FINAL BILL REPORT
SHB 2893

PARTIAL VETO
C 237 L 10
Synopsis as Enacted

Brief Description: Changing school levy provisions.

Sponsors: House Committee on Education Appropriations (originally sponsored by Representatives Sullivan, Carlyle, Hunter, Maxwell, Nelson, Hunt, Appleton, Simpson, Dickerson, White, Pedersen, Green, Sells, Eddy, Springer, Williams, Orwall, Goodman, Conway, Kenney, Rolfes, Ericks, Ormsby, Kagi, Roberts and Jacks).

House Committee on Education Appropriations
House Committee on Ways & Means
Senate Committee on Early Learning & K-12 Education
Senate Committee on Ways & Means

Background:

Levy Authority.
In 1977 when the state assumed additional responsibility for funding schools, school district maintenance and operation levy authority was limited by enactment of the levy lid law.

This law determines the maximum amounts school districts may 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.

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. When voters pass a levy for support of a school district, no further tax levies for maintenance and operation may be authorized for the levy period. A maintenance and operations levy may last up to four years.

Local Effort Assistance.

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

The Local Effort Assistance program (LEA) or levy equalization was created in 1987 to mitigate the effect that above-average property tax rates might have on the ability of a school district to raise local revenues through voter-approved levies. The LEA is expressly not part of basic education.

The LEA rate is set at 12 percent, half of the 24 percent levy lid that is applied to the majority of districts.

I-728 and I-732 Funds.
Initiative 728 (I-728), adopted in November 2000, dedicated lottery proceeds and a portion of the state property tax for educational purposes by transferring revenues to the Student Achievement Program and the Education Construction Account. Student Achievement Program funds may be used for: hiring more teachers to reduce class sizes and making necessary capital improvements; creating extended learning opportunities for students; providing professional development for educators; and providing early childhood programs.

In the 2003-05 and 2009-11 biennial state omnibus appropriation acts, funding was reduced for I-728.

Initiative 732 (I-732), adopted in November 2000, provided an annual cost-of-living adjustment for K-12 teachers and other school employees. As amended in 2003, it requires the state to allocate to districts a cost-of-living adjustment for school district employees in the state funded salary base.

In the 2003-05 and 2009-11 biennial state omnibus appropriation acts, funding for I-732 was reduced.

Legislation enacted in 2004 allows school districts to include in their levy bases the amounts that districts would have received if I-728 and I-732 had been fully implemented. This inclusion is scheduled to expire at the end of calendar year 2011.

K-4 Enhancement.
The state omnibus appropriations act provides funding for additional staffing in K-4 classrooms beyond basic education. All districts receive this enhanced allocation, except for the 2009-11 biennium.

Districts with more than 25 percent of their K-4 student enrollment in online learning programs only receive the enhancement to the extent that they actually use it to enhance the number of staff in those grades.

Summary:

The following changes apply to levies to be collected in calendar years 2011 to 2017:

- The levy lid is increased by 4 percentage points, including districts with "grandfathered" status. For non-grandfathered districts, this increases the lid from 24 percent to 28 percent.
- The LEA payments for qualified districts are increased from 12 percent to 14 percent.

- The levy base continues to include amounts that the districts would have received under I-728 and I-732 if funding for these initiatives had not been reduced. Definitions are provided for the "I-728 rate" and the "I-732 base" to clarify how the inclusions attributable to I-728 and I-732 are calculated.
- The enhanced allocation for grades K-4 is included in districts' levy bases, in the event that it is reduced in the future.

In addition, school districts may return to voters in the middle of a levy cycle for additional levy authority, except for additional levies to provide for subsequently enacted increases affecting the district's levy base or maximum levy percentage.

The act declares that its provisions constitute a comprehensive plan for revising school levy laws, such that if any section passed by the Legislature is invalidated or not signed into law, or if the Superintendent of Public Instruction does not certify by June 30, 2010, that full funding has been appropriated for the LEA rates specified in the bill, the bill is null and void.

Votes on Final Passage:

House	55	41
Senate	29	19

Effective: March 29, 2010

Partial Veto Summary: Section 12 of the act states that sections within the act constitute a single integrated plan for revising the laws relating to school district maintenance and operations levies, and that if the act were not enacted into law, all sections were null and void. It further required the Office of the Superintendant of Public Instruction to certify that local effort assistance had been fully funded in the appropriations act.

The Governor responded in her veto message that this section "purports to provide that the veto of *any* section of this bill is a veto of the *entire*bill. This attempt to constrain the Governor's veto power is inconsistent with our state constitution."