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**SUBSTITUTE SENATE BILL 5313**

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**State of Washington 66th Legislature 2019 Regular Session**

**By** Senate Early Learning & K-12 Education (originally sponsored by Senator Wellman; by request of Office of Financial Management)

AN ACT Relating to school levies; and amending RCW 28A.500.015 and 84.52.0531.

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

**Sec.**  RCW 28A.500.015 and 2018 c 266 s 303 are each amended to read as follows:

(1) Beginning in calendar year ((~~2019~~)) 2020 and each calendar year thereafter, the state must provide state local effort assistance funding to supplement school district enrichment levies, as calculated under RCW 84.52.0531(1)(b) for eligible school districts, as provided in this section.

(2) ((~~For an eligible school district, annual local effort assistance funding is equal to the school district's maximum local effort assistance multiplied by a fraction equal to the school district's actual enrichment levy divided by the school district's maximum allowable enrichment levy.~~)) Allocation of state matching funds to eligible school districts for local effort assistance assumes a local school district enrichment levy under RCW 84.52.0531(1)(b) and shall be determined as follows:

(a) Funds raised by the school district through enrichment levies shall be matched with state funds using the following ratio of state funds to levy funds: The difference between the school district's ten percent levy rate and the statewide average ten percent levy rate; to the statewide average ten percent levy rate.

(b) Except as provided in (d) of this subsection, the maximum amounts of state matching funds for school districts eligible for local effort assistance shall be the school district's ten percent levy amount, multiplied by the following percentage: The difference between the school district's ten percent levy rate and the statewide average ten percent levy rate; divided by the school district's ten percent levy rate.

(c) Allocations and maximum eligibility under this chapter shall be fully funded at one hundred percent and shall not be reduced.

(d) For school districts with a calculated calendar year 2020 local effort assistance amount that is less than their calendar year 2019 state local effort assistance funding, the calendar year 2019 state local effort assistance funding must be provided.

(3) The state local effort assistance funding provided under this section is not part of the state's program of basic education deemed by the legislature to comply with the requirements of Article IX, section 1 of the state Constitution.

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

(a) ((~~"Eligible school district" means a school district whose maximum allowable enrichment levy divided by the school district's total student enrollment in the prior school year is less than the state local effort assistance threshold.~~

~~(b) For the purpose of this section, "inflation" means, for any school year, the rate of the yearly increase of the previous calendar year's annual average consumer price index for all urban consumers, Seattle area, using the official current base compiled by the bureau of labor statistics, United States department of labor.~~

~~(c) "Maximum allowable enrichment levy" means the maximum levy permitted by RCW 84.52.0531.~~

~~(d) "Maximum local effort assistance" means the difference between the following:~~

~~(i) The school district's actual prior school year enrollment multiplied by the state local effort assistance threshold; and~~

~~(ii) The school district's maximum allowable enrichment levy.~~

~~(e) "Prior school year" means the most recent school year completed prior to the year in which the state local effort assistance funding is to be distributed.~~

~~(f) "State local effort assistance threshold" means one thousand five hundred dollars per student, increased for inflation beginning in calendar year 2020.~~

~~(g) "Student enrollment" means the average annual full-time equivalent student enrollment.~~

~~(5) For districts in a high/nonhigh relationship, the enrollments of the nonhigh students attending the high school shall only be counted by the nonhigh school districts for purposes of funding under this section.~~

~~(6) For school districts participating in an innovation academy cooperative established under RCW 28A.340.080, enrollments of students attending the academy shall be adjusted so that each participant district receives its proportional share of student enrollments for purposes of funding under this section~~)) "Prior tax collection year" means the year immediately preceding the year in which the local effort assistance shall be allocated.

(b) "School districts eligible for local effort assistance" means those school districts:

(i) That have chosen to use RCW 84.52.0531(1)(b) as the method for determining the maximum dollar amount that may be levied; and

(ii) With a ten percent levy rate that exceeds the statewide average ten percent levy rate.

(c) "School district's ten percent levy amount" means the school district's maximum levy authority after transfers determined under RCW 84.52.0531(1)(b) (i) through (iii) divided by the school district's maximum levy percentage determined under RCW 84.52.0531(3) multiplied by ten percent.

(d) "School district's ten percent levy rate" means the school district's ten percent levy amount divided by the school district's assessed valuation for excess levy purposes for the prior tax collection year as adjusted to one hundred percent by the county indicated ratio determined under RCW 84.48.075.

(e) "Statewide average ten percent levy rate" means ten percent of the total levy bases as defined in RCW 84.52.0531(2), summed for all school districts and divided by the total assessed valuation for excess levy purposes in the prior tax collection year for all school districts as adjusted to one hundred percent by the county indicated ratio determined under RCW 84.48.075.

(5) Unless otherwise stated, all rates, percents, and amounts are for the calendar year for which local effort assistance is being calculated under this chapter.

**Sec.**  RCW 84.52.0531 and 2018 c 266 s 307 are each amended to read as follows:

(1) Beginning with taxes levied for collection in ((~~2019~~)) 2020, a school district board of directors may choose either of the following to determine the maximum dollar amount ((~~which~~)) that may be levied by or for ((~~any~~)) the school district for enrichment levies under RCW 84.52.053 ((~~is equal to the lesser of one dollar and fifty cents per thousand dollars of the assessed value of property in the school district or the maximum per-pupil limit.~~

~~(2)~~)):

(a) A maximum per-pupil limit equal to three thousand five hundred dollars, multiplied by the number of average annual full-time equivalent students enrolled in the school district in the prior school year. Beginning with the property taxes levied for collection in 2020, the maximum per-pupil limit shall be increased each year by inflation

(i) For school districts in a high/nonhigh relationship, the enrollments of the nonhigh students attending the high school shall only be counted by the nonhigh school districts for purposes of funding under this section.

(ii) For school districts participating in an innovation academy cooperative under RCW 28A.340.080, enrollments of students attending the academy shall be adjusted so that each participant school district receives its proportional share of student enrollments for purposes of funding under this section; or

(b) The maximum dollar amount shall be the sum of (b)(i) of this subsection plus or minus (b)(ii), (iii), and (iv) of this subsection minus (b)(v) of this subsection:

(i) The school district's levy base as defined in subsection (2) of this section multiplied by the school district's maximum levy percentage as defined in subsection (3) of this section.

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

(iii) Except for nonhigh school districts under (b)(iv) of this subsection, for school districts in an interdistrict cooperative agreement, the nonresident school district's maximum levy amount shall be reduced and the resident school district's maximum levy amount shall be increased by an amount equal to the per pupil basic education allocation included in the nonresident school district's levy base under subsection (2) of this section:

(A) Multiplied by the number of full-time equivalent students served from the resident district in the prior school year;

(B) Multiplied by the serving district's maximum levy percentage determined under subsection (3) of this section; and

(C) Increased by the percent increase per full-time equivalent student as stated in the state basic education appropriation section of the biennial budget between the prior school year and the current school year divided by fifty-five percent.

(iv) The levy bases of nonhigh school districts participating in an innovation academy cooperative formed under RCW 28A.340.080 shall be adjusted by the office of the superintendent of public instruction to reflect each nonhigh school district's proportional share of student enrollment in the cooperative.

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

(2) For the purposes of subsection (1)(b) of this section, a school district's levy base shall be the sum of allocations in (a) through (c) of this subsection received by the school district for the prior school year including allocations for compensation increases, plus the sum of such allocations multiplied by the percent increase per full-time equivalent student as stated in the state basic education appropriation section of the biennial budget between the prior school year and the current school year and divided by fifty-five percent. A school district's levy base may not include local school district property tax levies or other local revenues, or state and federal allocations not identified in (a) through (c) of this subsection.

(a) The school district's basic education allocation as determined under RCW 28A.150.250, 28A.150.260, 28A.150.350, and 28A.150.415;

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

(i) Pupil transportation;

(ii) Special education;

(iii) Education of highly capable students;

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

(v) Food services; and

(vi) Statewide block grant programs; and

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

(3) A school district's maximum levy percentage shall be twenty percent for the purposes of subsection (1)(b) of this section.

(4) The definitions in this subsection apply to this section unless the context clearly requires otherwise.

(a) ((~~For the purpose of this section,~~)) "Current school year" means the year immediately following the prior school year.

(b) "Inflation" means, for any school year, the rate of the yearly increase of the previous calendar year's annual average consumer price index for all urban consumers, Seattle area, using the official current base compiled by the bureau of labor statistics, United States department of labor.

((~~(b) "Maximum per-pupil limit" means two thousand five hundred dollars, multiplied by the number of average annual full-time equivalent students enrolled in the school district in the prior school year. Beginning with property taxes levied for collection in 2020, the maximum per-pupil limit shall be increased by inflation.~~))

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

((~~(3) For districts in a high/nonhigh relationship, the enrollments of the nonhigh students attending the high school shall only be counted by the nonhigh school districts for purposes of funding under this section.~~

~~(4) For school districts participating in an innovation academy cooperative established under RCW 28A.340.080, enrollments of students attending the academy shall be adjusted so that each participant district receives its proportional share of student enrollments for purposes of funding under this section.~~))

(5) Beginning with propositions for enrichment levies for collection in calendar year 2020 and thereafter, a district must receive approval of an enrichment levy expenditure plan under RCW 28A.505.240 before submission of the proposition to the voters.

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

(7) Beginning with taxes levied for collection in 2018, enrichment levy revenues must be deposited in a separate subfund of the school district's general fund pursuant to RCW 28A.320.330, and for the 2018-19 school year are subject to the restrictions of RCW 28A.150.276 and the audit requirements of RCW 43.09.2856.

(8) Funds collected from levies for transportation vehicles, construction, modernization, or remodeling of school facilities as established in RCW 84.52.053 are not subject to the levy limitations in subsections (1) through ((~~(5)~~)) (3) of this section.

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