

SENATE BILL REPORT

SB 6477

As of January 24, 2020

Title: An act relating to limitations on school district enrichment levies.

Brief Description: Limiting school district enrichment levies.

Sponsors: Senators Lovelett and Saldaña.

Brief History:

Committee Activity: Early Learning & K-12 Education: 1/27/20.

Brief Summary of Bill

- Allows a school district to operate under a levy lid equal to the district's voter-approved maintenance and operation levy under the law in effect in 2018, provided the authority has not otherwise lapsed.
- Provides the new levy lid for taxes levied for collection in 2021 and 2022.

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.

Prior to EHB 2242. Prior to the passage of EHB 2242 in 2017, a school district's maximum excess levy amount for maintenance and operation (M&O) levies was determined by the district's levy base and levy percentage, also referred to as a lid. Generally, a district's annual levy base was its state and federal funding for the prior school year, adjusted for inflation, and additionally calculated amounts that were added to the levy base in 2010, sometimes referred to as ghost money. The levy lid was the maximum allowable percentage of the levy base that a school district could collect, and was set at 28 percent for most school districts. Some school districts were grandfathered in at a higher levy percentage.

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.

After EHB 2242. Beginning with calendar year 2019, M&O levies were renamed enrichment levies, and a new levy lid was implemented. A district's maximum enrichment levy is now the lesser of \$2.50 per \$1,000 of assessed value or the maximum per pupil limit, which is \$2,500 per pupil for districts with fewer than 40,000 students and \$3,000 per pupil for districts with 40,000 or more students. 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: The bill as referred to committee not considered.

Summary of Bill (Proposed Substitute): A school district may choose to operate under the current enrichment levy lid or a levy lid equal to the district's voter-approved M&O levy under the law in effect in 2018, provided the authority for that levy has not otherwise lapsed. This new levy lid is provided for taxes levied for collection in 2021 and 2022.

Appropriation: None.

Fiscal Note: Requested on January 17, 2020.

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

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