HOUSE RESEARCH

Bill Summary

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Overview

Many of the major school district revenue programs are equalized. This means that the aid and levy share is based on the district's relative amount of tax base per pupil. The higher the per pupil tax base, the lower the state aid, and the lower the district's tax base, the higher the state aid. The district's levy share is computed by multiplying the program revenue by the ratio of the district's tax base per pupil unit to the equalizing factor for the program, which is a number established in statute. These equalizing factors have not be been raised over the last 15 years or so, so as tax bases have grown over this time period, equalization aid to school districts has fallen.

School districts are required to use two different tax bases. Most school levies are calculated on adjusted net tax capacity (ANTC). There are a number of different equalizing factors for the revenue programs calculated on ANTC. The debt service equalization program has two equalized tiers based on ANTC per pupil equalizing factors. The transition, equity, and operating referendum programs are equalized aid and levy programs calculated and spread on referendum market value.

This bill increases the state equalization aid for the debt service equalization aid by increasing the first tier equalizing factor from $3,049 to 150 percent of the statewide ANTC tax base per pupil (currently $9,076) and the second tier equalizing factor from $7,233 to 200 percent of the statewide average tax base ($12,101). The bill increases the equalizing factor for the market value levies from $476,000 to 150 percent of the statewide referendum market value tax base per pupil (currently $678,108).

Section

1   **Equalized debt service levy.** Changes the first and second tier equalizing factors for the debt service equalization aid program from $3,049 and $7,622 to 150 percent and 200 percent of the state average ANTC per pupil unit, respectively. These percentages translate to $9,076 and $12,101 per pupil unit for taxes payable in 2013.

2   **Equity levy.** Increases the equalizing factor for the equity revenue program from $476,000 to 150 percent of the statewide average referendum market value per pupil ($678,108).

3   **Transition levy.** Increases the equalizing factor for the transition revenue program from $476,000 to 150 percent of the statewide average referendum market value per pupil ($678,108).

4   **Referendum equalization levy.** Increases the first tier equalizing factor for the operating referendum levy/aid formula from $476,000 to 150 percent of the statewide average referendum market value per pupil ($678,108) and increases the second tier equalizing factor from $270,000 to 100 percent of the state average referendum market value per pupil ($452,072).

5   **State referendum equalizing factors.** Defines the state first tier referendum equalizing factor as 150 percent of the ratio of the statewide referendum market value to the total number of resident marginal cost pupil units for that year. Defines the state second tier referendum equalizing factor as 100 percent of the ratio of the statewide referendum market value to the total number of resident marginal cost pupil units for that year.