

SHB 2140 - H AMD 812

By Representative Sullivan

ADOPTED 04/26/2019

1 Strike everything after the enacting clause and insert the
2 following:

3 **"Sec. 1.** RCW 84.52.0531 and 2018 c 266 s 307 are each amended to
4 read as follows:

5 LOCAL ENRICHMENT LEVY REVISED. (1) Beginning with taxes levied
6 for collection in ((2019)) 2020, the maximum dollar amount which may
7 be levied by or for any school district for enrichment levies under
8 RCW 84.52.053 is ((equal to)) either:

9 (a) The lesser of one dollar and fifty cents per thousand dollars
10 of the assessed value of property in the school district or the
11 maximum per-pupil limit; or

12 (b) The sum of (b)(i) of this subsection plus or minus (b)(ii),
13 (iii), and (iv) of this subsection, minus (b)(v) of this subsection:

14 (i) The school district's levy base as defined in subsection (2)
15 of this section multiplied by twenty percent;

16 (ii) For school districts in a high/nonhigh relationship, the
17 high school district's maximum levy amount is reduced by, and the
18 nonhigh school district's maximum levy amount is increased by, an
19 amount equal to the estimated amount of the nonhigh payment due to
20 the high school district under RCW 28A.545.030(3) and 28A.545.050 for
21 the school year commencing in the year of the levy;

22 (iii) Except for nonhigh school districts under (b)(iv) of this
23 subsection, for school districts in an interdistrict cooperative
24 agreement, the nonresident school district's maximum levy amount is
25 reduced by, and the resident school district's maximum levy amount is
26 increased by, an amount equal to the per-pupil basic education
27 allocation included in the nonresident school district's levy base
28 under subsection (2) of this section:

29 (A) Multiplied by the number of full-time equivalent students
30 served from the resident school district in the prior school year;
31 and

32 (B) Multiplied by twenty percent;

1 (iv) The levy bases of nonhigh school districts participating in
2 an innovation academy cooperative formed under RCW 28A.340.080 must
3 be adjusted by the office of the superintendent of public instruction
4 to reflect each nonhigh school district's proportional share of
5 student enrollment in the cooperative;

6 (v) A school district's maximum levy amount is reduced by the
7 maximum amount of state matching funds for which the school district
8 is eligible under RCW 28A.500.010.

9 (2) A school district's levy base is the sum of allocations under
10 (a) through (c) of this subsection received by the school district
11 for the prior school year, including allocations for compensation
12 increases. A school district's levy base does not include local
13 school district property tax levies or other local revenues, or state
14 and federal allocations not identified in (a) through (c) of this
15 subsection.

16 (a) The school district's basic education allocation as
17 determined under RCW 28A.150.250, 28A.150.260, 28A.150.350, and
18 28A.150.415;

19 (b) State and federal categorical allocations for the following
20 programs:

21 (i) Pupil transportation;

22 (ii) Special education;

23 (iii) Education of highly capable students;

24 (iv) Compensatory education including, but not limited to,
25 learning assistance, migrant education, Indian education, refugee
26 programs, and bilingual education;

27 (v) Food services; and

28 (vi) Statewide block grant programs; and

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

32 ~~((2))~~ (3) The definitions in this subsection apply to this
33 section unless the context clearly requires otherwise.

34 ~~((For the purpose of this section,))~~ "Inflation" means, for
35 any school year, the rate of the yearly increase of the previous
36 calendar year's annual average consumer price index for all urban
37 consumers, Seattle area, using the official current base compiled by
38 the bureau of labor statistics, United States department of labor.

39 (b) "Maximum per-pupil limit" means ~~((two))~~ three thousand ~~((five~~
40 ~~hundred))~~ dollars, multiplied by the number of average annual full-

1 time equivalent students enrolled in the school district in the prior
2 school year. Beginning with property taxes levied for collection in
3 2020, the maximum per-pupil limit shall be increased by inflation
4 from the 2019 calendar year.

5 ~~((c))~~ ~~"Prior school year" means the most recent school year~~
6 ~~completed prior to the year in which the levies are to be collected.~~

7 ~~(3))~~ (i) For districts in a high/nonhigh relationship, the
8 enrollments of the nonhigh students attending the high school shall
9 only be counted by the nonhigh school districts for purposes of
10 ~~((funding under this section))~~ calculating the maximum per-pupil
11 limit.

12 ~~((4))~~ (ii) For school districts participating in an innovation
13 academy cooperative established under RCW 28A.340.080, enrollments of
14 students attending the academy shall be adjusted so that each
15 participant district receives its proportional share of student
16 enrollments for purposes of ~~((funding under this section))~~
17 calculating the maximum per-pupil limit.

18 ~~((5))~~ (c) "Prior school year" means the most recent school year
19 completed prior to the year in which the levies are collected.

20 (4) Beginning with propositions for enrichment levies for
21 collection in calendar year 2020 and thereafter, a district must
22 receive approval of an enrichment levy expenditure plan under RCW
23 28A.505.240 before submission of the proposition to the voters.

24 ~~((6))~~ (5) The superintendent of public instruction shall
25 develop rules and regulations and inform school districts of the
26 pertinent data necessary to carry out the provisions of this section.

27 ~~((7))~~ (6) Beginning with taxes levied for collection in 2018,
28 enrichment levy revenues must be deposited in a separate subfund of
29 the school district's general fund pursuant to RCW 28A.320.330, and
30 for the 2018-19 school year are subject to the restrictions of RCW
31 28A.150.276 and the audit requirements of RCW 43.09.2856.

32 ~~((8))~~ (7) Funds collected from levies for transportation
33 vehicles, construction, modernization, or remodeling of school
34 facilities as established in RCW 84.52.053 are not subject to the
35 levy limitations in subsections (1) ~~((through (5)))~~ and (2) of this
36 section.

37 **Sec. 2.** RCW 28A.500.015 and 2018 c 266 s 303 are each amended to
38 read as follows:

1 LEVY EQUALIZATION REVISED TO REFLECT ENRICHMENT LEVY CHANGES. (1)
2 Beginning in calendar year ((2019)) 2020 and each calendar year
3 thereafter, the state must provide state local effort assistance
4 funding to supplement school district enrichment levies as provided
5 in this section.

6 (2) ((For an)) The superintendent of public instruction must
7 allocate state matching funds to eligible school district((, annual))
8 s for local effort assistance ((funding is equal to the school
9 district's maximum local effort assistance multiplied by a fraction
10 equal to the school district's actual enrichment levy divided by the
11 school district's maximum allowable enrichment levy)) as follows:

12 (a) Funds raised by the school district through enrichment levies
13 must be matched with state funds using the following ratio of state
14 funds to levy funds: The difference between the school district's ten
15 percent levy rate and the statewide average ten percent levy rate, to
16 the statewide average ten percent levy rate.

17 (b) The maximum amount of state matching funds for school
18 districts eligible for local effort assistance is the school
19 district's ten percent levy amount, multiplied by the following
20 percentage: The difference between the school district's ten percent
21 levy rate and the statewide average ten percent levy rate, divided by
22 the school district's ten percent levy rate.

23 (3) The state local effort assistance funding provided under this
24 section is not part of the state's program of basic education deemed
25 by the legislature to comply with the requirements of Article IX,
26 section 1 of the state Constitution.

27 (4) The definitions in this subsection apply throughout this
28 section unless the context clearly requires otherwise.

29 (a) (("Eligible school district" means a school district whose
30 maximum allowable enrichment levy divided by the school district's
31 total student enrollment in the prior school year is less than the
32 state local effort assistance threshold.

33 (b) ~~For the purpose of this section, "inflation" means, for any~~
34 ~~school year, the rate of the yearly increase of the previous calendar~~
35 ~~year's annual average consumer price index for all urban consumers,~~
36 ~~Seattle area, using the official current base compiled by the bureau~~
37 ~~of labor statistics, United States department of labor.~~

38 (c) ~~"Maximum allowable enrichment levy" means the maximum levy~~
39 ~~permitted by RCW 84.52.0531.~~

1 ~~(d) "Maximum local effort assistance" means the difference~~
2 ~~between the following:~~

3 ~~(i) The school district's actual prior school year enrollment~~
4 ~~multiplied by the state local effort assistance threshold; and~~

5 ~~(ii) The school district's maximum allowable enrichment levy.~~

6 ~~(e) "Prior school year" means the most recent school year~~
7 ~~completed prior to the year in which the state local effort~~
8 ~~assistance funding is to be distributed.~~

9 ~~(f) "State local effort assistance threshold" means one thousand~~
10 ~~five hundred dollars per student, increased for inflation beginning~~
11 ~~in calendar year 2020.~~

12 ~~(g) "Student enrollment" means the average annual full-time~~
13 ~~equivalent student enrollment.~~

14 ~~(5) For districts in a high/nonhigh relationship, the enrollments~~
15 ~~of the nonhigh students attending the high school shall only be~~
16 ~~counted by the nonhigh school districts for purposes of funding under~~
17 ~~this section.~~

18 ~~(6) For school districts participating in an innovation academy~~
19 ~~cooperative established under RCW 28A.340.080, enrollments of~~
20 ~~students attending the academy shall be adjusted so that each~~
21 ~~participant district receives its proportional share of student~~
22 ~~enrollments for purposes of funding under this section.)) "Prior tax
23 collection year" means the year immediately preceding the year in
24 which the local effort assistance is allocated.~~

25 (b) "School districts eligible for local effort assistance" means
26 those school districts with a ten percent levy rate that exceeds the
27 statewide average ten percent levy rate.

28 (c) "School district's ten percent levy amount" means the school
29 district's maximum levy authority after transfers determined under
30 RCW 84.52.0531(1)(b) (i) through (iii) divided by twenty percent
31 multiplied by ten percent.

32 (d) "School district's ten percent levy rate" means the school
33 district's ten percent levy amount divided by the school district's
34 assessed valuation for enrichment levy purposes for the prior tax
35 collection year.

36 (e) "Statewide average ten percent levy rate" means ten percent
37 of the total levy bases as defined in RCW 84.52.0531(2), summed for
38 all school districts and divided by the total assessed valuation for
39 enrichment levy purposes in the prior tax collection year for all
40 school districts.

1 (5) Unless otherwise stated, all rates, percentages, and amounts
2 are for the calendar year for which local effort assistance is
3 calculated under this chapter.

4 **Sec. 3.** RCW 84.52.065 and 2018 c 295 s 1 are each amended to
5 read as follows:

6 STATE PROPERTY TAX DEPOSIT. (1) Except as otherwise provided in
7 this section, subject to the limitations in RCW 84.55.010, in each
8 year the state must levy for collection in the following year for the
9 support of common schools of the state a tax of three dollars and
10 sixty cents per thousand dollars of assessed value upon the assessed
11 valuation of all taxable property within the state adjusted to the
12 state equalized value in accordance with the indicated ratio fixed by
13 the state department of revenue.

14 (2)(a) In addition to the tax authorized under subsection (1) of
15 this section, the state must levy an additional property tax for the
16 support of common schools of the state.

17 (i) For taxes levied for collection in calendar years 2018
18 through 2021, the rate of tax is the rate necessary to bring the
19 aggregate rate for state property tax levies levied under this
20 subsection and subsection (1) of this section to a combined rate of
21 two dollars and forty cents per thousand dollars of assessed value in
22 calendar year 2019 and two dollars and seventy cents per thousand
23 dollars of assessed value in calendar years 2018, 2020, and 2021. The
24 state property tax levy rates provided in this subsection (2)(a)(i)
25 are based upon the assessed valuation of all taxable property within
26 the state adjusted to the state equalized value in accordance with
27 the indicated ratio fixed by the state department of revenue.

28 (ii) For taxes levied for collection in calendar year 2022 and
29 thereafter, the tax authorized under this subsection (2) is subject
30 to the limitations of chapter 84.55 RCW.

31 (b)(i) Except as otherwise provided in this subsection, all taxes
32 collected under this subsection (2) must be deposited into the state
33 general fund.

34 (ii) For fiscal year 2019, (~~nine hundred thirty-five million~~
35 ~~dollars of~~) taxes collected under this subsection (2) must be
36 deposited into the education legacy trust account for the support of
37 common schools.

38 (3) For taxes levied for collection in calendar years 2019
39 through 2021, the state property taxes levied under subsections (1)

1 and (2) of this section are not subject to the limitations in chapter
2 84.55 RCW.

3 (4) For taxes levied for collection in calendar year 2022 and
4 thereafter, the aggregate rate limit for state property taxes levied
5 under subsections (1) and (2) of this section is three dollars and
6 sixty cents per thousand dollars of assessed value upon the assessed
7 valuation of all taxable property within the state adjusted to the
8 state equalized value in accordance with the indicated ratio fixed by
9 the state department of revenue.

10 (5) For property taxes levied for collection in calendar years
11 2019 through 2021, the rate of tax levied under subsection (1) of
12 this section is the actual rate that was levied for collection in
13 calendar year 2018 under subsection (1) of this section.

14 (6) As used in this section, "the support of common schools"
15 includes the payment of the principal and interest on bonds issued
16 for capital construction projects for the common schools.

17 **Sec. 4.** RCW 28A.300.780 and 2018 c 266 s 401 are each amended to
18 read as follows:

19 HOLD HARMLESS. (1) For the 2018-19 and 2019-20 school years, the
20 office of the superintendent of public instruction shall allocate a
21 hold-harmless payment to school districts if the sum of (b) of this
22 subsection is greater than the sum of (a) of this subsection for
23 either of the respective school years or if a school district meets
24 the criteria under subsection (2) of this section.

25 (a) The current school year is calculated as the sum of (a)(i)
26 through (iii) of this subsection using the enrollments and values in
27 effect for that school year for the school district's:

28 (i) Formula-driven state allocations in part V of the state
29 omnibus appropriations act for these programs: General apportionment,
30 employee compensation adjustments, pupil transportation, special
31 education programs, institutional education programs, transitional
32 bilingual programs, highly capable, and learning assistance programs;

33 (ii) Local effort assistance funding received under chapter
34 28A.500 RCW; and

35 (iii) The lesser of the school district's voter-approved
36 enrichment levy collection or the maximum levy authority provided
37 under RCW 84.52.0531 for (~~the previous calendar~~) that school year.

38 (b) The baseline school year is calculated as the sum of (b)(i)
39 through (iii) of this subsection using the current school year

1 enrollments and the values in effect during the 2017-18 school year
2 for the school district's:

3 (i) Formula-driven state allocations in part V of the state
4 omnibus appropriations act for these programs: General apportionment,
5 employee compensation adjustments, pupil transportation, special
6 education programs, institutional education programs, transitional
7 bilingual programs, highly capable, and learning assistance programs;

8 (ii) Local effort assistance funding received under chapter
9 28A.500 RCW; and

10 (iii) Maintenance and operation levy collection under RCW
11 84.52.0531 in the 2017 calendar year.

12 (2) From amounts appropriated in chapter 266, Laws of 2018, the
13 superintendent of public instruction must prioritize hold harmless
14 payments to districts that meet both the following criteria:

15 (a) The sum of the school district's enrichment levy under RCW
16 84.52.0531 and 2017 3rd sp.s. c 13 s 203 and local effort assistance
17 under RCW 28A.500.015 is less than half of the sum of the maintenance
18 and operations levy and local effort assistance provided under law as
19 it existed on January 1, 2017. For purposes of the calculation in
20 this subsection, the maintenance and operations levy is limited to
21 the lesser of the voter-approved levy as of January 1, 2017, or the
22 maximum levy under law as of January 1, 2017; and

23 (b) The adjusted assessed value of property within the school
24 district as calculated by the department of revenue is greater than
25 twenty billion dollars in calendar year 2017.

26 (3) Districts eligible for hold-harmless payments under
27 subsection (1) of this section shall receive the difference between
28 subsection (1)(b) and (a) of this section through the apportionment
29 payment process in RCW 28A.510.250.

30 (4) The voters of the school district must approve an enrichment
31 levy under RCW 84.52.0531 to be eligible for a hold-harmless payment
32 under this section.

33 (5) This section expires December 31, 2020.

34 NEW SECTION. **Sec. 5.** EFFECTIVE DATE FOR LEVIES AND LOCAL EFFORT
35 ASSISTANCE. Sections 1 and 2 of this act take effect January 1, 2020.

36 NEW SECTION. **Sec. 6.** EFFECTIVE DATE FOR PROPERTY TAX DEPOSIT
37 AND HOLD HARMLESS. Sections 3 and 4 of this act are necessary for the
38 immediate preservation of the public peace, health, or safety, or

1 support of the state government and its existing public institutions,
2 and take effect immediately."

3 Correct the title.

EFFECT: (1) Removes additional Local Effort Assistance of up to 12 percent of the state and federal levy base for districts with 75 percent or more students eligible for free and reduced-price meals. Striker equalizes all districts up to 10 percent of the state and federal levy base.

(2) Directs all the second state property tax levy collected in fiscal year 2019 to be deposited into the Education Legacy Trust Account.

(3) Revises the hold harmless provision to base payments for the current school year on levies collected during that school year, rather than levies collected during the previous calendar year.

(4) Adds an emergency clause for newly added sections.

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