
Ways & Means Committee

HB 2813

Brief Description: Adjusting the implementation schedule for local effort assistance payments, matching ratios, and levy lids.

Sponsors: Representatives Hunter and Sullivan.

Brief Summary of Bill

- Shifts May and June 2013 Local Effort Assistance (LEA) payments to July 2013.
- Reduces LEA rate effective August 2013.
- Reduces levy lid for all districts effective January 2014.

Hearing Date: 3/1/12

Staff: Wendy Polzin (786-7137).

Background:

Local Levies.

School Districts are authorized to raise funds locally for their districts through excess levies. Since 1977, the Legislature has limited the amount school districts may request and collect through maintenance and operation (M&O) levies. The maximum amount that may be raised is based on most of the districts prior year state and federal funding. The amount that may be raised is typically referred to as the levy lid.

Local Effort Assistance.

The Local Effort Assistance program (LEA) or levy equalization was created in 1987 to mitigate the effect that above-average property tax rates might have on the ability of a school district to raise local revenues through voter-approved levies. The LEA is expressly not part of basic education.

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.

LEA payments are made on a schedule outlined in statute. The schedule directs that funds will be distributed in the following manner: 30 percent in April, 23 percent in May, 2 percent in June, 17 percent in August, 9 percent in October, 17 percent in November, and 2 percent in December.

Substitute House Bill 2893.

Legislation adopted in the 2010 Legislative session changed levies and local effort assistance in several ways:

- Increased the levy lid for most districts from 24 percent to 28 percent;
- Increased the LEA equalization rate from 12 percent to 14 percent; and
- Made changes to the levy base to include amounts districts would have received under I-728 and I-732 if funding for these initiatives had not been reduced, and included the enhanced allocation for grades K-4.

These changes took effect January 1, 2011, and are scheduled to end December 31, 2017.

Summary of Bill:

The May and June 2013 Local Effort Assistance (LEA) payments are postponed until July 2013. In addition, beginning in August 2013, the LEA equalization rate is reduced from 14 percent to 12 percent. Effective January 2014, the levy lid is reduced by 4 percentage points to 24 percent for most districts.

Appropriation: None.

Fiscal Note: Requested on February 28, 2012.

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