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**SUBSTITUTE HOUSE BILL 1059**

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**State of Washington**

**65th Legislature**

**2017 Regular Session**

**By** House Appropriations (originally sponsored by Representatives Lytton, Sullivan, Kagi, Fitzgibbon, Dolan, Kilduff, Frame, Pollet, Senn, Ormsby, Jenkins, Bergquist, Farrell, Blake, Hudgins, Tarleton, and Cody)

READ FIRST TIME 01/16/17.

1 AN ACT Relating to delaying implementation of revisions to the  
2 school levy lid; amending RCW 84.52.0531; amending 2013 c 242 s 10,  
3 2012 1st sp.s. c 10 s 10, 2010 c 237 ss 9, 8, and 10, and 2016 c 202  
4 s 56 (uncodified); reenacting and amending RCW 84.52.0531; creating a  
5 new section; providing effective dates; and providing expiration  
6 dates.

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

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

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

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

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

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

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

14       (b) For districts in a high/nonhigh relationship, the high school  
15 district's maximum levy amount shall be reduced and the nonhigh  
16 school district's maximum levy amount shall be increased by an amount  
17 equal to the estimated amount of the nonhigh payment due to the high  
18 school district under RCW 28A.545.030(3) and 28A.545.050 for the  
19 school year commencing the year of the levy;

20       (c) Except for nonhigh districts under (d) of this subsection,  
21 for districts in an interdistrict cooperative agreement, the  
22 nonresident school district's maximum levy amount shall be reduced  
23 and the resident school district's maximum levy amount shall be  
24 increased by an amount equal to the per pupil basic education  
25 allocation included in the nonresident district's levy base under  
26 subsection (3) of this section multiplied by:

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

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

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

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

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

4 (3) For excess levies for collection in calendar year 2005 and  
5 thereafter, a district's levy base shall be the sum of allocations in  
6 (a) through (c) of this subsection received by the district for the  
7 prior school year and the amounts determined under subsection (4) of  
8 this section, including allocations for compensation increases, plus  
9 the sum of such allocations multiplied by the percent increase per  
10 full time equivalent student as stated in the state basic education  
11 appropriation section of the biennial budget between the prior school  
12 year and the current school year and divided by fifty-five percent. A  
13 district's levy base shall not include local school district property  
14 tax levies or other local revenues, or state and federal allocations  
15 not identified in (a) through (c) of this subsection.

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

18 (b) State and federal categorical allocations for the following  
19 programs:

20 (i) Pupil transportation;

21 (ii) Special education;

22 (iii) Education of highly capable students;

23 (iv) Compensatory education, including but not limited to  
24 learning assistance, migrant education, Indian education, refugee  
25 programs, and bilingual education;

26 (v) Food services; and

27 (vi) Statewide block grant programs; and

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

31 (4) For levy collections in calendar years 2005 through ((2017))  
32 2018, in addition to the allocations included under subsection (3)(a)  
33 through (c) of this section, a district's levy base shall also  
34 include the following:

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

1 (ii) For levy collections in calendar years 2011 through (~~2017~~)  
2 2018, the allocation rate the district would have received in the  
3 prior school year using the Initiative 728 rate multiplied by the  
4 full-time equivalent student enrollment used to calculate the  
5 Initiative 728 allocation for the prior school year; and

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

10 (5) For levy collections in calendar years 2011 through (~~2017~~)  
11 2018, in addition to the allocations included under subsections  
12 (3)(a) through (c) and (4)(a) and (b) of this section, a district's  
13 levy base shall also include the difference between an allocation of  
14 fifty-three and two-tenths certificated instructional staff units per  
15 thousand full-time equivalent students in grades kindergarten through  
16 four enrolled in the prior school year and the allocation of  
17 certificated instructional staff units per thousand full-time  
18 equivalent students in grades kindergarten through four that the  
19 district actually received in the prior school year, except that the  
20 levy base for a school district whose allocation in the 2009-10  
21 school year was less than fifty-three and two-tenths certificated  
22 instructional staff units per thousand full-time equivalent students  
23 in grades kindergarten through four shall include the difference  
24 between the allocation the district actually received in the 2009-10  
25 school year and the allocation the district actually received in the  
26 prior school year.

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

36 (7)(a) A district's maximum levy percentage shall be twenty-four  
37 percent in 2010 and twenty-eight percent in 2011 through (~~2017~~)  
38 2018 and twenty-four percent every year thereafter;

1 (b) For qualifying districts, in addition to the percentage in  
2 (a) of this subsection the grandfathered percentage determined as  
3 follows:

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

6 (ii) For 2011 through ((2017)) 2018, the percentage calculated as  
7 follows:

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

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

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

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

18 (8) "Levy reduction funds" shall mean increases in state funds  
19 from the prior school year for programs included under subsections  
20 (3) and (4) of this section: (a) That are not attributable to  
21 enrollment changes, compensation increases, or inflationary  
22 adjustments; and (b) that are or were specifically identified as levy  
23 reduction funds in the appropriations act. If levy reduction funds  
24 are dependent on formula factors which would not be finalized until  
25 after the start of the current school year, the superintendent of  
26 public instruction shall estimate the total amount of levy reduction  
27 funds by using prior school year data in place of current school year  
28 data. Levy reduction funds shall not include moneys received by  
29 school districts from cities or counties.

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

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

34 (b) "Current school year" means the year immediately following  
35 the prior school year.

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

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

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

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

12 (12) For calendar year 2009, the office of the superintendent of  
13 public instruction shall recalculate school district levy authority  
14 to reflect levy rates certified by school districts for calendar year  
15 2009.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

37 (i) Pupil transportation;

38 (ii) Special education;

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

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

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

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

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

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

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

34 This act expires January 1, (~~2018~~) 2019.

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

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

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

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

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

9       NEW SECTION.   **Sec. 11.**    Section 2 of this act expires January 1,  
10 2019.

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

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