

**STATEWIDE EQUALIZATION OF SCHOOL
FUNDING**

2009 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Wayne A. Harper

Senate Sponsor: _____

LONG TITLE

General Description:

This bill amends the Public Education Capital Outlay Act and the Property Tax Act to modify school funding.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ creates the Capital Outlay Equalization Fund;
- ▶ requires school districts to impose a basic capital outlay levy;
- ▶ deposits revenues from the basic capital outlay levy into the Capital Outlay Equalization Fund;
- ▶ makes allocations from the Capital Outlay Equalization Fund using certain criteria;
- ▶ creates a method for the calculation of a certified tax rate for a school district's combined capital levy for purposes of truth in taxation; and
- ▶ makes technical corrections.

Monies Appropriated in this Bill:

None

Other Special Clauses:

This bill takes effect on January 1, 2010.

Utah Code Sections Affected:



28 AMENDS:

29 **53A-21-101.5**, as enacted by Laws of Utah 2008, Chapter 236

30 **59-2-924**, as last amended by Laws of Utah 2008, Chapters 61, 118, 231, 236, 330, 360,
31 and 382

32 ENACTS:

33 **53A-21-502**, Utah Code Annotated 1953

34 **53A-21-601**, Utah Code Annotated 1953

35 **53A-21-602**, Utah Code Annotated 1953

36 **53A-21-603**, Utah Code Annotated 1953

37 **53A-21-604**, Utah Code Annotated 1953

38 **59-2-924.5**, Utah Code Annotated 1953

39

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

41 Section 1. Section **53A-21-101.5** is amended to read:

42 **53A-21-101.5. Definitions.**

43 As used in this chapter:

44 (1) "ADM" or "pupil in average daily membership" is as defined in Section
45 53A-17a-103.

46 (2) "Capital Outlay Equalization Fund" or "Fund" means the fund created in Section
47 53A-21-502.

48 [~~2~~] (3) "Combined capital levy rate" means a rate that includes the sum of the
49 following property tax levies:

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

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

53 (c) the debt service levy authorized in Section 11-14-310; [~~and~~]

54 (d) the voted capital outlay leeway authorized in Section 53A-16-110[-]; and

55 the basic capital outlay levy imposed under Section 53A-21-603.

56 [~~3~~] (4) "Derived net taxable value" means the quotient of:

57 (a) the total current property tax collections from April 1 through the following March
58 31 for a school district; divided by

59 (b) the school district's total tax rate for the calendar year preceding the March 31
60 referenced in Subsection ~~[(3)]~~ (4)(a).

61 ~~[(4)]~~ (5) "Highest combined capital levy rate" means the highest combined capital levy
62 rate imposed by any school district within the state for a fiscal year.

63 (6) "Inflation index" means the annual producer price index for new school building
64 construction published by the Bureau of Labor Statistics of the United States Department of
65 Labor.

66 ~~[(5)]~~ (7) "Property tax base per ADM" means the quotient of:

- 67 (a) a school district's derived net taxable value; divided by
- 68 (b) the school district's ADM for the same year.

69 ~~[(6)]~~ (8) "Property tax yield per ADM" means:

- 70 (a) the product of:
- 71 (i) a school district's derived net taxable value; and
- 72 (ii) the highest combined capital levy rate for the fiscal year of the March 31 referenced
- 73 in Subsection ~~[(3)]~~ (4)(a); divided by

74 (b) the school district's ADM for the same fiscal year.

75 (9) "School district property tax base per enrolled student" means:

- 76 (a) the derived net taxable value in a school district; divided by
- 77 (b) the student enrollment in the district as of the same year's October 1 enrollment
- 78 counts.

79 ~~[(7)]~~ (10) "Statewide average property tax base per ADM" means the quotient of:

- 80 (a) the sum of all school districts' derived net taxable value; divided by
- 81 (b) the sum of all school districts' ADM statewide for the same year.

82 (11) "Statewide average property tax base per enrolled student" means the quotient of:

- 83 (a) the sum of all school districts' derived net taxable value; divided by
- 84 (b) the sum of all school districts' enrollment statewide as of the same year's October 1
- 85 enrollment counts.

86 Section 2. Section 53A-21-502 is enacted to read:

87 **53A-21-502. Capital Outlay Equalization Fund -- Source of revenues -- Interest.**

88 (1) There is created a restricted special revenue fund known as the "Capital Outlay
89 Equalization Fund."

90 (2) (a) The fund shall be funded by:

91 (i) revenues from the basic capital outlay levy deposited under Subsection
92 53A-21-602(4);

93 (ii) revenues from the rate reduction limitation increment deposited under Subsection
94 53A-21-602(5)(b); and

95 (iii) legislative appropriations.

96 (b) Any interest earned on the fund shall be deposited into the fund.

97 (3) The State Board of Education shall distribute revenues collected from the basic
98 capital outlay levy imposed pursuant to Section 53A-21-603 for the Capital Outlay
99 Equalization Program, in accordance with Section 53A-21-602.

100 (4) A school district that receives an allocation from the Capital Outlay Equalization
101 Fund may only use the allocation for school capital outlay or debt service.

102 Section 3. Section **53A-21-601** is enacted to read:

103 **Part 6. Capitol Outlay Equalization Program**

104 **53A-21-601. Capital Outlay Equalization Program -- Definitions.**

105 (1) There is created the "Capital Outlay Equalization Program."

106 (2) As used in this part:

107 (a) "Adjusted allocation amount per student" means the product of:

108 (i) the base allocation amount per growth student; and

109 (ii) the quotient of:

110 (A) the prior year statewide average property tax base per enrolled student; divided by

111 (B) the prior year school district property tax base per enrolled student.

112 (b) "Adjusted basic capital outlay increment" means:

113 (i) for a receiving district, the basic capital outlay increment less the amount of any rate
114 reduction limitation increment remitted to the State Board of Education; and

115 (ii) for a contributing district, the basic capital outlay increment plus any allocations
116 received pursuant to Section 53A-21-602.

117 (c) "Base allocation amount per growth student" means \$10,000 in fiscal year 2010-11,
118 adjusted in future years by the percentage difference between the inflation index for the
119 calendar year preceding the calendar year in which the fiscal year begins and the inflation index
120 for calendar year 2009.

121 (d) "Basic capital outlay increment" means an amount of revenue equal to the
122 difference between:

123 (i) the allocations made to a participating school district pursuant to Section
124 53A-21-602; and

125 (ii) the revenue generated from the levy imposed under Section 53A-21-603.

126 (e) "Contributing district" or "contributing school district" means a school district that
127 in a fiscal year receives less revenue from the allocations made under Section 53A-21-602 than
128 it generates from the basic capital outlay levy imposed within the school district under Section
129 53A-21-603.

130 (f) "Neutral school district" means a school district that in a fiscal year receives the
131 same amount of revenue from the allocations made under Section 53A-21-602 as it generates
132 from the basic capital outlay levy imposed within the school district under Section
133 53A-21-603.

134 (g) "Rate reduction limitation increment" means, for a receiving district whose
135 combined capital levy certified tax rate would be less than .0024 were it not for the rate
136 reduction limitation under Subsection 53A-21-602(5), the amount of revenue equal to the
137 difference between the following:

138 (i) the amount of revenue that would have been generated by the combined capital levy
139 certified tax rate in absence of the requirement under Subsection 53A-21-602(5)(a); and

140 (ii) the amount of revenue generated by a property tax rate of .0024 per dollar of
141 taxable value.

142 (h) "Receiving district" or "receiving school district" means a school district that in a
143 fiscal year receives more revenue from the allocations made under Subsection 53A-21-602(1)
144 than it generates from the basic capital outlay levy it imposes within the school district under
145 Section 53A-21-603.

146 Section 4. Section **53A-21-602** is enacted to read:

147 **53A-21-602. Capital Outlay Equalization Program -- Distribution of funds.**

148 (1) (a) Except as provided in Subsections (2) and (3), beginning with fiscal year
149 2010-11, the State Board of Education shall allocate funding from the Capital Outlay
150 Equalization Fund to a school district in an amount equal to the product of:

151 (i) the adjusted allocation amount per student; and

152 (ii) the average net enrollment increase in the school district over the prior three years,
153 based on the October 1 enrollment counts.

154 (b) When a new school district is created or school district boundaries are adjusted:

155 (i) the three-year average net enrollment increase for each affected school district shall
156 be based on school district enrollment over the prior three years in non-charter schools located
157 within that school district's newly created or adjusted boundaries, based on October 1
158 enrollment counts; and

159 (ii) the school district net taxable value per enrolled student for each affected school
160 district shall be based upon:

161 (A) the prior year derived net taxable value within each school district's newly created
162 or adjusted boundaries; and

163 (B) the prior year total enrollment in non-charter schools located within the school
164 district's newly created or adjusted boundaries.

165 (c) The State Board of Education may not provide an allocation under this Subsection
166 (1) to a school district that does not have an average net enrollment increase over the prior
167 three years.

168 (2) The State Board of Education shall allocate to a school district the greater of an
169 amount equal to a school district's allocation pursuant to Subsection (1) or an amount equal to
170 the revenue generated within the school district by the imposition of the basic capital outlay
171 levy required under Section 53A-21-603 if:

172 (a) the school district is in a county of the fourth through sixth class; or

173 (b) the school district:

174 (i) has a school district property tax base per enrolled student less than 70% of the
175 statewide average property tax base per enrolled student; and

176 (ii) a combined capital levy rate greater than 70% of the highest combined capital levy
177 rate.

178 (3) If revenues deposited into the Capital Outlay Equalization Fund are insufficient to
179 fully fund the allocations under Subsection (1) for a fiscal year, the State Board of Education
180 shall reduce each district's allocation by an equal percentage.

181 (4) A school district shall remit to the State Board of Education an amount equal to the
182 revenue generated from the basic capital outlay tax rate imposed under Section 53A-21-603 on

183 or before the June 30 immediately following the end of the taxable year in which the school
184 district imposes the basic capital outlay tax rate.

185 (5) (a) A receiving school district shall impose a combined capital levy rate of at least
186 .0024 per dollar of taxable value.

187 (b) A receiving school district with a combined capital levy certified tax rate that
188 would be less than .0024 per dollar of taxable value were it not for the requirement of
189 Subsection (5)(a) shall remit the district's rate reduction limitation increment to the State Board
190 of Education.

191 (6) The State Board of Education shall deposit revenues received pursuant to
192 Subsections (4) and (5)(b) into the Capital Outlay Equalization Fund.

193 (7) The State Board of Education shall allocate the rate reduction limitation increment
194 funds deposited into the Capital Outlay Equalization Fund pursuant to Subsection (5)(b) to
195 contributing districts by allocating an amount that reduces each contributing district's basic
196 capital outlay increment by the same percentage.

197 (8) In lieu of making transfers of actual funds pursuant to this section, the State Board
198 of Education and the Division of Finance may implement accounting procedures to increase or
199 decrease other allocations that would otherwise be made to a school district, if the accounting
200 procedures properly account for the flow of funds to and from:

201 (a) the Capital Outlay Equalization Fund, consistent with this section; and

202 (b) the revenue source of any allocations adjusted pursuant to this Subsection (8).

203 Section 5. Section **53A-21-603** is enacted to read:

204 **53A-21-603. Basic capital outlay tax rate.**

205 For taxable years beginning on or after January 1, 2010, in order to qualify for receipt of
206 state funds pursuant to Title 53A, Chapter 17a, Minimum School Program Act, a school district
207 shall impose a basic capital outlay tax rate of .000727 per dollar of taxable value.

208 Section 6. Section **53A-21-604** is enacted to read:

209 **53A-21-604. Calculation of the combined capital outlay certified tax rate.**

210 (1) For purposes of this section:

211 (a) "Ad valorem property tax revenues" is as defined in Section 59-2-924.

212 (b) "Combined capital outlay certified tax rate" means a combined capital levy tax rate
213 that will provide the same ad valorem property tax revenues for a school district as were

214 budgeted by that school district for the prior year for the school district's combined capital levy
215 rate.

216 (2) The combined capital outlay certified tax rate shall be calculated in the same
217 manner and with the same exceptions and adjustments as the calculation of a taxing entity's
218 certified tax rate, in accordance with the provisions of Section 59-2-924.

219 (3) The calculation of a school district's combined capital outlay certified tax rate shall
220 be used:

221 (a) by the State Board of Education to determine the allocation of funds from the
222 Capital Outlay Equalization Fund in accordance with Section 53A-21-602; and

223 (b) to offset a school district's aggregate certified tax rate as provided in Section
224 59-2-924.5.

225 Section 7. Section **59-2-924** is amended to read:

226 **59-2-924. Report of valuation of property to county auditor and commission --**
227 **Transmittal by auditor to governing bodies -- Certified tax rate -- Calculation of certified**
228 **tax rate -- Rulemaking authority -- Adoption of tentative budget.**

229 (1) Before June 1 of each year, the county assessor of each county shall deliver to the
230 county auditor and the commission the following statements:

231 (a) a statement containing the aggregate valuation of all taxable real property assessed
232 by a county assessor in accordance with Part 3, County Assessment, for each taxing entity; and

233 (b) a statement containing the taxable value of all personal property assessed by a
234 county assessor in accordance with Part 3, County Assessment, from the prior year end values.

235 (2) The county auditor shall, on or before June 8, transmit to the governing body of
236 each taxing entity:

237 (a) the statements described in Subsections (1)(a) and (b);

238 (b) an estimate of the revenue from personal property;

239 (c) the certified tax rate; and

240 (d) all forms necessary to submit a tax levy request.

241 (3) (a) The "certified tax rate" means a tax rate that will provide the same ad valorem
242 property tax revenues for a taxing entity as were budgeted by that taxing entity for the prior
243 year.

244 (b) For purposes of this Subsection (3):

- 245 (i) "Ad valorem property tax revenues" do not include:
- 246 (A) collections from redemptions;
- 247 (B) interest;
- 248 (C) penalties; and
- 249 (D) revenue received by a taxing entity from personal property that is:
- 250 (I) assessed by a county assessor in accordance with Part 3, County Assessment; and
- 251 (II) semiconductor manufacturing equipment.
- 252 (ii) "Aggregate taxable value of all property taxed" means:
- 253 (A) the aggregate taxable value of all real property assessed by a county assessor in
- 254 accordance with Part 3, County Assessment, for the current year;
- 255 (B) the aggregate taxable year end value of all personal property assessed by a county
- 256 assessor in accordance with Part 3, County Assessment, for the prior year; and
- 257 (C) the aggregate taxable value of all real and personal property assessed by the
- 258 commission in accordance with Part 2, Assessment of Property, for the current year.
- 259 (c) (i) Except as otherwise provided in this section, the certified tax rate shall be
- 260 calculated by dividing the ad valorem property tax revenues budgeted for the prior year by the
- 261 taxing entity by the amount calculated under Subsection (3)(c)(ii).
- 262 (ii) For purposes of Subsection (3)(c)(i), the legislative body of a taxing entity shall
- 263 calculate an amount as follows:
- 264 (A) calculate for the taxing entity the difference between:
- 265 (I) the aggregate taxable value of all property taxed; and
- 266 (II) any redevelopment adjustments for the current calendar year;
- 267 (B) after making the calculation required by Subsection (3)(c)(ii)(A), calculate an
- 268 amount determined by increasing or decreasing the amount calculated under Subsection
- 269 (3)(c)(ii)(A) by the average of the percentage net change in the value of taxable property for the
- 270 equalization period for the three calendar years immediately preceding the current calendar
- 271 year;
- 272 (C) after making the calculation required by Subsection (3)(c)(ii)(B), calculate the
- 273 product of:
- 274 (I) the amount calculated under Subsection (3)(c)(ii)(B); and
- 275 (II) the percentage of property taxes collected for the five calendar years immediately

276 preceding the current calendar year; and

277 (D) after making the calculation required by Subsection (3)(c)(ii)(C), calculate an
278 amount determined by subtracting from the amount calculated under Subsection (3)(c)(ii)(C)
279 any new growth as defined in this section:

280 (I) within the taxing entity; and

281 (II) for the following calendar year:

282 (Aa) for new growth from real property assessed by a county assessor in accordance
283 with Part 3, County Assessment and all property assessed by the commission in accordance
284 with Section 59-2-201, the current calendar year; and

285 (Bb) for new growth from personal property assessed by a county assessor in
286 accordance with Part 3, County Assessment, the prior calendar year.

287 (iii) For purposes of Subsection (3)(c)(ii)(A), the aggregate taxable value of all
288 property taxed:

289 (A) except as provided in Subsection (3)(c)(iii)(B) or (3)(c)(ii)(C), is as defined in
290 Subsection (3)(b)(ii);

291 (B) does not include the total taxable value of personal property contained on the tax
292 rolls of the taxing entity that is:

293 (I) assessed by a county assessor in accordance with Part 3, County Assessment; and

294 (II) semiconductor manufacturing equipment; and

295 (C) for personal property assessed by a county assessor in accordance with Part 3,
296 County Assessment, the taxable value of personal property is the year end value of the personal
297 property contained on the prior year's tax rolls of the entity.

298 (iv) For purposes of Subsection (3)(c)(ii)(B), for calendar years beginning on or after
299 January 1, 2007, the value of taxable property does not include the value of personal property
300 that is:

301 (A) within the taxing entity assessed by a county assessor in accordance with Part 3,
302 County Assessment; and

303 (B) semiconductor manufacturing equipment.

304 (v) For purposes of Subsection (3)(c)(ii)(C)(II), for calendar years beginning on or after
305 January 1, 2007, the percentage of property taxes collected does not include property taxes
306 collected from personal property that is:

307 (A) within the taxing entity assessed by a county assessor in accordance with Part 3,
308 County Assessment; and

309 (B) semiconductor manufacturing equipment.

310 (vi) For purposes of Subsection (3)(c)(ii)(B), for calendar years beginning on or after
311 January 1, 2009, the value of taxable property does not include the value of personal property
312 that is within the taxing entity assessed by a county assessor in accordance with Part 3, County
313 Assessment.

314 (vii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
315 the commission may prescribe rules for calculating redevelopment adjustments for a calendar
316 year.

317 (d) (i) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
318 the commission shall make rules determining the calculation of ad valorem property tax
319 revenues budgeted by a taxing entity.

320 (ii) For purposes of Subsection (3)(d)(i), ad valorem property tax revenues budgeted by
321 a taxing entity shall be calculated in the same manner as budgeted property tax revenues are
322 calculated for purposes of Section 59-2-913.

323 (e) The certified tax rates for the taxing entities described in this Subsection (3)(e) shall
324 be calculated as follows:

325 (i) except as provided in Subsection (3)(e)(ii), for new taxing entities the certified tax
326 rate is zero;

327 (ii) for each municipality incorporated on or after July 1, 1996, the certified tax rate is:

328 (A) in a county of the first, second, or third class, the levy imposed for municipal-type
329 services under Sections 17-34-1 and 17-36-9; and

330 (B) in a county of the fourth, fifth, or sixth class, the levy imposed for general county
331 purposes and such other levies imposed solely for the municipal-type services identified in
332 Section 17-34-1 and Subsection 17-36-3(22); and

333 (iii) for debt service voted on by the public, the certified tax rate shall be the actual
334 levy imposed by that section, except that the certified tax rates for the following levies shall be
335 calculated in accordance with Section 59-2-913 and this section:

336 (A) school leeways or appropriations provided for under Sections 11-2-7, 53A-16-110,
337 53A-17a-125, 53A-17a-127, 53A-17a-133, 53A-17a-134, 53A-17a-143, and 53A-17a-145 [~~and~~

338 53A-21-103]; and

339 (B) levies to pay for the costs of state legislative mandates or judicial or administrative
340 orders under Section 59-2-1604.

341 (f) (i) A judgment levy imposed under Section [~~59-2-1328 or~~] 59-2-1330 shall be
342 established at that rate which is sufficient to generate only the revenue required to satisfy one
343 or more eligible judgments, as defined in Section 59-2-102.

344 (ii) The ad valorem property tax revenue generated by the judgment levy shall not be
345 considered in establishing the taxing entity's aggregate certified tax rate.

346 (g) The ad valorem property tax revenue generated by the capital outlay levy described
347 in Section 53A-16-107 within a taxing entity in a county of the first class:

348 (i) may not be considered in establishing the school district's aggregate certified tax
349 rate; and

350 (ii) shall be included by the commission in establishing a certified tax rate for that
351 capital outlay levy determined in accordance with the calculation described in Subsection
352 59-2-913(3).

353 (h) The ad valorem property tax revenue generated by the basic capital levy in
354 accordance with Section 53A-21-603 within a school district:

355 (i) may not be considered in establishing the school district's aggregate certified tax
356 rate calculated in accordance with this section; and

357 (ii) shall be included by the commission in establishing a combined capital outlay
358 certified tax rate as determined in accordance with Sections 53A-21-604 and 59-2-913.

359 (4) (a) For the purpose of calculating the certified tax rate, the county auditor shall use:

360 (i) the taxable value of real property assessed by a county assessor contained on the
361 assessment roll;

362 (ii) the taxable value of real and personal property assessed by the commission; and

363 (iii) the taxable year end value of personal property assessed by a county assessor
364 contained on the prior year's assessment roll.

365 (b) For purposes of Subsection (4)(a)(i), the taxable value of real property on the
366 assessment roll does not include new growth as defined in Subsection (4)(c).

367 (c) "New growth" means:

368 (i) the difference between the increase in taxable value of the following property of the

- 369 taxing entity from the previous calendar year to the current year:
- 370 (A) real property assessed by a county assessor in accordance with Part 3, County
371 Assessment; and
- 372 (B) property assessed by the commission under Section 59-2-201; plus
- 373 (ii) the difference between the increase in taxable year end value of personal property
374 of the taxing entity from the year prior to the previous calendar year to the previous calendar
375 year; minus
- 376 (iii) the amount of an increase in taxable value described in Subsection (4)(e).
- 377 (d) For purposes of Subsection (4)(c)(ii), the taxable value of personal property of the
378 taxing entity does not include the taxable value of personal property that is:
- 379 (i) contained on the tax rolls of the taxing entity if that property is assessed by a county
380 assessor in accordance with Part 3, County Assessment; and
- 381 (ii) semiconductor manufacturing equipment.
- 382 (e) Subsection (4)(c)(iii) applies to the following increases in taxable value:
- 383 (i) the amount of increase to locally assessed real property taxable values resulting
384 from factoring, reappraisal, or any other adjustments; or
- 385 (ii) the amount of an increase in the taxable value of property assessed by the
386 commission under Section 59-2-201 resulting from a change in the method of apportioning the
387 taxable value prescribed by:
- 388 (A) the Legislature;
- 389 (B) a court;
- 390 (C) the commission in an administrative rule; or
- 391 (D) the commission in an administrative order.
- 392 (f) For purposes of Subsection (4)(a)(ii), the taxable year end value of personal
393 property on the prior year's assessment roll does not include:
- 394 (i) new growth as defined in Subsection (4)(c); or
- 395 (ii) the total taxable year end value of personal property contained on the prior year's
396 tax rolls of the taxing entity that is:
- 397 (A) assessed by a county assessor in accordance with Part 3, County Assessment; and
- 398 (B) semiconductor manufacturing equipment.
- 399 (5) (a) On or before June 22, each taxing entity shall annually adopt a tentative budget.

400 (b) If the taxing entity intends to exceed the certified tax rate, it shall notify the county
401 auditor of:

402 (i) its intent to exceed the certified tax rate; and

403 (ii) the amount by which it proposes to exceed the certified tax rate.

404 (c) The county auditor shall notify all property owners of any intent to exceed the
405 certified tax rate in accordance with [~~Subsection~~] Section 59-2-919~~(3)~~.

406 Section 8. Section **59-2-924.5** is enacted to read:

407 **59-2-924.5. Adjustment of the calculation of the certified tax rate for a school**
408 **district imposing a basic capital outlay levy.**

409 (1) As used in this section:

410 (a) "Capital outlay increment" means the amount of revenue equal to the difference
411 between:

412 (i) the amount of revenue generated in a school district by the basic capital outlay levy
413 imposed under Section 53A-21-603 during a fiscal year; and

414 (ii) the amount of revenue the school district received during the same fiscal year from
415 the distribution described in Section 53A-21-602.

416 (b) "Combined capital levy rate" is as defined in Section 53A-21-101.5.

417 (c) "Contributing school district" means a school district that in a fiscal year receives
418 less revenue from the distributions described in Section 53A-21-602 than it would have
419 received during the same fiscal year from the basic capital outlay levy imposed under Section
420 53A-21-603.

421 (d) "Receiving school district" means a school district that in a fiscal year receives
422 more revenue from the distribution described in Section 53A-21-602 than it would have
423 received during the same fiscal year from the basic capital outlay levy imposed under Section
424 53A-21-603.

425 (2) For fiscal year 2010-11, a receiving school district shall decrease its combined
426 capital outlay certified tax rate calculated in accordance with Section 53A-21-604 by an
427 amount required to offset the receiving school district's estimated capital outlay increment for
428 the current fiscal year.

429 (3) Beginning with fiscal year 2011-12, a receiving school district shall decrease its
430 combined capital outlay certified tax rate under Section 53A-21-604 by the amount required to

431 offset the receiving school district's capital outlay increment for the prior fiscal year.

432 (4) For fiscal year 2010-11, a contributing school district is exempt from the public
433 notice and hearing requirements of Sections 59-2-918 and 59-2-919 for the school district's
434 combined capital outlay levy certified tax rate calculated under Section 53A-21-604 if:

435 (a) the contributing school district budgets an increased amount of ad valorem property
436 tax revenue exclusive of new growth as defined in Subsection 59-2-924(4) for the combined
437 capital outlay levy described in Section 53A-21-603; and

438 (b) the increased amount of ad valorem property tax revenue described in Subsection
439 (4)(a) is less than or equal to that contributing school district's estimated capital outlay
440 increment for the current fiscal year.

441 (5) Beginning with fiscal year 2011-12, a contributing school district is exempt from
442 the public notice and hearing requirements of Sections 59-2-918 and 59-2-919 for the school
443 district's combined capital outlay levy certified tax rate calculated pursuant to Section
444 53A-21-604 if:

445 (a) the contributing school district budgets an increased amount of ad valorem property
446 tax revenue exclusive of new growth as defined in Subsection 59-2-924(4) for the combined
447 capital outlay levy described in Section 53A-21-603; and

448 (b) the increased amount of ad valorem property tax revenue described in Subsection
449 (5)(a) is less than or equal to that contributing school district's capital outlay increment for the
450 prior year.

451 (6) Beginning with fiscal year 2011-12, a contributing school district is exempt from
452 the public notice and hearing requirements of Sections 59-2-918 and 59-2-919 for the school
453 district's combined capital levy certified tax rate calculated under Section 53A-21-604 if:

454 (a) the contributing school district budgets an increased amount of ad valorem property
455 tax revenue exclusive of new growth as defined in Subsection 59-2-924(4) for the capital
456 outlay levy described in Section 53A-21-603; and

457 (b) the increased amount of ad valorem property tax revenue described in Subsection
458 (6)(a) is less than or equal to the difference between:

459 (i) the amount of revenue generated by the basic capital outlay levy of .000727 per
460 dollar of taxable value imposed within the contributing school district during the current
461 taxable year; and

462 (ii) the amount of revenue generated by the basic capital outlay levy of .000727 per
463 dollar of taxable value imposed within the contributing school district during the prior taxable
464 year.

465 Section 9. **Effective date.**

466 This bill takes effect on January 1, 2010.

Legislative Review Note

as of 2-5-09 11:03 AM

Office of Legislative Research and General Counsel

H.B. 199 - Statewide Equalization of School Funding

Fiscal Note

2009 General Session

State of Utah

State Impact

Enactment of this bill will not require additional appropriations.

Individual, Business and/or Local Impact

Enactment of this bill could result in a property tax shift of \$55,000,000 in FY 2011 between individuals and businesses depending upon geographic location. Districts experiencing decreased revenue due to the shift will either reduce budgets or increase property tax assessments.
