

SENATE BILL REPORT

SSB 6138

As Passed Senate, April 26, 2009

Title: An act relating to making corrections to implement 2009 Substitute House Bill No. 1776 regarding temporary maximum levy percentages for common schools

Brief Description: Making corrections to implement 2009 Substitute House Bill No. 1776 regarding temporary maximum levy percentages.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senator Prentice).

Brief History:

Committee Activity: Ways & Means: 4/26/09 [DPS, DNP, w/oRec].
Passed Senate: 4/26/09, 31-15.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6138 be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Tom, Vice Chair, Operating Budget; Fairley, Hobbs, Keiser, Kline, Kohl-Welles, McDermott, Murray, Oemig, Pflug, Pridemore and Regala.

Minority Report: Do not pass.

Signed by Senators Zarelli, Ranking Minority Member; Honeyford, Parlette and Schoesler.

Minority Report: That it be referred without recommendation.

Signed by Senator Brandland.

Staff: Elise Greef (786-7708)

Background: Levy Authority. In 1977 when the state assumed additional responsibility for funding schools, the Legislature limited school district maintenance and operation levy authority by enacting the levy lid law. This law determines the maximum amounts school districts can collect through local maintenance and operation 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 with historically high reliance on levies to exceed the 10 percent limit. Under

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current law, most districts may raise 24 percent of their levy base. There are 90 school districts that are grandfathered at higher percentages, ranging from 24.01 to 33.9 percent.

A district's levy base includes most state and federal revenues received by the district in the prior school year. The levy lid formula increases the base by multiplying the district's state and federal revenues by the percentage change in per-student state expenditures between the prior and current school years, divided by 55 percent.

Currently, when a school district passes a levy to support a school district for a two- to four-year period, no further tax levies for maintenance and operation may be authorized for that period.

I-728 and I-732 Funds. Initiative 728 (I-728), adopted by Washington voters in November 2000, dedicated lottery proceeds and a portion of the state property tax to educational purposes by transferring revenues to the Student Achievement Fund and the Education Construction Account. Student Achievement Funds may be used for reducing class sizes by hiring additional teaching and making necessary capital improvements to house the reduced class sizes; creating extended-learning opportunities for students; providing professional development for educators; and providing early-childhood programs. Initiative 732 (I-732), adopted in November 2000, provided that an annual cost-of-living adjustment (COLA) would be granted to K-12 teachers and other public-school employees.

In the 2004 Legislative Session, the Legislature amended state statute to include in the school districts' levy base, the difference between the funding increases that would have been provided under I-728 and I-732 as originally written and the actual funded amount provided in the enacted budget. In the 2006 Legislative Session, the statute was amended again to extend the sunset of this provision from the original calendar year 2007 through calendar year 2011.

During the 2009 Legislative Session, Substitute House Bill (SHB) 1776 was enacted to delay the sunset provision and continue to provide for school districts' levy bases to include the difference between funding that would be provided under I-728 and I-732 and the amounts actually funded by the Legislature through 2014.

Summary of Substitute Bill: Technical corrections are made to implement SHB 1776 regarding temporary maximum levy percentages for common schools. SHB 1776 applies to levies approved prior to the effective date of the bill.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: No public hearing was held.

Persons Testifying: N/A.