

CERTIFICATION OF ENROLLMENT  
**ENGROSSED SUBSTITUTE HOUSE BILL 2069**

Chapter 259, Laws of 1997

55th Legislature  
1997 Regular Session

SCHOOL DISTRICT LEVIES--MAXIMUM DOLLAR AMOUNTS, LEVY EQUALIZATION  
MODIFICATIONS

EFFECTIVE DATE: 7/27/97

Passed by the House April 18, 1997  
Yeas 86 Nays 9

CLYDE BALLARD  
**Speaker of the  
House of Representatives**

Passed by the Senate April 27, 1997  
Yeas 38 Nays 10

BRAD OWEN  
**President of the Senate**

Approved May 6, 1997

GARY LOCKE  
**Governor of the State of Washington**

CERTIFICATE

I, Timothy A. Martin, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE HOUSE BILL 2069** as passed by the House of Representatives and the Senate on the dates hereon set forth.

TIMOTHY A. MARTIN  
**Chief Clerk**

FILED

May 6, 1997 - 10:34 a.m.

**Secretary of State  
State of Washington**

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ENGROSSED SUBSTITUTE HOUSE BILL 2069

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State of Washington

55th Legislature

1997 Regular Session

By House Committee on Appropriations (originally sponsored by Representatives Wensman, Cole, Bush, H. Sommers, Benson, D. Schmidt, L. Thomas, Dyer, B. Thomas, Reams, Doumit, Ballasiotes, Alexander, Hatfield, Lantz, Sullivan, Thompson, Kessler and Butler)

Read first time 03/10/97.

1 AN ACT Relating to school district levies; amending RCW 84.52.0531  
2 and 28A.500.010; creating new sections; and repealing RCW 28A.320.150.

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

4 NEW SECTION. **Sec. 1.** Funding resulting from this act is for  
5 school district activities which supplement or are not related to the  
6 state's basic program of education obligation as set forth under  
7 Article IX of the state Constitution.

8 **Sec. 2.** RCW 84.52.0531 and 1995 1st sp.s. c 11 s 1 are each  
9 amended to read as follows:

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

13 (1) For excess levies for collection in calendar year ((1992))  
14 1997, the maximum dollar amount shall be calculated pursuant to the  
15 laws and rules in effect in November ((1991)) 1996.

16 ((For the purpose of this section, the basic education  
17 allocation shall be determined pursuant to RCW 28A.150.250,  
18 28A.150.260, and 28A.150.350: PROVIDED, That when determining the

1 basic education allocation under subsection (4) of this section,  
2 nonresident full time equivalent pupils who are participating in a  
3 program provided for in chapter 28A.545 RCW or in any other program  
4 pursuant to an interdistrict agreement shall be included in the  
5 enrollment of the resident district and excluded from the enrollment of  
6 the serving district.

7 (3)) For excess levies for collection in calendar year ((1993))  
8 1998 and thereafter, the maximum dollar amount shall be the sum of (a)  
9 ((and)) plus or minus (b) and (c) of this subsection minus ((+e)) (d)  
10 of this subsection:

11 (a) The district's levy base as defined in subsection ((+4)) (3)  
12 of this section multiplied by the district's maximum levy percentage as  
13 defined in subsection ((+5)) (4) of this section;

14 (b) ((In the case of nonhigh school districts only, an amount equal  
15 to the total estimated amount due by the nonhigh school district to  
16 high school districts pursuant to chapter 28A.545 RCW for the school  
17 year during which collection of the levy is to commence, less the  
18 increase in the nonhigh school district's basic education allocation as  
19 computed pursuant to subsection (1) of this section due to the  
20 inclusion of pupils participating in a program provided for in chapter  
21 28A.545 RCW in such computation)) For districts in a high/nonhigh  
22 relationship, the high school district's maximum levy amount shall be  
23 reduced and the nonhigh school district's maximum levy amount shall be  
24 increased by an amount equal to the estimated amount of the nonhigh  
25 payment due to the high school district under RCW 28A.545.030(3) and  
26 28A.545.050 for the school year commencing the year of the levy;

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

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

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

37 (iii) The percent increase per full-time equivalent student as  
38 stated in the state basic education appropriation section of the

1 biennial budget between the prior school year and the current school  
2 year divided by fifty-five percent;

3 (d) The district's maximum levy amount shall be reduced by the  
4 maximum amount of state matching funds for which the district is  
5 eligible under RCW 28A.500.010 ((for which the district is eligible in  
6 that tax collection year)).

7 ~~((4))~~ (3) For excess levies for collection in calendar year  
8 ~~((1993))~~ 1998 and thereafter, a district's levy base shall be the sum  
9 of allocations in (a) through (c) of this subsection received by the  
10 district for the prior school year, including allocations for  
11 compensation increases, plus the sum of such allocations multiplied by  
12 the percent increase per full time equivalent student as stated in the  
13 state basic education appropriation section of the biennial budget  
14 between the prior school year and the current school year and divided  
15 by fifty-five percent. A district's levy base shall not include local  
16 school district property tax levies or other local revenues, or state  
17 and federal allocations not identified in (a) through (c) of this  
18 subsection.

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

21 (b) State and federal categorical allocations for the following  
22 programs:

23 (i) Pupil transportation;

24 (ii) ~~((Handicapped))~~ Special education;

25 (iii) Education of highly capable students;

26 (iv) Compensatory education, including but not limited to learning  
27 assistance, migrant education, Indian education, refugee programs, and  
28 bilingual education;

29 (v) Food services; and

30 (vi) State-wide block grant programs; and

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

34 ~~((5) For excess levies for collection in calendar year 1993 and~~  
35 ~~thereafter, a district's maximum levy percentage shall be determined as~~  
36 ~~follows:~~

37 ~~(a) Multiply the district's maximum levy percentage for the prior~~  
38 ~~year by the district's levy base as determined in subsection (4) of~~  
39 ~~this section;~~

1 ~~(b) Reduce the amount in (a) of this subsection by the total~~  
2 ~~estimated amount of any levy reduction funds as defined in subsection~~  
3 ~~(6) of this section which are to be allocated to the district for the~~  
4 ~~current school year;~~

5 ~~(c) Divide the amount in (b) of this subsection by the district's~~  
6 ~~levy base to compute a new percentage;~~

7 ~~(d) The percentage in (c) of this subsection or twenty percent,~~  
8 ~~whichever is greater, shall be the district's maximum levy percentage~~  
9 ~~for levies collected in that calendar year; and~~

10 ~~(e) For levies to be collected in calendar years 1994 through 1997,~~  
11 ~~the maximum levy rate shall be the district's maximum levy percentage~~  
12 ~~for 1993 plus four percent reduced by any levy reduction funds.~~

13 ~~For levies collected in 1998, the prior year shall mean 1993.~~

14 ~~(6)) (4) A district's maximum levy percentage shall be twenty-two~~  
15 ~~percent in 1998 and twenty-four percent in 1999 and every year~~  
16 ~~thereafter; plus, for qualifying districts, the grandfathered~~  
17 ~~percentage determined as follows:~~

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

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

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

24 ~~(ii) Reduce the result of (b)(i) of this subsection by any levy~~  
25 ~~reduction funds as defined in subsection (5) of this section that are~~  
26 ~~to be allocated to the district for the current school year;~~

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

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

31 ~~(5) "Levy reduction funds" shall mean increases in state funds from~~  
32 ~~the prior school year for programs included under subsection ((+4))~~  
33 ~~(3) of this section: (a) That are not attributable to enrollment~~  
34 ~~changes, compensation increases, or inflationary adjustments; and (b)~~  
35 ~~that are or were specifically identified as levy reduction funds in the~~  
36 ~~appropriations act. If levy reduction funds are dependent on formula~~  
37 ~~factors which would not be finalized until after the start of the~~  
38 ~~current school year, the superintendent of public instruction shall~~  
39 ~~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))~~ (6) For the purposes of this section, "prior school year"  
5 ~~((shall))~~ means the most recent school year completed prior to the year  
6 in which the levies are to be collected.

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

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

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

14 NEW SECTION. **Sec. 3.** The house of representatives and senate  
15 fiscal committees shall study data and issues relevant to the state  
16 funded local effort assistance program known as "levy equalization" and  
17 prepare a report of findings and recommendations to the legislature by  
18 December 1, 1997.

19 **Sec. 4.** RCW 28A.500.010 and 1993 c 410 s 1 are each amended to  
20 read as follows:

21 (1) Commencing with taxes assessed in 1988 to be collected in  
22 calendar year 1989 and thereafter, in addition to a school district's  
23 other general fund allocations, each eligible district shall be  
24 provided local effort assistance funds as provided in this section.  
25 Such funds are not part of the district's basic education allocation.  
26 ~~((For the first distribution of local effort assistance funds provided  
27 under this section in calendar year 1989, state funds may be prorated  
28 according to the formula in this section.))~~

29 (2)(a) "Prior tax collection year" ~~((shall))~~ means the year  
30 immediately preceding the year in which the local effort assistance  
31 shall be allocated.

32 (b) The "state-wide average ten percent levy rate" ~~((shall))~~ means  
33 ten percent of the total levy bases as defined in RCW 84.52.0531~~((+4))~~  
34 (3) summed for all school districts, and divided by the total assessed  
35 valuation for excess levy purposes in the prior tax collection year for  
36 all districts as adjusted to one hundred percent by the county  
37 indicated ratio established in RCW 84.48.075.

1 (c) The "district's ten percent levy rate" (~~(of a district shall)~~)  
2 means(~~(:~~

3 ~~(i) Ten percent of the district's levy base as defined in RCW~~  
4 ~~84.52.0531(4), plus one half of any amount computed under RCW~~  
5 ~~84.52.0531(3)(b) in the case of nonhigh school districts; divided by~~  
6 ~~(ii))~~ the district's ten percent levy amount divided by the  
7 district's assessed valuation for excess levy purposes for the prior  
8 tax collection year as adjusted to one hundred percent by the county  
9 indicated ratio.

10 (d) The "district's ten percent levy amount" means the school  
11 district's maximum levy authority after transfers determined under RCW  
12 84.52.0531(2)(a) through (c) divided by the district's maximum levy  
13 percentage determined under RCW 84.52.0531(4) multiplied by ten  
14 percent.

15 (e) The "district's twelve percent levy amount" means the school  
16 district's maximum levy authority after transfers determined under RCW  
17 84.52.0531(2)(a) through (c) divided by the district's maximum levy  
18 percentage determined under RCW 84.52.0531(4) multiplied by twelve  
19 percent.

20 (f) "Districts eligible (~~(districts" shall)~~) for ten percent  
21 equalization" means:

22 (i) Before the 1999 calendar year, those districts with a ten  
23 percent levy rate which exceeds the state-wide average ten percent levy  
24 rate; and

25 (ii) In the 1999 calendar year and thereafter, those districts with  
26 a ten percent levy rate that exceeds the state-wide average ten percent  
27 levy rate but that is not in the top quartile of all district rates  
28 ranked from highest to lowest.

29 (g) "Districts eligible for twelve percent equalization" means in  
30 the 1999 calendar year and thereafter, those districts with a ten  
31 percent levy rate in the top quartile of all district rates ranked from  
32 highest to lowest.

33 (h) Unless otherwise stated all rates, percents, and amounts are  
34 for the calendar year for which local effort assistance is being  
35 calculated under this section.

36 (3) Allocation of state matching funds to eligible districts for  
37 local effort assistance shall be determined as follows:

38 (a) Funds raised by the district through maintenance and operation  
39 levies (~~(during that tax collection year)~~) shall be matched with state

1 funds using the following ratio of state funds to levy funds: (i) The  
2 difference between the district's ten percent levy rate and the state-  
3 wide average ten percent levy rate; to (ii) the state-wide average ten  
4 percent levy rate.

5 (b) The maximum amount of state matching funds for ~~((which a~~  
6 ~~district may be eligible in any tax collection year shall be ten~~  
7 ~~percent of the district's levy base as defined in RCW 84.52.0531(4))~~  
8 districts eligible for ten percent equalization shall be the district's  
9 ten percent levy amount, multiplied by the following percentage: (i)  
10 The difference between the district's ten percent levy rate and the  
11 state-wide average ten percent levy rate; divided by (ii) the  
12 district's ten percent levy rate.

13 (c) In the 1999 calendar year and thereafter, the maximum amount of  
14 state matching funds for districts eligible for twelve percent  
15 equalization shall be the district's twelve percent levy amount  
16 multiplied by the following percentage: (i) The difference between the  
17 district's ten percent levy rate and the state-wide average ten percent  
18 levy rate; divided by (ii) the district's ten percent levy rate.

19 (4) ~~((a) Through tax collection year 1992, fifty five percent of~~  
20 ~~local effort assistance funds shall be distributed to qualifying~~  
21 ~~districts during the applicable tax collection year on or before June~~  
22 ~~30 and forty five percent shall be distributed on or before December 31~~  
23 ~~of any year.~~

24 (b) ~~In tax collection year 1993 and thereafter,~~) Local effort  
25 assistance funds shall be distributed to qualifying districts as  
26 follows:

- 27 ~~((i))~~ (a) Thirty percent in April;  
28 ~~((ii))~~ (b) Twenty-three percent in May;  
29 ~~((iii))~~ (c) Two percent in June;  
30 ~~((iv))~~ (d) Seventeen percent in August;  
31 ~~((v))~~ (e) Nine percent in October;  
32 ~~((vi))~~ (f) Seventeen percent in November; and  
33 ~~((vii))~~ (g) Two percent in December.

34 NEW SECTION. Sec. 5. RCW 28A.320.150 and 1995 1st sp.s. c 11 s 2  
35 are each repealed.

Passed the House April 18, 1997.  
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