

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H. F. 328

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**Version:** As Introduced

**Authors:** Dorman and Others

**Subject:** Increasing Referendum Equalization Aid

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### Overview

A school district may increase its amount of general education revenue by conducting a referendum. The operating referendum is often referred to as an excess levy or an "override" levy. The legislature first provided state aid on an equalized basis for the program beginning in fiscal year 1992. For fiscal year 2002 and later, all operating referendums are specified as a dollar value per pupil and the full amount of the local share is calculated and spread on referendum market value (instead of net tax capacity).

The first \$415 per pupil unit of referendum revenue is currently equalized. The equalization factor is equal to the ratio of the district's referendum market value per pupil unit to \$476,000. For fiscal year FY 03, existing referendum revenue is \$557 million, of which \$161.5 million is expected to be provided in state aid.

H. F. 328 raises the equalized referendum revenue amount from \$415 per pupil unit to \$500 per pupil unit. Assuming no behavioral effects, the increase in equalization aid entitlement is roughly \$17.5 million. This aid increase is accompanied by a statewide levy decrease in the same amount.

### Section

- 1 **Referendum equalization revenue.** Increases the amount of referendum revenue that is subject to equalization aid from \$415 per pupil unit to \$500 per pupil unit for fiscal years 2003 and later.