

SENATE BILL REPORT

SB 6438

As Reported By Senate Committee On:
Early Learning, K-12 & Higher Education, January 25, 2006
Ways & Means, February 7, 2006

Title: An act relating to school district levies.

Brief Description: Modifying school district levy provisions.

Sponsors: Senators Weinstein, McAuliffe, Eide, Poulsen, Schmidt, Esser, Finkbeiner, Keiser and Kohl-Welles.

Brief History:

Committee Activity: Early Learning, K-12 & Higher Education: 1/18/06, 1/25/06 [DP-WM, DNP].
Ways & Means: 2/6/06, 2/7/06 [DPS, DNP, w/oRec].

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, Delvin, Eide, Kohl-Welles, Pflug, Rasmussen, Rockefeller and Shin.

Minority Report: Do not pass.

Signed by Senators Carrell and Schoesler.

Staff: Bryon Moore (786-7726)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6438 be substituted therefor, and the substitute bill do pass.

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

Minority Report: Do not pass.

Signed by Senator Schoesler.

Minority Report: That it be referred without recommendation.

Signed by Senators Brandland, Parlette and Roach.

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 Substitute Bill: The provisions of SSB 6211 are extended for an additional three years beyond 2007. This means that from calendar 2008 through 2010 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 2010.

Substitute Bill Compared to Original Bill: The extension of the SSB 6211 adjustments to the district's levy base will be in effect from calendar year 2008 through 2010 rather than be made permanent.

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 also remedies 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. This provision should not be allowed to sunset.

Testimony Against: When this provision was put into place, it was intended to be a temporary fix. While this specific provision is tied to state levy equalization, in recent years, the Legislature has made pro-rated reductions in levy equalization, so property poor districts don't really receive any new resources. Therefore, this will increase the disparity between rich and poor districts. This provision should be allowed to sunset.

Who Testified: PRO: Senator Weinstein, prime sponsor; Marcia Fromhold, Evergreen School District; Grace Yuan, Issaquah and Lake Washington School Districts; Randy Parr, Washington Education Association; Lorraine Wilson, Tacoma Public Schools; Dean Mack, Issaquah School District; Janene Fogard, Lake Washington School District; Charlie Brown, King County School Coalition.

CON: Dan Steele, Washington State School Directors Association.