

# SENATE BILL REPORT

## SB 5651

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As of February 14, 2011

**Title:** An act relating to preserving the school district levy base.

**Brief Description:** Preserving the school district levy base.

**Sponsors:** Senators McAuliffe, Litzow, Eide and Shin.

**Brief History:**

**Committee Activity:** Ways & Means: 2/17/11.

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Elise Greef (786-7708)

**Background:** Levy Authority. In 1977 when the state assumed additional responsibility for funding schools, the school district maintenance and operation levy authority was limited by enactment of the levy lid law. This law determines the maximum amounts school districts may 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 that relied heavily on excess levies historically to exceed the 10 percent limit.

As of the 2010 Legislative session, most districts may raise 28 percent of the district's levy base. There are 90 school districts that are grandfathered at higher percentages that range from 28.01 percent to 37.9 percent.

A district's levy base includes most state and federal revenues received by the district in the prior school year. When voters pass a levy for support of a school district, no further tax levies for maintenance and operation may be authorized for the levy period. A maintenance and operations levy may last up to four years.

Local Effort Assistance. In 1987 the Legislature approved payments of state funds to match maintenance and operation levies in eligible districts. These funds, known as local effort assistance (LEA), help school districts with above-average tax rates due to low property valuations. The state began making LEA payments to school districts in January 1989.

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An eligible district is one where the local tax rate required to raise an amount of revenue equal to 14 percent of its levy base exceeds the statewide average 14 percent levy rate. LEA state payments buy down that higher local tax rate to the statewide average level. A district must pass a local maintenance and operation levy to qualify for the LEA match on up to 14 percent of the levy base, and the amount of LEA contributed in state funds is deducted from a district's levy limit.

Education Jobs Fund. The Education Jobs Fund (EduJobs) program is a federal program created on August 10, 2010, through section 101 of Public Law No. 111-226, to provide \$10 billion in assistance to states in order to save or create education jobs for the 2010-2011 school year through September 30, 2012. Washington State's allocation totaled \$208.1 million. In December 2010 the Legislature enacted, and the Governor signed, House Bill 3225, the early-action supplemental budget bill. Within the budget bill, the EduJobs funds were appropriated to support general apportionment program funding for the 2010-11 school year.

**Summary of Bill:** For those districts where levies were approved by voters before April 30, 2011, and for levy collections in calendar years 2011 through 2017, this act adds to school districts' levy bases an amount equivalent to each district's allocation of EduJobs funds.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** None.

**Effective Date:** January 1, 2012.