

# SENATE BILL REPORT

## SHB 2812

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As Reported By Senate Committee On:  
Early Learning, K-12 & Higher Education, February 22, 2006  
Ways & Means, February 24, 2006

**Title:** An act relating to school district levies.

**Brief Description:** Increasing the levy base for school districts.

**Sponsors:** House Committee on Appropriations (originally sponsored by Representatives Hunter, Rodne, Quall, Nixon, P. Sullivan, Jarrett, Clibborn, Tom, Morrell, Fromhold, Roberts, Schual-Berke, Simpson, Anderson and Kagi).

**Brief History:** Passed House: 2/09/06, 62-36.

**Committee Activity:** Early Learning, K-12 & Higher Education: 2/20/06, 2/22/06 [DP-WM, w/oRec].

Ways & Means: 2/23/06, 2/24/06 [DP, w/oRec].

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### SENATE COMMITTEE ON EARLY LEARNING, K-12 & HIGHER EDUCATION

**Majority Report:** Do pass and be referred to Committee on Ways & Means.

Signed by Senators McAuliffe, Chair; Pridemore, Vice Chair, Higher Education; Weinstein, Vice Chair, Early Learning & K-12; Schmidt, Ranking Minority Member; Berkey, Eide, Kohl-Welles, Rasmussen, Rockefeller and Shin.

**Minority Report:** That it be referred without recommendation.

Signed by Senators Delvin and Schoesler.

**Staff:** Bryon Moore (786-7726)

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Doumit, Vice Chair, Operating Budget; Fairley, Kohl-Welles, Pflug, Pridemore, Regala, Rockefeller and Thibaudeau.

**Minority Report:** That it be referred without recommendation.

Signed by Senators Zarelli, Ranking Minority Member; Brandland, Parlette, Roach and Schoesler.

**Staff:** Bryon Moore (786-7726)

**Background:** In 1977, when the state assumed additional responsibility for funding schools, the Legislature limited school district maintenance and operation levy authority by enacting the levy lid law. This law determines the maximum amounts school districts can collect

through local maintenance and operation levies. The original 1977 law, which took effect in 1979, sought to limit levy revenue to 10 percent of a school district's state basic education allocation. It also contained a grandfather clause which permitted districts that historically relied heavily on excess levies to exceed the 10 percent limit.

Under current law, most districts may raise 24 percent of the district's levy base. There are 91 school districts that are grandfathered at higher percentages that range from 24.01 percent to 33.9 percent.

A district's levy base includes most state and federal revenues received by the district in the prior school year. The levy lid formula increases the base by multiplying the district's state and federal revenues by the percentage change in per student state expenditures between the prior and current school years, divided by 55 percent.

Pursuant to the provisions of Chapter 21, Laws of 2004 (SSB 6211), each district's levy base is increased by (1) the difference between the amount the district would have received in the current school year under I-728 as originally passed by voters and the amount the district actually receives in the current school year under I-728 as amended in 2003; and (2) the difference between the amount the district would have received in the prior school year under I-732 as originally passed by voters and the amount the district actually received in the prior school year under I-732 as amended in 2003. This applies to the calculation for excess levies and state levy equalization allocations in calendar years 2005 through 2007. This provision sunsets at the end of calendar year 2007.

**Summary of Bill:** The provisions of SSB 6211 are extended for an additional four years beyond 2007. This means that from calendar 2008 through 2011 that each district's levy base will be increased by (1) the difference between the amount the district would have received in the current school year under I-728 as originally passed by voters and the amount the district actually receives in the current school year under I-728 as amended in 2003, and (2) the difference between the amount the district would have received in the prior school year under I-732 as originally passed by voters and the amount the district actually received in the prior school year under I-732 as amended in 2003.

This applies to the calculation for excess levies and state levy equalization allocations in calendar years 2008 through 2011.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

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

**Testimony For:** The bill allows school districts to collect what the voters have already approved. It simply removes the sunset of the SSB 6211 provisions and mitigates the so called "double whammy" impacts of the 2003-05 budget decisions. Since districts will receive increased state levy equalization payments, it benefits both large and small school districts. This bill will provide additional resources to school districts that allow them to address a variety of needs and issues.

**Testimony Against:** While this bill purports to tie the SSB 6211 adjustment factor to the levy base for state levy equalization payments, the Legislature has made pro-rated reductions in levy equalization, so property poor districts don't really receive any new resources. This bill could be supported if full funding for levy equalization was provided.

**Who Testified:** PRO: Representative Hunter, prime sponsor; Charlie Brown, King County School Coalition; Randy Parr, Washington Education Association; George Scarola, League of Education Voters.

CON: Neil Kirby, Committee for Levy Equalization.