

SENATE BILL REPORT

2ESHB 1932

AS REPORTED BY COMMITTEE ON WAYS & MEANS, MARCH 2, 1992

**Brief Description:** Changing provisions relating to excess levies by school districts.

**SPONSORS:** House Committee on Education (originally sponsored by Representatives Locke, Appelwick, H. Sommers, Wineberry, Anderson, Ferguson, Brough, May, Paris, Mitchell, Phillips, O'Brien, Nelson, Forner and Jacobsen)

HOUSE COMMITTEE ON EDUCATION

HOUSE COMMITTEE ON APPROPRIATIONS

SENATE COMMITTEE ON EDUCATION

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

Signed by Senators Bailey, Chairman; Erwin, Vice Chairman; Anderson, Craswell, Murray, Oke, Pelz, Rinehart, and Talmadge.

**Staff:** Leslie Goldstein (786-7424)

**Hearing Dates:** April 4, 1991; April 5, 1991; February 26, 1992

SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass.

Signed by Senators McDonald, Chairman; Craswell, Vice Chairman; Bailey, Bauer, Bluechel, Gaspard, Hayner, M. Kreidler, Murray, Niemi, Owen, Rinehart, Saling, Talmadge, West, and Wojahn.

**Minority Report:** Do not pass.

Signed by Senator Metcalf.

**Staff:** Bill Freund (786-7715)

**Hearing Dates:** February 27, 1992; March 2, 1992

**BACKGROUND:**

Local school districts have the authority to raise excess levies. The amount which districts may levy is generally limited to 20 percent of the moneys that a district receives for the following:

- o Basic education allocation;

o State and federal allocations for: pupil transportation, handicapped education, education of highly capable students, compensatory programs including migrant education, refugee programs, bilingual education, food services, statewide block grant programs; and

o Other federal allocations excluding federal impact funds.

The total of all these funds establish the levy base upon which the percentage limit is calculated. There are 91 districts with grandfather authority to exceed the 20 percent limit but may not exceed 30 percent.

Excess levies are collected on a calendar year basis and span two school years. Typically, 55 percent of the 1993 levy will be distributed in the 1992-93 school year and 45 percent in the 1993-94 school year.

Under current law, a school district's 1993 levy amount will be based on its 1991-92 levy base, adjusted for the increase in state basic education funds per student from the 1991-92 school year to the 1992-93 school year. Under current practice, this inflation adjustment is specified in the Appropriations Act. An inflation adjustment is not made for that portion of the 1993 levy that is for the 1993-94 school year.

The first 10 percent of the levy is equalized by the state for districts which would require a property tax rate which exceeds the state average. State levy equalization funds are allocated to districts based on the distribution schedule for all other state funds.

**SUMMARY:**

The calculation of the levy base is changed for levies collected in calendar year 1993 and thereafter. The effect of the change is to provide an inflation adjustment covering both school years supported by a calendar year levy.

Obsolete language specifying a 30 percent limit for "grandfathered" districts is eliminated since districts are subject to the limit in effect in calendar year 1992.

The timing is changed for the distribution of state levy equalization funds to match how school districts receive their property tax revenues.

The inflation adjustment for levies shall be as stated in the state biennial budget.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** available

**TESTIMONY FOR:**

This bill helps school districts' cash flow problems and helps school districts keep up with inflation, particularly during the second year of the levy. Levy revenues reflect the willingness of voters to tax themselves to support education.

**TESTIMONY AGAINST:** None

**TESTIFIED:** George Fleming, Joan Yoshatomi, Seattle School District; Karen Davis, Washington Education Association; John Kvamme, Washington Association of School Administrators and Tacoma School District