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SENATE BILL 5298

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State of Washington                      65th Legislature                      2017 Regular Session

By Senator Ranker; by request of Office of Financial Management

Read first time 01/19/17. Referred to Committee on Ways & Means.

1            AN ACT Relating to lowering the levy authority and local effort  
2 assistance; amending RCW 28A.500.020 and 28A.500.020; reenacting and  
3 amending RCW 84.52.0531, 84.52.0531, 28A.500.030, and 28A.500.030;  
4 providing effective dates; and providing an expiration date.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6            **Sec. 1.** RCW 84.52.0531 and 2010 c 237 s 2 and 2010 c 99 s 11 are  
7 each reenacted and amended to read as follows:

8            The maximum dollar amount which may be levied by or for any  
9 school district for maintenance and operation support under the  
10 provisions of RCW 84.52.053 shall be determined as follows:

11            (1) For excess levies for collection in calendar year 1997, the  
12 maximum dollar amount shall be calculated pursuant to the laws and  
13 rules in effect in November 1996.

14            (2) For excess levies for collection in calendar year 1998 and  
15 thereafter, the maximum dollar amount shall be the sum of (a) plus or  
16 minus (b), (c), and (d) of this subsection minus (e) of this  
17 subsection:

18            (a) The district's levy base as defined in subsection (3) of this  
19 section multiplied by the district's maximum levy percentage as  
20 defined in subsection (4) of this section;

1 (b) For districts in a high/nonhigh relationship, the high school  
2 district's maximum levy amount shall be reduced and the nonhigh  
3 school district's maximum levy amount shall be increased by an amount  
4 equal to the estimated amount of the nonhigh payment due to the high  
5 school district under RCW 28A.545.030(3) and 28A.545.050 for the  
6 school year commencing the year of the levy;

7 (c) Except for nonhigh districts under (d) of this subsection,  
8 for districts in an interdistrict cooperative agreement, the  
9 nonresident school district's maximum levy amount shall be reduced  
10 and the resident school district's maximum levy amount shall be  
11 increased by an amount equal to the per pupil basic education  
12 allocation included in the nonresident district's levy base under  
13 subsection (3) of this section multiplied by:

14 (i) The number of full-time equivalent students served from the  
15 resident district in the prior school year; multiplied by:

16 (ii) The serving district's maximum levy percentage determined  
17 under subsection (4) of this section; increased by:

18 (iii) The percent increase per full-time equivalent student as  
19 stated in the state basic education appropriation section of the  
20 biennial budget between the prior school year and the current school  
21 year divided by fifty-five percent;

22 (d) The levy bases of nonhigh districts participating in an  
23 innovation academy cooperative established under RCW 28A.340.080  
24 shall be adjusted by the office of the superintendent of public  
25 instruction to reflect each district's proportional share of student  
26 enrollment in the cooperative;

27 (e) The district's maximum levy amount shall be reduced by the  
28 maximum amount of state matching funds for which the district is  
29 eligible under RCW 28A.500.010.

30 (3) For excess levies for collection in calendar year 1998 and  
31 thereafter, a district's levy base shall be the sum of allocations in  
32 (a) through (c) of this subsection received by the district for the  
33 prior school year, including allocations for compensation increases,  
34 plus the sum of such allocations multiplied by the percent increase  
35 per full time equivalent student as stated in the state basic  
36 education appropriation section of the biennial budget between the  
37 prior school year and the current school year and divided by fifty-  
38 five percent. A district's levy base shall not include local school  
39 district property tax levies or other local revenues, or state and

1 federal allocations not identified in (a) through (c) of this  
2 subsection.

3 (a) The district's basic education allocation as determined  
4 pursuant to RCW 28A.150.250, 28A.150.260, and 28A.150.350;

5 (b) State and federal categorical allocations for the following  
6 programs:

7 (i) Pupil transportation;

8 (ii) Special education;

9 (iii) Education of highly capable students;

10 (iv) Compensatory education, including but not limited to  
11 learning assistance, migrant education, Indian education, refugee  
12 programs, and bilingual education;

13 (v) Food services; and

14 (vi) Statewide block grant programs; and

15 (c) Any other federal allocations for elementary and secondary  
16 school programs, including direct grants, other than federal impact  
17 aid funds and allocations in lieu of taxes.

18 (4)(a) A district's maximum levy percentage shall be twenty-four  
19 percent in 2010 and twenty-eight percent in 2011 through 2017 and  
20 twenty-four percent every year thereafter;

21 (b) For qualifying districts, in addition to the percentage in  
22 (a) of this subsection the grandfathered percentage determined as  
23 follows:

24 (i) For 1997, the difference between the district's 1993 maximum  
25 levy percentage and twenty percent; (~~and~~)

26 (ii) For 2011 through 2017, the percentage calculated as follows:

27 (A) Multiply the grandfathered percentage for the prior year  
28 times the district's levy base determined under subsection (3) of  
29 this section;

30 (B) Reduce the result of (b)(ii)(A) of this subsection by any  
31 levy reduction funds as defined in subsection (5) of this section  
32 that are to be allocated to the district for the current school year;

33 (C) Divide the result of (b)(ii)(B) of this subsection by the  
34 district's levy base; and

35 (D) Take the greater of zero or the percentage calculated in  
36 (b)(ii)(C) of this subsection;

37 (iii) For 2018 and thereafter, the percentage shall be calculated  
38 as follows:

1 (A) Multiply the grandfathered percentage for the prior year  
2 times the district's levy base determined under subsection (3) of  
3 this section;

4 (B) Reduce the result of (b)(iii)(A) of this subsection by any  
5 levy reduction funds as defined in subsection (5) of this section  
6 that are to be allocated to the district for the current school year;

7 (C) Divide the result of (b)(iii)(B) of this subsection by the  
8 district's levy base; and

9 (D) Take the greater of zero or the percentage calculated in  
10 (b)(iii)(C) of this subsection.

11 (5) "Levy reduction funds" shall mean increases in state funds  
12 from the prior school year for programs included under subsection (3)  
13 of this section: (a) That are not attributable to enrollment changes,  
14 compensation increases, or inflationary adjustments; and (b) that are  
15 or were specifically identified as levy reduction funds in the  
16 appropriations act. If levy reduction funds are dependent on formula  
17 factors which would not be finalized until after the start of the  
18 current school year, the superintendent of public instruction shall  
19 estimate the total amount of levy reduction funds by using prior  
20 school year data in place of current school year data. Levy reduction  
21 funds shall not include moneys received by school districts from  
22 cities or counties.

23 (6) For the purposes of this section, "prior school year" means  
24 the most recent school year completed prior to the year in which the  
25 levies are to be collected.

26 (7) For the purposes of this section, "current school year" means  
27 the year immediately following the prior school year.

28 (8) Funds collected from transportation vehicle fund tax levies  
29 shall not be subject to the levy limitations in this section.

30 (9) The superintendent of public instruction shall develop rules  
31 and regulations and inform school districts of the pertinent data  
32 necessary to carry out the provisions of this section.

33 (10) This section expires January 1, 2019.

34 **Sec. 2.** RCW 84.52.0531 and 2010 c 237 s 2 and 2010 c 99 s 11 are  
35 each reenacted and amended to read as follows:

36 The maximum dollar amount which may be levied by or for any  
37 school district for maintenance and operation support under the  
38 provisions of RCW 84.52.053 shall be determined as follows:

1 (1) For excess levies for collection in calendar year 1997, the  
2 maximum dollar amount shall be calculated pursuant to the laws and  
3 rules in effect in November 1996.

4 (2) For excess levies for collection in calendar year 1998 and  
5 thereafter, the maximum dollar amount shall be the sum of (a) plus or  
6 minus (b), (c), and (d) of this subsection minus (e) of this  
7 subsection:

8 (a) The district's levy base as defined in subsection (3) of this  
9 section multiplied by the district's maximum levy percentage as  
10 defined in subsection (4) of this section;

11 (b) For districts in a high/nonhigh relationship, the high school  
12 district's maximum levy amount shall be reduced and the nonhigh  
13 school district's maximum levy amount shall be increased by an amount  
14 equal to the estimated amount of the nonhigh payment due to the high  
15 school district under RCW 28A.545.030(3) and 28A.545.050 for the  
16 school year commencing the year of the levy;

17 (c) Except for nonhigh districts under (d) of this subsection,  
18 for districts in an interdistrict cooperative agreement, the  
19 nonresident school district's maximum levy amount shall be reduced  
20 and the resident school district's maximum levy amount shall be  
21 increased by an amount equal to the per pupil basic education  
22 allocation included in the nonresident district's levy base under  
23 subsection (3) of this section multiplied by:

24 (i) The number of full-time equivalent students served from the  
25 resident district in the prior school year; multiplied by:

26 (ii) The serving district's maximum levy percentage determined  
27 under subsection (4) of this section; increased by:

28 (iii) The percent increase per full-time equivalent student as  
29 stated in the state basic education appropriation section of the  
30 biennial budget between the prior school year and the current school  
31 year divided by fifty-five percent;

32 (d) The levy bases of nonhigh districts participating in an  
33 innovation academy cooperative established under RCW 28A.340.080  
34 shall be adjusted by the office of the superintendent of public  
35 instruction to reflect each district's proportional share of student  
36 enrollment in the cooperative;

37 (e) The district's maximum levy amount shall be reduced by the  
38 maximum amount of state matching funds for which the district is  
39 eligible under RCW 28A.500.010.

1 (3) For excess levies for collection in calendar year 1998 and  
2 thereafter, a district's levy base shall be the sum of allocations in  
3 (a) through (c) of this subsection received by the district for the  
4 prior school year, including allocations for compensation increases,  
5 plus the sum of such allocations multiplied by the percent increase  
6 per full time equivalent student as stated in the state basic  
7 education appropriation section of the biennial budget between the  
8 prior school year and the current school year and divided by fifty-  
9 five percent. A district's levy base shall not include local school  
10 district property tax levies or other local revenues, or state and  
11 federal allocations not identified in (a) through (c) of this  
12 subsection.

13 (a) The district's basic education allocation as determined  
14 pursuant to RCW 28A.150.250, 28A.150.260, and 28A.150.350;

15 (b) State and federal categorical allocations for the following  
16 programs:

17 (i) Pupil transportation;

18 (ii) Special education;

19 (iii) Education of highly capable students;

20 (iv) Compensatory education, including but not limited to  
21 learning assistance, migrant education, Indian education, refugee  
22 programs, and bilingual education;

23 (v) Food services; and

24 (vi) Statewide block grant programs; and

25 (c) Any other federal allocations for elementary and secondary  
26 school programs, including direct grants, other than federal impact  
27 aid funds and allocations in lieu of taxes.

28 (4)((~~(a)~~)) A district's maximum levy percentage (~~(shall be~~  
29 ~~twenty four percent in 2010 and twenty eight percent in 2011 through~~  
30 ~~2017 and twenty four percent)~~) is fifteen percent in 2019 and every  
31 year thereafter(~~(~~

32 ~~(b) For qualifying districts, in addition to the percentage in~~  
33 ~~(a) of this subsection the grandfathered percentage determined as~~  
34 ~~follows:~~

35 ~~(i) For 1997, the difference between the district's 1993 maximum~~  
36 ~~levy percentage and twenty percent; and~~

37 ~~(ii) For 2011 through 2017, the percentage calculated as follows:~~

38 ~~(A) Multiply the grandfathered percentage for the prior year~~  
39 ~~times the district's levy base determined under subsection (3) of~~  
40 ~~this section;~~

1 ~~(B) Reduce the result of (b)(ii)(A) of this subsection by any~~  
2 ~~levy reduction funds as defined in subsection (5) of this section~~  
3 ~~that are to be allocated to the district for the current school year;~~

4 ~~(C) Divide the result of (b)(ii)(B) of this subsection by the~~  
5 ~~district's levy base; and~~

6 ~~(D) Take the greater of zero or the percentage calculated in~~  
7 ~~(b)(ii)(C) of this subsection;~~

8 ~~(iii) For 2018 and thereafter, the percentage shall be calculated~~  
9 ~~as follows:~~

10 ~~(A) Multiply the grandfathered percentage for the prior year~~  
11 ~~times the district's levy base determined under subsection (3) of~~  
12 ~~this section;~~

13 ~~(B) Reduce the result of (b)(iii)(A) of this subsection by any~~  
14 ~~levy reduction funds as defined in subsection (5) of this section~~  
15 ~~that are to be allocated to the district for the current school year;~~

16 ~~(C) Divide the result of (b)(iii)(B) of this subsection by the~~  
17 ~~district's levy base; and~~

18 ~~(D) Take the greater of zero or the percentage calculated in~~  
19 ~~(b)(iii)(C) of this subsection.~~

20 ~~(5) "Levy reduction funds" shall mean increases in state funds~~  
21 ~~from the prior school year for programs included under subsection (3)~~  
22 ~~of this section: (a) That are not attributable to enrollment changes,~~  
23 ~~compensation increases, or inflationary adjustments; and (b) that are~~  
24 ~~or were specifically identified as levy reduction funds in the~~  
25 ~~appropriations act. If levy reduction funds are dependent on formula~~  
26 ~~factors which would not be finalized until after the start of the~~  
27 ~~current school year, the superintendent of public instruction shall~~  
28 ~~estimate the total amount of levy reduction funds by using prior~~  
29 ~~school year data in place of current school year data. Levy reduction~~  
30 ~~funds shall not include moneys received by school districts from~~  
31 ~~cities or counties)).~~

32 ~~((6))~~ (5) For the purposes of this section, "prior school year"  
33 means the most recent school year completed prior to the year in  
34 which the levies are to be collected.

35 ~~((7))~~ (6) For the purposes of this section, "current school  
36 year" means the year immediately following the prior school year.

37 ~~((8))~~ (7) Funds collected from transportation vehicle fund tax  
38 levies shall not be subject to the levy limitations in this section.

1       (~~(9)~~) (8) The superintendent of public instruction shall  
2 develop rules and regulations and inform school districts of the  
3 pertinent data necessary to carry out the provisions of this section.

4       **Sec. 3.** RCW 28A.500.020 and 1999 c 317 s 2 are each amended to  
5 read as follows:

6       (1) Unless the context clearly requires otherwise, the  
7 definitions in this section apply throughout this chapter.

8       (a) "Prior tax collection year" means the year immediately  
9 preceding the year in which the local effort assistance shall be  
10 allocated.

11       (b) "Statewide average twelve percent levy rate" means twelve  
12 percent of the total levy bases as defined in RCW 84.52.0531(3)  
13 summed for all school districts, and divided by the total assessed  
14 valuation for excess levy purposes in the prior tax collection year  
15 for all districts as adjusted to one hundred percent by the county  
16 indicated ratio established in RCW 84.48.075.

17       (c) The "district's twelve percent levy amount" means the school  
18 district's maximum levy authority after transfers determined under  
19 RCW 84.52.0531(2) (a) through (c) divided by the district's maximum  
20 levy percentage determined under RCW 84.52.0531(4) multiplied by  
21 twelve percent.

22       (d) The "district's twelve percent levy rate" means the  
23 district's twelve percent levy amount divided by the district's  
24 assessed valuation for excess levy purposes for the prior tax  
25 collection year as adjusted to one hundred percent by the county  
26 indicated ratio.

27       (e) "Districts eligible for local effort assistance" means those  
28 districts with a twelve percent levy rate that exceeds the statewide  
29 average twelve percent levy rate.

30       (2) Unless otherwise stated all rates, percents, and amounts are  
31 for the calendar year for which local effort assistance is being  
32 calculated under this chapter.

33       (3) This section expires January 1, 2019.

34       **Sec. 4.** RCW 28A.500.020 and 1999 c 317 s 2 are each amended to  
35 read as follows:

36       (1) Unless the context clearly requires otherwise, the  
37 definitions in this section apply throughout this chapter.



1 (a) "Prior tax collection year" means the year immediately  
2 preceding the year in which the local effort assistance (~~shall be~~)  
3 is allocated.

4 (b) "Statewide average (~~twelve~~) seven and one-half percent levy  
5 rate" means (~~twelve~~) seven and one-half percent of the total levy  
6 bases as defined in RCW 84.52.0531(3) summed for all school  
7 districts, and divided by the total assessed valuation for excess  
8 levy purposes in the prior tax collection year for all districts as  
9 adjusted to one hundred percent by the county indicated ratio  
10 established in RCW 84.48.075.

11 (c) The "district's (~~twelve~~) seven and one-half percent levy  
12 amount" means the school district's maximum levy authority after  
13 transfers determined under RCW 84.52.0531(2) (a) through (c) divided  
14 by the district's maximum levy percentage determined under RCW  
15 84.52.0531(4) multiplied by (~~twelve~~) seven and one-half percent.

16 (d) The "district's (~~twelve~~) seven and one-half percent levy  
17 rate" means the district's (~~twelve~~) seven and one-half percent levy  
18 amount divided by the district's assessed valuation for excess levy  
19 purposes for the prior tax collection year as adjusted to one hundred  
20 percent by the county indicated ratio.

21 (e) "Districts eligible for local effort assistance" means those  
22 districts with a (~~twelve~~) seven and one-half percent levy rate that  
23 exceeds the statewide average (~~twelve~~) seven and one-half percent  
24 levy rate.

25 (2) Unless otherwise stated all rates, percents, and amounts are  
26 for the calendar year for which local effort assistance is being  
27 calculated under this chapter.

28 **Sec. 5.** RCW 28A.500.030 and 2006 c 372 s 904 and 2006 c 119 s 1  
29 are each reenacted and amended to read as follows:

30 Allocation of state matching funds to eligible districts for  
31 local effort assistance (~~shall be~~) is determined as follows:

32 (1) Funds raised by the district through maintenance and  
33 operation levies shall be matched with state funds using the  
34 following ratio of state funds to levy funds:

35 (a) The difference between the district's twelve percent levy  
36 rate and the statewide average twelve percent levy rate; to

37 (b) The statewide average twelve percent levy rate.

1 (2) The maximum amount of state matching funds for districts  
2 eligible for local effort assistance shall be the district's twelve  
3 percent levy amount, multiplied by the following percentage:

4 (a) The difference between the district's twelve percent levy  
5 rate and the statewide average twelve percent levy rate; divided by

6 (b) The district's twelve percent levy rate.

7 (3) Calendar year 2003 allocations and maximum eligibility under  
8 this chapter shall be multiplied by 0.99.

9 (4) From January 1, 2004, to December 31, 2005, allocations and  
10 maximum eligibility under this chapter shall be multiplied by 0.937.

11 (5) From January 1, 2006, to December 31, 2006, allocations and  
12 maximum eligibility under this chapter shall be multiplied by 0.9563.  
13 Beginning with calendar year 2007, allocations and maximum  
14 eligibility under this chapter shall be fully funded at one hundred  
15 percent and shall not be reduced.

16 (6) This section expires January 1, 2019.

17 **Sec. 6.** RCW 28A.500.030 and 2006 c 372 s 904 and 2006 c 119 s 1  
18 are each reenacted and amended to read as follows:

19 Allocation of state matching funds to eligible districts for  
20 local effort assistance shall be determined as follows:

21 (1) Funds raised by the district through maintenance and  
22 operation levies shall be matched with state funds using the  
23 following ratio of state funds to levy funds:

24 (a) The difference between the district's ~~((twelve))~~ seven and  
25 one-half percent levy rate and the statewide average ~~((twelve))~~ seven  
26 and one-half percent levy rate; to

27 (b) The statewide average ~~((twelve))~~ seven and one-half percent  
28 levy rate.

29 (2) The maximum amount of state matching funds for districts  
30 eligible for local effort assistance shall be the district's  
31 ~~((twelve))~~ seven and one-half percent levy amount, multiplied by the  
32 following percentage:

33 (a) The difference between the district's ~~((twelve))~~ seven and  
34 one-half percent levy rate and the statewide average ~~((twelve))~~ seven  
35 and one-half percent levy rate; divided by

36 (b) The district's ~~((twelve))~~ seven and one-half percent levy  
37 rate.

38 ~~((Calendar year 2003 allocations and maximum eligibility~~  
39 ~~under this chapter shall be multiplied by 0.99.~~

1       ~~(4) From January 1, 2004, to December 31, 2005, allocations and~~  
2 ~~maximum eligibility under this chapter shall be multiplied by 0.937.~~

3       ~~(5) From January 1, 2006, to December 31, 2006, allocations and~~  
4 ~~maximum eligibility under this chapter shall be multiplied by 0.9563.~~  
5 ~~Beginning with calendar year 2007, allocations and maximum~~  
6 ~~eligibility under this chapter shall be fully funded at one hundred~~  
7 ~~percent and shall not be reduced.)) Beginning with calendar year~~  
8 ~~2007, allocations and maximum eligibility under this chapter must be~~  
9 ~~fully funded at one hundred percent and may not be reduced.~~

10       NEW SECTION.   **Sec. 7.**   Sections 1, 3, and 5 of this act take  
11 effect January 1, 2018.

12       NEW SECTION.   **Sec. 8.**   Sections 2, 4, and 6 of this act take  
13 effect January 1, 2019.

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