

SB 5023 - S AMD 136  
By Senator Fain

ADOPTED 03/08/2017

1 Strike everything after the enacting clause and insert the  
2 following:

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

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

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

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

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

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

29 (b) For districts in a high/nonhigh relationship, the high school  
30 district's maximum levy amount shall be reduced and the nonhigh  
31 school district's maximum levy amount shall be increased by an amount

1 equal to the estimated amount of the nonhigh payment due to the high  
2 school district under RCW 28A.545.030(3) and 28A.545.050 for the  
3 school year commencing the year of the levy;

4 (c) Except for nonhigh districts under (d) of this subsection,  
5 for districts in an interdistrict cooperative agreement, the  
6 nonresident school district's maximum levy amount shall be reduced  
7 and the resident school district's maximum levy amount shall be  
8 increased by an amount equal to the per pupil basic education  
9 allocation included in the nonresident district's levy base under  
10 subsection (3) of this section multiplied by:

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

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

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

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

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

27 (3) For excess levies for collection in calendar year 2005 and

28 thereafter, a district's levy base shall be the sum of allocations in

29 (a) through (c) of this subsection received by the district for the  
30 prior school year and the amounts determined under subsection (4) of

31 this section, including allocations for compensation increases, plus  
32 the sum of such allocations multiplied by the percent increase per

33 full time equivalent student as stated in the state basic education  
34 appropriation section of the biennial budget between the prior school

35 year and the current school year and divided by fifty-five percent. A  
36 district's levy base shall not include local school district property

37 tax levies or other local revenues, or state and federal allocations  
38 not identified in (a) through (c) of this subsection.

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

1 (b) State and federal categorical allocations for the following  
2 programs:

3 (i) Pupil transportation;

4 (ii) Special education;

5 (iii) Education of highly capable students;

6 (iv) Compensatory education, including but not limited to  
7 learning assistance, migrant education, Indian education, refugee  
8 programs, and bilingual education;

9 (v) Food services; and

10 (vi) Statewide block grant programs; and

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

14 (4) For levy collections in calendar years 2005 through ((2017))  
15 2018, in addition to the allocations included under subsection (3)(a)  
16 through (c) of this section, a district's levy base shall also  
17 include the following:

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

23 (ii) For levy collections in calendar years 2011 through ((2017))  
24 2018, the allocation rate the district would have received in the  
25 prior school year using the Initiative 728 rate multiplied by the  
26 full-time equivalent student enrollment used to calculate the  
27 Initiative 728 allocation for the prior school year; and

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

32 (5) For levy collections in calendar years 2011 through ((2017))  
33 2018, in addition to the allocations included under subsections  
34 (3)(a) through (c) and (4)(a) and (b) of this section, a district's  
35 levy base shall also include the difference between an allocation of  
36 fifty-three and two-tenths certificated instructional staff units per  
37 thousand full-time equivalent students in grades kindergarten through  
38 four enrolled in the prior school year and the allocation of  
39 certificated instructional staff units per thousand full-time  
40 equivalent students in grades kindergarten through four that the

1 district actually received in the prior school year, except that the  
2 levy base for a school district whose allocation in the 2009-10  
3 school year was less than fifty-three and two-tenths certificated  
4 instructional staff units per thousand full-time equivalent students  
5 in grades kindergarten through four shall include the difference  
6 between the allocation the district actually received in the 2009-10  
7 school year and the allocation the district actually received in the  
8 prior school year.

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

18 (7)(a) A district's maximum levy percentage shall be twenty-four  
19 percent in 2010 and twenty-eight percent in 2011 through ((2017))  
20 2018 and twenty-four percent every year thereafter;

21 (b) For qualifying districts, in addition to the percentage in  
22 (a) of this subsection the grandfathered percentage determined as  
23 follows:

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

26 (ii) For 2011 through ((2017)) 2018, the percentage calculated as  
27 follows:

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

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

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

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

38 (8) "Levy reduction funds" shall mean increases in state funds  
39 from the prior school year for programs included under subsections  
40 (3) and (4) of this section: (a) That are not attributable to

1 enrollment changes, compensation increases, or inflationary  
2 adjustments; and (b) that are or were specifically identified as levy  
3 reduction funds in the appropriations act. If levy reduction funds  
4 are dependent on formula factors which would not be finalized until  
5 after the start of the current school year, the superintendent of  
6 public instruction shall estimate the total amount of levy reduction  
7 funds by using prior school year data in place of current school year  
8 data. Levy reduction funds shall not include moneys received by  
9 school districts from cities or counties.

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

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

14 (b) "Current school year" means the year immediately following  
15 the prior school year.

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

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

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

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

32 (12) For calendar year 2009, the office of the superintendent of  
33 public instruction shall recalculate school district levy authority  
34 to reflect levy rates certified by school districts for calendar year  
35 2009.

36 (13) For levies collected in calendar year 2018 and thereafter,  
37 levy collections must be deposited into a local revenue subfund of  
38 the general fund to enable a detailed accounting of the amount and  
39 object of expenditures from the levy collections. The office of the  
40 superintendent of public instruction must collaborate with the office

1 of the state auditor to develop guidance for districts to carry out  
2 this requirement.

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

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

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

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

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

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

30 (b) For districts in a high/nonhigh relationship, the high school  
31 district's maximum levy amount shall be reduced and the nonhigh  
32 school district's maximum levy amount shall be increased by an amount  
33 equal to the estimated amount of the nonhigh payment due to the high  
34 school district under RCW 28A.545.030(3) and 28A.545.050 for the  
35 school year commencing the year of the levy;

36 (c) Except for nonhigh districts under (d) of this subsection,  
37 for districts in an interdistrict cooperative agreement, the  
38 nonresident school district's maximum levy amount shall be reduced  
39 and the resident school district's maximum levy amount shall be

1 increased by an amount equal to the per pupil basic education  
2 allocation included in the nonresident district's levy base under  
3 subsection (3) of this section multiplied by:

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

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

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

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

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

20 (3) For excess levies for collection in calendar year 1998 and  
21 thereafter, a district's levy base shall be the sum of allocations in  
22 (a) through (c) of this subsection received by the district for the  
23 prior school year, including allocations for compensation increases,  
24 plus the sum of such allocations multiplied by the percent increase  
25 per full time equivalent student as stated in the state basic  
26 education appropriation section of the biennial budget between the  
27 prior school year and the current school year and divided by fifty-  
28 five percent. A district's levy base shall not include local school  
29 district property tax levies or other local revenues, or state and  
30 federal allocations not identified in (a) through (c) of this  
31 subsection.

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

34 (b) State and federal categorical allocations for the following  
35 programs:

36 (i) Pupil transportation;

37 (ii) Special education;

38 (iii) Education of highly capable students;

1 (iv) Compensatory education, including but not limited to  
2 learning assistance, migrant education, Indian education, refugee  
3 programs, and bilingual education;

4 (v) Food services; and

5 (vi) Statewide block grant programs; and

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

9 (4)(a) A district's maximum levy percentage shall be twenty-four  
10 percent in 2010 and twenty-eight percent in 2011 through ((2017))  
11 2018 and twenty-four percent every year thereafter;

12 (b) For qualifying districts, in addition to the percentage in  
13 (a) of this subsection the grandfathered percentage determined as  
14 follows:

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

17 (ii) For 2011 through ((2017)) 2018, the percentage calculated as  
18 follows:

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

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

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

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

29 (iii) For ((2018)) 2019 and thereafter, the percentage shall be  
30 calculated as follows:

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

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

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

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

1 (5) "Levy reduction funds" shall mean increases in state funds  
2 from the prior school year for programs included under subsection (3)  
3 of this section: (a) That are not attributable to enrollment changes,  
4 compensation increases, or inflationary adjustments; and (b) that are  
5 or were specifically identified as levy reduction funds in the  
6 appropriations act. If levy reduction funds are dependent on formula  
7 factors which would not be finalized until after the start of the  
8 current school year, the superintendent of public instruction shall  
9 estimate the total amount of levy reduction funds by using prior  
10 school year data in place of current school year data. Levy reduction  
11 funds shall not include moneys received by school districts from  
12 cities or counties.

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

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

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

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

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

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

1 and approved by, the office of the superintendent of public  
2 instruction prior to the election for the proposition.

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

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

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

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

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

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

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

14 This act expires January 1, ((2018)) 2019.

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

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

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

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

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

23 NEW SECTION. **Sec. 11.** Section 2 of this act expires January 1,  
24 2019.

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

**ADOPTED 03/08/2017**

1        On page 1, line 2 of the title, after "lid;" strike the remainder  
2 of the title and insert "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."

EFFECT: Requires levies collected in calendar year 2018 to be deposited into a local revenue subfund of the general fund in order to separately track the expenditure of local levies. Requires the OSPI and the State Auditor to collaborate to develop guidance for school districts to implement this requirement. Requires OSPI to approve the use of M&O levy proceeds prior to the election on the M&O levy proposition beginning with propositions submitted to the voters in 2018.

--- END ---