
HOUSE BILL 2759

State of Washington 61st Legislature 2010 Regular Session

By Representatives Maxwell, Anderson, Roberts, White, Goodman, Clibborn, Kenney, Hunter, Morrell, and Haigh

Read first time 01/13/10. Referred to Committee on Education Appropriations.

1 AN ACT Relating to adjusting local school finance related to
2 nonresident students enrolled in online learning; amending RCW
3 84.52.0531 and 84.52.0531; creating a new section; providing an
4 effective date; and providing an expiration date.

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

6 NEW SECTION. **Sec. 1.** While the legislature supports online
7 learning, the legislature finds that there are unintended financial
8 consequences for taxpayers, both locally and statewide, when
9 significant numbers of nonresident students enroll in a school district
10 for purposes of enrolling in an online school program. Therefore, the
11 legislature intends to adjust finance policy related to voter-approved
12 excess levies and a district's qualification for local effort
13 enhancement funds to eliminate these unintended consequences.

14 **Sec. 2.** RCW 84.52.0531 and 2009 c 4 s 908 are each amended to read
15 as follows:

16 The maximum dollar amount which may be levied by or for any school
17 district for maintenance and operation support under the provisions of
18 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) and (c) of this subsection minus (d) of this subsection:

7 (a) The district's levy base as defined in subsections (3) and (4)
8 of this section multiplied by the district's maximum levy percentage as
9 defined in subsection (5) of this section;

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

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

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

24 (ii) The serving district's maximum levy percentage determined
25 under subsection (5) of this section; increased by:

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

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

33 (3) For excess levies for collection in calendar year 2005 and
34 thereafter, a district's levy base shall be the sum of allocations in
35 (a) through (c) of this subsection received by the district for the
36 prior school year and the amounts determined under subsection (4) of
37 this section, including allocations for compensation increases, plus
38 the sum of such allocations multiplied by the percent increase per full

1 time equivalent student as stated in the state basic education
2 appropriation section of the biennial budget between the prior school
3 year and the current school year and divided by fifty-five percent. A
4 district's levy base shall not include local school district property
5 tax levies or other local revenues, or state and federal allocations
6 not identified in (a) through (c) of this subsection. In addition, for
7 excess levies for collection in calendar year 2011 and thereafter, a
8 district's levy base shall not include state or federal allocations
9 attributable to nonresident students enrolled in the district in an
10 online school program as defined under RCW 28A.250.010 based on an
11 interdistrict agreement or under the provisions of RCW 28A.225.020
12 through 28A.225.030.

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 learning
21 assistance, migrant education, Indian education, refugee programs, and
22 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 aid
27 funds and allocations in lieu of taxes.

28 (4) For levy collections in calendar years 2005 through 2011, in
29 addition to the allocations included under subsection (3)(a) through
30 (c) of this section, a district's levy base shall also include the
31 following:

32 (a) The difference between the allocation the district would have
33 received in the current school year had RCW 84.52.068 not been amended
34 by chapter 19, Laws of 2003 1st sp. sess. and the allocation the
35 district received in the current school year pursuant to RCW 84.52.068.
36 The office of the superintendent of public instruction shall offset the
37 amount added to a district's levy base pursuant to this subsection

1 (4)(a) by any additional per student allocations included in a
2 district's levy base pursuant to the enactment of an initiative to the
3 people subsequent to June 10, 2004; and

4 (b) The difference between the allocations the district would have
5 received the prior school year had RCW 28A.400.205 not been amended by
6 chapter 20, Laws of 2003 1st sp. sess. and the allocations the district
7 actually received the prior school year pursuant to RCW 28A.400.205.
8 The office of the superintendent of public instruction shall offset the
9 amount added to a district's levy base pursuant to this subsection
10 (4)(b) by any additional salary increase allocations included in a
11 district's levy base pursuant to the enactment of an initiative to the
12 people subsequent to June 10, 2004.

13 (5) A district's maximum levy percentage shall be twenty-two
14 percent in 1998 and twenty-four percent in 1999 and every year
15 thereafter; plus, for qualifying districts, the grandfathered
16 percentage determined as follows:

17 (a) For 1997, the difference between the district's 1993 maximum
18 levy percentage and twenty percent; and

19 (b) For 1998 and thereafter, the percentage calculated as follows:

20 (i) Multiply the grandfathered percentage for the prior year times
21 the district's levy base determined under subsection (3) of this
22 section;

23 (ii) Reduce the result of (b)(i) of this subsection by any levy
24 reduction funds as defined in subsection (6) of this section that are
25 to be allocated to the district for the current school year;

26 (iii) Divide the result of (b)(ii) of this subsection by the
27 district's levy base; and

28 (iv) Take the greater of zero or the percentage calculated in
29 (b)(iii) of this subsection.

30 (6) "Levy reduction funds" shall mean increases in state funds from
31 the prior school year for programs included under subsections (3) and
32 (4) of this section: (a) That are not attributable to enrollment
33 changes, compensation increases, or inflationary adjustments; and (b)
34 that are or were specifically identified as levy reduction funds in the
35 appropriations act. If levy reduction funds are dependent on formula
36 factors which would not be finalized until after the start of the
37 current school year, the superintendent of public instruction shall
38 estimate the total amount of levy reduction funds by using prior school

1 year data in place of current school year data. Levy reduction funds
2 shall not include moneys received by school districts from cities or
3 counties.

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

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

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

11 (10) The superintendent of public instruction shall develop rules
12 and regulations and inform school districts of the pertinent data
13 necessary to carry out the provisions of this section.

14 (11) For calendar year 2009, the office of the superintendent of
15 public instruction shall recalculate school district levy authority to
16 reflect levy rates certified by school districts for calendar year
17 2009.

18 **Sec. 3.** RCW 84.52.0531 and 1997 c 259 s 2 are each amended to read
19 as follows:

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

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

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

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

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

1 (c) For districts in an interdistrict cooperative agreement, the
2 nonresident school district's maximum levy amount shall be reduced and
3 the resident school district's maximum levy amount shall be increased
4 by an amount equal to the per pupil basic education allocation included
5 in the nonresident district's levy base under subsection (3) of this
6 section multiplied by:

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

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

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

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

18 (3) For excess levies for collection in calendar year 1998 and
19 thereafter, a district's levy base shall be the sum of allocations in
20 (a) through (c) of this subsection received by the district for the
21 prior school year, including allocations for compensation increases,
22 plus the sum of such allocations multiplied by the percent increase per
23 full time equivalent student as stated in the state basic education
24 appropriation section of the biennial budget between the prior school
25 year and the current school year and divided by fifty-five percent. A
26 district's levy base shall not include local school district property
27 tax levies or other local revenues, or state and federal allocations
28 not identified in (a) through (c) of this subsection. In addition, for
29 excess levies for collection in calendar year 2011 and thereafter, a
30 district's levy base shall not include state or federal allocations
31 attributable to nonresident students enrolled in the district in an
32 online school program as defined under RCW 28A.250.010 based on an
33 interdistrict agreement or under the provisions of RCW 28A.225.020
34 through 28A.225.030.

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

37 (b) State and federal categorical allocations for the following
38 programs:

1 (i) Pupil transportation;
2 (ii) Special education;
3 (iii) Education of highly capable students;
4 (iv) Compensatory education, including but not limited to learning
5 assistance, migrant education, Indian education, refugee programs, and
6 bilingual education;
7 (v) Food services; and
8 (vi) Statewide block grant programs; and
9 (c) Any other federal allocations for elementary and secondary
10 school programs, including direct grants, other than federal impact aid
11 funds and allocations in lieu of taxes.

12 (4) A district's maximum levy percentage shall be twenty-two
13 percent in 1998 and twenty-four percent in 1999 and every year
14 thereafter; plus, for qualifying districts, the grandfathered
15 percentage determined as follows:

16 (a) For 1997, the difference between the district's 1993 maximum
17 levy percentage and twenty percent; and
18 (b) For 1998 and thereafter, the percentage calculated as follows:
19 (i) Multiply the grandfathered percentage for the prior year times
20 the district's levy base determined under subsection (3) of this
21 section;
22 (ii) Reduce the result of (b)(i) of this subsection by any levy
23 reduction funds as defined in subsection (5) of this section that are
24 to be allocated to the district for the current school year;
25 (iii) Divide the result of (b)(ii) of this subsection by the
26 district's levy base; and
27 (iv) Take the greater of zero or the percentage calculated in
28 (b)(iii) of this subsection.

29 (5) "Levy reduction funds" shall mean increases in state funds from
30 the prior school year for programs included under subsection (3) of
31 this section: (a) That are not attributable to enrollment changes,
32 compensation increases, or inflationary adjustments; and (b) that are
33 or were specifically identified as levy reduction funds in the
34 appropriations act. If levy reduction funds are dependent on formula
35 factors which would not be finalized until after the start of the
36 current school year, the superintendent of public instruction shall
37 estimate the total amount of levy reduction funds by using prior school

1 year data in place of current school year data. Levy reduction funds
2 shall not include moneys received by school districts from cities or
3 counties.

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

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

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

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

14 NEW SECTION. **Sec. 4.** Section 2 of this act expires January 1,
15 2012.

16 NEW SECTION. **Sec. 5.** Section 3 of this act takes effect January
17 1, 2012.

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