
SECOND SUBSTITUTE HOUSE BILL 2759

State of Washington 61st Legislature 2010 Regular Session

By House Ways & Means (originally sponsored by Representatives Maxwell, Anderson, Roberts, White, Goodman, Clibborn, Kenney, Hunter, Morrell, and Haigh)

READ FIRST TIME 02/09/10.

1 AN ACT Relating to adjusting local school finance related to
2 nonresident students enrolled in online learning; amending RCW
3 84.52.0531 and 84.52.0531; creating a new section; providing an
4 effective date; and providing an expiration date.

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

6 NEW SECTION. **Sec. 1.** While the legislature supports online
7 learning, the legislature finds that there are unintended financial
8 consequences for taxpayers, both locally and statewide, when
9 significant numbers of nonresident students enroll in a school district
10 for purposes of enrolling in an online school program. Therefore, the
11 legislature intends to adjust finance policy related to voter-approved
12 excess levies and a district's qualification for local effort
13 enhancement funds to eliminate these unintended consequences.

14 **Sec. 2.** RCW 84.52.0531 and 2009 c 4 s 908 are each amended to read
15 as follows:

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

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

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

7 (a) The district's levy base as defined in subsections (3) and (4)
8 of this section multiplied by the district's maximum levy percentage as
9 defined in subsection (5) of this section;

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

16 (c) For districts in an interdistrict cooperative agreement, the
17 nonresident school district's maximum levy amount shall be reduced and
18 the resident school district's maximum levy amount shall be increased
19 by an amount equal to the per pupil basic education allocation included
20 in the nonresident district's levy base under subsection (3) of this
21 section multiplied by:

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

24 (ii) The serving district's maximum levy percentage determined
25 under subsection (5) of this section; increased by:

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

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

33 (3) For excess levies for collection in calendar year 2005 and
34 thereafter, a district's levy base shall be the sum of allocations in
35 (a) through (c) of this subsection received by the district for the
36 prior school year and the amounts determined under subsection (4) of
37 this section, including allocations for compensation increases, plus
38 the sum of such allocations multiplied by the percent increase per full

1 time equivalent student as stated in the state basic education
2 appropriation section of the biennial budget between the prior school
3 year and the current school year and divided by fifty-five percent. A
4 district's levy base shall not include local school district property
5 tax levies or other local revenues, or state and federal allocations
6 not identified in (a) through (c) of this subsection. In addition, for
7 excess levies approved by the voters after calendar year 2010 for
8 collection in calendar year 2012, a district's levy base shall not
9 include more than five hundred thousand dollars of state or federal
10 allocations attributable to nonresident students enrolled in the
11 district in an online school program as defined under RCW 28A.250.010
12 based on an interdistrict agreement or under the provisions of RCW
13 28A.225.020 through 28A.225.030. For excess levies approved by the
14 voters after calendar year 2010 for collection in calendar year 2013
15 and thereafter, a district's levy base shall not include state or
16 federal allocations attributable to nonresident students enrolled in
17 the district in an online school program as defined under RCW
18 28A.250.010 based on an interdistrict agreement or under the provisions
19 of RCW 28A.225.020 through 28A.225.030.

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

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

24 (i) Pupil transportation;

25 (ii) Special education;

26 (iii) Education of highly capable students;

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

30 (v) Food services; and

31 (vi) Statewide block grant programs; and

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

35 (4) For levy collections in calendar years 2005 through 2011, in
36 addition to the allocations included under subsection (3)(a) through
37 (c) of this section, a district's levy base shall also include the
38 following:

1 (a) The difference between the allocation the district would have
2 received in the current school year had RCW 84.52.068 not been amended
3 by chapter 19, Laws of 2003 1st sp. sess. and the allocation the
4 district received in the current school year pursuant to RCW 84.52.068.
5 The office of the superintendent of public instruction shall offset the
6 amount added to a district's levy base pursuant to this subsection
7 (4)(a) by any additional per student allocations included in a
8 district's levy base pursuant to the enactment of an initiative to the
9 people subsequent to June 10, 2004; and

10 (b) The difference between the allocations the district would have
11 received the prior school year had RCW 28A.400.205 not been amended by
12 chapter 20, Laws of 2003 1st sp. sess. and the allocations the district
13 actually received the prior school year pursuant to RCW 28A.400.205.
14 The office of the superintendent of public instruction shall offset the
15 amount added to a district's levy base pursuant to this subsection
16 (4)(b) by any additional salary increase allocations included in a
17 district's levy base pursuant to the enactment of an initiative to the
18 people subsequent to June 10, 2004.

19 (5) A district's maximum levy percentage shall be twenty-two
20 percent in 1998 and twenty-four percent in 1999 and every year
21 thereafter; plus, for qualifying districts, the grandfathered
22 percentage determined as follows:

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

25 (b) For 1998 and thereafter, the percentage calculated as follows:

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

29 (ii) Reduce the result of (b)(i) of this subsection by any levy
30 reduction funds as defined in subsection (6) of this section that are
31 to be allocated to the district for the current school year;

32 (iii) Divide the result of (b)(ii) of this subsection by the
33 district's levy base; and

34 (iv) Take the greater of zero or the percentage calculated in
35 (b)(iii) of this subsection.

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

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

10 (7) For the purposes of this section, "prior school year" means the
11 most recent school year completed prior to the year in which the levies
12 are to be collected.

13 (8) For the purposes of this section, "current school year" means
14 the year immediately following the prior school year.

15 (9) Funds collected from transportation vehicle fund tax levies
16 shall not be subject to the levy limitations in this section.

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

20 (11) For calendar year 2009, the office of the superintendent of
21 public instruction shall recalculate school district levy authority to
22 reflect levy rates certified by school districts for calendar year
23 2009.

24 **Sec. 3.** RCW 84.52.0531 and 1997 c 259 s 2 are each amended to read
25 as follows:

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

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

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

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

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

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

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

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

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

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

24 (3) For excess levies for collection in calendar year 1998 and
25 thereafter, a district's levy base shall be the sum of allocations in
26 (a) through (c) of this subsection received by the district for the
27 prior school year, including allocations for compensation increases,
28 plus the sum of such allocations multiplied by the percent increase per
29 full time equivalent student as stated in the state basic education
30 appropriation section of the biennial budget between the prior school
31 year and the current school year and divided by fifty-five percent. A
32 district's levy base shall not include local school district property
33 tax levies or other local revenues, or state and federal allocations
34 not identified in (a) through (c) of this subsection. In addition, for
35 excess levies approved by the voters after calendar year 2010 for
36 collection in calendar year 2012, a district's levy base shall not
37 include more than five hundred thousand dollars of state or federal
38 allocations attributable to nonresident students enrolled in the

1 district in an online school program as defined under RCW 28A.250.010
2 based on an interdistrict agreement or under the provisions of RCW
3 28A.225.020 through 28A.225.030. For excess levies approved by the
4 voters after calendar year 2010 for collection in calendar year 2013
5 and thereafter, a district's levy base shall not include state or
6 federal allocations attributable to nonresident students enrolled in
7 the district in an online school program as defined under RCW
8 28A.250.010 based on an interdistrict agreement or under the provisions
9 of RCW 28A.225.020 through 28A.225.030.

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

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

14 (i) Pupil transportation;

15 (ii) Special education;

16 (iii) Education of highly capable students;

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

20 (v) Food services; and

21 (vi) Statewide block grant programs; and

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

25 (4) A district's maximum levy percentage shall be twenty-two
26 percent in 1998 and twenty-four percent in 1999 and every year
27 thereafter; plus, for qualifying districts, the grandfathered
28 percentage determined as follows:

29 (a) For 1997, the difference between the district's 1993 maximum
30 levy percentage and twenty percent; and

31 (b) For 1998 and thereafter, the percentage calculated as follows:

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

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

1 (iii) Divide the result of (b)(ii) of this subsection by the
2 district's levy base; and

3 (iv) Take the greater of zero or the percentage calculated in
4 (b)(iii) of this subsection.

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

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

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

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

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

27 NEW SECTION. **Sec. 4.** Section 2 of this act expires January 1,
28 2012.

29 NEW SECTION. **Sec. 5.** Section 3 of this act takes effect January
30 1, 2012.

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