

# SENATE BILL REPORT

## SB 5316

---

As of February 12, 2019

**Title:** An act relating to school district enrichment levies.

**Brief Description:** Concerning school district enrichment levies.

**Sponsors:** Senator Wellman.

**Brief History:**

**Committee Activity:** Early Learning & K-12 Education: 1/23/19.

**Brief Summary of Bill**

- Allows a school district to choose whether to operate under an enrichment levy lid of \$2,500 per pupil or \$1.50 per \$1,000 of assessed value, rather than the lesser of the two.

---

### SENATE COMMITTEE ON EARLY LEARNING & K-12 EDUCATION

**Staff:** Alex Fairfortune (786-7416)

**Background:** The state Constitution limits regular property tax levies to a maximum of 1 percent of the property's value. Upon voter approval, school districts are authorized to collect excess levies above the 1 percent constitutional property tax limit. School district voters may approve enrichment levies for up to four years, capital levies for up to six years, and bond levies for the life of the bonds. Since 1977, the Legislature has limited the amount school districts may collect through their enrichment levies.

A district's maximum enrichment levy is the lesser of \$2,500 per pupil or a rate of \$1.50 per \$1000 of assessed value. Before a school district may submit an enrichment levy to the voters, it must receive approval of its expenditure plan from the Office of the Superintendent of Public Instruction (OSPI). OSPI may approve the plan if it determines the district will spend enrichment levy revenues only for permitted enrichment activities.

**Summary of Bill:** A school district may choose if it would rather operate under a levy lid of \$2,500 per pupil or a levy lid of \$1.50 per \$1,000 of assessed value for enrichment levies, as opposed to having to operate under the lesser of the two.

---

*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.*

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: There was never a mandate to reduce local levies, only to put more money towards basic education. In the old funding world, the biggest difference between districts was levies but now it is regionalization. Some districts get regionalization because they have high property costs, but at the same time get LEA because they are property poor. The state needs to go back to a percentage based levy model because it will flow better with the amount of money given to districts. OSPI chose a 22 percent model because it is a little over halfway from where the limit used to be. It does not restore all of the levy because the state added a lot of money in state funding. Now 22 percent of a much higher base is a significant amount of local levy opportunity. The LEA approach under SB 5466 does not add any additional dollars and focuses on those districts that are truly property poor. After getting to a \$3.75/\$1,000 AV tax rate the state would fill in the rest. Under the old model about two-thirds of districts were getting equalization, under current law about half of districts are receiving equalization, and under SB 5466 about 40 percent of districts would receive equalization. This treats districts that are property wealthy similar under both policies. SB 5313 is good but would result in much more levy equalization.

There are some inequities and unintended consequences that have come about from previous education funding legislation. In the levy swap state funding was swapped for local levy dollars. However, the state resources have been very department and subject specific and are often provided for certain categorical programs. These funds can not be used to pay for preschool, alternative high school, or music programs. For decades basic education has been subsidized with enrichment levies, but now schools can collect only a fraction of what has historically been collected. Local communities need to be able to go to voters to support their kids. A percentage based model is tied to state funding so it is more sustainable and it creates more certainty for school districts. A 28 percent levy is best because it has been done before and it is relatively simple.

CON: The OSPI 22 percent bill would require a higher tax rate on top of the \$0.90 increase in the state base tax rate. The 28 percent bill will recreate some of the inequities of pre-McCleary, and cause further pressure between property poor and property rich districts. It would do little more than make the rich districts richer and the poor districts poorer. The either/or bill doesn't provide for LEA so districts currently receiving LEA would have to double their tax rate in order to get the same level of funding.

OTHER: Under the OSPI proposal there is technical wording that needs to be fixed, because it references the difference between a tax rate and a threshold which is not mathematically possible. While most districts would fall under the 22 percent model, there are concerns that LEA will be eliminated or reduced. The 28 percent proposal only fixes issues for the I-5 corridor, but will be a non-starter in other areas of the state. The 28 percent model will drive

more levy equalization, and will restore some funding but not as much as was lost. There is merit to the either/or model, but it needs to include hold harmless LEA language so that LEA is not removed entirely.

**Persons Testifying:** PRO: Senator Lisa Wellman, Prime Sponsor; Gene Sementi, West Valley School District—Spokane; JoLynn Berge, Asst Supt Finance, Seattle Public Schools; Troy Nichols, Capital Region ESD 113; Rosalind Medina, Tacoma School District; Rebecca Vaux, Washington's Paramount Duty.

CON: Lorrell Noahr, Washington Education Association.

OTHER: Nancy Chamberlain, Washington State PTA; Wade Smith, Walla Walla School District; Kate Davis, CFO, Highline Public Schools; Randy Russell, Freeman SD; Mitch Denning, Alliance of Educational Associations; Jessica Vavrus, Washington State School Directors' Association.

**Persons Signed In To Testify But Not Testifying:** No one.