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Senate approves bill to change school funding

By **Tom Searls**
Staff writer

A bill that would force counties to fully assess all property, letting the state school aid formula stop making up for those counties that don't, passed the Senate Wednesday.

Supporters said the bill would make counties fund schools more equally. Detractors said it would just continue an unequal funding process.

The bill (SB570) would give county assessors six years to bring the assessments of all types of property up to 60 percent of appraised value, as mandated by the state constitution.

Lawmakers hired economists from Marshall and West Virginia universities to conduct a two-year study of how the state funds public education and how to level the playing field.

About 25 percent of the cost of operating schools comes from county property taxes. The state school aid formula evens out funding so that all counties get about the same per student.

Of West Virginia's 55 counties, only Summers County assesses residential property at more than 60 percent of its value. Gilmer, Logan, McDowell, Mingo and Wyoming counties assess residential property at 60 percent.

The lowest residential assessment level in the state is 39 percent in Tyler County, according to Department of Tax and Revenue records.

"We feel that there is underassessment in various parts of the state," said Senate Finance Chairman Walt Helmick, D-Pocahontas.

The state gives about \$60 million a year to counties that underassess property, the bill's supporters pointed out. They say that money could be used to enhance other programs if all property were properly assessed. It could make up for low teacher salaries or other educational expenses.

Under the proposal, after six years the school aid formula would no longer make up for money lost to underassessments, supporters contend. The legislation requires the Tax Department to intervene if counties do not fully assess property six years from now.

"I think it's a very progressive piece of legislation," said Senate Education Chairman Robert Plymale, D-Wayne.

He believes the bill will level the playing field for education funding. "At the end of six years if you were not at 60 percent the state does not fill in the gaps," he said.

But detractors believe the bill would continue to make the state's larger, and growing, counties fund a higher amount of smaller counties, costs.

Sen. Clark Barnes, R-Randolph, said property values vary and are shooting up rapidly in the state's Eastern Panhandle. If those counties raise their assessment rates, he said, they'll lose the extra money to other counties.

Currently counties can keep 2 percent of county property tax money, while 98 percent goes into the state school aid formula for the county. The bill would change that split over a few years so that counties could keep 5 percent of property tax revenues for discretionary spending.

The current levels of assessments on residential property for the three fast-growth Eastern Panhandle counties is 48 percent in Morgan County, 52 percent in Berkeley County and 49 percent in Jefferson County. Kanawha County, the state's largest, is at 57 percent, while Cabell and Putnam counties are at 55 percent.

Barnes pointed out if a county like Berkeley raises its assessment rate to 60 percent and grabs an extra \$1 million, it can only keep \$50,000 of that.

"The vast majority of what they're raising is going to go to the state," he said.

Plymale said the bill would help Eastern Panhandle counties that have trouble paying teachers enough to compete with school systems in surrounding states.

He said it would allow counties that pass school levies not to be punished for pumping additional funds into the system. That money could be used to raise teacher salaries in the border counties, where other states have lured away experienced West Virginia teachers with higher pay.

Barnes is also concerned the legislation gives the state power over county assessors. Property values have risen so rapidly in the Eastern Panhandle that Barnes said to reassess every three years would leave natives unable to pay the higher taxes.

The bill has a penalty in it, too. It allows that county commissioners and assessors can be removed from office if property is underassessed.

The review being conducted by the economists is about half completed.

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