

1                                   **PUBLIC EDUCATION CAPITAL OUTLAY ACT**

2   **AMENDMENTS**

3   2005 GENERAL SESSION

4   STATE OF UTAH

5   **Sponsor: David N. Cox**

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7   **LONG TITLE**

8   **General Description:**

9                   This bill modifies the funding formula for a program that provides money to school  
10 districts for capital outlay and debt service.

11 **Highlighted Provisions:**

12                   This bill:

13                   ▶ specifies criteria for the receipt of state school building funds from the Capital  
14 Outlay Foundation Program and the amount of money a school district may receive;

15 and

16                   ▶ directs the Legislature, subject to future budget constraints, to make an annual  
17 appropriation for the Capital Outlay Foundation Program sufficient to provide full  
18 funding to each school district qualifying to receive funds.

19 **Monies Appropriated in this Bill:**

20                   This bill appropriates:

21                   ▶ from the Uniform School fund for fiscal year 2005-06, as an ongoing appropriation  
22 subject to future budget constraints:

- 23                   • \$24,358,000 for the Capital Outlay Foundation Program; and
- 24                   • \$2,930,9000 for the Enrollment Growth Program.

25 **Other Special Clauses:**

26                   This bill takes effect on July 1, 2005.

27 **Utah Code Sections Affected:**



28 AMENDS:

29 **53A-21-105**, as last amended by Chapter 257, Laws of Utah 2004

30 ENACTS:

31 **53A-21-101.5**, Utah Code Annotated 1953

32 REPEALS AND REENACTS:

33 **53A-21-103**, as last amended by Chapter 320, Laws of Utah 2003



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

36 Section 1. Section **53A-21-101.5** is enacted to read:

37 **53A-21-101.5. Definitions.**

38 As used in this chapter:

39 (1) "ADM" means average daily membership.

40 (2) "Derived valuation" means total school district property tax current collections  
41 from April 1 through the following March 31, divided by the tax rates for the same year.

42 (3) "Value of the weighted pupil unit" means the value specified in Subsection  
43 53A-17a-103(1).

44 (4) "Yield per ADM" means the product of the derived valuation multiplied by .0024,  
45 divided by average daily membership.

46 Section 2. Section **53A-21-103** is repealed and reenacted to read:

47 **53A-21-103. Capital Outlay Foundation Program -- Qualifications --**  
48 **Determination of amounts awarded -- Annual appropriation.**

49 (1) For purposes of this section, the statewide guaranteed yield per ADM is:

50 (a) for fiscal year 2005-06, \$539.38886; and

51 (b) beginning in fiscal year 2006-07, the amount equal to the prior fiscal year's value of  
52 the weighted pupil unit multiplied by the following factor:

53 (i) .2511063 in fiscal year 2006-07;

54 (ii) .2561063 in fiscal year 2007-08;

55 (iii) .2611063 in fiscal year 2008-09;

56 (iv) .2661063 in fiscal year 2009-10; and

57 (v) .2711063 in each fiscal year thereafter.

58 (2) A school district may receive state school building funds under the Capital Outlay

59 Foundation Program established in Section 53A-21-102 if:

60 (a) the local school board levies a tax rate for capital outlay or debt service; and

61 (b) the yield per ADM is less than the state guaranteed yield per ADM.

62 (3) A school district qualifying for state school building funds under Subsection (2)

63 shall receive the following amount of funds:

64 (a) if the total tax rate levied by a local school board for capital outlay and debt service

65 is greater than or equal to .0024, the school district shall receive an amount equal to the state

66 guaranteed yield per ADM minus the yield per ADM, multiplied by average daily membership;

67 and

68 (b) if the total tax rate levied by a local school board for capital outlay and debt service

69 is less than .0024, the school district shall receive a proportion of the amount derived by the

70 formula in Subsection (3)(a) equal to the actual tax rate's percentage of a .0024 tax rate.

71 (4) (a) The amount of money a school district is otherwise qualified to receive under

72 Subsections (2) and (3) may not be reduced for the sole reason that the school district's levy is

73 reduced as a consequence of a change in the certified tax rate under Section 59-2-924 pursuant

74 to changes in property valuation.

75 (b) Subsection (4)(a) applies for a period of two years following a change in the

76 certified tax rate.

77 (5) Subject to future budget constraints, the Legislature shall annually make an

78 appropriation for the Capital Outlay Foundation Program sufficient to provide the full amount

79 of money each school district is qualified to receive under this section.

80 (6) If the appropriation for the Capital Outlay Foundation Program is insufficient to

81 provide the full amount of money each school district is qualified to receive under this section,

82 the State Board of Education shall distribute the available monies as provided in this section,

83 except the board shall decrease, to the extent necessary, the statewide guaranteed yield per

84 ADM.

85 Section 3. Section **53A-21-105** is amended to read:

86 **53A-21-105. State contribution to capital outlay programs.**

87 (1) As an ongoing appropriation subject to future budget constraints, there is

88 appropriated from the Uniform School Fund for fiscal year [~~2004-05~~] 2005-06, \$27,288,900 to

89 the State Board of Education for the capital outlay programs created in Section 53A-21-102.

90 (2) Of the monies appropriated in Subsection (1), the State Board of Education shall  
91 distribute:

92 (a) \$24,358,000 in accordance with the Capital Outlay Foundation Program described  
93 in Section 53A-21-103; and

94 (b) \$2,930,900 in accordance with the Enrollment Growth Program described in  
95 Section 53A-21-103.5.

96 Section 4. **Effective date.**

97 This bill takes effect on July 1, 2005.

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**Legislative Review Note**

**as of 12-22-04 4:14 PM**

Based on a limited legal review, this legislation has not been determined to have a high probability of being held unconstitutional.

**Office of Legislative Research and General Counsel**

**State Impact**

There is no fiscal impact for FY2006 as the bill specifies a state appropriation at the current level. For FY 2007 through FY 2009 there would be increasing costs if the Legislature provides funding at the formula levels. For FY 2007, the formulas would generate an approximate amount of \$24,662,507 or an increase of approximately \$304,500 over the current appropriation of \$24,358,000 for the program. By FY 2012, the total state contribution to school district capital outlay could be as much as \$52,000,000. These calculations assume average growth in assessed valuation and weighted pupil unit values.

	<u>FY 2006</u> <u>Approp.</u>	<u>FY 2007</u> <u>Approp.</u>	<u>FY 2006</u> <u>Revenue</u>	<u>FY 2007</u> <u>Revenue</u>
Uniform School Fund	\$0	\$304,500	\$0	\$0
<b>TOTAL</b>	<b>\$0</b>	<b>\$304,500</b>	<b>\$0</b>	<b>\$0</b>

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**Individual and Business Impact**

Business would benefit only to the extent they participate in capital construction for school districts. Individuals would be impacted by any tax rate changes adopted by school districts desiring to take advantage of increasing state dollars.

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**Office of the Legislative Fiscal Analyst**