

SENATE BILL REPORT

SB 6518

As of January 22, 2010

Title: An act relating to school levies.

Brief Description: Changing school levy provisions.

Sponsors: Senators Oemig, Gordon, Kohl-Welles, McDermott, Tom, McAuliffe, Hobbs, Kauffman, Marr, Ranker and Pridemore.

Brief History:

Committee Activity: Early Learning & K-12 Education: 1/21/10.

SENATE COMMITTEE ON EARLY LEARNING & K-12 EDUCATION

Staff: Alicia Kinne (786-7784)

Background: The State Constitution gives school districts the authority to levy local property taxes provided the voters of the district approve the levy with a simply majority in favor. In 1977, when the state assumed additional responsibility for funding schools, the Legislature limited school district Maintenance and Operation (M&O) levy authority by passing the levy lid law. This law establishes the maximum amount of a school district's M&O levy for a calendar year. In 1979 the levy lid law took effect, limiting excess General Fund revenue to 10 percent of the school district's basic education allocation for the school year. The law allowed districts that historically relied on M&O levies to be grandfathered in and exceed the 10 percent limit. In 1987 the levy lid limit was increased to 20 percent. In 1994 the levy base increased to 24 percent.

The Local Effort Assistant Program (LEA) was originally implemented in 1989 and seeks to equalize the tax burden by providing matching state funds to districts with low property values and high levy rates. The levy equalization percentage is currently 12 percent.

Beginning in 2001, portions of state property tax and state lottery revenues were dedicated to the Student Achievement Fund, per Initiative 728 (I-728). Beginning in 2004, I-728 directed that the state property tax contribution increase to \$450 per full-time equivalent (FTE) student. The 2003 Legislature revised the property tax to a lower amount to increase in proceeding years. In 2009-11 payments were suspended.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Passed by voters in November 2000, I-732 required the state to provide annual cost-of-living increases for Washington's public school employees. In 2003, lawmakers suspended the inflation increases in I-732.

Summary of Bill: For levy collections through calendar year 2017 a districts levy base will include the amounts the districts would have received from state funding for Student Achievement Funds (I-728) and educator cost of living increases (I-732) – including the 2009-11 suspensions of these payments.

The requirement that the Office of the Superintendent of Public Instruction must offset the amount added to a districts levy base is removed.

A district's maximum levy percentage is increased to 24 percent in 2010 and 28 percent in 2011-2017 and returns to 24 percent every year thereafter.

The levy equalization percentage is increased to 14 percent through calendar year 2017 and returns to 12 percent in calendar year 2018.

Additional levies to provide for subsequently enacted increases affecting the districts levy base or maximum levy percentage may be authorized by voters in the middle of the levy collection period.

Appropriation: None.

Fiscal Note: Requested on January 13, 2010.

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains several effective dates. Please refer to the bill.

Staff Summary of Public Testimony: PRO: The levy lid increase needs to be temporary and the LEA funds should continue to be proportionately distributed. Districts need the extra levy capacity to provide essential services. The bill aligns with new funding streams, provides relief to every school district, and needed additional levy equalization is driven to the districts.

Persons Testifying: PRO: Senator Oemig, prime sponsor; Dan Steele, WA School Directors Association; Barbara Mertens, WA Association of School Administrators; Randy Parr, WA Education Association; Ann Giles, Vancouver Education Association; Elizabeth Beck, Shoreline Education Association; Doug Nelson, PSE/SEIU; Chad Magendanz, Olympian Coalition; David Westberg, Jt. Council of Stationary Engineers AFL-CIO.