



EHB 2242 Talking Points, October 2017

Background

Audience: Public. Timeframe: Immediate.

The Washington state constitution (article IX, section 1) guarantees each child a fully funded basic K-12 education. In 2012 the Washington State Supreme Court held that the State was not meeting its constitutional obligation to provide an adequate basic education to Washington's children.

On January 9, 2014 the Washington State Supreme Court entered an order directing the Washington State Legislature to produce a funding plan to fully fund Washington's K-12 education system by April 30, 2014.

During the 2017 session in order to fulfill the Supreme Court's mandate to fully fund basic education for K-12 and reduce reliance on local school levies, the Washington state legislature passed House Bill 2242 which was signed into law by the Governor. To meet the funding mandated by the courts, the bill adds a new state school levy and modifies the cap on local school levies.

Levy / Tax Talking Points

Audience: Public. Timeframe: Immediate.

We are reviewing the details of the new levy rates, and working hard on ensuring the information we report back to you is accurate.

We are currently working with the state Department of Revenue and the Office of Superintendent of Public Instruction to receive directives on how the levies will be calculated – and what this means to property owners in our county.

Currently we anticipate new information to be presented by the Department of Revenue by October 19, 2017 – the date the bill takes effect.

Please be assured, that AS SOON as we receive ACCURATE information and DIRECTIVES from the state – we will let our county residents know what exactly the new levy rates will look like – and what it will mean to them; bottom line.

We are here to assure you that we will always provide a fair assessment of your property to ensure that you are only paying your fair share of the tax revenue. Not a penny more, not a penny less.

Unfortunately there is still much we don't know. The new levy rates are very complicated and we continue to work with the state agencies that are responsible for issuing directives of how these rates will be calculated at the local level.

Audience: Public. Timeframe: As Information is Made Available.

Generally this is how the new legislation affects your property taxes:

PART 1 of EHB 2242's effect on your Property tax:

Beginning in 2018 a second state school levy will be in place. For the first four years, the new levy is set at an amount so the combined amount of the current state school levy and the new state school levy base rate will be \$2.70 This is approximately \$0.90 per thousand in new taxing authority. After four years, the new second state school levy is subject to the 1% limit in current law.

The new levy, plus the existing levy, brings the *aggregate* of two levies up to \$2.70. The actual amount may vary.

The \$2.70 base rate is equalized across all 39 counties based on their individual assessment ratio compared to 100% - some counties could see their effective rate in the \$3.25 range.

Levy rates are based on a "per \$1,000 of value" basis. So if you have a state school levy rate of \$2.70, your state school tax for a \$100,000 home would be \$270.

Qualifying seniors are exempt from the new levy.

Local School levies are unaffected for 2018.

PART 2 of EHB 2242's effect on your Property tax:

As of the 2019 collection year Maintenance and Operations (M&O) levies will be called Enrichment Levies.

Enrichment Levies will have a maximum levy rate of \$1.50 per \$1000 assessed value.

- If a school district has a Transportation Vehicle Enrichment levy – it will be in addition to the \$1.50 maximum levy rate.
- If a school district currently has a voter approved, multi-year, operation levy in place. It will be an M&O levy for 2018 at the rate voters approved. Any subsequent year levy (2019, 2020) will become an Enrichment Levy with a maximum levy rate of \$1.50 per \$1000 assessed value.

This new cap on local school levy rates may increase or decrease your tax bill in 2019 depending on your current local school levy amounts.

A school district will be required to have an enrichment levy of some kind to receive the Local Effort Assistance (LEA) funding. LEA funds are funds in addition to a school district's general fund allocations. The purpose of these funds is to offset the effects the average property tax rates may have on the ability of a school to raise local revenues to supplement the state's basic K-12 funding.

Capital Facility Levies *will not be considered* an enrichment levy.

School districts must obtain OSPI approval of the district's expenditure plan prior to placing a new enrichment levy before voters for the collection year 2020 and thereafter.