

REVENUE: Revenue statement issued
FISCAL: No fiscal impact

Action:	Do Pass as Amended and Be Printed Engrossed and Be Referred to the Committee on Revenue by prior reference
Vote:	7 - 0 - 2
Yeas:	Clem, Dallum, Komp, Krummel, Roblan, Whisnant, Buckley
Nays:	0
Exc.:	Greenlick, Lim
Prepared By:	Derrick Olsen, Administrator
Meeting Dates:	2/21, 3/23, 4/4

WHAT THE MEASURE DOES: Changes amount of school district local option taxes that are not considered local revenue for purposes of State School Fund distribution formula. Changes amount that school district may receive as local option equalization grant. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Equity among school districts
- Difference between assessed value and real value of property subject to taxation and size of gap in some districts
- Measure 5 and Measure 50
- Growth in housing prices in faster growing areas
- Need for local support for any local option taxes
- Declining enrollment and rising enrollment school districts
- Districts potentially hitting local option cap if local option cap not raised and impact on State School Fund

EFFECT OF COMMITTEE AMENDMENT: Replaces the entire text, raises the percentage cap from 15% to 20%, and raises the dollar cap from \$750 to \$1,000, with a 3% yearly increase.

BACKGROUND: In 1999, the legislature set the local option cap at 10% of the general purpose grant, transportation grant, the facility grant and the high cost disabilities grant of the district or \$500 per district extended Average Daily Membership weighted (ADMw). In 2003, the legislature raised the cap to 15% or \$750. HB 2641-A raises the percentage cap from 15% to 20% and raises the dollar cap from \$750 to \$1,000, with a 3% yearly increase.

HB 2641-A has a subsequent referral to the Committee on Revenue.