H-1233.1 _____

## HOUSE BILL 1812
_____

**State of Washington**      **58th Legislature**      **2003 Regular Session**

**By** Representatives Hunter, Tom, Anderson, Fromhold, Rockefeller, Ruderman, Jarrett, McDermott, Clibborn, Murray, Quall, Grant, Nixon, Moeller and Santos

Read first time 02/11/2003.  Referred to Committee on Education.

1      AN ACT Relating to school districts' levy bases; amending RCW
2   84.52.0531; adding a new section to chapter 84.52 RCW; creating a new
3   section; and providing an effective date.

4   BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5      NEW SECTION.  **Sec. 1.**  The legislature finds that the maximum
6   amounts school districts may levy for maintenance and operation support
7   are calculated as a percentage of the state and federal revenues
8   received by the districts.  In determining the amounts to put forward
9   for voter approval, school districts estimate future state and federal
10   revenues based on current funding formulas and allocations.  The
11   legislature further finds that when K-12 funding formulas and
12   allocations are changed in such a way that state revenues to districts
13   are less than they would have been under a maintenance level state
14   budget, districts' maximum levy amounts are reduced.  Districts that
15   received voter approval to collect maximum allowable levies under the
16   prior funding formulas are forced to collect less than the amounts
17   approved by voters.  It is the intent of the legislature that changes
18   in state funding formulas should not adversely impact the maximum

1  allowable amounts school districts may levy for maintenance and
2  operation support.

3     NEW SECTION.  **Sec. 2.**  A new section is added to chapter 84.52 RCW
4  to read as follows:
5     For excess levies for collection in calendar year 2004 and
6  thereafter, the following adjustments shall be made before the
7  calculation made in RCW 84.52.0531(3)(a)(ii):
8     (1) When changes made in the state omnibus appropriations act to
9  school district allocation formulas result in state appropriations of
10 those district revenues included in the levy base being less than they
11 would have been under a maintenance level state budget, each district's
12 state levy base revenues as determined under RCW 84.52.0531(4) (a) and
13 (b) shall be increased by the same percentage that total state
14 appropriations in those programs included under RCW 84.52.0531(4) (a)
15 and (b) were decreased from a maintenance level state budget.  These
16 percentage changes shall be cumulative from year to year.
17    (2) When changes made in the state omnibus appropriations act to
18 school district allocation formulas result in state appropriations of
19 those district revenues included in the levy base being greater than
20 they would have been under a maintenance level state budget, each
21 district's state levy base revenues as determined under RCW
22 84.52.0531(4) (a) and (b) shall be decreased by half of the percentage
23 that total state appropriations in those programs included under RCW
24 84.52.0531(4) (a) and (b) were increased from a maintenance level state
25 budget.  These percentage changes shall be cumulative from year to year
26 and shall be in addition to the cumulative percentage changes
27 determined under subsection (1) of this section.
28    (3) The total adjustment made under subsections (1) and (2) of this
29 section for a calendar year levy shall never be less than zero.
30    (4) The total percentage change to apply pursuant to this section
31 shall be stated in the omnibus appropriations act.

32    **Sec. 3.**  RCW 84.52.0531 and 1997 c 259 s 2 are each amended to read
33 as follows:
34    The maximum dollar amount which may be levied by or for any school
35 district for maintenance and operation support under the provisions of
36 RCW 84.52.053 shall be determined as follows:

1    (1) For excess levies for collection in calendar year 1997, the
2  maximum dollar amount shall be calculated pursuant to the laws and
3  rules in effect in November 1996.
4    (2) For excess levies for collection in calendar year 1998 and
5  thereafter, the maximum dollar amount shall be the sum of (a) plus or
6  minus (b) and (c) of this subsection minus (d) of this subsection:
7    (a) The district's levy base as defined in subsection (3) of this
8  section multiplied by the district's maximum levy percentage as defined
9  in subsection ((~~(4)~~)) (5) of this section;
10    (b) For districts in a high/nonhigh relationship, the high school
11  district's maximum levy amount shall be reduced and the nonhigh school
12  district's maximum levy amount shall be increased by an amount equal to
13  the estimated amount of the nonhigh payment due to the high school
14  district under RCW 28A.545.030(3) and 28A.545.050 for the school year
15  commencing the year of the levy;
16    (c) For districts in an interdistrict cooperative agreement, the
17  nonresident school district's maximum levy amount shall be reduced and
18  the resident school district's maximum levy amount shall be increased
19  by an amount equal to the per pupil basic education allocation included
20  in the nonresident district's levy base under subsection (3) of this
21  section multiplied by:
22    (i) The number of full-time equivalent students served from the
23  resident district in the prior school year; multiplied by:
24    (ii) The serving district's maximum levy percentage determined
25  under subsection ((~~(4)~~)) (5) of this section; increased by:
26    (iii) The percent increase per full-time equivalent student as
27  stated in the state basic education appropriation section of the
28  biennial budget between the prior school year and the current school
29  year divided by fifty-five percent;
30    (d) The district's maximum levy amount shall be reduced by the
31  maximum amount of state matching funds for which the district is
32  eligible under RCW 28A.500.010.
33    (3)(a) For excess levies for collection in calendar year ((~~1998~~))
34  2004 and thereafter, a district's levy base shall be:
35    (i) The sum of allocations in ((~~(a) through (c) of this~~))
36  subsection (4) of this section received by the district for the prior
37  school year, including allocations for compensation increases, adjusted
38  by the calculations made under section 2 of this act, if any;

1    (ii) Plus the ((sum of such allocations)) result of the calculation
2    in (a)(i) of this subsection multiplied by the percent increase per
3    full-time equivalent student as stated in the state basic education
4    appropriation section of the biennial budget between the prior school
5    year and the current school year and divided by fifty-five percent.
6        (b) A district's levy base shall not include local school district
7    property tax levies or other local revenues, or state and federal
8    allocations not identified in ((<del>(a) through (c) of this</del>)) subsection
9    (4) of this section.
10       (4) The allocations in this subsection (4) shall be included in the
11   calculations under subsection (3) of this section:
12       (a) The district's basic education allocation as determined
13   pursuant to RCW 28A.150.250, 28A.150.260, and 28A.150.350;
14       (b) State and federal categorical allocations for the following
15   programs:
16       (i) Pupil transportation;
17       (ii) Special education;
18       (iii) Education of highly capable students;
19       (iv) Compensatory education, including but not limited to learning
20   assistance, migrant education, Indian education, refugee programs, and
21   bilingual education;
22       (v) Food services; and
23       (vi) Statewide block grant programs; and
24       (c) Any other federal allocations for elementary and secondary
25   school programs, including direct grants, other than federal impact aid
26   funds and allocations in lieu of taxes.
27       (((4))) (5) A district's maximum levy percentage shall be twenty-
28   two percent in 1998 and twenty-four percent in 1999 and every year
29   thereafter; plus, for qualifying districts, the grandfathered
30   percentage determined as follows:
31       (a) For 1997, the difference between the district's 1993 maximum
32   levy percentage and twenty percent; and
33       (b) For 1998 and thereafter, the percentage calculated as follows:
34       (i) Multiply the grandfathered percentage for the prior year times
35   the district's levy base determined under subsection (3) of this
36   section;
37       (ii) Reduce the result of (b)(i) of this subsection by any levy

1  reduction funds as defined in subsection ((<del>(5)</del>)) <u>(6)</u> of this section
2  that are to be allocated to the district for the current school year;
3      (iii) Divide the result of (b)(ii) of this subsection by the
4  district's levy base; and
5      (iv) Take the greater of zero or the percentage calculated in
6  (b)(iii) of this subsection.
7      ((<del>(5)</del>)) <u>(6)</u> "Levy reduction funds" shall mean increases in state
8  funds from the prior school year for programs included under subsection
9  ((<del>(3)</del>)) <u>(4)</u> of this section:  (a) That are not attributable to
10 enrollment changes, compensation increases, or inflationary
11 adjustments; and (b) that are or were specifically identified as levy
12 reduction funds in the appropriations act.  If levy reduction funds are
13 dependent on formula factors which would not be finalized until after
14 the start of the current school year, the superintendent of public
15 instruction shall estimate the total amount of levy reduction funds by
16 using prior school year data in place of current school year data.
17 Levy reduction funds shall not include moneys received by school
18 districts from cities or counties.
19     ((<del>(6)</del>)) <u>(7)</u> For the purposes of this section, "prior school year"
20 means the most recent school year completed prior to the year in which
21 the levies are to be collected.
22     ((<del>(7)</del>)) <u>(8)</u> For the purposes of this section, "current school year"
23 means the year immediately following the prior school year.
24     ((<del>(8)</del>)) <u>(9)</u> Funds collected from transportation vehicle fund tax
25 levies shall not be subject to the levy limitations in this section.
26     ((<del>(9)</del>)) <u>(10)</u> The superintendent of public instruction shall develop
27 rules and regulations and inform school districts of the pertinent data
28 necessary to carry out the provisions of this section.

29     <u>NEW SECTION.</u>  **Sec. 4.**  This act takes effect January 1, 2004.

--- END ---