

REVENUE: Revenue statement issued

FISCAL: No fiscal impact

Action: Do pass the A-engrossed bill

Vote: 7-0-2

Yeas: Berger, Butler, Gelser, Read, Rosenbaum, Witt, Barnhart

Nays:

Exc.: Bruun, Olson

Prepared By: Steve Meyer, Economist

Meeting Dates: 4/23, 5/22

WHAT THE BILL DOES: Increases school district local option property tax limits. Increases dollar limit from \$750 to \$1,000 per weighted student (ADMw) and percentage limit from 15% to 20% of school equalization formula revenue that, if exceeded by a district, reduces the district's State School Fund revenue by the amount above the lesser of these two limits. Increases the \$1,000 limit by 3% per year beginning in 2008-09. Also applies the new limits in the calculation of the local option equalization grant. Takes effect on the 91st day after sine die.

ISSUES DISCUSSED:

Ability of district to get voter approval for a local option tax

School district equity between districts with and without local option revenue

Taxpayer equity within a school district with a local option

District per student variation in tax gap between Measures 5 and 50

EFFECT OF COMMITTEE AMENDMENTS: None.

BACKGROUND:

The 1999 Legislature initially passed local option legislation for school districts. The local option property tax revenue was excluded from district local revenue in the school equalization formula if less than the smaller of (1) \$500 per weighted student and (2) 10% of state and local revenue in the school equalization formula. The 2003 Legislature increased these limits to \$750 and 15%. Eighteen school districts have local option revenue.