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**SUBSTITUTE HOUSE BILL 2140**

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**State of Washington**

**66th Legislature**

**2019 Regular Session**

**By** House Appropriations (originally sponsored by Representatives Sullivan, Dolan, and Thai)

READ FIRST TIME 04/09/19.

1 AN ACT Relating to K-12 education funding; amending RCW  
2 84.52.0531 and 28A.500.015; and providing an effective date.

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

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

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

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

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

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

17 (ii) For school districts in a high/nonhigh relationship, the  
18 high school district's maximum levy amount is reduced by, and the  
19 nonhigh school district's maximum levy amount is increased by, an  
20 amount equal to the estimated amount of the nonhigh payment due to

1 the high school district under RCW 28A.545.030(3) and 28A.545.050 for  
2 the school year commencing in the year of the levy;

3 (iii) Except for nonhigh school districts under (b)(iv) of this  
4 subsection, for school districts in an interdistrict cooperative  
5 agreement, the nonresident school district's maximum levy amount is  
6 reduced by, and the resident school district's maximum levy amount is  
7 increased by, an amount equal to the per-pupil basic education  
8 allocation included in the nonresident school district's levy base  
9 under subsection (2) of this section:

10 (A) Multiplied by the number of full-time equivalent students  
11 served from the resident school district in the prior school year;  
12 and

13 (B) Multiplied by twenty percent;

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

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

22 (2) A school district's levy base is the sum of allocations under  
23 (a) through (c) of this subsection received by the school district  
24 for the prior school year, including allocations for compensation  
25 increases. A school district's levy base does not include local  
26 school district property tax levies or other local revenues, or state  
27 and federal allocations not identified in (a) through (c) of this  
28 subsection.

29 (a) The school district's basic education allocation as  
30 determined under RCW 28A.150.250, 28A.150.260, 28A.150.350, and  
31 28A.150.415;

32 (b) State and federal categorical allocations for the following  
33 programs:

34 (i) Pupil transportation;

35 (ii) Special education;

36 (iii) Education of highly capable students;

37 (iv) Compensatory education including, but not limited to,  
38 learning assistance, migrant education, Indian education, refugee  
39 programs, and bilingual education;

40 (v) Food services; and

1 (vi) Statewide block grant programs; and

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

5 ~~((2))~~ (3) The definitions in this subsection apply to this  
6 section unless the context clearly requires otherwise.

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

12 ~~((two))~~ three thousand ~~((five~~  
13 ~~hundred))~~ dollars, multiplied by the number of average annual full-  
14 time equivalent students enrolled in the school district in the prior  
15 school year. Beginning with property taxes levied for collection in  
16 2020, the maximum per-pupil limit shall be increased by inflation  
17 from the 2019 calendar year.

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

20 ~~(3))~~ (i) For districts in a high/nonhigh relationship, the  
21 enrollments of the nonhigh students attending the high school shall  
22 only be counted by the nonhigh school districts for purposes of  
23 ~~((funding under this section))~~ calculating the maximum per-pupil  
24 limit.

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

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

33 (4) Beginning with propositions for enrichment levies for  
34 collection in calendar year 2020 and thereafter, a district must  
35 receive approval of an enrichment levy expenditure plan under RCW  
36 28A.505.240 before submission of the proposition to the voters.

37 ~~((6))~~ (5) The superintendent of public instruction shall  
38 develop rules and regulations and inform school districts of the  
39 pertinent data necessary to carry out the provisions of this section.

1       ~~((7))~~ (6) Beginning with taxes levied for collection in 2018,  
2 enrichment levy revenues must be deposited in a separate subfund of  
3 the school district's general fund pursuant to RCW 28A.320.330, and  
4 for the 2018-19 school year are subject to the restrictions of RCW  
5 28A.150.276 and the audit requirements of RCW 43.09.2856.

6       ~~((8))~~ (7) Funds collected from levies for transportation  
7 vehicles, construction, modernization, or remodeling of school  
8 facilities as established in RCW 84.52.053 are not subject to the  
9 levy limitations in subsections (1) ~~((through (5)))~~ and (2) of this  
10 section.

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

13       LEVY EQUALIZATION REVISED TO REFLECT ENRICHMENT LEVY CHANGES. (1)  
14 Beginning in calendar year ~~((2019))~~ 2020 and each calendar year  
15 thereafter, the state must provide state local effort assistance  
16 funding to supplement school district enrichment levies as provided  
17 in this section.

18       (2) ~~((For an))~~ The superintendent of public instruction must  
19 allocate state matching funds to eligible school district~~((, annual))~~  
20 s for local effort assistance ~~((funding is equal to the school~~  
21 ~~district's maximum local effort assistance multiplied by a fraction~~  
22 ~~equal to the school district's actual enrichment levy divided by the~~  
23 ~~school district's maximum allowable enrichment levy))~~ as follows:

24       (a) For school districts with a percentage of students in grades  
25 K-12 who were eligible for free or reduced-price meals in the prior  
26 school year of less than seventy percent:

27       (i) Funds raised by the school district through enrichment levies  
28 must be matched with state funds using the following ratio of state  
29 funds to levy funds: The difference between the school district's ten  
30 percent levy rate and the statewide average ten percent levy rate, to  
31 the statewide average ten percent levy rate.

32       (ii) The maximum amount of state matching funds for school  
33 districts eligible for local effort assistance is the school  
34 district's ten percent levy amount, multiplied by the following  
35 percentage: The difference between the school district's ten percent  
36 levy rate and the statewide average ten percent levy rate, divided by  
37 the school district's ten percent levy rate.

1 (b) For school districts with a percentage of students in grades  
2 K-12 who were eligible for free or reduced-price meals in the prior  
3 school year of seventy percent or more:

4 (i) Funds raised by the school district through enrichment levies  
5 must be matched with state funds using the following ratio of state  
6 funds to levy funds: The difference between the school district's  
7 twelve percent levy rate and the statewide average twelve percent  
8 levy rate, to the statewide average twelve percent levy rate.

9 (ii) The maximum amount of state matching funds for school  
10 districts eligible for local effort assistance is the school  
11 district's twelve percent levy amount, multiplied by the following  
12 percentage: The difference between the school district's twelve  
13 percent levy rate and the statewide average twelve percent levy rate,  
14 divided by the school district's twelve percent levy rate.

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

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

21 ~~(a) ("Eligible school district" means a school district whose~~  
22 ~~maximum allowable enrichment levy divided by the school district's~~  
23 ~~total student enrollment in the prior school year is less than the~~  
24 ~~state local effort assistance threshold.~~

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

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

32 ~~(d) "Maximum local effort assistance" means the difference~~  
33 ~~between the following:~~

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

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

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

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

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

6 ~~(5) For districts in a high/nonhigh relationship, the enrollments~~  
7 ~~of the nonhigh students attending the high school shall only be~~  
8 ~~counted by the nonhigh school districts for purposes of funding under~~  
9 ~~this section.~~

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

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

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

24 (d) "School district's ten percent levy rate" means the school  
25 district's ten percent levy amount divided by the school district's  
26 assessed valuation for enrichment levy purposes for the prior tax  
27 collection year.

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

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

36 (g) "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       (h) "Statewide average twelve percent levy rate" means twelve  
2 percent of the total levy bases as defined in RCW 84.52.0531(2),  
3 summed for all school districts and divided by the total assessed  
4 valuation for enrichment levy purposes in the prior tax collection  
5 year for all school districts.

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

9       NEW SECTION. Sec. 3. EFFECTIVE DATE FOR LEVIES AND LOCAL EFFORT  
10 ASSISTANCE. Sections 1 and 2 of this act take effect January 1, 2020.

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