

Multiple Agency Fiscal Note Summary

Bill Number: 5313 S SB	Title: School levies
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Estimated Cash Receipts

NONE

Estimated Operating Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Superintendent of Public Instruction	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Local Gov. Courts									
Loc School dist-SPI	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Other									
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Superintendent of Public Instruction	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

NONE

Prepared by: Cynthia Hollimon, OFM	Phone: (360) 902-0562	Date Published: Preliminary 2/24/2019
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID: 56469

Department of Revenue Fiscal Note

Bill Number: 5313 S SB	Title: School levies	Agency: 140-Department of Revenue
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Part I: Estimates

No Fiscal Impact

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Jeffrey Naas	Phone: 360-786-7708	Date: 02/19/2019
Agency Preparation: Mark Studer	Phone: 360-534-1507	Date: 02/21/2019
Agency Approval: Don Gutmann	Phone: 360-534-1510	Date: 02/21/2019
OFM Review: Kathy Cody	Phone: (360) 902-9822	Date: 02/21/2019

Request # 5313-2-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Note: This fiscal note reflects language in SSB 5313, 2019 Legislative Session.

Section 1 changes the calculation process for the allocation of local effort assistance funds to schools districts.

Section 2 changes the calculation for determining the maximum amount that can be levied by a local school district for enrichment.

This legislation is effective beginning with property taxes collected in Calendar Year 2020.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

This legislation results in no revenue impact to the state property tax levy.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

The Department of Revenue will not incur any costs with the implementation of this legislation.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

No rule making required.

Individual State Agency Fiscal Note

Revised

Bill Number: 5313 S SB	Title: School levies	Agency: 350-Superintendent of Public Instruction
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Jeffrey Naas	Phone: 360-786-7708	Date: 02/19/2019
Agency Preparation: Michelle Matakas	Phone: 360 725-6019	Date: 02/21/2019
Agency Approval: TJ Kelly	Phone: 360 725-6301	Date: 02/21/2019
OFM Review: Cynthia Hollimon	Phone: (360) 902-0562	Date: 02/24/2019

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Substitute Bill: Both Section 1 & 2 revised:

Section 1 Beginning in calendar year 2020, allocation of state matching funds to eligible school districts for local effort assistance (LEA) shall be determined using the difference between the district's TEN percent levy rate and the statewide average TEN percent levy rate. For school districts with a calculated calendar year 2020 LEA amount less than their 2019 LEA, the calendar year 2019 must be provided.

Section 2 Beginning with taxes levied for collection in calendar year 2020, the maximum dollar amount which may be levied by or for any school district for enrichment levies is defined as TWENTY percent of districts levy base as defined in section 2 OR \$3500 PER PUPIL.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

none

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

This Fiscal Note is indeterminate as OSPI is unable to predict whether districts will choose the max per pupil or 20% of their levy base. In addition, Legislative policy decisions for other K12 investments will directly impact the per pupil inflator used for levy base assumptions which will change LEA estimates.

OSPI assumes local effort assistance (LEA) expenditures associated with maintenance level impacts to the levy base and Department of Revenue 2018 Assessed Valuation projections. OSPI estimates that equalizing to 10% on a 20% levy rate using these basis would increase LEA \$40 million in FY 2020 and \$55.2 in FY 2021 over current law. This includes \$41.8 million in CY 2020 for hold harmless. However, any districts that choose to use the max per pupil model will be ineligible for LEA and therefore could potentially change the additional cost if they are currently an LEA district. See attached chart to show range between all districts choosing the \$3500 Per Pupil option versus 20% levy rate.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

NONE

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

SSB 5313 - State Note: LEA \$3500 Per Pupil Impact

<u>CY 2020</u>	<u>CY 2021</u>	<u>CY 2022</u>	<u>CY 2023</u>	<u>CY 2024</u>	<u>CY 2025</u>
\$ (341,874,557) \$	(345,418,642) \$	(359,906,208) \$	(344,959,570) \$	(344,959,570) \$	(344,959,570)
<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
\$ (188,031,006) \$	(343,823,804) \$	(353,386,803) \$	(351,685,557) \$	(344,959,570) \$	(344,959,570)

SSB 5313 - State Note: LEA 20% levy rate Impact

	<u>CY 2020</u>	<u>CY 2021</u>	<u>CY 2022</u>	<u>CY 2023</u>	<u>CY 2024</u>	<u>CY 2025</u>
LEA Change	\$ 30,785,245 \$	41,036,612 \$	36,320,673 \$	52,589,815 \$	52,589,815 \$	52,589,815
Hold Harmless	\$ 41,767,457					
Total	\$ 72,552,702 \$	41,036,612 \$	36,320,673 \$	52,589,815 \$	52,589,815 \$	52,589,815
	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
LEA Impact	\$ 39,903,986 \$	55,218,853 \$	38,442,846 \$	45,268,701 \$	52,589,815 \$	52,589,815

Individual State Agency Fiscal Note

Revised

Bill Number: 5313 S SB	Title: School levies	Agency: SDF-School District Fiscal Note - SPI
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Operating Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

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Legislative Contact: Jeffrey Naas	Phone: 360-786-7708	Date: 02/19/2019
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Agency Approval: TJ Kelly	Phone: (360) 725-6301	Date: 02/21/2019
OFM Review: Cynthia Hollimon	Phone: (360) 902-0562	Date: 02/24/2019

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Substitute Bill: Both Section 1 & 2 revised:

Section 1 Beginning in calendar year 2020, allocation of state matching funds to eligible school districts for local effort assistance shall be determined using the difference between the district's TEN percent levy rate and the statewide average TEN percent levy rate. For school districts with a calculated calendar year 2020 LEA amount less than their 2019 LEA, the calendar year 2019 must be provided.

Section 2 Beginning with taxes levied for collection in calendar year 2020, the maximum dollar amount which may be levied by or for any school district for enrichment levies is defined as TWENTY percent of districts levy base as defined in section 2 OR \$3500 PER PUPIL.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

This Fiscal Note is indeterminate as OSPI is unable to predict whether districts will choose the max per pupil or 20% of their levy base. In addition, Legislative policy decisions for other K12 investments will directly impact the per pupil inflator used for levy base assumptions which will change LEA estimates.

School district revenues will equal state costs related to local effort assistance, plus an increase in potential local enrichment levy collections beginning with calendar year 2020. The range of increased local enrichment levy is estimated to be between \$354.7 million and \$590.3 million in CY2020 depending on voter approved levies and which choice districts make. See attached chart to show range between all districts choosing the \$3500 Per Pupil option versus 20% levy rate.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

District expenditures will equal revenue.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

NONE

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

District Note: \$3500 Per pupil Impact

SSB 5313 - District Note Calendar Year

	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025
Local Effort Assistance Revenue	\$ (341,874,557)	\$ (345,418,642)	\$ (359,906,208)	\$ (344,959,570)	\$ (344,959,570)	\$ (344,959,570)
Enrichment Levy	\$ 590,322,668	\$ 549,713,541	\$ 507,969,361	\$ 469,821,880	\$ 469,821,880	\$ 469,821,880
Total	\$ 248,448,112	\$ 204,294,899	\$ 148,063,153	\$ 124,862,311	\$ 124,862,311	\$ 124,862,311

SSB 5313 - District Note Fiscal Year

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Local Effort Assistance Revenue	\$ (188,031,006)	\$ (343,823,804)	\$ (353,386,803)	\$ (351,685,557)	\$ (344,959,570)	\$ (344,959,570)
Enrichment Levy	\$ 324,677,468	\$ 567,987,648	\$ 526,754,242	\$ 486,988,247	\$ 469,821,880	\$ 469,821,880
Total	\$ 136,646,461	\$ 224,163,845	\$ 173,367,439	\$ 135,302,690	\$ 124,862,311	\$ 124,862,311

SSB 5313 - District Note School Year (Fiscal Impact)

School Year	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Local Effort Assistance Revenue	\$ (246,149,681)	\$ (344,426,298)	\$ (355,849,689)	\$ (349,144,628)	\$ (344,959,570)	\$ (344,959,570)
Enrichment Levy	\$ 170,845,283	\$ 452,707,285	\$ 546,290,630	\$ 505,829,375	\$ 477,955,305	\$ 469,821,880
Total	\$ (75,304,397)	\$ 108,280,987	\$ 190,440,940	\$ 156,684,747	\$ 132,995,735	\$ 124,862,311

District Note: 20% levy rate Impact

SSB 5313 - District Note Calendar Year

	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025
Local Effort Assistance Revenue	\$ 30,785,245	\$ 41,036,612	\$ 36,320,673	\$ 52,589,815	\$ 52,589,815	\$ 52,589,815
LEA Hold Harmless	\$ 41,767,457					
Enrichment Levy	\$ 354,654,901	\$ 339,503,252	\$ 312,306,864	\$ 269,738,688	\$ 269,738,688	\$ 269,738,688
Total	\$ 427,207,602	\$ 380,539,864	\$ 348,627,537	\$ 322,328,503	\$ 322,328,503	\$ 322,328,503

SSB 5313 - District Note Fiscal Year

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Local Effort Assistance Revenue	\$ 39,903,986	\$ 55,218,853	\$ 38,442,846	\$ 45,268,701	\$ 52,589,815	\$ 52,589,815
Enrichment Levy	\$ 195,060,195	\$ 346,321,494	\$ 324,545,239	\$ 288,894,367	\$ 269,738,688	\$ 269,738,688
Total	\$ 234,964,181	\$ 401,540,346	\$ 362,988,084	\$ 334,163,068	\$ 322,328,503	\$ 322,328,503

SSB 5313 - District Note School Year (Fiscal Impact)

School Year	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Local Effort Assistance Revenue	\$ 52,237,945	\$ 49,861,117	\$ 37,641,136	\$ 48,034,455	\$ 52,589,815	\$ 52,589,815
Enrichment Levy	\$ 102,640,675	\$ 274,653,891	\$ 334,862,828	\$ 305,785,750	\$ 278,814,649	\$ 269,738,688
Total	\$ 154,878,620	\$ 324,515,008	\$ 372,503,964	\$ 353,820,205	\$ 331,404,464	\$ 322,328,503