

## HB 3221 STAFF MEASURE SUMMARY

### House Committee On Revenue

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**Prepared By:** Dae Baek, Senior Economist

**Sub-Referral To:** Joint Committee On Ways and Means

**Meeting Dates:** 4/19

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#### **WHAT THE MEASURE DOES:**

Increases the upper limit of local option property tax revenues that school districts can keep locally and use, starting from the 2023-24 distributions of the State School Fund. Takes effect on July 1, 2023.

#### **ISSUES DISCUSSED:**

#### **EFFECT OF AMENDMENT:**

No amendment.

#### **BACKGROUND:**

HB 2753 (1999) allowed a school district to seek a voter approval of a local option property tax for operating expenses (5-year limit). The local option property taxes were excluded from local revenues in the school funding equalization formula if the actual collections stayed within certain limits.

Currently, local option property tax revenue excluded from the school funding equalization formula in a given school year, is the lesser of (1) 25 percent of the total formula revenue a district receives, or (2) a specified amount per extended weighted Average Daily Membership (extended ADMw) of the district. For the school year 2022-23, this specified amount is \$2,251.02 per extended ADMw.

This measure removes the percentage cap and increases the dollar-specified cap. This cap has an escalating clause. First, the cap starts at \$3,500 per district extended ADMw in the 2023-24 school year. Next, this cap will increase each school year by the greater of (1) five percent or (2) the [percentage] change in the Consumer Price Index for All Urban Consumers, West Region, starting from the 2024-25 school year.