

EQUALIZATION OF SCHOOL CAPITAL

OUTLAY FUNDING

2008 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Dan R. Eastman

House Sponsor: _____

LONG TITLE

Committee Note:

The Equalization Task Force recommended this bill.

General Description:

This bill amends provisions of the Public Education Capital Outlay Act relating to the Capital Outlay Foundation Program.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ increases the property tax rate a school district may impose to receive a distribution from the Capital Outlay Foundation Program from .0024 per dollar of taxable value to .0030 per dollar of taxable value;
- ▶ appropriates \$52,858,000 to the State Board of Education to be distributed in accordance with the Capital Outlay Foundation Program; and
- ▶ makes technical changes.

Monies Appropriated in this Bill:

This bill appropriates as an ongoing appropriation subject to future budget constraints, \$52,858,000 from the Uniform School Fund for fiscal year 2009-10, to the State Board of Education.

Other Special Clauses:



28 This bill takes effect on January 1, 2009.

29 **Utah Code Sections Affected:**

30 AMENDS:

31 **53A-21-103.5**, as last amended by Laws of Utah 2005, Chapters 171 and 184

32 ENACTS:

33 **53A-21-101.5**, Utah Code Annotated 1953

34 REPEALS AND REENACTS:

35 **53A-21-103**, as last amended by Laws of Utah 2003, Chapter 320



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

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

39 **53A-21-101.5. Definitions.**

40 As used in this chapter:

41 (1) "ADM" means the average daily membership of students.

42 (2) "Capital Outlay Foundation Program" means a program that provides a minimum
43 dollar generation guarantee, per ADM, for a school district that levies a combined capital levy
44 rate of .0030 per dollar of taxable value on property.

45 (3) "Combined capital levy rate" means a rate that includes the sum of the following
46 levies:

47 (a) capital outlay levy authorized in Section 53A-16-107;

48 (b) the portion of the 10% of basic levy described in Section 53A-17a-145 that is
49 budgeted for debt service or capital outlay;

50 (c) debt service levy authorized in Section 11-14-310; and

51 (d) voted capital outlay leeway authorized in Section 53A-16-110.

52 (4) "Derived valuation" means total school district actual property tax current
53 collections from April 1 through the following March 31, divided by the tax rates for the same
54 year.

55 (5) "Foundation guarantee level per ADM" means a minimum amount per ADM that a
56 school district's combined capital levy rate of .0030 per dollar of taxable value will generate
57 including the following:

58 (a) the revenue generated by the school district's combined capital levy rate; and

59 (b) the revenue distributed to the school district in accordance with Section
60 53A-21-103.

61 (6) "Qualifying school district" means a school district with a yield per ADM less than
62 the foundation guarantee level.

63 (7) "Yield per ADM" means:

64 (a) the product of:

65 (i) a school district's derived valuation; and

66 (ii) .0030; divided by

67 (b) the school district's prior year ADM.

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

69 **53A-21-103. Qualifications for participation in the foundation program --**

70 **Distribution of monies -- Distribution formulas.**

71 (1) For fiscal years beginning on or after July 1, 2008, the State Board of Education
72 shall determine the foundation guarantee level per ADM that fully allocates the funds
73 appropriated to the State Board of Education for distribution under this section.

74 (2) If a qualifying school district imposes a combined capital levy rate of at least .0030
75 per dollar of taxable value, the State Board of Education shall allocate to a qualifying school
76 district an amount equal to the product of the following:

77 (a) the qualifying school district's ADM; and

78 (b) an amount equal to the difference between the following:

79 (i) the foundation guarantee level per ADM for that fiscal year as determined in
80 accordance with Subsection (1); and

81 (ii) a school district's yield per ADM.

82 (3) If a qualifying school district imposes a combined capital levy rate less than .0030
83 per dollar of taxable value, the State Board of Education shall allocate to a qualifying school
84 district an amount equal to the product of the following:

85 (a) the qualifying school district's ADM;

86 (b) an amount equal to the difference between the following:

87 (i) the foundation guarantee level per ADM for that fiscal year as determined in
88 accordance with Subsection (1); and

89 (ii) a school district's yield per ADM; and

90 (c) a percentage equal to the school district's combined capital levy rate divided by
 91 .0030.

92 (4) If a change in a school district's certified tax rate, calculated in accordance with
 93 Section 59-2-924, is due to increases or decreases in the value of real property located within
 94 the school district, the amount of capital foundation funds the school district would otherwise
 95 be entitled to receive pursuant to this section may not be reduced as a consequence of the
 96 changes to the school district's certified tax rate for a period of two tax years from the effective
 97 date of any such change in the certified tax rate.

98 (5) The State Board of Education shall support the foundation program to assist a
 99 qualifying school district in reaching the foundation level.

100 (6) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the
 101 State Board of Education may make rules to administer this section.

102 Section 3. Section **53A-21-103.5** is amended to read:

103 **53A-21-103.5. Qualifications for participation in the Enrollment Growth**

104 **Program -- State Board of Education rules -- Distribution formula.**

105 [~~(1) As used in this section:~~]

106 [~~(a) "ADM" means average daily membership.]~~]

107 [~~(b) "Derived valuation" means total school district property tax current collections~~
 108 ~~from April 1 through the following March 31, divided by the tax rates for the same year.]~~]

109 [~~(c) "Yield per ADM" means the product of the derived valuation multiplied by .0024,~~
 110 ~~divided by average daily membership.]~~]

111 [~~(2)(a)] (1) The State Board of Education shall distribute monies in the Enrollment~~
 112 ~~Growth Program to a qualifying school [districts whose] district that:~~

113 [~~(i)] (a) has an average net increase in student enrollment [for] during the prior three~~
 114 ~~years [is a net increase in enrollment] from the year in which money is requested pursuant to~~
 115 ~~this section; and~~

116 [~~(ii)] (b) has a yield per ADM that is less than two times the prior year's average yield~~
 117 ~~per ADM for Utah school districts.~~

118 [~~(b)] (2) A school district that meets the [criteria] requirements of Subsection [(2)(a)]~~
 119 ~~(1) shall receive Enrollment Growth Program monies in the same proportion that the school~~
 120 ~~district's three-year average net increased enrollment bears to the total three-year net increased~~

121 enrollment of all the school districts that meet the [~~criteria~~] requirements of Subsection [~~(2)~~(a)]
122 (1).

123 (3) A school district may use the funds received in accordance with this section for the
124 following purposes:

125 (a) general obligation bond principal and interest costs;

126 (b) capital construction;

127 (c) facilities renovation; and

128 (d) other capital project needs as approved.

129 [~~(c)~~] (4) The State Board of Education [shall] may make rules in accordance with Title
130 63, Chapter 46a, Utah Administrative Rulemaking Act, to administer this section.

131 **Section 4. Appropriation.**

132 (1) As an ongoing appropriation subject to future budget constraints, there is
133 appropriated \$52,858,000 from the Uniform School Fund for fiscal year 2009-10, to the State
134 Board of Education for capital outlay programs created in Section 53A-21-102.

135 (2) The State Board of Education shall distribute the monies described in Subsection
136 (1) in accordance with the Capital Outlay Foundation Program described in Section
137 53A-21-103.

138 **Section 5. Effective date.**

139 This bill takes effect on January 1, 2009.

Legislative Review Note
as of 12-5-07 3:52 PM

Office of Legislative Research and General Counsel