

SENATE BILL REPORT

SB 5652

As of February 16, 2011

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

Brief Description: Preserving the school district levy base.

Sponsors: Senators McAuliffe, Litzow and Eide.

Brief History:

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

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 (BEA). 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.

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.

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.

General Apportionment. Apportionment funding to each school district is calculated on a per-pupil basis. Every enrolled K-12 student generates state funding under formulas that provide certain staffing ratios and enhancements for particular student populations and based on characteristics of individual districts – such as teacher experience, education level, and historical salary levels. Apportionment funding for school year 2009-10 contained in sections 502 through 504 of the 2009 omnibus appropriations act includes payments for the BEA, Career and Technical Education, skills centers, grades K through four class-size reduction funding, small schools' funding, and fringe and health benefits.

Summary of Bill: School districts' levy bases, for levy collections in calendar years 2011 through 2017, are increased by the positive difference between 2009-10 per-pupil general apportionment, defined as apportionment in sections 502 through 504 of the budget, and the districts' per-pupil general apportionment for the prior year, multiplied by districts' prior year enrollment.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: None.

Effective Date: The bill takes effect on January 1, 2012.