
Appropriations Committee

HB 1500

Brief Description: Concerning regular financial audits of school districts.

Sponsors: Representatives Sullivan, Ortiz-Self and Pollet.

Brief Summary of Bill

- Removes requirements for reporting and reductions to levy collections related to audit findings that school districts used local enrichment revenues for unpermitted purposes.

Hearing Date: 2/17/21

Staff: James Mackison (786-7104).

Background:

Local enrichment levies.

Local enrichment levies can be approved by voters within a school district as a property tax for enrichment beyond the state's statutory program of basic education. Enrichment levy collections are capped for school districts at the lesser of \$2.50 per \$1,000 of assessed property value in the district or \$2,500 per pupil increased for inflation, with districts larger than 40,000 students allowed to collect up to \$3,000 per pupil adjusted for inflation. Enrichment levies must be used for supplemental purposes, defined in statute, beyond the state's statutory program of basic education. Prior to submitting an enrichment levy to voters, school districts must receive pre-ballot approval from the Superintendent of Public Instruction (SPI) of an expenditure plan, based on the SPI's determination that the levy will be used solely for permitted enrichment activities.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

School District Audits.

The State Auditor (Auditor) conducts annual financial audits of school districts. Beginning in the 2019-20 school year, the Auditor must review expenditures of local revenues to ensure that school districts comply with the permitted uses of enrichment funds. If there is a finding that a school district has not complied, then the Auditor must notify the SPI, the Office of Financial Management (OFM), and the education and operating budget committees of the Legislature within 90 days of completing the audit. If the SPI receives a report of a finding that an expenditure is out of compliance, and the finding is not resolved by the next audit, then the maximum taxes levied for collection in the district must be reduced by the expenditure amount identified by the Auditor.

Summary of Bill:

The following requirements related to school district audit findings that enrichment revenues were used for unpermitted purposes are removed:

- The Auditor is not required to report the findings to the SPI, the OFM, and the Legislature.
- The SPI is not required to reduce the maximum enrichment levies that can be collected by the expenditure amount identified by the auditor.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.