This law determines the maximum amount that school districts can collect through local maintenance and operation levies, also called excess levies. The original 1977 law, which took effect in 1979, sought to limit levy revenue to 10 percent of a school district's state basic education allocation. It also contained a grandfather clause which permitted districts that historically relied heavily on excess levies to exceed the 10 percent limit.

The levy lid law has subsequently been modified 10 times. A number of the changes revised the calculation of a district's levy base. Under the 1977 law, the levy base was limited to the amount a district received from the state for basic education. In 1979, state categorical funding such as funds for transportation and special education were added to the base. In 1987, revenue was added to the levy base from certain federal programs and state block grants. In 1992, the base was further increased by the percentage increase in state basic education and divided by 55 percent.

The current formula for calculating a school district's levy lid is:

(levy base × maximum levy percentage) ÷ transfers = maximum possible levy

equalization

Under current law, a district's levy base includes most state and federal revenues for the prior school year. The base is further increased by the state basic education percentage increase in funding per student between the prior and current school years, divided by 55 percent. Under the levy lid formula, most districts may ask the voters to approve an amount equal to 24 percent of the total state and federal funds received by the district (the district's levy base). There are 91 school districts that are grandfathered in at higher percentages that range between 24.1 percent and 34 percent.

Summary of Bill:

Beginning in 2004, the maximum levy percentage a school district may request of its voters is 36 percent. From 2003 to 2007, school districts that had a multi-year levy approved in 2003 or before may submit a second levy to their voters if certain conditions are met. The conditions are: (1) the combined levies may not exceed 36 percent and the second levy must expire with or before the first levy; (2) the funding that results from the increase in the maximum levy percentage will be used for school district activities and is not basic education.

Appropriation: None.

Fiscal Note: Requested on 2/19/2003.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.