

HOUSE RESEARCH

Bill Summary

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Subject: School District Equalization Levels for Debt Service and Operating Referenda

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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 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). The debt service equalization program has two equalized tiers based on ANTC per pupil equalizing factors. The 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 program and the operating referendum aid program by replacing the fixed equalizing factors with unspecified percentages based on the statewide total tax base per pupil unit for each program.

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 unspecified percentages of the statewide average ANTC per pupil unit.

Section

- 2** **Adjusted net tax capacity equalizing factor.** Creates an ANTC equalizing factor and sets the factor equal to ratio of the statewide total ANTC to the total number of pupil units for that year.
- 3** **Referendum market value equalizing factors.** Creates a referendum market value equalizing factor and sets the factor equal to the ratio of the statewide total referendum market value to the total number of resident marginal cost pupil units for that year.
- 4** **Referendum equalization levy.** Changes the first and second tier equalizing factors for the operating referendum levy/aid formula from \$476,000 and \$270,000 respectively, to an unspecified percent of the state average referendum market value per pupil unit.