

1 **SCHOOL ALLOCATIONS MEASURED BY PROPERTY TAX**

2 2012 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: John Dougall**

5 Senate Sponsor: _____

7 **LONG TITLE**

8 **General Description:**

9 This bill provides certain allocations to schools from income taxes deposited into the
10 Education Fund.

11 **Highlighted Provisions:**

12 This bill:

- 13 ▶ defines terms; and
- 14 ▶ provides certain allocations to charter schools and school districts from income
15 taxes deposited into the Education Fund equal to the amount of property tax paid for
16 specified real property leased by the charter school or school district if certain
17 conditions are met.

18 **Money Appropriated in this Bill:**

19 None

20 **Other Special Clauses:**

21 This bill takes effect on July 1, 2012.

22 **Utah Code Sections Affected:**

23 ENACTS:

24 **53A-15-1301**, Utah Code Annotated 1953

25 **53A-15-1302**, Utah Code Annotated 1953

26 **53A-15-1303**, Utah Code Annotated 1953



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

29 Section 1. Section **53A-15-1301** is enacted to read:

30 **Part 13. School Allocations Measured by Property Tax Act**

31 **53A-15-1301. Title.**

32 This part is known as the "School Allocations Measured by Property Tax Act."

33 Section 2. Section **53A-15-1302** is enacted to read:

34 **53A-15-1302. Definitions.**

35 As used in this part:

36 (1) "Allocation measured by property tax" means:

37 (a) for a qualifying school property with respect to which the entire parcel is leased by
38 a charter school or school district, an amount equal to the entire amount of property tax that is:

39 (i) imposed by a taxing entity on the property for the calendar year; and

40 (ii) paid; or

41 (b) for a qualifying school property leased in part by a charter school or school district,
42 an amount equal to the charter school's or school district's proportionate amount of property
43 tax.

44 (2) "Charter school" means a charter school created under Chapter 1a, Part 5, The Utah
45 Charter Schools Act.

46 (3) (a) Subject to Subsection (3)(b), "proportionate amount of property tax" means the
47 product of:

48 (i) the percentage of total area of qualifying school property that is leased by the charter
49 school or school district; and

50 (ii) the amount of property tax that is:

51 (A) imposed by a taxing entity on the property for the calendar year; and

52 (B) paid by all owners, renters, or lessees of the qualifying school property.

53 (b) "Proportionate amount of property tax" for a charter school or school district may
54 not exceed the amount the charter school or school district actually pays:

55 (i) under its lease agreement; and

56 (ii) for the charter school's or school district's share of the owner's property tax costs in
57 the calendar year for which the charter school or school district receives an allocation measured
58 by property tax under this section, as evidenced by the lease agreement or other statement from

59 the property owner that demonstrates the charter school's or school district's share of property
60 tax costs.

61 (4) "Qualifying school property" means real property:

62 (a) that is leased by:

63 (i) a charter school that is exempt from federal income taxation under Section
64 501(c)(3), Internal Revenue Code; or

65 (ii) a school district;

66 (b) that is used to directly provide instruction to students;

67 (c) that is subject to taxation under Title 59, Chapter 2, Property Tax Act; and

68 (d) with respect to which the property tax is paid.

69 Section 3. Section **53A-15-1303** is enacted to read:

70 **53A-15-1303. School allocation measured by property tax.**

71 (1) To receive an allocation measured by property tax under Subsection (3), a charter
72 school or school district shall, on or after the December 1 of the calendar year for which the
73 charter school or school district seeks an allocation measured by property tax, but no later than
74 the January 31 of the year immediately following that year:

75 (a) submit a request for an allocation measured by property tax; and

76 (b) submit to the State Board of Education any of the following requested by the State
77 Board of Education at the time the charter school or school district makes a request under
78 Subsection (1)(a):

79 (i) a copy of the lease agreement for the qualifying school property;

80 (ii) documentation that the property tax on the qualifying school property was imposed
81 and paid for the year for which the charter school or school district seeks the allocation
82 measured by property tax;

83 (iii) for a charter school, documentation that the charter school is exempt from federal
84 income taxation under Section 501(c)(3), Internal Revenue Code; and

85 (iv) for a qualifying school property that is leased in part by a charter school or school
86 district, the percentage of total area of qualifying school property that is leased by the charter
87 school or school district.

88 (2) The State Board of Education shall:

89 (a) determine if a request for an allocation measured by property tax submitted in

90 accordance with Subsection (1) is accurate and if the property for which the request is
91 submitted is qualifying school property;

92 (b) if the State Board of Education determines that the request is accurate and the
93 property for which the request is submitted is qualifying school property, approve the request;

94 (c) by no later than February 1, determine the allocation measured by property tax that
95 the charter school or school district shall receive for the calendar year for which the charter
96 school or school district seeks the allocation measured by property tax;

97 (d) by no later than February 15, notify the charter school or school district of the
98 determination under Subsections (2)(b) and (c); and

99 (e) by no later than March 1, notify the Division of Finance of the total amount of
100 allocations measured by property tax approved under Subsection (2)(b).

101 (3) (a) By no later than April 1 of each year, the Division of Finance shall allocate to
102 the State Board of Education, from the income taxes deposited into the Education Fund, the
103 amounts the State Board of Education approves as allocations measured by property tax in
104 accordance with Subsection (2).

105 (b) The State Board of Education shall annually distribute the revenues allocated under
106 Subsection (3)(a):

107 (i) to each charter school or school district with respect to which the State Board of
108 Education has approved a request under Subsection (2)(b); and

109 (ii) in the amount determined in accordance with Subsection (2)(c).

110 **Section 4. Effective date.**

111 This bill takes effect on July 1, 2012.

Legislative Review Note
as of 2-24-12 8:12 AM

Office of Legislative Research and General Counsel