



## Here's what the levy lid lift means for Kitsap taxpayers

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Property owners in some Kitsap County school districts are likely to see an increase in local school taxes in 2020 resulting from the Legislature's passage late in the 2019 session of a bill that raises the local levy lid.

The bill allows some districts to use untapped taxing authority already granted by voters, but not every district is planning -- or able -- to use it.

The lid lift, beginning in 2020, allows districts to increase local school tax collections to the lesser of \$2.50 per \$1,000 of assessed value or \$2,500 per full-time student (\$3,000 per student in districts of more than 40,000).

Here's background on the legislation and its implications (by district) for students, schools, taxpayers and the community.

### Didn't schools just get a big tax bump?

The short answer is, "Yes."

A series of bills addressing school funding have been passed since 2012, when the state Supreme Court ruled the state (supported by property taxes from every county) must fully fund basic education.

The problem was that school districts over the decades had become ever more reliant on local levies — meant for things like sports, extracurricular activities and other educational "enhancements" — to fund the basics, including classroom teachers' salaries

In response to the McCleary case ruling, the Legislature since 2013 has ramped up spending on K-12 schools by \$9 billion.

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Legislation passed in 2017 and 2018 was said to have addressed McCleary by providing funding for a significant increase in school staff salaries. The wage hike was paid for by an increase in the state property tax for education that began in 2018. Along with that increased state share came a cap on local school levies, which began in 2019.

### Why a levy lid lift now?

The "levy swap" — higher state school taxes, lower local school taxes — was meant to ease the burden on local communities of paying for basic education and to fix a system in which wealthy districts were seen to have an unfair advantage.

In 2019, local levies were capped at the lesser of \$1.50 per \$1,000 of assessed value or \$2,500 per student. Some districts have complained the levy swap resulted in a net loss of revenue, however.

"It went down too hard, too fast," said Sen. Lisa Wellman, D-Mercer Island, the bill's sponsor.

Wellman and Sen. Christine Rolfes, D-Bainbridge Island, who chairs the Senate Ways & Means Committee, said the levy lid lift is an attempt by

lawmakers to fine-tune the "McCleary fix" legislation.

Raising the limit on the assessment rate and granting a higher per student cap for larger districts allows more local control of educational enhancement programs, Wellman said.

The bill also increases funding for property-poor districts to offset the difficulty they have generating local levy funds.

Starting next school year, districts must document that local levies are used only for activities defined by the state as "enrichment." Monetary penalties potentially apply.

## Do voters have a say?

The short answer is, "Yes."

First, there is nothing in the legislation that allows for automatic renewal of levies previously approved by voters. So each of the districts will need to run a new measure when their current levy expires.

For districts in Kitsap County, the levy expiration year (and the earliest they could run a new, "enrichment" levy) is as follows: Bremerton (2020), South Kitsap (2021), Bainbridge Island (2021), Central Kitsap (2022), and North Kitsap (2022).

Second, for some Kitsap districts, the levy currently in place allows for a maximum collection amount that falls within the new cap. Those districts have the option of using their untapped taxing authority to increase the rate under the new levy cap.

## Which districts will raise taxes?

School officials in South Kitsap and Bremerton have expressed their intention to increase levy collections in 2020 as authorized under ESSB 5313.

South Kitsap voters in 2017 approved a total collection amount in 2020 of \$25.5 million. Had the \$1.50 per \$1,000 of assessed value cap remained in place, the district's local levy revenue in the upcoming school year would have been limited to an estimated \$15.3 million. With the easing of the levy cap to \$2.50 per \$1,000, district officials expect to recoup \$4.5 million of taxes previously approved by voters.

South Kitsap's total collection amount also will fall within the \$2,500 per student limit. The district has just under 9,500 students.

South Kitsap will use the levy increase to help close a projected \$13 million budget gap in the upcoming school year.

Voters in Bremerton School District in 2018 approved a school support levy collection of \$8.65 million in 2020. The ballot noted an "approximate" levy collection rate of \$1.50 per \$1,000 of assessed value anticipating the cap that went into effect this year. Voters approved the collection amount, not the rate, said Garth Steedman, the district's finance director.

Now, like South Kitsap, Bremerton can collect more of the amount authorized by voters, up to the lesser of \$2,500 per student or the amount generated by \$2.50 per \$1,000 of assessed value.

Bremerton, with roughly 5,000 students, is facing a budget deficit next year of \$3 million to \$4.5 million. It will use the projected \$1 million increase in local taxes to augment basic education programs and provide "comprehensive educational programming" for students."

The impact on taxpayers in both districts is unknown as yet because it depends on a number of factors, including total assessed property values in each district for the 2020 tax year. Preliminary estimates from the state are rates of \$2.46 per \$1,000 of assessed value in South Kitsap and \$2.49 per \$1,000 in Bremerton, according to Rep. Michelle Caldier, R-Port Orchard, in a post on social media.

## And which won't?

Bainbridge Island and North Kitsap school officials say the new lid does not afford them any additional taxing authority before their next levy renewal.

Central Kitsap would be allowed to increase its collection in 2020 without an additional vote of the people, but district officials have no plans to do so, according to spokesman David Beil.

As part of the McCleary revenue package, districts were required to submit balanced budgets through 2021.

"We ran the 2019 levy at \$1.50 and built our budget at that amount," Beil said. "We built our four-year budget off of the \$1.50 amount and the revenue we

expect to receive from the state."

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