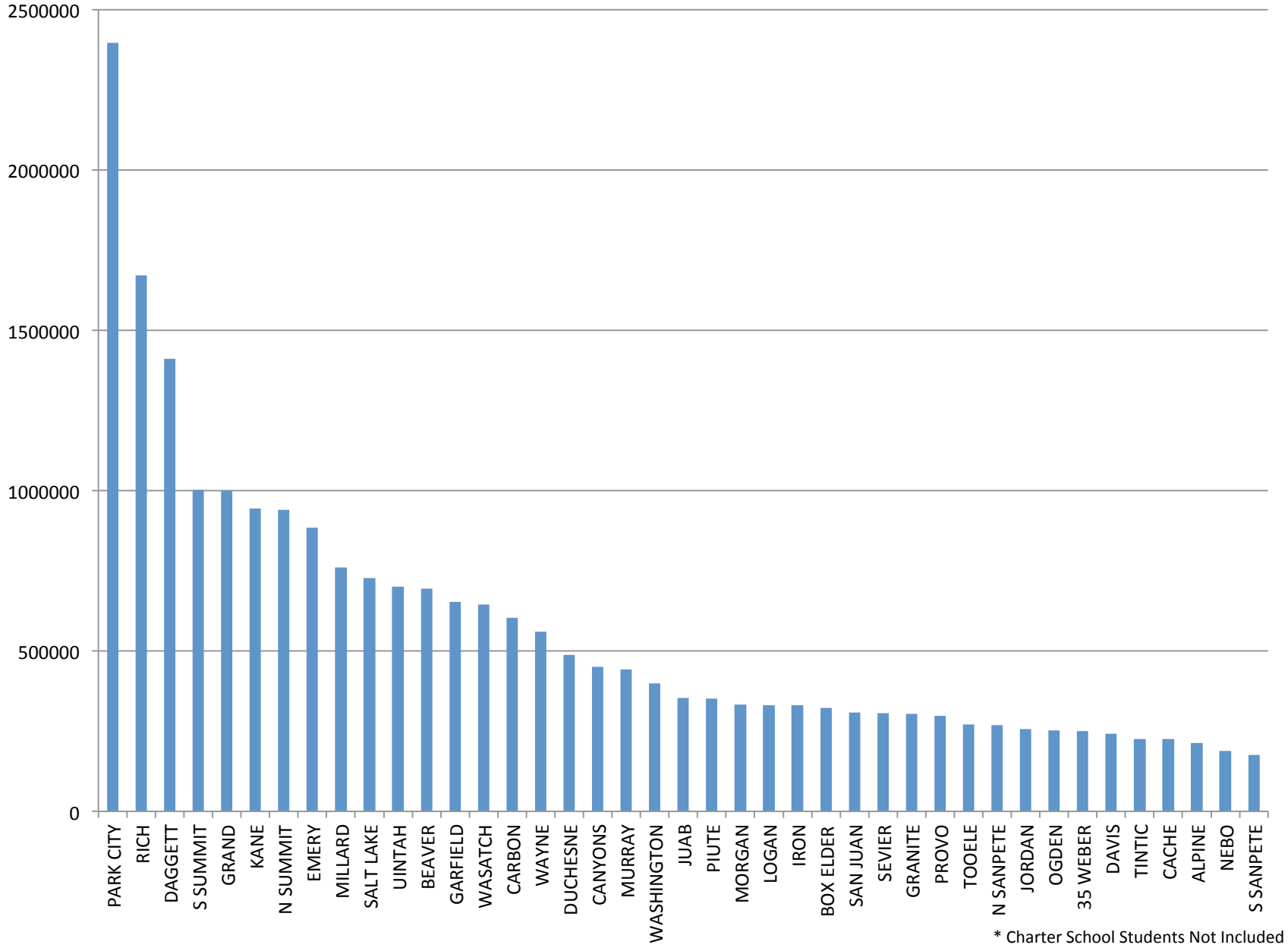
Utah Property Tax Equalization
SB 97

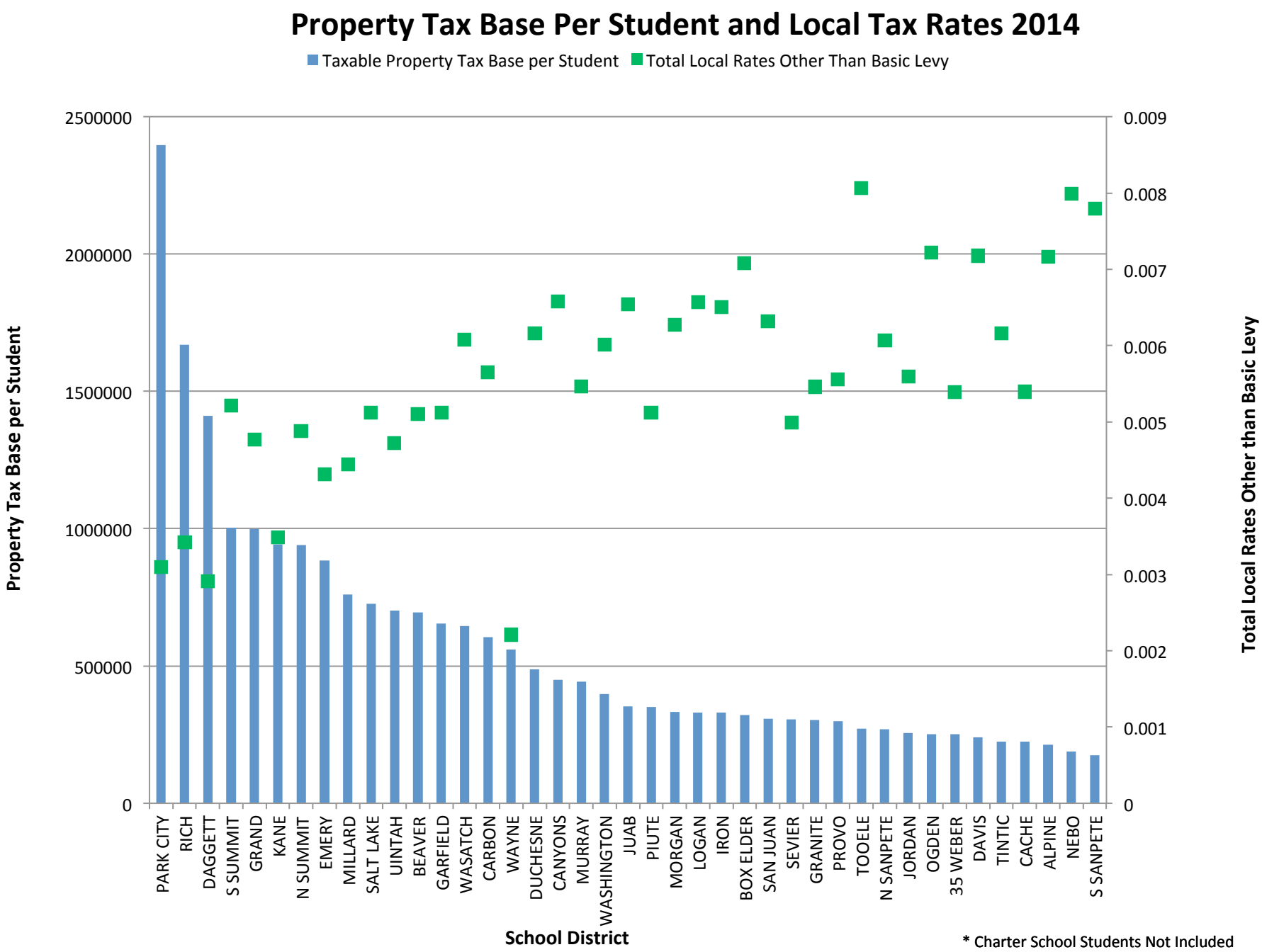
Senator Aaron Osmond

(Version - Feb 10, 2015)

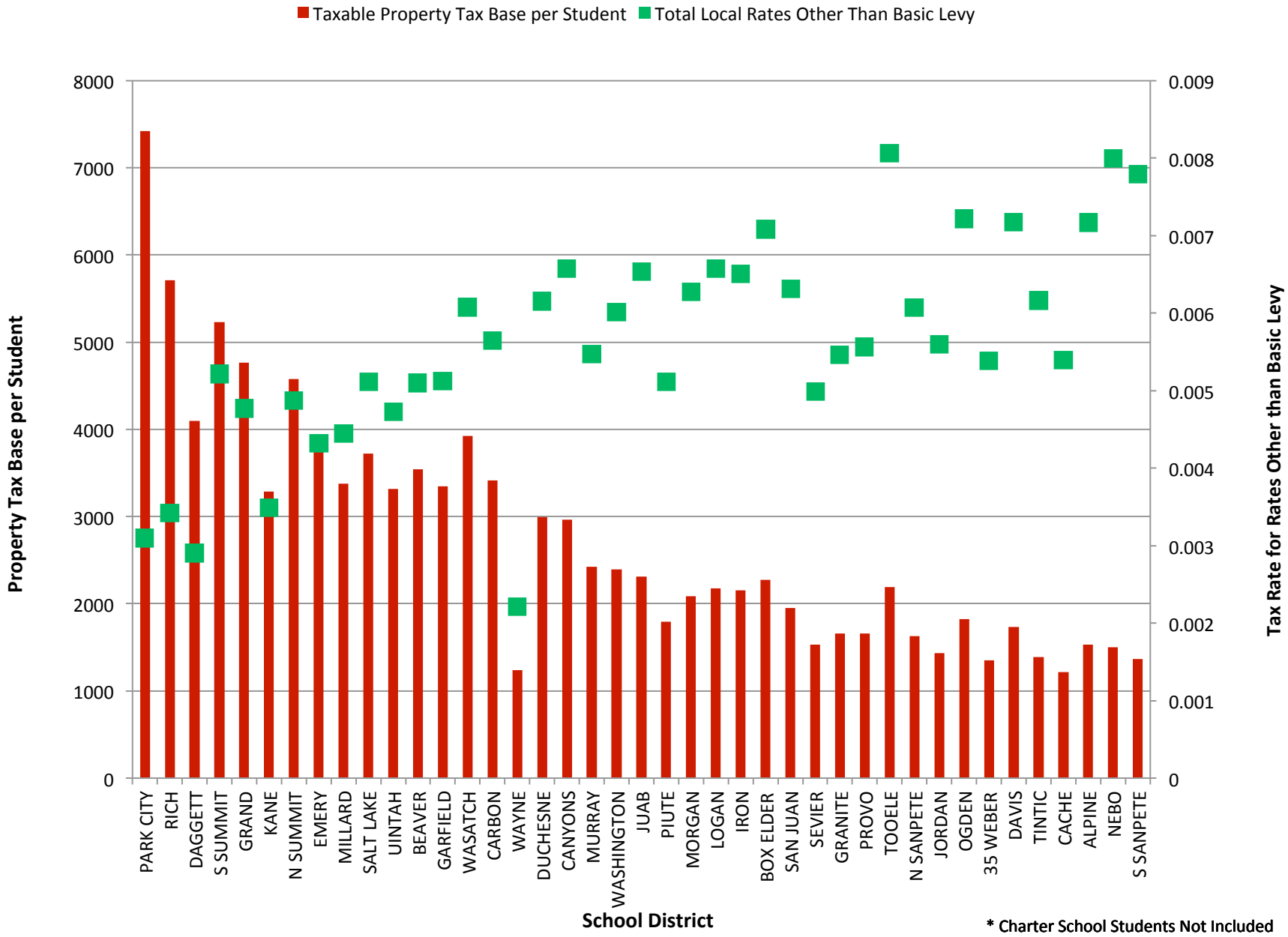
Property Tax Base Per Student 2014



* Charter School Students Not Included


Property Tax Base Per Student and Local Tax Rates 2014
Taxable Property Tax Base per Student
Total Local Rates Other Than Basic Levy
Property Tax Base per Student
Total Local Rates Other than Basic Levy
2500000
2000000
1500000
1000000
500000
0
0.009
0.008
0.007
0.006
0.005
0.004
0.003
0.002
0.001
0
PARK CITY
RICH
DAGGETT
S SUMMIT
GRAND
KANE
N SUMMIT
EMERY
MILLARD
SALT LAKE
UINTAH
BEAVER
GARFIELD
WASATCH
CARBON
WAYNE
DUCHESNE
CANYONS
MURRAY
WASHINGTON
JUAB
PIUTE
MORGAN
LOGAN
IRON
BOX ELDER
SAN JUAN
SEVIER
GRANITE
PROVO
TOOELE
N SANPETE
JORDAN
OGDEN
35 WEBER
DAVIS
TINTIC
CACHE
ALPINE
NEBO
S SANPETE
School District
* Charter School Students Not Included

Local Revenue Per Student and Local Tax Rates 2014



* Charter School Students Not Included

The Inequity Impact

- We created this problem:
  - South Sanpete (Tax Rate = **.00762**, Ave Value = $171,510, Rev/ADM = **$1,409**)
  - Nebo (Tax Rate = **.00773**, Ave Value = $200,525, Rev/ADM = **$1,499**)
  - Jordan (Tax Rate = **.00502**, Ave Value = $286,504, Rev/ADM = **$1,598**)
  - Rich (Tax Rate = **.00348**, Ave Value = $1,117,552, Rev/ADM = **$5,182**)
  - Park City (Tax Rate = **.00340**, Ave Value = $2,006,551, Rev/ADM = **$6,737**)

- Remember:
  - We already guarantee Charters **$1,746** per student.
  - LFA estimates the gap to bring every LEA to $1,746 = **$73,118,783**.
  - Consider over **40%** of LEA funding comes from local Property Tax.

Inflationary Impact on State Property Tax

- We moved to a Certified Rate (property value neutral) in 1986. We dramatically reduced the rate in 1996.

- We have not adjusted the rate for inflation since that date.

- Total Federal CPI impact since 1996 to buying power is:
  - **$90,817,645** (Just CPI - not including annual growth).
  - **$126,595,515** (Including CPI & Growth to the base).

- Local Boards on **occasion** must increase their local levies to recapture inflation.

- After 19 Years, it's time to adjust for Inflation.

Attempted Historical Solutions

- At least 5 documented attempts to implement Property Tax Equalization with existing money.

- Known as the "Robyn Hood Effect"
  - Take from highly funded districts to support struggling districts.

- All attempts have failed and will continue to fail:
  - Schools budgets are set (counting on their future levies)
  - Politics = legislators will support their districts 1st over other districts

The Proposal – SB 97

- Address inequity with "**New Money**".

- How? Recapture inflation impact:
  - $75 Million total new money (
  - Average cost to a family = **$46.05**
  - Average cost to a business = **$184.17**

- Funds place in new Equalization Restricted Account.

- Fund existing equalization programs now in statute:
  - **Voted Leeway Guarantee (75%)**
  - **Capital Outlay:**
    - **Foundation (20%)**
    - **Enrollment Growth (5%)**

Other Ideas being Discussed

- As an alternative to Inflation Recapture:
  - Earmark all **Growth in Basic Rate**:
    - Capture annual "Growth" into Restricted Account
    - Over next 5 years, LFA estimates $27,918,516.
    - Approx. 15 years to raise $75 million
    - Impact = Full impact of enrollment growth costs on WPU
  - Earmark % of **Growth in Income Tax**:
    - 20-30% of growth to Restricted Account
    - Time to $75 million is approx. 3 to 5 years (depending on economy)
    - Impact: WPU for all schools reduced

Important Reminder

- Multiple Successful Funding and Funding Equity Law Suits across USA.

- 2014 Example:
  - Arizona Federal Court
  - $1.6 Billion Funding Adjustment for Equity and Sufficiency (over 5 years)

- We can't keep kicking this issue down the road

Appendix – CPI Impact - No Growth Included

Calendar Year	1996 Base Year Rev	CPI Rate	CPI Increase	New Basic Revenue (Only CPI Added)	Difference
1996	$ 173,139,225.00			$ 173,139,225.00	$ -
1997	$ 173,139,225.00	2.3%	$ 4,047,243.14	$ 177,186,468.14	$ 4,047,243.14
1998	$ 173,139,225.00	1.5%	$ 2,741,087.42	$ 179,927,555.56	$ 6,788,330.56
1999	$ 173,139,225.00	2.2%	$ 3,946,062.11	$ 183,873,617.67	$ 10,734,392.67
2000	$ 173,139,225.00	3.4%	$ 6,190,442.38	$ 190,064,060.05	$ 16,924,835.05
2001	$ 173,139,225.00	2.8%	$ 5,353,399.05	$ 195,417,459.10	$ 22,278,234.10
2002	$ 173,139,225.00	1.6%	$ 3,118,216.99	$ 198,535,676.09	$ 25,396,451.09
2003	$ 173,139,225.00	2.3%	$ 4,562,346.86	$ 203,098,022.95	$ 29,958,797.95
2004	$ 173,139,225.00	2.7%	$ 5,417,787.01	$ 208,515,809.96	$ 35,376,584.96
2005	$ 173,139,225.00	3.4%	$ 7,018,287.69	$ 215,534,097.64	$ 42,394,872.64
2006	$ 173,139,225.00	3.2%	$ 6,944,701.53	$ 222,478,799.17	$ 49,339,574.17
2007	$ 173,139,225.00	2.9%	$ 6,386,365.84	$ 228,865,165.01	$ 55,725,940.01
2008	$ 173,139,225.00	3.8%	$ 8,731,099.39	$ 237,596,264.40	$ 64,457,039.40
2009	$ 173,139,225.00	-0.3%	$ (761,157.69)	$ 236,835,106.71	$ 63,695,881.71
2010	$ 173,139,225.00	1.6%	$ 3,879,926.50	$ 240,715,033.22	$ 67,575,808.22
2011	$ 173,139,225.00	3.1%	$ 7,563,377.79	$ 248,278,411.01	$ 75,139,186.01
2012	$ 173,139,225.00	2.1%	$ 5,151,404.86	$ 253,429,815.87	$ 80,290,590.87
2013	$ 173,139,225.00	1.5%	$ 3,710,218.33	$ 257,140,034.20	$ 84,000,809.20
2014(e)	$ 173,139,225.00	1.7%	$ 4,293,922.80	$ 261,433,957.01	$ 88,294,732.01
2015(f)	$ 173,139,225.00	1.0%	$ 2,522,913.50	$ 263,956,870.51	**$ 90,817,645.51**

Appendix – CPI Impact - Growth + CPI

Calendar Year	Actual $ from Basic	Actual Growth %	Actual Growth $	CPI Rate	CPI Increase	New Basic Revenue (Actual Growth + CPI)	Difference
1996	**$ 173,139,225.00**					**$ 173,139,225.00**	$ -
1997	$ 179,999,007.00	4.0%	$ 6,859,782.00	2.3%	$ 4,207,595.05	$ 184,206,602.05	$ 4,207,595.05
1998	$ 177,151,434.00	-1.6%	$ (2,847,573.00)	1.5%	$ 2,805,637.24	$ 184,164,666.29	$ 7,013,232.29
1999	$ 188,076,348.00	6.2%	$ 10,924,914.00	2.2%	$ 4,278,586.45	$ 199,368,166.74	$ 11,291,818.74
2000	$ 204,833,990.00	8.9%	$ 16,757,642.00	3.4%	$ 7,276,271.51	$ 223,402,080.25	$ 18,568,090.25
2001	$ 206,375,916.00	0.8%	$ 1,541,926.00	2.8%	$ 6,335,837.66	$ 231,279,843.91	$ 24,903,927.91
2002	$ 222,423,539.00	7.8%	$ 16,047,623.00	1.6%	$ 3,946,529.20	$ 251,273,996.11	$ 28,850,457.11
2003	$ 226,447,025.00	1.8%	$ 4,023,486.00	2.3%	$ 5,866,732.31	$ 261,164,214.42	$ 34,717,189.42
2004	$ 236,027,265.00	4.2%	$ 9,580,240.00	2.7%	$ 7,222,304.61	$ 277,966,759.03	$ 41,939,494.03
2005	$ 242,913,297.00	2.9%	$ 6,886,032.00	3.4%	$ 9,587,660.70	$ 294,440,451.73	$ 51,527,154.73
2006	$ 249,985,190.00	2.9%	$ 7,071,893.00	3.2%	$ 9,714,997.60	$ 311,227,342.33	$ 61,242,152.33
2007	$ 259,115,489.00	3.7%	$ 9,130,299.00	2.9%	$ 9,196,027.23	$ 329,553,668.56	$ 70,438,179.56
2008	$ 261,345,275.00	0.9%	$ 2,229,786.00	3.8%	$ 12,657,384.18	$ 344,440,838.74	$ 83,095,563.74
2009	$ 283,799,229.00	8.6%	$ 22,453,954.00	-0.3%	$ (1,175,375.35)	$ 365,719,417.39	$ 81,920,188.39
2010	$ 297,509,243.00	4.8%	$ 13,710,014.00	1.6%	$ 6,215,963.20	$ 385,645,394.59	$ 88,136,151.59
2011	$ 310,279,300.00	4.3%	$ 12,770,057.00	3.1%	$ 12,518,397.96	$ 410,933,849.55	$ 100,654,549.55
2012	$ 322,574,011.00	4.0%	$ 12,294,711.00	2.1%	$ 8,781,358.21	$ 432,009,918.76	$ 109,435,907.76
2013	$ 306,814,191.00	-4.9%	$ (15,759,820.00)	1.5%	$ 6,093,911.02	$ 422,344,009.78	$ 115,529,818.78
2014(e)	$ 300,000,000.00	-2.2%	$ (6,814,191.00)	1.7%	$ 6,938,837.70	$ 422,468,656.48	$ 122,468,656.48
2015(f)	$ 305,172,319.00	1.7%	$ 5,172,319.00	1.0%	$ 4,126,859.43	$ 431,767,834.91	**$ 126,595,515.91**