

**DIVIDED SCHOOL DISTRICT PROPERTY TAX**

**AMENDMENTS**

2010 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Eric K. Hutchings**

Senate Sponsor: D. Chris Buttar

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**LONG TITLE**

**General Description:**

This bill amends provisions related to property tax authority for certain divided school districts.

**Highlighted Provisions:**

This bill:

- ▶ defines terms;
- ▶ allows certain divided school districts to impose a voted leeway levy of up to .004 per dollar of taxable value for up to six years; and
- ▶ makes technical changes.

**Monies Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides retrospective operation for a taxable year beginning on January 1, 2010.

**Utah Code Sections Affected:**

AMENDS:

**53A-17a-133**, as last amended by Laws of Utah 2009, Chapters 204 and 391

ENACTS:

**53A-2-118.4**, Utah Code Annotated 1953



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

Section 1. Section **53A-2-118.4** is enacted to read:

**53A-2-118.4. Conditions related to the imposition of a voted leeway levy for a divided school district.**

(1) For purposes of this section:

(a) "Qualifying divided school district" means a divided school district with a new school district created under Section 53A-2-118.1 that begins to provide educational services after July 1, 2008.

(b) "Qualifying taxable year" means the calendar year in which a new school district within the qualifying divided school district begins to provide educational services.

(c) "Remaining district" is as defined in Section 53A-2-117.

(2) Notwithstanding Subsection 53A-17a-133(2)(a)(ii), and subject to the other requirements of Section 53A-17a-133, a remaining district of a qualifying divided school district may impose a voted leeway tax rate pursuant to Section 53A-17a-133 of up to .004 per dollar of taxable value:

(a) beginning with the qualifying taxable year; and

(b) for up to six years.

Section 2. Section **53A-17a-133** is amended to read:

**53A-17a-133. State-supported voted leeway program authorized -- Election requirements -- State guarantee -- Reconsideration of the program.**

(1) An election to consider adoption or modification of a voted leeway program is required if initiative petitions signed by 10% of the number of electors who voted at the last preceding general election are presented to the local school board or by action of the board.

(2) (a) (i) To establish a voted leeway program, a majority of the electors of a district voting at an election in the manner set forth in Section 53A-16-110 must vote in favor of a special tax.

(ii) ~~[The]~~ Except as provided in Section 53A-2-118.4, a tax rate may not exceed .002 per dollar of taxable value.

(b) The district may maintain a school program which exceeds the cost of the program referred to in Section 53A-17a-145 with this voted leeway.

59 (c) In order to receive state support the first year, a district must receive voter approval  
60 no later than December 1 of the year prior to implementation.

61 (3) (a) Under the voted leeway program, the state shall contribute an amount sufficient  
62 to guarantee \$25.25 per weighted pupil unit for each .0001 of the first .0016 per dollar of  
63 taxable value.

64 (b) The same dollar amount guarantee per weighted pupil unit for the .0016 per dollar  
65 of taxable value under Subsection (3)(a) shall apply to the board-approved leeway authorized  
66 in Section 53A-17a-134, so that the guarantee shall apply up to a total of .002 per dollar of  
67 taxable value if a school district levies a tax rate under both programs.

68 (c) (i) Beginning July 1, 2009, the \$25.25 guarantee under Subsections (3)(a) and (b)  
69 shall be indexed each year to the value of the weighted pupil unit by making the value of the  
70 guarantee equal to .009798 times the value of the prior year's weighted pupil unit.

71 (ii) The guarantee shall increase by .0005 times the value of the prior year's weighted  
72 pupil unit for each succeeding year until the guarantee is equal to .010544 times the value of  
73 the prior year's weighted pupil unit.

74 (d) (i) The amount of state guarantee money to which a school district would otherwise  
75 be entitled to under this Subsection (3) may not be reduced for the sole reason that the district's  
76 levy is reduced as a consequence of changes in the certified tax rate under Section 59-2-924  
77 pursuant to changes in property valuation.

78 (ii) Subsection (3)(d)(i) applies for a period of five years following any such change in  
79 the certified tax rate.

80 (4) (a) An election to modify an existing voted leeway program is not a reconsideration  
81 of the existing program unless the proposition submitted to the electors expressly so states.

82 (b) A majority vote opposing a modification does not deprive the district of authority to  
83 continue an existing program.

84 (c) If adoption of a leeway program is contingent upon an offset reducing other local  
85 school board levies, the board must allow the electors, in an election, to consider modifying or  
86 discontinuing the program prior to a subsequent increase in other levies that would increase the  
87 total local school board levy.

88 (d) Nothing contained in this section terminates, without an election, the authority of a  
89 school district to continue an existing voted leeway program previously authorized by the

90 voters.

91 (5) Notwithstanding Section 59-2-919, a school district may budget an increased  
92 amount of ad valorem property tax revenue derived from a voted leeway imposed under this  
93 section in addition to revenue from new growth as defined in Subsection 59-2-924(4), without  
94 having to comply with the notice requirements of Section 59-2-919, if:

95 (a) the voted leeway is approved:

96 (i) in accordance with Section 53A-16-110 on or after January 1, 2003; and

97 (ii) within the four-year period immediately preceding the year in which the school  
98 district seeks to budget an increased amount of ad valorem property tax revenue derived from  
99 the voted leeway; and

100 (b) for a voted leeway approved or modified in accordance with this section on or after  
101 January 1, 2009, the school district complies with the requirements of Subsection (7).

102 (6) Notwithstanding Section 59-2-919, a school district may levy a tax rate under this  
103 section that exceeds the certified tax rate without having to comply with the notice  
104 requirements of Section 59-2-919 if:

105 (a) the levy exceeds the certified tax rate as the result of a school district budgeting an  
106 increased amount of ad valorem property tax revenue derived from a voted leeway imposed  
107 under this section;

108 (b) if the voted leeway was approved:

109 (i) in accordance with Section 53A-16-110 on or after January 1, 2003; and

110 (ii) within the four-year period immediately preceding the year in which the school  
111 district seeks to budget an increased amount of ad valorem property tax revenue derived from  
112 the voted leeway; and

113 (c) for a voted leeway approved or modified in accordance with this section on or after  
114 January 1, 2009, the school district complies with requirements of Subsection (7).

115 (7) For purposes of Subsection (5)(b) or (6)(c), the proposition submitted to the  
116 electors regarding the adoption or modification of a voted leeway program shall contain the  
117 following statement:

118 "A vote in favor of this tax means that (name of the school district) may increase  
119 revenue from this property tax without advertising the increase for the next five years."

120 Section 3. **Retrospective operation.**

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This bill has retrospective operation for a taxable year beginning on January 1, 2010.

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**Legislative Review Note**  
as of 3-8-10 9:12 AM

**Office of Legislative Research and General Counsel**

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**H.B. 463 - Divided School District Property Tax Amendments**

**Fiscal Note**

2010 General Session

State of Utah

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**State Impact**

Enactment of this bill will not require additional appropriations.

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**Individual, Business and/or Local Impact**

Enactment of this bill may result in a potential increase in local revenue up to \$45,814,000 if certain districts opt to raise the Voted Leeway tax rate up to the allowable 0.004 for six years. Qualifying school districts that elect to impose this tax levy may be subject to statutory Truth in Taxation provisions.

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