

HOUSE BILL REPORT

HB 2812

As Reported by House Committee On:
Education

Title: An act relating to school district levies.

Brief Description: Modifying school district levy provisions.

Sponsors: Representatives Hunter, Rodne, Quall, Nixon, P. Sullivan, Jarrett, Clibborn, Tom, Morrell, Fromhold, Roberts, Schual-Berke, Simpson, Anderson and Kagi.

Brief History:

Committee Activity:

Education: 1/25/06, 2/1/06 [DP].

Brief Summary of Bill

- Beginning with calendar year 2005, makes the temporary increase in levy bases enacted in 2004 permanent.

HOUSE COMMITTEE ON EDUCATION

Majority Report: Do pass. Signed by 9 members: Representatives Quall, Chair; P. Sullivan, Vice Chair; Anderson, Assistant Ranking Minority Member; Haigh, Hunter, McDermott, Santos, Tom and Wallace.

Minority Report: Without recommendation. Signed by 3 members: Representatives Talcott, Ranking Minority Member; Curtis and Priest.

Staff: Sarah Ream (786-7303).

Background:

Initiatives 728 (I-728) and 732 (I-732), as originally passed by the voters in 2000, provided additional state funds to public K-12 schools. In 2003, the Legislature enacted legislation that reduced the amounts school districts would have otherwise received under I-728 and I-732. Then, in 2004, the Legislature enacted legislation that allowed districts, for levies collected in calendar years 2005 through 2007, to increase their levy bases by the amount they would have otherwise received if I-728 and I-732 had not been amended. These changes are described in more detail below.

[I-728 and amendment in 2003](#)

Initiative 728 dedicated lottery proceeds and a portion of the state property tax for educational purposes by transferring revenues to the Student Achievement Fund and the Education Construction Account.

Initiative 728 gave school districts an allocation of \$450 per full-time equivalent (FTE) beginning with the 2004-2005 school year. Thereafter, the \$450 per FTE would increase annually for inflation.

However, in 2003 the Legislature enacted Engrossed Substitute Senate Bill 6058, which changed the per FTE allocation as follows:

- \$254/FTE for the 2004-05 school year;
- \$300/FTE for the 2005-06 school year;
- \$375/FTE for the 2006-07 school year; and,
- \$450/FTE for the 2007-2008 school year.

In subsequent years, the annual allocation would be \$450/FTE increased for inflation.

I-732 and amendment in 2003

Initiative 732 provided that beginning with the 2001-2002 school year, an annual cost-of-living adjustment (COLA) would be granted to K-12 teachers and other public school employees.

During the 2001-2003 biennium, the Legislature appropriated sufficient funding to provide a COLA to K-12 staff. In 2003, the Legislature enacted Senate Bill 6059, which removed the provision requiring the annual COLA for the 2003-2005 biennium.

Increase to levy base following the 2003 amendment of I-728 and I-732

In 2004, Senate Bill 6059 temporarily increased each district's levy base for calendar years 2005 through 2007. A district's levy base was increased by two factors:

- (1) the difference between what a district would have received if I-728 had not been amended and what the district did receive; and
- (2) the difference between what the district would have received if it had received the COLA as provided by I-732 and what it actually received.

Summary of Bill:

The increase in districts' levy bases provided by Senate Bill 6059, as enacted in 2004, is made permanent for levy collections in calendar year 2005 and thereafter.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: Districts were harmed in two ways by the Legislature's amendments to I-728 and I-732. First, the districts did not receive full funding. Second, the levy base was not allowed to grow as it otherwise would have. Seventy districts will receive more than \$35 million in local levy funds under this bill. Districts need predictable funding from locally approved levies. Levies are planned years in advance; districts need to be able to project what their levy base will be when they take a levy to the voters.

(With concerns) Increasing the levy base increases the amount of levy equalization. Levy equalization should be fully funded by the state. Over-reliance on local levies will continue to be an on-going issue.

Testimony Against: None.

Persons Testifying: (In support) Representative Hunter, prime sponsor; Dean Mack, Issaquah School District; Janene Fogard, Lake Washington School District; Grace Yuan, North Shore School District; and Randy Parr, Washington Education Association.

(With concerns) Barbara Mertens, Washington Association of School Administrators.

Persons Signed In To Testify But Not Testifying: None.