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Executive Summary

Background

Article 7 of the State Constitution and Chapter 84.52 RCW gives school districts authority to levy local property taxes. The voters of the school district must approve such levies. School district levies are four fund types:

Excess general fund levies are one to four year levies used for day to day operations of the school. Such levies are also known as “maintenance and operation” (M&O) levies.

Debt service fund levies are multi-year levies used to pay principal and interest on general obligation bonds sold to finance school construction and remodeling. Voter approval of a bond issue authorizes the sale of bonds and the levy of taxes over the life of the bonds, which is often 15 to 30 years. Tax revenues are deposited in the debt service fund.

Transportation vehicle fund levies are one-or two-year levies used to pay for school buses or other school transportation needs.

Capital project fund levies are one-or six-year levies used to pay for school construction or remodeling.

School districts may run a levy for a particular fund only two times in a calendar year. Unsuccessful levies may be resubmitted in subsequent years.

Local effort assistance is state money paid to eligible districts to match excess general fund levies. These payments help school districts with above-average tax rates due to low property valuations.

Levy History 1991–2018

Tables and graphs on pages 7–12 summarize school levy history since 1991. Tables 1–3 summarize excess general fund levies. Table 4 summarizes bond issue election results. Table 5 summarizes levy authority, rollbacks, and local effort assistance history.

Table 1 - The number of districts passing 2018 excess general fund levies remained the same at 288 districts. No districts tried but failed to pass a levy. The total dollar amount of approved levies is \$2.607 billion.

Table 2 - The statewide average excess general fund levy rate per \$1,000 decreased from \$2.39 the prior year to \$2.30. The levy per student increased from \$2,329 in the prior year to \$2,395.

Table 3 - This table displays excess general fund levies as a percent of total school district revenues. The percent increased from 18.30 percent in 2016–17 to 18.81 percent in 2017–18.

Table 4 - Bond issue levy submissions and approvals decreased from \$5.264 billion in submissions the prior year to \$2.816 billion and decreased from \$3.628 billion in approvals the prior year to \$2.110 billion.

Table 5 - Levy authority increased 11.6 percent from \$2.827 billion in the prior year to \$3.199 billion. The number of districts eligible for local effort assistance (LEA) increased by nine to 226 and the eligible amount increased from \$416 million to \$485 million. The districts receiving LEA increased by 10 to 222, and the amount received increased 14.4 percent from \$413 million to \$483 million.

Levy Election Results

The Report 1463 series shows detailed election results for the four fund types.

Comments on Report 1463-GF

Report 1463-GF shows results of elections held in 2013, 2014, 2015, 2016, and 2017 for excess general fund levies collectible in 2018.

Voter approval requires a majority of “yes” votes.

The number of districts submitting levies was 288. The number of districts with successful levies was 288. The number of districts not submitting an excess general fund levy to the voters was seven.

Levy election data for these reports came from county auditors’ reports. The tax rate shown in “dollars per thousand” was an estimate when the election was held. Actual tax rates are shown in Report 2010.

Comments on Report 1463-BI

Report 1463-BI shows the results of bond issue elections held in 2017. Voter approval of a bond issue permits the school district to issue general obligation bonds, which will be repaid by debt service fund levies made over the life of the bonds. For example, a bond issue approved in 2017 may result in debt service levies in calendar year 2018 through 2043.

Voter approval requires at least 60 percent “yes” votes and total votes of at least 40 percent of votes cast in the last general election.

Bond issues totaling \$2.816 billion were submitted and \$706 million (64 percent) received voter approval. Of the 36 districts submitting bond issues, 23 district (75 percent) were successful.

Comments on Report 1463-TVF

Report 1463-TVF shows the results of transportation vehicle fund levy elections held in 2017.

Transportation vehicle fund levies are deposited in the transportation vehicle fund and used for purchase and repair of pupil transportation vehicles (mostly school buses). Voter approval requires a majority of “yes” votes.

In 2017, no districts submitted transportation vehicle fund levies.

Comments on Report 1463-CP

Report 1463-CP shows the results of capital project levy elections held in 2017 for collection in 2018 through 2024.

Capital project levies must be used for construction, modernization, or remodeling of school facilities, costs associated with implementing technology systems, major equipment repair, painting of facilities, and other major preventive maintenance purposes. Capital project levies for up to six years may be approved at a single election. Voter approval requires a majority of “yes” votes.

In 2017, 16 districts submitted capital project levies totaling \$43.619 million. Fourteen districts passed levies totaling \$40.819 million for collection in 2018 through 2024.

Actual 2017 Levies by Fund

Report 2010 shows actual tax rates and levy amounts certified for collection in 2018 for all four types of levies. The state average and highest tax rates are as follows:

	<u>Total</u>	<u>General Fund</u>	<u>Debt Service</u>	<u>Transport. Vehicle</u>	<u>Capital Projects</u>
Average Tax Rate (\$/1,000)	\$3.87	\$2.29	\$1.14	\$0.00	\$0.43
Highest Tax Rate (\$/1,000)	\$8.83	\$8.83	\$3.43	\$0.16	\$2.28

The tax rates shown on this report are actual rates used by county assessors as reported to the Department of Revenue. Certified levy amounts are those certified to county commissioners in the fall of 2017 for collection in calendar year 2018.

Total excess general fund levies certified for collections in 2018 are \$24 million less than the amount approved by voters as shown in Report 1463-GF. Differences are shown by district on attached Report 2030. Most of the difference is due to the levy lid that limits the dollar amount of general fund levies.

Tax rates and certified levy amounts for debt service levies are those calculated by county assessors for collection in 2018 for payment of principal and interest on outstanding bonds. Certified 2018 debt service fund levies include levies approved by voters prior to 2017 as well as those shown in Report 1463-BI.

Supplemental Excess General Fund Levy Information

Comments on Report 1061

Report 1061 shows assessed valuations and tax rates for 2018 excess general fund levies as reported by county assessors to the Department of Revenue (DOR). ¹ Certified levy amounts were reported to the Office of Superintendent of Public Instruction (OSPI) by educational service districts (ESDs). Additional columns provide analysis of levy valuations and certified levies per full-time equivalent (FTE) student.

¹ Levy assessed valuations include property valuations plus the greater of one-half timber assessed valuations (1/2 TAV) or 80 percent of the 1983 timber roll. Property valuations have been reduced by the amount of senior citizen exemptions.

Summary	Avg. for	Avg. Dists.	-----Range-----	
	<u>All Districts</u>	<u>with Levies</u>	<u>High</u>	<u>Low</u>
Tax Rate (\$/1,000)	\$2.30	\$2.30	\$8.83	\$0.32*
Levy Valuation Per Pupil ***	\$1,043,373	\$1,078,174	\$12,732,381	\$78,220**
Certified Levy Per Pupil ***	\$2,395	\$2,395	\$9,261	\$86*

* Range for district with levies.

** Range for all districts.

*** Pupils are measured in terms of full-time equivalents.

Comments on Report 2030

Report 2030 shows how the levy lid law (RCW 84.52.0531) affected 2018 levy collections. Eleven districts had to reduce or “rollback” 2018 levies by a total of \$24.4 million due to the levy lid. Six districts voluntarily rolled back their levy by an additional \$20.3 million.

The middle two columns on Report 2030 show each school district’s levy authority percent and actual levy percent. The levy authority percent for 205 districts is 28 percent. There are 90 districts that have been grandfathered at a levy authority between 28 and 38 percent.

The actual levy percent is calculated by adding the district’s certified levy and LEA allocation and dividing the result by the district’s levy base (adjusted for transfers). About 99 percent of all students reside in school districts levying 10 percent or more of their levy base. About 86 percent of all students reside in school districts levying more than 20 percent of their levy base. About 14 percent of all students reside in school districts levying more than 28 percent of their levy base.

Report 2030 also shows 2018 local effort assistance. LEA, also known as levy equalization, is state matching money paid to eligible districts. To be eligible, a district must have a tax rate for a hypothetical 14 percent levy in excess of the statewide average 14 percent levy rate. (This rate is \$1.558/1,000 in 2018.) In determining 14 percent levy rates, assessed values are adjusted to 100 percent of market value using the county-indicated ratios determined by the DOR. The last column on Report 2030 shows each district’s 14 percent levy rate. For the 2018 calendar year, local effort assistance allocations are funded at 100 percent of the formula amount.

Of the state’s 295 school districts as of the 2017–18 school year, 226 are eligible for LEA in 2018. Of the 226 eligible districts, 203 receive the maximum LEA. Four eligible districts assessed

less than \$1.558/1,000 and therefore qualify for only a portion of the maximum possible matching money. Seven eligible districts did not pass an excess general fund levy and therefore receive no LEA.

Questions

Questions relating to Report 1463 may be directed to Jackie Hansman at 360-725-6111. All other questions should be directed to Melissa Jarmon at 360-725-6307. The agency TTY number is 360-664-3631.