

Senator Aaron Osmond proposes the following substitute bill:

EDUCATION FUNDING EQUALIZATION

2014 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Aaron Osmond

House Sponsor:

LONG TITLE

General Description:

This bill makes changes related to school property taxes and funding.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ creates the Minimum Basic Growth Account within the Uniform School Fund to fund the School LAND Trust Program;
- ▶ amends the calculation of the school minimum basic tax rate;
- ▶ requires specified revenue to be deposited into the Minimum Basic Growth Account;
- ▶ provides for the allocation of funds deposited into the Minimum Basic Growth Account;
- ▶ repeals certain public notice requirements related to the school minimum basic tax rate;
- ▶ amends requirements for a school improvement plan; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None



26 **Other Special Clauses:**

27 This bill has retrospective operation to January 1, 2014.

28 This bill coordinates with H.B. 1, Public Education Base Budget Amendments, by
29 providing superseding technical and substantive amendments.

30 **Utah Code Sections Affected:**

31 AMENDS:

- 32 **11-13-302**, as last amended by Laws of Utah 2011, Chapter 371
- 33 **53A-1a-108.5**, as enacted by Laws of Utah 2002, Chapter 324
- 34 **53A-16-101**, as last amended by Laws of Utah 2013, Chapter 235
- 35 **53A-16-101.5**, as last amended by Laws of Utah 2013, Chapter 296
- 36 **53A-17a-103**, as last amended by Laws of Utah 2011, Chapter 371
- 37 **53A-17a-131.17**, as last amended by Laws of Utah 2010, Chapter 3
- 38 **53A-17a-135**, as last amended by Laws of Utah 2013, Chapter 7
- 39 **59-2-102**, as last amended by Laws of Utah 2013, Chapters 19 and 322
- 40 **59-2-926**, as last amended by Laws of Utah 2009, Chapter 388

41 **Utah Code Sections Affected by Coordination Clause:**

- 42 **53A-17a-135**, as last amended by Laws of Utah 2013, Chapter 7



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

45 Section 1. Section **11-13-302** is amended to read:

46 **11-13-302. Payment of fee in lieu of ad valorem property tax by certain energy**
47 **suppliers -- Method of calculating -- Collection -- Extent of tax lien.**

48 (1) (a) Each project entity created under this chapter that owns a project and that sells
49 any capacity, service, or other benefit from it to an energy supplier or suppliers whose tangible
50 property is not exempted by Utah Constitution Article XIII, Section 3, from the payment of ad
51 valorem property tax, shall pay an annual fee in lieu of ad valorem property tax as provided in
52 this section to each taxing jurisdiction within which the project or any part of it is located.

53 (b) For purposes of this section, "annual fee" means the annual fee described in
54 Subsection (1)(a) that is in lieu of ad valorem property tax.

55 (c) The requirement to pay an annual fee shall commence:

56 (i) with respect to each taxing jurisdiction that is a candidate receiving the benefit of

57 impact alleviation payments under contracts or determination orders provided for in Sections
58 11-13-305 and 11-13-306, with the fiscal year of the candidate following the fiscal year of the
59 candidate in which the date of commercial operation of the last generating unit, other than any
60 generating unit providing additional project capacity, of the project occurs, or, in the case of
61 any facilities providing additional project capacity, with the fiscal year of the candidate
62 following the fiscal year of the candidate in which the date of commercial operation of the
63 generating unit providing the additional project capacity occurs; and

64 (ii) with respect to any taxing jurisdiction other than a taxing jurisdiction described in
65 Subsection (1)(c)(i), with the fiscal year of the taxing jurisdiction in which construction of the
66 project commences, or, in the case of facilities providing additional project capacity, with the
67 fiscal year of the taxing jurisdiction in which construction of those facilities commences.

68 (d) The requirement to pay an annual fee shall continue for the period of the useful life
69 of the project or facilities.

70 (2) (a) The annual fees due a school district shall be as provided in Subsection (2)(b)
71 because the ad valorem property tax imposed by a school district and authorized by the
72 Legislature represents both:

73 (i) a levy mandated by the state for the state minimum school program under Section
74 53A-17a-135; and

75 (ii) local levies for capital outlay and other purposes under Sections 53A-16-113,
76 53A-17a-133, and 53A-17a-164.

77 (b) The annual fees due a school district shall be as follows:

78 (i) the project entity shall pay to the school district an annual fee for the state minimum
79 school program at the rate imposed by the school district and authorized by the Legislature
80 under ~~[Subsection]~~ Section 53A-17a-135~~[(1)]~~; and

81 (ii) for all other local property tax levies authorized to be imposed by a school district,
82 the project entity shall pay to the school district either:

83 (A) an annual fee; or

84 (B) impact alleviation payments under contracts or determination orders provided for
85 in Sections 11-13-305 and 11-13-306.

86 (3) (a) An annual fee due a taxing jurisdiction for a particular year shall be calculated
87 by multiplying the tax rate or rates of the jurisdiction for that year by the product obtained by

88 multiplying the fee base or value determined in accordance with Subsection (4) for that year of
89 the portion of the project located within the jurisdiction by the percentage of the project which
90 is used to produce the capacity, service, or other benefit sold to the energy supplier or suppliers.

91 (b) As used in this section, "tax rate," when applied in respect to a school district,
92 includes any assessment to be made by the school district under Subsection (2) or Section
93 [63M-5-302](#).

94 (c) There is to be credited against the annual fee due a taxing jurisdiction for each year,
95 an amount equal to the debt service, if any, payable in that year by the project entity on bonds,
96 the proceeds of which were used to provide public facilities and services for impact alleviation
97 in the taxing jurisdiction in accordance with Sections [11-13-305](#) and [11-13-306](#).

98 (d) The tax rate for the taxing jurisdiction for that year shall be computed so as to:

99 (i) take into account the fee base or value of the percentage of the project located
100 within the taxing jurisdiction determined in accordance with Subsection (4) used to produce the
101 capacity, service, or other benefit sold to the supplier or suppliers; and

102 (ii) reflect any credit to be given in that year.

103 (4) (a) Except as otherwise provided in this section, the annual fees required by this
104 section shall be paid, collected, and distributed to the taxing jurisdiction as if:

105 (i) the annual fees were ad valorem property taxes; and

106 (ii) the project were assessed at the same rate and upon the same measure of value as
107 taxable property in the state.

108 (b) (i) Notwithstanding Subsection (4)(a), for purposes of an annual fee required by
109 this section, the fee base of a project may be determined in accordance with an agreement
110 among:

111 (A) the project entity; and

112 (B) any county that:

113 (I) is due an annual fee from the project entity; and

114 (II) agrees to have the fee base of the project determined in accordance with the
115 agreement described in this Subsection (4).

116 (ii) The agreement described in Subsection (4)(b)(i):

117 (A) shall specify each year for which the fee base determined by the agreement shall be
118 used for purposes of an annual fee; and

119 (B) may not modify any provision of this chapter except the method by which the fee
120 base of a project is determined for purposes of an annual fee.

121 (iii) For purposes of an annual fee imposed by a taxing jurisdiction within a county
122 described in Subsection (4)(b)(i)(B), the fee base determined by the agreement described in
123 Subsection (4)(b)(i) shall be used for purposes of an annual fee imposed by that taxing
124 jurisdiction.

125 (iv) (A) If there is not agreement as to the fee base of a portion of a project for any
126 year, for purposes of an annual fee, the State Tax Commission shall determine the value of that
127 portion of the project for which there is not an agreement:

128 (I) for that year; and

129 (II) using the same measure of value as is used for taxable property in the state.

130 (B) The valuation required by Subsection (4)(b)(iv)(A) shall be made by the State Tax
131 Commission in accordance with rules made by the State Tax Commission.

132 (c) Payments of the annual fees shall be made from:

133 (i) the proceeds of bonds issued for the project; and

134 (ii) revenues derived by the project entity from the project.

135 (d) (i) The contracts of the project entity with the purchasers of the capacity, service, or
136 other benefits of the project whose tangible property is not exempted by Utah Constitution
137 Article XIII, Section 3, from the payment of ad valorem property tax shall require each
138 purchaser, whether or not located in the state, to pay, to the extent not otherwise provided for,
139 its share, determined in accordance with the terms of the contract, of these fees.

140 (ii) It is the responsibility of the project entity to enforce the obligations of the
141 purchasers.

142 (5) (a) The responsibility of the project entity to make payment of the annual fees is
143 limited to the extent that there is legally available to the project entity, from bond proceeds or
144 revenues, money to make these payments, and the obligation to make payments of the annual
145 fees is not otherwise a general obligation or liability of the project entity.

146 (b) No tax lien may attach upon any property or money of the project entity by virtue of
147 any failure to pay all or any part of an annual fee.

148 (c) The project entity or any purchaser may contest the validity of an annual fee to the
149 same extent as if the payment was a payment of the ad valorem property tax itself.

150 (d) The payments of an annual fee shall be reduced to the extent that any contest is
151 successful.

152 (6) (a) The annual fee described in Subsection (1):

153 (i) shall be paid by a public agency that:

154 (A) is not a project entity; and

155 (B) owns an interest in a facility providing additional project capacity if the interest is
156 otherwise exempt from taxation pursuant to Utah Constitution, Article XIII, Section 3; and

157 (ii) for a public agency described in Subsection (6)(a)(i), shall be calculated in
158 accordance with Subsection (6)(b).

159 (b) The annual fee required under Subsection (6)(a) shall be an amount equal to the tax
160 rate or rates of the applicable taxing jurisdiction multiplied by the product of the following:

161 (i) the fee base or value of the facility providing additional project capacity located
162 within the jurisdiction;

163 (ii) the percentage of the ownership interest of the public agency in the facility; and

164 (iii) the portion, expressed as a percentage, of the public agency's ownership interest
165 that is attributable to the capacity, service, or other benefit from the facility that is sold by the
166 public agency to an energy supplier or suppliers whose tangible property is not exempted by
167 Utah Constitution, Article XIII, Section 3, from the payment of ad valorem property tax.

168 (c) A public agency paying the annual fee pursuant to Subsection (6)(a) shall have the
169 obligations, credits, rights, and protections set forth in Subsections (1) through (5) with respect
170 to its ownership interest as though it were a project entity.

171 Section 2. Section **53A-1a-108.5** is amended to read:

172 **53A-1a-108.5. School improvement plan.**

173 (1) (a) Each school community council shall annually evaluate the school's U-PASS
174 test results and use the evaluations in developing a school improvement plan.

175 (b) In evaluating U-PASS test results and developing a school improvement plan, a
176 school community council may not have access to data that reveal the identity of students.

177 (2) Each school improvement plan shall:

178 (a) identify the school's most critical academic needs;

179 (b) recommend a course of action to meet the identified needs;

180 (c) list any programs, practices, materials, or equipment that the school will need to

181 implement its action plan to have a direct impact on the instruction of students and result in
182 measurable increased student performance; ~~and~~

183 (d) specify actions that school leadership will take to improve student achievement;

184 (e) specify what actions will be implemented to ensure that high quality instruction is
185 delivered to all students;

186 (f) describe how assessments will be used to inform instruction;

187 (g) describe how targeted interventions will be implemented to meet individual student
188 needs;

189 (h) specify what actions will be taken to ensure that professional development results
190 in improved student achievement; and

191 ~~[(d)]~~ (i) describe how the school intends to enhance or improve academic achievement,
192 including how financial resources available to the school, such as School LAND Trust Program
193 money received under Section 53A-16-101.5 and state and federal grants, will be used to
194 enhance or improve academic achievement.

195 (3) The school improvement plan shall focus on:

196 (a) the school's most critical academic needs ~~[but may include other actions to enhance~~
197 ~~or improve]; and~~

198 (b) enhancing and improving academic achievement and community environment for
199 students[-] through:

200 (i) hiring additional instructional staff and technology specialists;

201 (ii) purchasing and integrating technology into the student learning process;

202 (iii) classroom programs that promote one-on-one contact with students;

203 (iv) targeting professional development for educators on how to integrate technology
204 into the student learning process; or

205 (v) purchasing or developing interactive classroom programs.

206 (4) The school principal shall make available to the school community council the
207 school budget and other data needed to develop the school improvement plan.

208 (5) The school improvement plan shall be subject to the approval of the local school
209 board of the school district in which the school is located.

210 (6) A school community council may develop a multiyear school improvement plan,
211 but the plan must be presented to and approved annually by the local school board.

- 212 (7) Each school shall:
- 213 (a) implement the school improvement plan as developed by the school community
- 214 council and approved by the local school board;
- 215 (b) provide ongoing support for the council's plan; and
- 216 (c) meet local school board reporting requirements regarding performance and
- 217 accountability.

218 Section 3. Section **53A-16-101** is amended to read:

219 **53A-16-101. Uniform School Fund -- Contents -- Interest and Dividends Account**

220 **-- Invest More for Education Account -- Minimum Basic Growth Account.**

221 (1) The Uniform School Fund, a special revenue fund within the Education Fund,

222 established by Utah Constitution, Article X, Section 5, consists of:

223 (a) interest and dividends derived from the investment of money in the permanent State

224 School Fund established by Utah Constitution, Article X, Section 5;

225 (b) money transferred to the fund pursuant to Title 67, Chapter 4a, Unclaimed Property

226 Act; and

227 (c) all other constitutional or legislative allocations to the fund, including revenues

228 received by donation.

229 (2) (a) There is created within the Uniform School Fund a restricted account known as

230 the "Interest and Dividends Account."

231 (b) The Interest and Dividends Account consists of:

232 (i) interest and dividends derived from the investment of money in the permanent State

233 School Fund referred to in Subsection (1)(a); and

234 (ii) interest on account money.

235 (3) (a) Upon appropriation by the Legislature, money from the Interest and Dividends

236 Account shall be used for:

237 (i) the administration of the School LAND Trust Program as provided in Section

238 [53A-16-101.5](#); and

239 (ii) the performance of duties described in Section [53A-16-101.6](#).

240 (b) The Legislature may appropriate any remaining balance for the support of the

241 public education system.

242 (4) (a) There is created within the Uniform School Fund a restricted account known as

243 the "Invest More for Education Account."

244 (b) The account shall be funded by contributions deposited into the restricted account
245 in accordance with Section [59-10-1318](#).

246 (c) The account shall earn interest.

247 (d) Interest earned on the account shall be deposited into the account.

248 (e) The Legislature may appropriate money from the account for the support of the
249 public education system.

250 (5) (a) There is created within the Uniform School Fund a restricted account known as
251 the "Minimum Basic Growth Account."

252 (b) The account shall be funded by amounts appropriated into the account in
253 accordance with Section [53A-17a-135](#).

254 (c) The account shall earn interest.

255 (d) Interest earned on the account shall be deposited into the account.

256 (e) Upon appropriation by the Legislature, money from the account shall be used to
257 fund the School LAND Trust Program as provided in Section [53A-16-101.5](#).

258 (f) The Legislature may not appropriate money from the account for the performance of
259 duties described in Section [53A-16-101.6](#).

260 Section 4. Section **53A-16-101.5** is amended to read:

261 **53A-16-101.5. School LAND Trust Program -- Purpose -- Distribution of funds --**
262 **School plans for use of funds.**

263 (1) There is established the School LAND (Learning And Nurturing Development)
264 Trust Program to:

265 (a) provide financial resources to public schools to enhance or improve student
266 academic achievement and implement a component of the school improvement plan; and

267 (b) involve parents and guardians of a school's students in decision making regarding
268 the expenditure of School LAND Trust Program money allocated to the school.

269 (2) (a) The program shall be funded each fiscal year from:

270 (i) [~~from~~] the Interest and Dividends Account created in Section [53A-16-101](#) [~~; and (ii)~~]
271 in the amount of the sum of the following:

272 (A) the interest and dividends from the investment of money in the permanent State
273 School Fund deposited to the Interest and Dividends Account in the immediately preceding

274 year; and

275 (B) the interest accrued on money in the Interest and Dividends Account in the
276 immediately preceding fiscal year[-]; and

277 (ii) the total balance of the Minimum Basic Growth Account created in Section
278 53A-16-101 as of July 1 of each year.

279 (b) On and after July 1, 2003, the program shall be funded as provided in Subsection
280 (2)(a)(i) up to an amount equal to 2% of the funds provided for the Minimum School Program,
281 pursuant to Title 53A, Chapter 17a, Minimum School Program Act, each fiscal year.

282 (c) (i) The Legislature shall annually allocate, through an appropriation to the State
283 Board of Education, a portion of the Interest and Dividends Account created in Section
284 53A-16-101 to be used for:

285 (A) the administration of the School LAND Trust Program; and

286 (B) the performance of duties described in Section 53A-16-101.6.

287 (ii) Any unused balance remaining from an amount appropriated under Subsection
288 (2)(c)(i) shall be deposited in the Interest and Dividends Account for distribution to schools in
289 the School LAND Trust Program.

290 (3) (a) The State Board of Education shall allocate the money [~~referred to in Subsection~~
291 ~~(2)~~] described in Subsection (2)(a) annually for the fiscal year beginning July 1, 2013, and for
292 each fiscal year thereafter as follows:

293 (i) the Utah Schools for the Deaf and the Blind and the charter schools combined shall
294 receive funding equal to the product of:

295 (A) enrollment on October 1 in the prior year at the Utah Schools for the Deaf and the
296 Blind, or in the charter schools combined, divided by enrollment on October 1 in the prior year
297 in public schools statewide; and

298 (B) the total amount available for distribution under [~~Subsection (2)~~] Subsection (2)(a);

299 (ii) the amount allocated to the charter schools combined under Subsection (3)(a)(i)
300 shall be distributed among charter schools in accordance with a formula specified in rules
301 adopted by the State Board of Education in consultation with the State Charter School Board;
302 and

303 (iii) of the funds available for distribution under [~~Subsection (2)~~] Subsection (2)(a)
304 after the allocation of funds for the Utah Schools for the Deaf and the Blind and charter

305 schools:

306 (A) school districts shall receive 10% of the funds on an equal basis; and

307 (B) the remaining 90% of the funds shall be distributed on a per student basis.

308 (b) For purposes of the allocations made under Subsection (3)(a), the State Board of

309 Education shall provide a separate allocation to each entity for the money described under:

310 (i) Subsection (2)(a)(i); and

311 (ii) Subsection (2)(a)(ii).

312 ~~[(b) A]~~ (c) Subject to Subsection (3)(d), a school district shall distribute its allocation
 313 under Subsection (3)(a)(iii) to [each school] schools within the district [on an equal per student
 314 basis:] as follows:

315 (i) an allocation of the money described in Subsection (2)(a)(i) shall be distributed to
 316 each school within the district on an equal per student basis; and

317 (ii) for an allocation of the money described in Subsection (2)(a)(ii):

318 (A) 25% shall be distributed to each school within the district on an equal per student
 319 basis; and

320 (B) 75% shall be distributed to schools within the district at the direction of the local
 321 school board.

322 (d) A school district may retain up to 5% of the money described in Subsection
 323 (3)(c)(ii) to be used to offset the cost of:

324 (i) distributing the money described in Subsection (2)(a)(ii) in accordance with
 325 Subsection (3)(c)(ii);

326 (ii) auditing the use of the money distributed to schools in accordance with Subsection
 327 (3)(c); and

328 (iii) providing training to a school community council.

329 ~~[(e)]~~ (e) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking
 330 Act, the State Board of Education may make rules regarding the time and manner in which the
 331 student count shall be made for allocation of the money under Subsection (3)(a)(iii).

332 (4) To receive its allocation under Subsection (3):

333 (a) a school shall have established a school community council in accordance with
 334 Section [53A-1a-108](#); and

335 (b) the school's principal shall provide a signed, written assurance in accordance with

336 rules of the State Board of Education that the membership of the school community council is
337 consistent with the membership requirements specified in Section 53A-1a-108.

338 (5) (a) (i) The school community council or its subcommittee shall create a program to
339 use its allocation under Subsection (3) to implement a component of the ~~[school's]~~ school
340 improvement plan described in Subsection 53A-1a-108.5(2), including:

341 ~~[(i)]~~ (A) the school's identified most critical academic needs;

342 ~~[(ii)]~~ (B) a recommended course of action to meet the identified academic needs;

343 ~~[(iii)]~~ (C) a specific listing of any programs, practices, materials, or equipment which
344 the school will need to implement a component of its school improvement plan to have a direct
345 impact on the instruction of students and result in measurable increased student performance;
346 and

347 ~~[(iv)]~~ (D) how the school intends to spend its allocation of funds under this section to
348 enhance or improve academic excellence at the school.

349 (ii) A school community council or its subcommittee may not use its allocation under
350 Subsection (3) to supplant other state, federal, or local funds that would otherwise be available
351 for a school's educational programs.

352 (b) (i) A school community council shall create and vote to adopt a plan for the use of
353 School LAND Trust Program money in a meeting of the school community council at which a
354 quorum is present.

355 (ii) If a majority of the quorum votes to adopt a plan for the use of School LAND Trust
356 Program money, the plan is adopted.

357 (iii) Before adopting a plan under this Subsection (5)(b), a school community council
358 shall:

359 (A) inform parents of the amount and proposed uses of money received by the school
360 under this section; and

361 (B) conduct a meeting, to which all parents and faculty are invited, to discuss the
362 proposed uses of the money received under this section.

363 (c) A school community council shall:

364 (i) post a plan for the use of School LAND Trust Program money that is adopted in
365 accordance with Subsection (5)(b) on the School LAND Trust Program website; and

366 (ii) include with the plan a report noting the number of school community council

367 members who voted for or against the approval of the plan and the number of members who
368 were absent for the vote.

369 (d) (i) A school's local school board shall approve or disapprove a plan for the use of
370 School LAND Trust Program money.

371 (ii) If a local school board disapproves a plan for the use of School LAND Trust
372 Program money, the local school board shall provide a written explanation of why the plan was
373 disapproved and request the school community council who submitted the plan to revise the
374 plan.

375 (iii) The school community council shall submit a revised plan to the local school
376 board for approval.

377 (6) (a) Each school shall:

378 (i) implement the program as approved;

379 (ii) provide ongoing support for the council's program; and

380 (iii) meet State Board of Education reporting requirements regarding financial and
381 performance accountability of the program.

382 (b) (i) Each school, through its school community council, shall prepare and post an
383 annual report of the program on the School LAND Trust Program website each fall.

384 (ii) The report shall detail the use of program funds received by the school under this
385 section and an assessment of the results obtained from the use of the funds.

386 (iii) A summary of the report shall be provided to parents or guardians of students
387 attending the school.

388 (7) (a) The governing board of a charter school shall establish a council, which shall
389 prepare a plan for the use of School LAND Trust Program money that includes the elements
390 listed in Subsection (5).

391 (b) (i) The membership of the council shall include parents or guardians of students
392 enrolled at the school and may include other members.

393 (ii) The number of council members who are parents or guardians of students enrolled
394 at the school shall exceed all other members combined by at least two.

395 (c) A charter school governing board may serve as the council that prepares a plan for
396 the use of School LAND Trust Program money if the membership of the charter school
397 governing board meets the requirements of Subsection (7)(b)(ii).

398 (d) (i) Except as provided in Subsection (7)(d)(ii), council members who are parents or
399 guardians of students enrolled at the school shall be elected in accordance with procedures
400 established by the charter school governing board.

401 (ii) Subsection (7)(d)(i) does not apply to a charter school governing board that serves
402 as the council that prepares a plan for the use of School LAND Trust Program money.

403 (e) A parent or guardian of a student enrolled at the school shall serve as chair or
404 cochair of a council that prepares a plan for the use of School LAND Trust Program money.

405 (f) A plan for the use of School LAND Trust Program money shall be subject to
406 approval by the charter school governing board and the entity that authorized the establishment
407 of the charter school.

408 Section 5. Section 53A-17a-103 is amended to read:

409 **53A-17a-103. Definitions.**

410 As used in this chapter:

411 (1) "Basic state-supported school program" or "basic program" means public education
412 programs for kindergarten, elementary, and secondary school students that are operated and
413 maintained for the amount derived by multiplying the number of weighted pupil units for each
414 school district or charter school by the value established each year in statute, except as
415 otherwise provided in this chapter.

416 (2) (a) "Certified revenue levy" means a property tax levy that provides an amount of
417 ad valorem property tax revenue equal to the sum of:

418 (i) the amount of ad valorem property tax revenue to be generated statewide in the
419 previous year from imposing a minimum basic tax rate, as specified in [Subsection] Section
420 53A-17a-135~~[(+)(a)]~~; and

421 (ii) the product of:

422 (A) new growth, as defined in:

423 (I) Section 59-2-924; and

424 (II) rules of the State Tax Commission; and

425 (B) the minimum basic tax rate certified by the State Tax Commission for the previous
426 year.

427 (b) For purposes of this Subsection (2), "ad valorem property tax revenue" does not
428 include property tax revenue received statewide from personal property that is:

429 (i) assessed by a county assessor in accordance with Title 59, Chapter 2, Part 3, County
430 Assessment; and

431 (ii) semiconductor manufacturing equipment.

432 (c) For purposes of calculating the certified revenue levy described in this Subsection
433 (2), the State Tax Commission shall use:

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

436 (ii) the taxable value of real and personal property assessed by the State Tax
437 Commission; and

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

440 (3) "Pupil in average daily membership (ADM)" means a full-day equivalent pupil.

441 (4) (a) "State-supported minimum school program" or "Minimum School Program"
442 means public school programs for kindergarten, elementary, and secondary schools as
443 described in this Subsection (4).

444 (b) The minimum school program established in school districts and charter schools
445 shall include the equivalent of a school term of nine months as determined by the State Board
446 of Education.

447 (c) (i) The board shall establish the number of days or equivalent instructional hours
448 that school is held for an academic school year.

449 (ii) Education, enhanced by utilization of technologically enriched delivery systems,
450 when approved by local school boards or charter school governing boards, shall receive full
451 support by the State Board of Education as it pertains to fulfilling the attendance requirements,
452 excluding time spent viewing commercial advertising.

453 (d) The Minimum School Program includes a program or allocation funded by a line
454 item appropriation or other appropriation designated as follows:

455 (i) Basic School Program;

456 (ii) Related to Basic Programs;

457 (iii) Voted and Board Levy Programs; or

458 (iv) Minimum School Program.

459 (5) "Weighted pupil unit or units or WPU or WPU's" means the unit of measure of

460 factors that is computed in accordance with this chapter for the purpose of determining the
461 costs of a program on a uniform basis for each district.

462 Section 6. Section **53A-17a-131.17** is amended to read:

463 **53A-17a-131.17. State contribution for School LAND Trust Program.**

464 (1) If the amount of money from the Interest and Dividends Account created in Section
465 [53A-16-101](#) prescribed for funding the School LAND Trust Program in Section [53A-16-101.5](#)
466 is less than or greater than the money appropriated from the Interest and Dividends Account for
467 the School LAND Trust Program, the appropriation from the Interest and Dividends Account
468 shall be equal to the amount of money from the Interest and Dividends Account prescribed for
469 funding the School LAND Trust Program in Section [53A-16-101.5](#), up to a maximum of an
470 amount equal to 2% of the funds provided for the Minimum School Program.

471 (2) If the amount of money from the Minimum Basic Growth Account created in
472 Section [53A-16-101](#) prescribed for funding the School LAND Trust Program in Section
473 [53A-16-101.5](#) is less than or greater than the money appropriated from the Minimum Basic
474 Growth Account for the School LAND Trust Program, the appropriation from the Minimum
475 Basic Growth Account shall be equal to the amount of money from the Minimum Basic
476 Growth Account prescribed for funding the School LAND Trust Program in Section
477 [53A-16-101.5](#).

478 [~~(2)~~] (3) The State Board of Education shall distribute the money appropriated in
479 [~~Subsection (1)~~] Subsections (1) and (2) in accordance with Section [53A-16-101.5](#) and rules
480 established by the board in accordance with Title 63G, Chapter 3, Utah Administrative
481 Rulemaking Act.

482 Section 7. Section **53A-17a-135** is amended to read:

483 **53A-17a-135. Minimum basic tax rate -- Certified revenue levy.**

484 (1) (a) Except as provided in Subsection (1)(b), as used in this section, "basic levy
485 increment rate" means a rate equal to the lesser of:

486 (i) the difference between:

487 (A) a rate of .001535; and

488 (B) the certified revenue levy; or

489 (ii) a rate that:

490 (A) provides an amount of ad valorem property tax revenue equal to \$100,000,000; and

491 (B) is calculated in the same manner as the certified revenue levy.

492 (b) If the difference calculated in Subsection (1)(a)(i) is less than zero, "basic levy
493 increment rate" means a rate equal to zero.

494 ~~[(1)]~~ (2) (a) In order to qualify for receipt of the state contribution toward the basic
495 program and as its contribution toward its costs of the basic program, each school district shall
496 impose a minimum basic tax rate per dollar of taxable value [that generates \$294,092,000 in
497 revenues statewide] in accordance with this section.

498 ~~[(b) The preliminary estimate for the 2013-14 minimum basic tax rate is .001691.]~~

499 ~~[(c) The State Tax Commission shall certify on or before June 22 the rate that~~
500 ~~generates \$294,092,000 in revenues statewide.]~~

501 ~~[(d) If the minimum basic tax rate exceeds the certified revenue levy as defined in~~
502 ~~Section 53A-17a-103, the state is subject to the notice requirements of Section 59-2-926.]~~

503 (b) Except as provided in Subsection (2)(c), beginning on January 1, 2014, the
504 minimum basic tax rate is the greater of:

505 (i) the certified revenue levy; or

506 (ii) a rate of .001535.

507 (c) If the basic levy increment rate is equal to a rate described in Subsection (1)(a)(ii),
508 the minimum basic tax rate is a rate equal to the sum of:

509 (i) the certified revenue levy; and

510 (ii) the basic levy increment rate.

511 (3) (a) On or before June 8, the State Tax Commission shall provide the State Board of
512 Education and each school district with an initial estimate of:

513 (i) the minimum basic tax rate to be imposed under Subsection (2); and

514 (ii) the basic levy increment rate.

515 (b) On or before June 22, the State Tax Commission shall certify:

516 (i) the minimum basic tax rate to be imposed under Subsection (2); and

517 (ii) the basic levy increment rate.

518 ~~[(2)]~~ (4) (a) The state shall contribute to each district toward the cost of the basic
519 program in the district that portion which exceeds the proceeds of [the levy authorized under
520 Subsection (1)]. the difference between:

521 (i) the minimum basic tax rate imposed under Subsection (2); and

522 (ii) the basic levy increment rate.

523 (b) In accord with the state strategic plan for public education and to fulfill its
524 responsibility for the development and implementation of that plan, the Legislature instructs
525 the State Board of Education, the governor, and the Office of Legislative Fiscal Analyst in each
526 of the coming five years to develop budgets that will fully fund student enrollment growth.

527 ~~[(3)]~~ (5) (a) If the [proceeds of the levy authorized under Subsection (1) equal or
528 exceed] difference described in Subsection (4)(a) equals or exceeds the cost of the basic
529 program in a school district, no state contribution shall be made to the basic program.

530 (b) The proceeds of ~~[the levy authorized under Subsection (1) which]~~ the difference
531 described in Subsection (4)(a) that exceed the cost of the basic program shall be paid into the
532 Uniform School Fund as provided by law.

533 (6) The State Board of Education shall:

534 (a) deduct from state funds that a school district is authorized to receive under this
535 chapter an amount equal to the proceeds generated within the school district by the basic levy
536 increment rate; and

537 (b) deposit the money described in Subsection (6)(a) into the Minimum Basic Growth
538 Account created in Section [53A-16-101](#).

539 Section 8. Section **59-2-102** is amended to read:

540 **59-2-102. Definitions.**

541 As used in this chapter and title:

542 (1) "Aerial applicator" means aircraft or rotorcraft used exclusively for the purpose of
543 engaging in dispensing activities directly affecting agriculture or horticulture with an
544 airworthiness certificate from the Federal Aviation Administration certifying the aircraft or
545 rotorcraft's use for agricultural and pest control purposes.

546 (2) "Air charter service" means an air carrier operation which requires the customer to
547 hire an entire aircraft rather than book passage in whatever capacity is available on a scheduled
548 trip.

549 (3) "Air contract service" means an air carrier operation available only to customers
550 who engage the services of the carrier through a contractual agreement and excess capacity on
551 any trip and is not available to the public at large.

552 (4) "Aircraft" is as defined in Section [72-10-102](#).

553 (5) (a) Except as provided in Subsection (5)(b), "airline" means an air carrier that:
554 (i) operates:
555 (A) on an interstate route; and
556 (B) on a scheduled basis; and
557 (ii) offers to fly one or more passengers or cargo on the basis of available capacity on a
558 regularly scheduled route.

559 (b) "Airline" does not include an:

560 (i) air charter service; or

561 (ii) air contract service.

562 (6) "Assessment roll" means a permanent record of the assessment of property as
563 assessed by the county assessor and the commission and may be maintained manually or as a
564 computerized file as a consolidated record or as multiple records by type, classification, or
565 categories.

566 (7) (a) "Certified revenue levy" means a property tax levy that provides an amount of
567 ad valorem property tax revenue equal to the sum of:

568 (i) the amount of ad valorem property tax revenue to be generated statewide in the
569 previous year from imposing a school minimum basic tax rate, as specified in [Subsection]
570 Section 53A-17a-135~~[(1)(a)]~~, or multicounty assessing and collecting levy, as specified in
571 Section 59-2-1602; and

572 (ii) the product of:

573 (A) new growth, as defined in:

574 (I) Section 59-2-924; and

575 (II) rules of the commission; and

576 (B) the school minimum basic tax rate or multicounty assessing and collecting levy
577 certified by the commission for the previous year.

578 (b) For purposes of this Subsection (7), "ad valorem property tax revenue" does not
579 include property tax revenue received by a taxing entity from personal property that is:

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

581 (ii) semiconductor manufacturing equipment.

582 (c) For purposes of calculating the certified revenue levy described in this Subsection
583 (7), the commission shall use:

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

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

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

589 (8) "County-assessed commercial vehicle" means:

590 (a) any commercial vehicle, trailer, or semitrailer which is not apportioned under
591 Section 41-1a-301 and is not operated interstate to transport the vehicle owner's goods or
592 property in furtherance of the owner's commercial enterprise;

593 (b) any passenger vehicle owned by a business and used by its employees for
594 transportation as a company car or vanpool vehicle; and

595 (c) vehicles that are:

596 (i) especially constructed for towing or wrecking, and that are not otherwise used to
597 transport goods, merchandise, or people for compensation;

598 (ii) used or licensed as taxicabs or limousines;

599 (iii) used as rental passenger cars, travel trailers, or motor homes;

600 (iv) used or licensed in this state for use as ambulances or hearses;

601 (v) especially designed and used for garbage and rubbish collection; or

602 (vi) used exclusively to transport students or their instructors to or from any private,
603 public, or religious school or school activities.

604 (9) (a) Except as provided in Subsection (9)(b), for purposes of Section 59-2-801,
605 "designated tax area" means a tax area created by the overlapping boundaries of only the
606 following taxing entities:

607 (i) a county; and

608 (ii) a school district.

609 (b) Notwithstanding Subsection (9)(a), "designated tax area" includes a tax area created
610 by the overlapping boundaries of:

611 (i) the taxing entities described in Subsection (9)(a); and

612 (ii) (A) a city or town if the boundaries of the school district under Subsection (9)(a)
613 and the boundaries of the city or town are identical; or

614 (B) a special service district if the boundaries of the school district under Subsection

615 (9)(a) are located entirely within the special service district.

616 (10) "Eligible judgment" means a final and unappealable judgment or order under
617 Section 59-2-1330:

618 (a) that became a final and unappealable judgment or order no more than 14 months
619 prior to the day on which the notice required by Section 59-2-919.1 is required to be mailed;
620 and

621 (b) for which a taxing entity's share of the final and unappealable judgment or order is
622 greater than or equal to the lesser of:

623 (i) \$5,000; or

624 (ii) 2.5% of the total ad valorem property taxes collected by the taxing entity in the
625 previous fiscal year.

626 (11) (a) "Escaped property" means any property, whether personal, land, or any
627 improvements to the property, subject to taxation and is:

628 (i) inadvertently omitted from the tax rolls, assigned to the incorrect parcel, or assessed
629 to the wrong taxpayer by the assessing authority;

630 (ii) undervalued or omitted from the tax rolls because of the failure of the taxpayer to
631 comply with the reporting requirements of this chapter; or

632 (iii) undervalued because of errors made by the assessing authority based upon
633 incomplete or erroneous information furnished by the taxpayer.

634 (b) Property that is undervalued because of the use of a different valuation
635 methodology or because of a different application of the same valuation methodology is not
636 "escaped property."

637 (12) "Fair market value" means the amount at which property would change hands
638 between a willing buyer and a willing seller, neither being under any compulsion to buy or sell
639 and both having reasonable knowledge of the relevant facts. For purposes of taxation, "fair
640 market value" shall be determined using the current zoning laws applicable to the property in
641 question, except in cases where there is a reasonable probability of a change in the zoning laws
642 affecting that property in the tax year in question and the change would have an appreciable
643 influence upon the value.

644 (13) "Farm machinery and equipment," for purposes of the exemption provided under
645 Section 59-2-1101, means tractors, milking equipment and storage and cooling facilities, feed

646 handling equipment, irrigation equipment, harvesters, choppers, grain drills and planters, tillage
647 tools, scales, combines, spreaders, sprayers, haying equipment, and any other machinery or
648 equipment used primarily for agricultural purposes; but does not include vehicles required to be
649 registered with the Motor Vehicle Division or vehicles or other equipment used for business
650 purposes other than farming.

651 (14) "Geothermal fluid" means water in any form at temperatures greater than 120
652 degrees centigrade naturally present in a geothermal system.

653 (15) "Geothermal resource" means:

654 (a) the natural heat of the earth at temperatures greater than 120 degrees centigrade;
655 and

656 (b) the energy, in whatever form, including pressure, present in, resulting from, created
657 by, or which may be extracted from that natural heat, directly or through a material medium.

658 (16) (a) "Goodwill" means:

659 (i) acquired goodwill that is reported as goodwill on the books and records:

660 (A) of a taxpayer; and

661 (B) that are maintained for financial reporting purposes; or

662 (ii) the ability of a business to:

663 (A) generate income:

664 (I) that exceeds a normal rate of return on assets; and

665 (II) resulting from a factor described in Subsection (16)(b); or

666 (B) obtain an economic or competitive advantage resulting from a factor described in
667 Subsection (16)(b).

668 (b) The following factors apply to Subsection (16)(a)(ii):

669 (i) superior management skills;

670 (ii) reputation;

671 (iii) customer relationships;

672 (iv) patronage; or

673 (v) a factor similar to Subsections (16)(b)(i) through (iv).

674 (c) "Goodwill" does not include:

675 (i) the intangible property described in Subsection (20)(a) or (b);

676 (ii) locational attributes of real property, including:

- 677 (A) zoning;
- 678 (B) location;
- 679 (C) view;
- 680 (D) a geographic feature;
- 681 (E) an easement;
- 682 (F) a covenant;
- 683 (G) proximity to raw materials;
- 684 (H) the condition of surrounding property; or
- 685 (I) proximity to markets;
- 686 (iii) value attributable to the identification of an improvement to real property,
- 687 including:
 - 688 (A) reputation of the designer, builder, or architect of the improvement;
 - 689 (B) a name given to, or associated with, the improvement; or
 - 690 (C) the historic significance of an improvement; or
 - 691 (iv) the enhancement or assemblage value specifically attributable to the interrelation
 - 692 of the existing tangible property in place working together as a unit.
- 693 (17) "Governing body" means:
 - 694 (a) for a county, city, or town, the legislative body of the county, city, or town;
 - 695 (b) for a local district under Title 17B, Limited Purpose Local Government Entities -
 - 696 Local Districts, the local district's board of trustees;
 - 697 (c) for a school district, the local board of education; or
 - 698 (d) for a special service district under Title 17D, Chapter 1, Special Service District
 - 699 Act:
 - 700 (i) the legislative body of the county or municipality that created the special service
 - 701 district, to the extent that the county or municipal legislative body has not delegated authority
 - 702 to an administrative control board established under Section [17D-1-301](#); or
 - 703 (ii) the administrative control board, to the extent that the county or municipal
 - 704 legislative body has delegated authority to an administrative control board established under
 - 705 Section [17D-1-301](#).
 - 706 (18) (a) For purposes of Section [59-2-103](#):
 - 707 (i) "household" means the association of persons who live in the same dwelling,

708 sharing its furnishings, facilities, accommodations, and expenses; and

709 (ii) "household" includes married individuals, who are not legally separated, that have
710 established domiciles at separate locations within the state.

711 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
712 commission may make rules defining the term "domicile."

713 (19) (a) Except as provided in Subsection (19)(c), "improvement" means a building,
714 structure, fixture, fence, or other item that is permanently attached to land, regardless of
715 whether the title has been acquired to the land, if:

716 (i) (A) attachment to land is essential to the operation or use of the item; and

717 (B) the manner of attachment to land suggests that the item will remain attached to the
718 land in the same place over the useful life of the item; or

719 (ii) removal of the item would:

720 (A) cause substantial damage to the item; or

721 (B) require substantial alteration or repair of a structure to which the item is attached.

722 (b) "Improvement" includes:

723 (i) an accessory to an item described in Subsection (19)(a) if the accessory is:

724 (A) essential to the operation of the item described in Subsection (19)(a); and

725 (B) installed solely to serve the operation of the item described in Subsection (19)(a);

726 and

727 (ii) an item described in Subsection (19)(a) that:

728 (A) is temporarily detached from the land for repairs; and

729 (B) remains located on the land.

730 (c) Notwithstanding Subsections (19)(a) and (b), "improvement" does not include:

731 (i) an item considered to be personal property pursuant to rules made in accordance
732 with Section [59-2-107](#);

733 (ii) a moveable item that is attached to land:

734 (A) for stability only; or

735 (B) for an obvious temporary purpose;

736 (iii) (A) manufacturing equipment and machinery; or

737 (B) essential accessories to manufacturing equipment and machinery;

738 (iv) an item attached to the land in a manner that facilitates removal without substantial

739 damage to:

740 (A) the land; or

741 (B) the item; or

742 (v) a transportable factory-built housing unit as defined in Section 59-2-1502 if that
743 transportable factory-built housing unit is considered to be personal property under Section
744 59-2-1503.

745 (20) "Intangible property" means:

746 (a) property that is capable of private ownership separate from tangible property,

747 including:

748 (i) money;

749 (ii) credits;

750 (iii) bonds;

751 (iv) stocks;

752 (v) representative property;

753 (vi) franchises;

754 (vii) licenses;

755 (viii) trade names;

756 (ix) copyrights; and

757 (x) patents;

758 (b) a low-income housing tax credit;

759 (c) goodwill; or

760 (d) a renewable energy tax credit or incentive, including:

761 (i) a federal renewable energy production tax credit under Section 45, Internal Revenue
762 Code;

763 (ii) a federal energy credit for qualified renewable electricity production facilities under
764 Section 48, Internal Revenue Code;

765 (iii) a federal grant for a renewable energy property under American Recovery and
766 Reinvestment Act of 2009, Pub. L. No. 111-5, Section 1603; and

767 (iv) a tax credit under Subsection 59-7-614(2)(c).

768 (21) "Low-income housing tax credit" means:

769 (a) a federal low-income housing tax credit under Section 42, Internal Revenue Code;

770 or

771 (b) a low-income housing tax credit under:

772 (i) Section 59-7-607; or

773 (ii) Section 59-10-1010.

774 (22) "Metalliferous minerals" includes gold, silver, copper, lead, zinc, and uranium.

775 (23) "Mine" means a natural deposit of either metalliferous or nonmetalliferous
776 valuable mineral.

777 (24) "Mining" means the process of producing, extracting, leaching, evaporating, or
778 otherwise removing a mineral from a mine.

779 (25) (a) "Mobile flight equipment" means tangible personal property that is:

780 (i) owned or operated by an:

781 (A) air charter service;

782 (B) air contract service; or

783 (C) airline; and

784 (ii) (A) capable of flight;

785 (B) attached to an aircraft that is capable of flight; or

786 (C) contained in an aircraft that is capable of flight if the tangible personal property is
787 intended to be used:

788 (I) during multiple flights;

789 (II) during a takeoff, flight, or landing; and

790 (III) as a service provided by an air charter service, air contract service, or airline.

791 (b) (i) "Mobile flight equipment" does not include a spare part other than a spare
792 engine that is rotated:

793 (A) at regular intervals; and

794 (B) with an engine that is attached to the aircraft.

795 (ii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
796 commission may make rules defining the term "regular intervals."

797 (26) "Nonmetalliferous minerals" includes, but is not limited to, oil, gas, coal, salts,
798 sand, rock, gravel, and all carboniferous materials.

799 (27) "Personal property" includes:

800 (a) every class of property as defined in Subsection (28) that is the subject of

801 ownership and not included within the meaning of the terms "real estate" and "improvements";

802 (b) gas and water mains and pipes laid in roads, streets, or alleys;

803 (c) bridges and ferries;

804 (d) livestock, which, for the purposes of the exemption provided under Section

805 [59-2-1112](#), means all domestic animals, honeybees, poultry, fur-bearing animals, and fish; and

806 (e) outdoor advertising structures as defined in Section [72-7-502](#).

807 (28) (a) "Property" means property that is subject to assessment and taxation according
808 to its value.

809 (b) "Property" does not include intangible property as defined in this section.

810 (29) "Public utility," for purposes of this chapter, means the operating property of a
811 railroad, gas corporation, oil or gas transportation or pipeline company, coal slurry pipeline
812 company, electrical corporation, telephone corporation, sewerage corporation, or heat
813 corporation where the company performs the service for, or delivers the commodity to, the
814 public generally or companies serving the public generally, or in the case of a gas corporation
815 or an electrical corporation, where the gas or electricity is sold or furnished to any member or
816 consumers within the state for domestic, commercial, or industrial use. Public utility also
817 means the operating property of any entity or person defined under Section [54-2-1](#) except water
818 corporations.

819 (30) (a) Subject to Subsection (30)(b), "qualifying exempt primary residential rental
820 personal property" means household furnishings, furniture, and equipment that:

821 (i) are used exclusively within a dwelling unit that is the primary residence of a tenant;

822 (ii) are owned by the owner of the dwelling unit that is the primary residence of a
823 tenant; and

824 (iii) after applying the residential exemption described in Section [59-2-103](#), are exempt
825 from taxation under this chapter in accordance with Subsection [59-2-1115\(2\)](#).

826 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
827 commission may by rule define the term "dwelling unit" for purposes of this Subsection (30)
828 and Subsection (33).

829 (31) "Real estate" or "real property" includes:

830 (a) the possession of, claim to, ownership of, or right to the possession of land;

831 (b) all mines, minerals, and quarries in and under the land, all timber belonging to

832 individuals or corporations growing or being on the lands of this state or the United States, and
833 all rights and privileges appertaining to these; and

834 (c) improvements.

835 (32) "Relationship with an owner of the property's land surface rights" means a
836 relationship described in Subsection 267(b), Internal Revenue Code:

837 (a) except that notwithstanding Subsection 267(b), Internal Revenue Code, the term
838 25% shall be substituted for the term 50% in Subsection 267(b), Internal Revenue Code; and

839 (b) using the ownership rules of Subsection 267(c), Internal Revenue Code, for
840 determining the ownership of stock.

841 (33) (a) Subject to Subsection (33)(b), "residential property," for the purposes of the
842 reductions and adjustments under this chapter, means any property used for residential
843 purposes as a primary residence.

844 (b) Subject to Subsection (33)(c), "residential property":

845 (i) except as provided in Subsection (33)(b)(ii), includes household furnishings,
846 furniture, and equipment if the household furnishings, furniture, and equipment are:

847 (A) used exclusively within a dwelling unit that is the primary residence of a tenant;
848 and

849 (B) owned by the owner of the dwelling unit that is the primary residence of a tenant;
850 and

851 (ii) does not include property used for transient residential use.

852 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
853 commission may by rule define the term "dwelling unit" for purposes of Subsection (30) and
854 this Subsection (33).

855 (34) "Split estate mineral rights owner" means a person who:

856 (a) has a legal right to extract a mineral from property;

857 (b) does not hold more than a 25% interest in:

858 (i) the land surface rights of the property where the wellhead is located; or

859 (ii) an entity with an ownership interest in the land surface rights of the property where
860 the wellhead is located;

861 (c) is not an entity in which the owner of the land surface rights of the property where
862 the wellhead is located holds more than a 25% interest; and

863 (d) does not have a relationship with an owner of the land surface rights of the property
864 where the wellhead is located.

865 (35) (a) "State-assessed commercial vehicle" means:

866 (i) any commercial vehicle, trailer, or semitrailer which operates interstate or intrastate
867 to transport passengers, freight, merchandise, or other property for hire; or

868 (ii) any commercial vehicle, trailer, or semitrailer which operates interstate and
869 transports the vehicle owner's goods or property in furtherance of the owner's commercial
870 enterprise.

871 (b) "State-assessed commercial vehicle" does not include vehicles used for hire which
872 are specified in Subsection (8)(c) as county-assessed commercial vehicles.

873 (36) "Taxable value" means fair market value less any applicable reduction allowed for
874 residential property under Section 59-2-103.

875 (37) "Tax area" means a geographic area created by the overlapping boundaries of one
876 or more taxing entities.

877 (38) "Taxing entity" means any county, city, town, school district, special taxing
878 district, local district under Title 17B, Limited Purpose Local Government Entities - Local
879 Districts, or other political subdivision of the state with the authority to levy a tax on property.

880 (39) "Tax roll" means a permanent record of the taxes charged on property, as extended
881 on the assessment roll and may be maintained on the same record or records as the assessment
882 roll or may be maintained on a separate record properly indexed to the assessment roll. It
883 includes tax books, tax lists, and other similar materials.

884 Section 9. Section 59-2-926 is amended to read:

885 **59-2-926. Proposed tax increase by state -- Notice -- Contents -- Dates.**

886 If the state authorizes a levy pursuant to [~~Section 53A-17a-135 that exceeds the~~
887 ~~certified revenue levy as defined in Section 53A-17a-103 or authorizes a levy pursuant to]~~
888 Section 59-2-1602 that exceeds the certified revenue levy as defined in Section 59-2-102, the
889 state shall publish a notice no later than 10 days after the last day of the annual legislative
890 general session that meets the following requirements:

891 (1) (a) The Office of the Legislative Fiscal Analyst shall advertise that the state
892 authorized a levy that generates revenue in excess of the previous year's ad valorem tax
893 revenue, plus new growth, but exclusive of revenue from collections from redemptions,

894 interest, and penalties:

895 (i) in a newspaper of general circulation in the state; and

896 (ii) as required in Section 45-1-101.

897 (b) Except an advertisement published on a website, the advertisement described in

898 Subsection (1)(a):

899 (i) shall be no less than 1/4 page in size and the type used shall be no smaller than 18
900 point, and surrounded by a 1/4-inch border:

901 (ii) may not be placed in that portion of the newspaper where legal notices and

902 classified advertisements appear; and

903 (iii) shall be run once.

904 (2) The form and content of the notice shall be substantially as follows:

905 "NOTICE OF TAX INCREASE

906 The state has budgeted an increase in its property tax revenue from \$_____ to
907 \$_____ or ____%. The increase in property tax revenues will come from the following
908 sources (include all of the following provisions):

909 (a) \$_____ of the increase will come from (provide an explanation of the cause
910 of adjustment or increased revenues, such as reappraisals or factoring orders);

911 (b) \$_____ of the increase will come from natural increases in the value of the
912 tax base due to (explain cause of new growth, such as new building activity, annexation, etc.);

913 (c) a home valued at \$100,000 in the state of Utah which based on last year's [~~levy for~~
914 ~~the basic state-supported school program,~~] levy for the Property Tax Valuation Agency Fund,
915 [~~or both~~] paid \$_____ in property taxes would pay the following:

916 (i) \$_____ if the state of Utah did not budget an increase in property tax revenue
917 exclusive of new growth; and

918 (ii) \$_____ under the increased property tax revenues exclusive of new growth
919 budgeted by the state of Utah."

920 Section 10. **Retrospective operation.**

921 This bill has retrospective operation to January 1, 2014.

922 Section 11. **Coordinating S.B. 111 with H.B. 1 -- Superseding technical and**
923 **substantive amendments.**

924 If this S.B. 111 and H.B. 1, Public Education Base Budget Amendments, both pass and

925 become law, it is the intent of the Legislature that the amendments to Section 53A-17a-135 in
926 this bill supersede the amendments to Section 53A-17a-135 in H.B. 1 when the Office of
927 Legislative Research and General Counsel prepares the Utah Code database for publication.