

HB 4117 STAFF MEASURE SUMMARY

Carrier: Rep. Smith Warner

House Committee On Revenue

Action Date: 02/12/18

Action: Do Pass.

Vote: 9-0-0-0

Yeas: 9 - Barnhart, Buehler, Findley, Hernandez, Marsh, Nosse, Reschke, Smith G, Smith Warner

Fiscal: No fiscal impact

Revenue: Revenue impact issued

Prepared By: Dae Baek, Economist

WHAT THE MEASURE DOES:

Increases the upper limit of local option property tax revenues that school districts can keep and use, starting from July 1, 2018. Makes provisions so that a school district that exceeded binding caps in listed school years can keep and use specified over-the-cap amounts without sending them to a pool of formula revenues to be distributed among all school districts and education service districts. Takes effect on July 1, 2018.

ISSUES DISCUSSED:

- History and use of local option property taxes for school districts
- Statutory upper limits of local option taxes that school districts can keep and use as operating expenses
- Portland Public School District's collection of over-the-cap local option taxes
- Benefit of increasing upper limits of local option taxes that school districts can keep
- Equity consideration as school districts use more local option property taxes to fund operation

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Currently, local option taxes that are excluded from local revenues in the school funding equalization formula in a given year, is the lesser of (1) 20 percent of the formula revenue a district receives, and (2) a specified amount per extended weighted Average Daily Membership (extended ADMw) of the district. The specified amounts were \$1,266.8 in the 2015-16 school year, \$1304.8 in 2016-17. For the 2017-18 school year, the specified amount is \$1,343.9 and it is escalated by 3 percent every year.

HB 4117 increases local option taxes to be excluded from the formula revenue in a given year to the lesser of (1) 25 percent of the formula revenue a district receives, and (2) \$2,000 per extended weighted Average Daily Membership (extended ADMw) of the district. \$2,000 limit per ADMw increases by three percent annually.