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ENGROSSED SENATE BILL 5023

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State of Washington

65th Legislature

2017 Regular Session

By Senators Wellman, Rolfes, Nelson, McCoy, Carlyle, Frockt, Palumbo, Llias, Billig, Hunt, Keiser, Pedersen, Conway, Saldaña, Darneille, Hasegawa, Chase, Mullet, and Kuderer

Prefiled 01/06/17. Read first time 01/09/17. Referred to Committee on Early Learning & K-12 Education.

1 AN ACT Relating to modifying provisions relating to school  
2 district excess levies; amending RCW 84.52.0531; amending 2013 c 242  
3 s 10, 2012 1st sp.s. c 10 s 10, 2010 c 237 ss 9, 8, and 10, and 2016  
4 c 202 s 56 (uncodified); reenacting and amending RCW 84.52.0531;  
5 creating a new section; providing effective dates; and providing  
6 expiration dates.

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

8 NEW SECTION. **Sec. 1.** The legislature recognizes that school  
9 districts may provide locally funded enrichment to the state's  
10 program of basic education. The legislature further recognizes that  
11 the system of state and local funding for school districts is in  
12 transition during 2017, with the state moving toward full funding of  
13 its statutory program of basic education, and with current statutory  
14 policies on school district levies scheduled to expire at the end of  
15 calendar year 2017. To promote school districts' ability to plan for  
16 the future during this transitional period, the legislature intends  
17 to extend current statutory policies on local enrichment through  
18 calendar year 2018.

19 **Sec. 2.** RCW 84.52.0531 and 2013 c 242 s 8 are each amended to  
20 read as follows:

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

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

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

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

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

20       (c) Except for nonhigh districts under (d) of this subsection,  
21 for districts in an interdistrict cooperative agreement, the  
22 nonresident school district's maximum levy amount shall be reduced  
23 and the resident school district's maximum levy amount shall be  
24 increased by an amount equal to the per pupil basic education  
25 allocation included in the nonresident district's levy base under  
26 subsection (3) of this section multiplied by:

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

29       (ii) The serving district's maximum levy percentage determined  
30 under subsection (7) of this section; increased by:

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

35       (d) The levy bases of nonhigh districts participating in an  
36 innovation academy cooperative established under RCW 28A.340.080  
37 shall be adjusted by the office of the superintendent of public  
38 instruction to reflect each district's proportional share of student  
39 enrollment in the cooperative;

1 (e) The district's maximum levy amount shall be reduced by the  
2 maximum amount of state matching funds for which the district is  
3 eligible under RCW 28A.500.010.

4 (3) For excess levies for collection in calendar year 2005 and  
5 thereafter, a district's levy base shall be the sum of allocations in  
6 (a) through (c) of this subsection received by the district for the  
7 prior school year and the amounts determined under subsection (4) of  
8 this section, including allocations for compensation increases, plus  
9 the sum of such allocations multiplied by the percent increase per  
10 full time equivalent student as stated in the state basic education  
11 appropriation section of the biennial budget between the prior school  
12 year and the current school year and divided by fifty-five percent. A  
13 district's levy base shall not include local school district property  
14 tax levies or other local revenues, or state and federal allocations  
15 not identified in (a) through (c) of this subsection.

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

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

20 (i) Pupil transportation;

21 (ii) Special education;

22 (iii) Education of highly capable students;

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

26 (v) Food services; and

27 (vi) Statewide block grant programs; and

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

31 (4) For levy collections in calendar years 2005 through ((2017))  
32 2018, in addition to the allocations included under subsection (3)(a)  
33 through (c) of this section, a district's levy base shall also  
34 include the following:

35 (a)(i) For levy collections in calendar year 2010, the difference  
36 between the allocation the district would have received in the  
37 current school year had RCW 84.52.068 not been amended by chapter 19,  
38 Laws of 2003 1st sp. sess. and the allocation the district received  
39 in the current school year pursuant to RCW 28A.505.220;

1 (ii) For levy collections in calendar years 2011 through (~~2017~~)  
2 2018, the allocation rate the district would have received in the  
3 prior school year using the Initiative 728 rate multiplied by the  
4 full-time equivalent student enrollment used to calculate the  
5 Initiative 728 allocation for the prior school year; and

6 (b) The difference between the allocations the district would  
7 have received the prior school year using the Initiative 732 base and  
8 the allocations the district actually received the prior school year  
9 pursuant to RCW 28A.400.205.

10 (5) For levy collections in calendar years 2011 through (~~2017~~)  
11 2018, in addition to the allocations included under subsections  
12 (3)(a) through (c) and (4)(a) and (b) of this section, a district's  
13 levy base shall also include the difference between an allocation of  
14 fifty-three and two-tenths certificated instructional staff units per  
15 thousand full-time equivalent students in grades kindergarten through  
16 four enrolled in the prior school year and the allocation of  
17 certificated instructional staff units per thousand full-time  
18 equivalent students in grades kindergarten through four that the  
19 district actually received in the prior school year, except that the  
20 levy base for a school district whose allocation in the 2009-10  
21 school year was less than fifty-three and two-tenths certificated  
22 instructional staff units per thousand full-time equivalent students  
23 in grades kindergarten through four shall include the difference  
24 between the allocation the district actually received in the 2009-10  
25 school year and the allocation the district actually received in the  
26 prior school year.

27 (6) For levy collections beginning in calendar year 2014 and  
28 thereafter, in addition to the allocations included under subsections  
29 (3)(a) through (c), (4)(a) and (b), and (5) of this section, a  
30 district's levy base shall also include the funds allocated by the  
31 superintendent of public instruction under RCW 28A.715.040 to a  
32 school that is the subject of a state-tribal education compact and  
33 that formerly contracted with the school district to provide  
34 educational services through an interlocal agreement and received  
35 funding from the district.

36 (7)(a) A district's maximum levy percentage shall be twenty-four  
37 percent in 2010 and twenty-eight percent in 2011 through (~~2017~~)  
38 2018 and twenty-four percent every year thereafter;

1 (b) For qualifying districts, in addition to the percentage in  
2 (a) of this subsection the grandfathered percentage determined as  
3 follows:

4 (i) For 1997, the difference between the district's 1993 maximum  
5 levy percentage and twenty percent; and

6 (ii) For 2011 through ((2017)) 2018, the percentage calculated as  
7 follows:

8 (A) Multiply the grandfathered percentage for the prior year  
9 times the district's levy base determined under subsection (3) of  
10 this section;

11 (B) Reduce the result of (b)(ii)(A) of this subsection by any  
12 levy reduction funds as defined in subsection (8) of this section  
13 that are to be allocated to the district for the current school year;

14 (C) Divide the result of (b)(ii)(B) of this subsection by the  
15 district's levy base; and

16 (D) Take the greater of zero or the percentage calculated in  
17 (b)(ii)(C) of this subsection.

18 (8) "Levy reduction funds" shall mean increases in state funds  
19 from the prior school year for programs included under subsections  
20 (3) and (4) of this section: (a) That are not attributable to  
21 enrollment changes, compensation increases, or inflationary  
22 adjustments; and (b) that are or were specifically identified as levy  
23 reduction funds in the appropriations act. If levy reduction funds  
24 are dependent on formula factors which would not be finalized until  
25 after the start of the current school year, the superintendent of  
26 public instruction shall estimate the total amount of levy reduction  
27 funds by using prior school year data in place of current school year  
28 data. Levy reduction funds shall not include moneys received by  
29 school districts from cities or counties.

30 (9) The definitions in this subsection apply throughout this  
31 section unless the context clearly requires otherwise.

32 (a) "Prior school year" means the most recent school year  
33 completed prior to the year in which the levies are to be collected.

34 (b) "Current school year" means the year immediately following  
35 the prior school year.

36 (c) "Initiative 728 rate" means the allocation rate at which the  
37 student achievement program would have been funded under chapter 3,  
38 Laws of 2001, if all annual adjustments to the initial 2001  
39 allocation rate had been made in previous years and in each  
40 subsequent year as provided for under chapter 3, Laws of 2001.

1 (d) "Initiative 732 base" means the prior year's state allocation  
2 for annual salary cost-of-living increases for district employees in  
3 the state-funded salary base as it would have been calculated under  
4 chapter 4, Laws of 2001, if each annual cost-of-living increase  
5 allocation had been provided in previous years and in each subsequent  
6 year.

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

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

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

16 (13) For levies collected in calendar year 2018 and thereafter,  
17 levy collections must be deposited into a local revenue subfund of  
18 the general fund to enable a detailed accounting of the amount and  
19 object of expenditures from the levy collections. The office of the  
20 superintendent of public instruction must collaborate with the office  
21 of the state auditor to develop guidance for districts to carry out  
22 this requirement.

23 (14) To ensure that levies for maintenance and operation support  
24 under RCW 84.52.053 are not used for basic education programs,  
25 beginning with ballot propositions submitted to the voters in  
26 calendar year 2018, districts must provide a report to the office of  
27 the superintendent of public instruction detailing the programs and  
28 activities to be funded through a maintenance and operation levy.  
29 Enrichment beyond the state-provided funding in the omnibus  
30 appropriations act for the basic education program components under  
31 RCW 28A.150.260 is a permitted use of maintenance and operation  
32 levies. The report required by this subsection must be submitted to,  
33 and approved by, the office of the superintendent of public  
34 instruction prior to the election for the proposition.

35 **Sec. 3.** RCW 84.52.0531 and 2010 c 237 s 2 and 2010 c 99 s 11 are  
36 each reenacted and amended to read as follows:

37 The maximum dollar amount which may be levied by or for any  
38 school district for maintenance and operation support under the  
39 provisions of 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), (c), and (d) of this subsection minus (e) of this  
7 subsection:

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

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

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

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

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

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

32 (d) The levy bases of nonhigh districts participating in an  
33 innovation academy cooperative established under RCW 28A.340.080  
34 shall be adjusted by the office of the superintendent of public  
35 instruction to reflect each district's proportional share of student  
36 enrollment in the cooperative;

37 (e) The district's maximum levy amount shall be reduced by the  
38 maximum amount of state matching funds for which the district is  
39 eligible under RCW 28A.500.010.

1 (3) For excess levies for collection in calendar year 1998 and  
2 thereafter, a district's levy base shall be the sum of allocations in  
3 (a) through (c) of this subsection received by the district for the  
4 prior school year, including allocations for compensation increases,  
5 plus the sum of such allocations multiplied by the percent increase  
6 per full time equivalent student as stated in the state basic  
7 education appropriation section of the biennial budget between the  
8 prior school year and the current school year and divided by fifty-  
9 five percent. A district's levy base shall not include local school  
10 district property tax levies or other local revenues, or state and  
11 federal allocations not identified in (a) through (c) of this  
12 subsection.

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

28 (4)(a) A district's maximum levy percentage shall be twenty-four  
29 percent in 2010 and twenty-eight percent in 2011 through ((2017))  
30 2018 and twenty-four percent every year thereafter;

31 (b) For qualifying districts, in addition to the percentage in  
32 (a) of this subsection the grandfathered percentage determined as  
33 follows:

34 (i) For 1997, the difference between the district's 1993 maximum  
35 levy percentage and twenty percent; ((and))

36 (ii) For 2011 through ((2017)) 2018, the percentage calculated as  
37 follows:

38 (A) Multiply the grandfathered percentage for the prior year  
39 times the district's levy base determined under subsection (3) of  
40 this section;

1 (B) Reduce the result of (b)(ii)(A) of this subsection by any  
2 levy reduction funds as defined in subsection (5) of this section  
3 that are to be allocated to the district for the current school year;

4 (C) Divide the result of (b)(ii)(B) of this subsection by the  
5 district's levy base; and

6 (D) Take the greater of zero or the percentage calculated in  
7 (b)(ii)(C) of this subsection;

8 (iii) For (~~2018~~) 2019 and thereafter, the percentage shall be  
9 calculated as follows:

10 (A) Multiply the grandfathered percentage for the prior year  
11 times the district's levy base determined under subsection (3) of  
12 this section;

13 (B) Reduce the result of (b)(iii)(A) of this subsection by any  
14 levy reduction funds as defined in subsection (5) of this section  
15 that are to be allocated to the district for the current school year;

16 (C) Divide the result of (b)(iii)(B) of this subsection by the  
17 district's levy base; and

18 (D) Take the greater of zero or the percentage calculated in  
19 (b)(iii)(C) of this subsection.

20 (5) "Levy reduction funds" shall mean increases in state funds  
21 from the prior school year for programs included under subsection (3)  
22 of this section: (a) That are not attributable to enrollment changes,  
23 compensation increases, or inflationary adjustments; and (b) that are  
24 or were specifically identified as levy reduction funds in the  
25 appropriations act. If levy reduction funds are dependent on formula  
26 factors which would not be finalized until after the start of the  
27 current school year, the superintendent of public instruction shall  
28 estimate the total amount of levy reduction funds by using prior  
29 school year data in place of current school year data. Levy reduction  
30 funds shall not include moneys received by school districts from  
31 cities or counties.

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

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

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

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

4 (10) For levies collected in calendar year 2018 and thereafter,  
5 levy collections must be deposited into a local revenue subfund of  
6 the general fund to enable a detailed accounting of the amount and  
7 object of expenditures from the levy collections. The office of the  
8 superintendent of public instruction must collaborate with the office  
9 of the state auditor to develop guidance for districts to carry out  
10 this requirement.

11 (11) To ensure that levies for maintenance and operation support  
12 under RCW 84.52.053 are not used for basic education programs,  
13 beginning with ballot propositions submitted to the voters in  
14 calendar year 2018, districts must provide a report to the office of  
15 the superintendent of public instruction detailing the programs and  
16 activities to be funded through a maintenance and operation levy.  
17 Enrichment beyond the state-provided funding in the omnibus  
18 appropriations act for the basic education program components under  
19 RCW 28A.150.260 is a permitted use of maintenance and operation  
20 levies. The report required by this subsection must be submitted to,  
21 and approved by, the office of the superintendent of public  
22 instruction prior to the election for the proposition.

23 **Sec. 4.** 2013 c 242 s 10 (uncodified) is amended to read as  
24 follows:

25 Section 8 of this act expires January 1, (~~2018~~) 2019.

26 **Sec. 5.** 2012 1st sp.s. c 10 s 10 (uncodified) is amended to read  
27 as follows:

28 Section 8 of this act expires January 1, (~~2018~~) 2019.

29 **Sec. 6.** 2010 c 237 s 9 (uncodified) is amended to read as  
30 follows:

31 Sections 1, 5, and 6 of this act expire January 1, (~~2018~~) 2019.

32 **Sec. 7.** 2010 c 237 s 8 (uncodified) is amended to read as  
33 follows:

34 This act expires January 1, (~~2018~~) 2019.

1       **Sec. 8.**    2010 c 237 s 10 (uncodified) is amended to read as  
2 follows:

3       Section 2 of this act takes effect January 1, (~~2018~~) 2019.

4       **Sec. 9.**    2016 c 202 s 56 (uncodified) is amended to read as  
5 follows:

6       Section 957 of this act expires January 1, (~~2018~~) 2019.

7       NEW SECTION.   **Sec. 10.**    Section 2 of this act takes effect  
8 January 1, 2018.

9       NEW SECTION.   **Sec. 11.**    Section 2 of this act expires January 1,  
10 2019.

11       NEW SECTION.   **Sec. 12.**    Section 3 of this act takes effect  
12 January 1, 2019.

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