Representative Thomas V. Hatch proposes to substitute the following bill:

PUBLIC EDUCATION CAPITAL OUTLAY AMENDMENTS

2000 GENERAL SESSION

STATE OF UTAH

Sponsor: Thomas V. Hatch

AN ACT RELATING TO PUBLIC SCHOOLS; MODIFYING THE CRITERIA AND FORMULA FOR DISTRIBUTING CAPITAL OUTLAY FOUNDATION MONIES AND EMERGENCY SCHOOL BUILDING AID; AND PROVIDING AN EFFECTIVE DATE.

This act affects sections of Utah Code Annotated 1953 as follows:

AMENDS:

53A-21-103, as last amended by Chapter 129, Laws of Utah 1999

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **53A-21-103** is amended to read:

53A-21-103. Qualifications for participation in the foundation program -- Distribution of monies -- Distribution formulas.

(1) In order for a school district to qualify for monies under the capital outlay foundation program established in Subsection 53A-21-102(1), a local school board must levy a tax rate of [~~up to~~] at least .0024 per dollar of taxable value for capital outlay and debt service.

[~~(2) (a) The State Board of Education shall adopt a rule in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, that allows a school district levying less than the full .0024 tax rate to receive proportional funding under the foundation program based upon the percentage of the .0024 tax rate levied by the district.~~]

[~~(b) The rules may include hold harmless provisions for up to two years.~~]

[~~(3) (a) Through June 30, 2001, 20% of the monies in the capital outlay foundation program shall be used in~~]

(2) (a) There is established an emergency school building [~~needs~~] aid program.

(b) [~~Beginning July 1, 2001, the emergency school building needs~~] The program shall be [~~terminated and the monies otherwise spent in that program shall be used for the general purposes of the capital outlay foundation program~~] supplementary to the capital outlay foundation program established in Subsection 53A-21-102(1) and funded from monies in the capital outlay foundation program.

(c) The monies designated for the emergency school building aid program shall be limited to $2,000 times the sum of the positive growth in the number of students averaged over the prior five years in each district as measured by the October 1 enrollment counts.

(d) To qualify for the emergency school building aid program, a school district must levy a tax rate of at least .0024 for capital outlay and debt service, have experienced positive growth in its student population over the prior five years as measured by the October 1 enrollment counts, and demonstrated a need for emergency aid.

[~~(4)~~] (3) The State Board of Education shall distribute monies in the capital outlay foundation program and the emergency school building [~~needs~~] aid program in accordance with formulas developed by the state superintendent of public instruction.

(a) The board shall distribute capital outlay foundation monies on the basis of a minimum guarantee per three-year average [~~daily membership~~] October 1 enrollment as computed by the state superintendent of public instruction using the following criteria:

[~~(i) available monies; and~~]

[~~(ii) the assessed valuation per average daily membership in each school district.~~]

(i) calculate the net tax yield by multiplying the district's prior year assessed valuation by a tax rate of .0042 per dollar of assessed valuation and subtracting the prior three-year average bond principal and interest payments;

(ii) calculate the net yield per student by dividing the net tax yield by the prior three-year average October 1 enrollment; and

(iii) compute revenues available to each district based on the net yield per student subject to the total available foundation monies.

(b) (i) The formula for the emergency school building [~~needs~~] aid distribution shall include [~~the following components: (i)~~] a school district's need, ability, and effort to raise money for [~~school building needs as related to the assessed valuation per student for real property within the school district;~~] new school space based on the following criteria:

[~~(ii) need as reflected by:~~]

[~~(A) the current number of students in the school district who are in alternative housing; and~~]

[~~(B) growth, both within the district and compared to the state as a whole; and~~]

[~~(iii) the school district's effort to raise money based on:~~]

[~~(A) the district's total tax rate; and~~]

[~~(B) the district's bond and bond interest payments compared to its ability to raise revenue.~~]

(A) identifying the districts that had a positive five-year average October 1 enrollment growth;

(B) calculating the net tax yield by subtracting the three-year average bond principal and interest payments from the district's prior year assessed valuation multiplied by a tax rate of .0042 per dollar of assessed valuation;

(C) dividing the net tax yield by the prior three-year average October 1 enrollment and excluding districts exceeding $2,000 per student;

(D) subtracting the net tax yield per student from $2,000 and multiplying by the five-year average growth of October 1 student enrollments; and

(E) distributing the available monies based on the product arrived at in Subsection (3)(b)(i)(D).

(ii) Qualifying bond issues that are recognized for principal and interest payments must have a minimum repayment period of 10 years or be prorated as though debt repayment would have been calculated on a minimum of 10 years.

(iii) Only bond and debt incurred for new school space shall be included in the calculations, excluding any part of the levy not used for capital facilities, such as technology or instructional improvement programs.

Section 2. **Effective date.**

This act takes effect on July 1, 2000.