

**Representative Steve Eliason** proposes the following substitute bill:

**SCHOOL FUNDING AMENDMENTS**

2016 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Howard A. Stephenson**

House Sponsor: Steve Eliason

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**LONG TITLE**

**General Description:**

This bill amends provisions related to charter school funding.

**Highlighted Provisions:**

This bill:

- ▶ includes the existing definition of "basic program";
- ▶ amends the definition of "district local property tax revenues" to include school district revenues expended for recreational facilities and revenues received from certain state guarantees;
- ▶ amends the allocation that a school district makes for resident students enrolled in a charter school;
- ▶ amends charter school facility expenditures provisions;
- ▶ requires a school district at a public hearing to state the percentage of property tax revenue that represents revenue distributed to charter schools;
- ▶ requires a notice of property valuation and a property tax notice to include information on revenue distributed to charter schools; and
- ▶ makes technical corrections.

**Money Appropriated in this Bill:**

None



26 **Other Special Clauses:**

27 This bill provides a special effective date.

28 **Utah Code Sections Affected:**

29 AMENDS:

30 **53A-1a-513**, as last amended by Laws of Utah 2015, Chapters 64 and 380

31 **53A-19-102**, as last amended by Laws of Utah 2010, Chapters 84, 135, and 160

32 **59-2-919.1**, as last amended by Laws of Utah 2014, Chapter 256 and further amended  
33 by Revisor Instructions, Laws of Utah 2014, Chapter 256

34 **59-2-1317**, as last amended by Laws of Utah 2015, Chapter 349



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

37 Section 1. Section **53A-1a-513** is amended to read:

38 **53A-1a-513. Funding for charter schools.**

39 (1) As used in this section:

40 (a) "Basic program" means the same as that term is defined in Section 53A-17a-103.

41 ~~(a)~~ (b) "Charter school students' average local revenues" means the amount  
42 determined as follows:

43 (i) for each student enrolled in a charter school on the previous October 1, calculate the  
44 district per pupil local revenues of the school district in which the student resides;

45 (ii) sum the district per pupil local revenues for each student enrolled in a charter  
46 school on the previous October 1; and

47 (iii) divide the sum calculated under Subsection (1)~~(a)~~(b)(ii) by the number of  
48 students enrolled in charter schools on the previous October 1.

49 ~~(b)~~ (c) "District local property tax revenues" means the sum of a school district's  
50 revenue received from the following ~~levies~~:

51 (i) a voted local levy imposed under Section 53A-17a-133;

52 (ii) a board local levy imposed under Section 53A-17a-164, excluding revenues  
53 expended for:

54 ~~(A) recreational facilities and activities authorized under Title 11, Chapter 2,~~  
55 ~~Playgrounds;~~

56 ~~(B)~~ (A) pupil transportation, up to the amount of revenue generated by a .0003 per

57 dollar of taxable value of the school district's board local levy; and

58 ~~[(C)]~~ (B) the K-3 Reading Improvement Program, up to the amount of revenue  
59 generated by a .000121 per dollar of taxable value of the school district's board local levy;

60 ~~[and]~~

61 (iii) a capital local levy imposed under Section [53A-16-113](#)~~[-];~~ and

62 ~~(iv)~~ a guarantee described in Section [53A-17a-133](#), [53A-17a-164](#), [53A-21-202](#), or  
63 [53A-21-302](#).

64 ~~[(e)]~~ (d) "District per pupil local revenues" means ~~[an amount equal to the following]~~,  
65 using data from the most recently published school district annual financial reports and state  
66 superintendent's annual report~~[-]~~, an amount equal to ~~[(f)]~~ district local property tax revenues~~[-]~~  
67 divided by ~~[(f)]~~ the sum of:

68 ~~[(A)]~~ (i) a school district's average daily membership; and

69 ~~[(B)]~~ (ii) the average daily membership of a school district's resident students who  
70 attend charter schools.

71 ~~[(d)]~~ (e) "Resident student" means a student who is considered a resident of the school  
72 district under Title 53A, Chapter 2, Part 2, District of Residency.

73 ~~[(e)]~~ (f) "Statewide average debt service revenues" means the amount determined as  
74 follows, using data from the most recently published state superintendent's annual report:

75 (i) sum the revenues of each school district from the debt service levy imposed under  
76 Section [11-14-310](#); and

77 (ii) divide the sum calculated under Subsection (1)~~[(e)]~~~~(f)]~~(f)(i) by statewide school  
78 district average daily membership.

79 (2) (a) Charter schools shall receive funding as described in this section, except  
80 Subsections (3) through (8) do not apply to charter schools described in Subsection (2)(b).

81 (b) Charter schools authorized by local school boards that are converted from district  
82 schools or operate in district facilities without paying reasonable rent shall receive funding as  
83 prescribed in Section [53A-1a-515](#).

84 (3) (a) Except as provided in Subsections (3)(b) and (3)(c), a charter school shall  
85 receive state funds, as applicable, on the same basis as a school district receives funds.

86 (b) For the 2015-16 school year, the number of weighted pupil units assigned to a  
87 charter school for the kindergarten and grades 1 through 12 programs of the Basic School

88 Program shall be:

89 (i) based on the higher of:

90 (A) October 1 enrollment in the current school year; or

91 (B) average daily membership in the prior school year plus growth as determined under

92 Section 53A-17a-106; and

93 (ii) weighted as provided in Subsection (3)(c).

94 (c) In distributing funds under Chapter 17a, Minimum School Program Act, to charter  
95 schools, charter school pupils shall be weighted, where applicable, as follows:

96 (i) .55 for kindergarten pupils;

97 (ii) .9 for pupils in grades 1 through 6;

98 (iii) .99 for pupils in grades 7 through 8; and

99 (iv) 1.2 for pupils in grades 9 through 12.

100 (4) (a) (i) A school district shall allocate a portion of school district revenues for each  
101 resident student of the school district who is enrolled in a charter school on the previous  
102 October 1 equal to 25% of the district per pupil local revenues[-] excluding the amount of  
103 revenues:

104 (A) described in Subsection (1)(c)(iv) collected by the district; and

105 (B) expended by the school district for recreational facilities and activities authorized  
106 under Title 11, Chapter 2, Playgrounds.

107 (ii) Nothing in this Subsection (4)(a) affects the school bond guarantee program  
108 established under Chapter 28, Utah School Bond Guaranty Act.

109 (b) The State Board of Education shall:

110 (i) deduct an amount equal to the allocation provided under Subsection (4)(a) from  
111 state funds the school district is authorized to receive under Chapter 17a, Minimum School  
112 Program Act; and

113 (ii) remit the money to the student's charter school.

114 (c) Notwithstanding the method used to transfer school district revenues to charter  
115 schools as provided in Subsection (4)(b), a school district may deduct the allocations to charter  
116 schools under this section from:

117 (i) unrestricted revenues available to the school district; or

118 (ii) the revenue sources listed in Subsection (1)[(b)](c) based on the portion of the

119 allocations to charter schools attributed to each of the revenue sources listed in Subsection  
120 (1)~~(b)~~(c).

121 (d) (i) Subject to future budget constraints, the Legislature shall provide an  
122 appropriation for charter schools for each student enrolled on October 1 to supplement the  
123 allocation of school district revenues under Subsection (4)(a).

124 (ii) Except as provided in Subsection (4)(d)(iii), the amount of money provided by the  
125 state for a charter school student shall be the sum of:

126 (A) charter school students' average local revenues minus the allocation of school  
127 district revenues under Subsection (4)(a); and

128 (B) statewide average debt service revenues.

129 (iii) If the total of a school district's allocation for a charter school student under  
130 Subsection (4)(a) and the amount provided by the state under Subsection (4)(d)(ii) is less than  
131 \$1427, the state shall provide an additional supplement so that a charter school receives at least  
132 \$1427 per student under this Subsection (4).

133 (iv) (A) If the appropriation provided under this Subsection (4)(d) is less than the  
134 amount prescribed by Subsection (4)(d)(ii) or (4)(d)(iii), the appropriation shall be allocated  
135 among charter schools in proportion to each charter school's enrollment as a percentage of the  
136 total enrollment in charter schools.

137 (B) If the State Board of Education makes adjustments to Minimum School Program  
138 allocations as provided under Section [53A-17a-105](#), the allocation provided in Subsection  
139 (4)(d)(iv)(A) shall be determined after adjustments are made under Section [53A-17a-105](#).

140 (e) ~~(f)~~ (i) Except as provided in Subsection (4)(e)(ii), of the money provided to a  
141 charter school under this Subsection (4), 10% shall be expended for funding school facilities  
142 only.

143 (ii) Subsection (4)(e)(i) does not apply to an online charter school.

144 (5) Charter schools are eligible to receive federal funds if they meet all applicable  
145 federal requirements and comply with relevant federal regulations.

146 (6) The State Board of Education shall distribute funds for charter school students  
147 directly to the charter school.

148 (7) (a) Notwithstanding Subsection (3), a charter school is not eligible to receive state  
149 transportation funding.

150 (b) The board shall also adopt rules relating to the transportation of students to and  
151 from charter schools, taking into account Sections 53A-2-210 and 53A-17a-127.

152 (c) The governing body of the charter school may provide transportation through an  
153 agreement or contract with the local school board, a private provider, or with parents.

154 (8) (a) (i) In accordance with Section 53A-1a-513.5, the State Charter School Board  
155 may allocate grants for start-up costs to charter schools from money appropriated for charter  
156 school start-up costs.

157 (ii) The governing board of a charter school that receives money from a grant under  
158 Section 53A-1a-513.5 shall use the grant for expenses for planning and implementation of the  
159 charter school.

160 (b) The State Board of Education shall coordinate the distribution of federal money  
161 appropriated to help fund costs for establishing and maintaining charter schools within the  
162 state.

163 (9) (a) A charter school may receive, hold, manage and use any devise, bequest, grant,  
164 endowment, gift, or donation of any property made to the school for any of the purposes of this  
165 part.

166 (b) It is unlawful for any person affiliated with a charter school to demand or request  
167 any gift, donation, or contribution from a parent, teacher, employee, or other person affiliated  
168 with the charter school as a condition for employment or enrollment at the school or continued  
169 attendance at the school.

170 Section 2. Section 53A-19-102 is amended to read:

171 **53A-19-102. Local school board budget procedures.**

172 (1) (a) Prior to June 22 of each year, a local school board shall adopt a budget and  
173 make appropriations for the next fiscal year.

174 (b) If the tax rate in the proposed budget exceeds the certified tax rate defined in  
175 Section 59-2-924, the local school board shall comply with Section 59-2-919 in adopting the  
176 budget, except as provided by Section 53A-17a-133.

177 (2) (a) Prior to the adoption or amendment of a budget, a local school board shall hold  
178 a public hearing, as defined in Section 10-9a-103, on the proposed budget or budget  
179 amendment.

180 (b) In addition to complying with Title 52, Chapter 4, Open and Public Meetings Act,

181 in regards to the public hearing described in Subsection (2)(a), at least 10 days prior to the  
182 public hearing, a local school board shall:

183 (i) publish a notice of the public hearing in a newspaper or combination of newspapers  
184 of general circulation in the school district, except as provided in Section 45-1-101;

185 (ii) publish a notice of the public hearing electronically in accordance with Section  
186 45-1-101;

187 (iii) file a copy of the proposed budget with the local school board's business  
188 administrator for public inspection; and

189 (iv) post the proposed budget on the school district's Internet website.

190 (c) A notice of a public hearing on a school district's proposed budget shall include  
191 information on how the public may access the proposed budget as provided in Subsections  
192 (2)(b)(iii) and (2)(b)(iv).

193 (d) At the public hearing described in Subsection (2)(a), the local school board shall  
194 verbally state the percentage of all property tax revenue levied by the local school board that  
195 funds the local school board's contribution to charter schools.

196 (3) A local school board shall file a copy of the adopted budget with the state auditor  
197 and the State Board of Education.

198 Section 3. Section 59-2-919.1 is amended to read:

199 **59-2-919.1. Notice of property valuation and tax changes.**

200 (1) In addition to the notice requirements of Section 59-2-919, the county auditor, on or  
201 before July 22 of each year, shall notify, by mail, each owner of real estate as defined in  
202 Section 59-2-102 who is listed on the assessment roll.

203 (2) The notice described in Subsection (1) shall:

204 (a) be sent to all owners of real property by mail 10 or more days before the day on  
205 which:

206 (i) the county board of equalization meets; and

207 (ii) the taxing entity holds a public hearing on the proposed increase in the certified tax  
208 rate;

209 (b) be printed on a form that is:

210 (i) approved by the commission; and

211 (ii) uniform in content in all counties in the state; and

212 (c) contain for each property:  
213 (i) the assessor's determination of the value of the property;  
214 (ii) the date the county board of equalization will meet to hear complaints on the  
215 valuation;  
216 (iii) itemized tax information for all applicable taxing entities, including:  
217 (A) the dollar amount of the taxpayer's tax liability for the property in the prior year;  
218 and  
219 (B) the dollar amount of the taxpayer's tax liability under the current rate;  
220 (iv) the tax impact on the property;  
221 (v) the time and place of the required public hearing for each entity;  
222 (vi) property tax information pertaining to:  
223 (A) taxpayer relief;  
224 (B) options for payment of taxes; and  
225 (C) collection procedures;  
226 (vii) information specifically authorized to be included on the notice under this  
227 chapter;  
228 (viii) the last property review date of the property as described in Subsection  
229 [59-2-303.1\(1\)\(c\)](#); and  
230 (ix) other property tax information approved by the commission.  
231 (3) If a taxing entity that is subject to the notice and hearing requirements of  
232 Subsection [59-2-919\(4\)](#) proposes a tax increase, the notice described in Subsection (1) shall  
233 state, in addition to the information required by Subsection (2):  
234 (a) the dollar amount of the taxpayer's tax liability if the proposed increase is approved;  
235 (b) the difference between the dollar amount of the taxpayer's tax liability if the  
236 proposed increase is approved and the dollar amount of the taxpayer's tax liability under the  
237 current rate, placed in close proximity to the information described in Subsection (2)(c)(v); and  
238 (c) the percentage increase that the dollar amount of the taxpayer's tax liability under  
239 the proposed tax rate represents as compared to the dollar amount of the taxpayer's tax liability  
240 under the current tax rate.  
241 (4) (a) As used in this Subsection (4):  
242 (i) "Number of enrolled charter students" means the number of resident students of the



243 school district in which a taxpayer resides who are enrolled in charter schools on the previous  
244 October 1.

245 (ii) "Previous school year" means the most recent school year completed prior to the  
246 date that the notice is issued.

247 (iii) "Resident student" means a student who, under Title 53A, Chapter 2, Part 2,  
248 District of Residency, is considered a resident of the school district in which a taxpayer who  
249 receives a notice described in Subsection (1) resides.

250 (iv) "Taxpayer's amount" means the amount of property taxes imposed on the taxpayer  
251 that represents revenue distributed to charter schools as provided in Section [53A-1a-513](#).

252 (v) "Taxpayer's percent" means the percentage of a taxpayer's property tax that  
253 represents revenue distributed to charter schools as provided in Section [53A-1a-513](#).

254 (b) The notice a county auditor is required to provide a taxpayer under Subsection (1)  
255 shall contain substantially the following language: "Approximately (taxpayer's amount) or  
256 (taxpayer's percent) of this amount will be distributed to charter schools for (number of  
257 enrolled charter students) students from (name of local school district in which the taxpayer  
258 resides) who attended a charter school in (previous school year)."

259 (c) For purposes of the statement required by Subsection (4)(b), a county auditor shall  
260 determine the taxpayer's amount and taxpayer's percent based on the previous year and in  
261 accordance with a formula established by the commission in rules adopted in accordance with  
262 Title 63G, Chapter 3, Utah Administrative Rulemaking Act.

263 (d) By a date specified by the commission, the State Board of Education shall report to  
264 county auditors the estimated amount each school district shall contribute to charter schools as  
265 provided in Section [53A-1a-513](#).

266 Section 4. Section **59-2-1317** is amended to read:

267 **59-2-1317. Tax notice -- Contents of notice -- Procedures and requirements for**  
268 **providing notice.**

269 (1) Subject to the other provisions of this section, the county treasurer shall:

270 (a) collect the taxes; and

271 (b) provide a notice to each taxpayer that contains the following:

272 (i) the kind and value of property assessed to the taxpayer;

273 (ii) the street address of the property, if available to the county;

274 (iii) that the property may be subject to a detailed review in the next year under Section  
275 59-2-303.1;

276 (iv) the amount of taxes levied;

277 (v) a separate statement of the taxes levied only on a certain kind or class of property  
278 for a special purpose;

279 (vi) property tax information pertaining to taxpayer relief, options for payment of  
280 taxes, and collection procedures;

281 (vii) if applicable, the amount of an assessment assessed in accordance with Section  
282 11-42-401;

283 (viii) if applicable, an unpaid fee, administrative cost, or interest for a local district in  
284 accordance with Section 17B-1-902;

285 (ix) the date the taxes are due;

286 (x) the street address at which the taxes may be paid;

287 (xi) the date on which the taxes are delinquent;

288 (xii) the penalty imposed on delinquent taxes;

289 (xiii) other information specifically authorized to be included on the notice under this  
290 chapter; and

291 (xiv) other property tax information approved by the commission.

292 (2) For any property for which property taxes are delinquent, the notice described in  
293 Subsection (1) shall state, "Prior taxes are delinquent on this parcel."

294 (3) Except as provided in Subsection (4), the county treasurer shall:

295 (a) mail the notice required by this section, postage prepaid; or

296 (b) leave the notice required by this section at the taxpayer's residence or usual place of  
297 business, if known.

298 (4) (a) Subject to the other provisions of this Subsection (4), a county treasurer may, at  
299 the county treasurer's discretion, provide the notice required by this section by electronic mail if  
300 a taxpayer makes an election, according to procedures determined by the county treasurer, to  
301 receive the notice by electronic mail.

302 (b) A taxpayer may revoke an election to receive the notice required by this section by  
303 electronic mail if the taxpayer provides written notice to the treasurer on or before October 1.

304 (c) A revocation of an election under this section does not relieve a taxpayer of the

305 duty to pay a tax due under this chapter on or before the due date for paying the tax.

306 (d) A county treasurer shall provide the notice required by this section using a method  
307 described in Subsection (3), until a taxpayer makes a new election in accordance with this  
308 Subsection (4), if:

309 (i) the taxpayer revokes an election in accordance with Subsection (4)(b) to receive the  
310 notice required by this section by electronic mail; or

311 (ii) the county treasurer finds that the taxpayer's electronic mail address is invalid.

312 (e) A person is considered to be a taxpayer for purposes of this Subsection (4)  
313 regardless of whether the property that is the subject of the notice required by this section is  
314 exempt from taxation.

315 (5) (a) The county treasurer shall provide the notice required by this section to a  
316 taxpayer on or before November 1.

317 (b) The county treasurer shall keep on file in the county treasurer's office the  
318 information set forth in the notice.

319 (c) The county treasurer is not required to mail a tax receipt acknowledging payment.

320 (6) (a) As used in this Subsection (6):

321 (i) "Number of enrolled charter students" means the number of resident students of the  
322 school district in which a taxpayer resides who are enrolled in charter schools on the previous  
323 October 1.

324 (ii) "Previous school year" means the most recent school year completed prior to the  
325 date that the notice is issued.

326 (iii) "Resident student" means a student who, under Title 53A, Chapter 2, Part 2,  
327 District of Residency, is considered a resident of the school district in which a taxpayer who  
328 receives a notice described in Subsection (1) resides.

329 (iv) "Taxpayer's amount" means the amount of property taxes imposed on the taxpayer  
330 that represents revenue distributed to charter schools as provided in Section [53A-1a-513](#).

331 (v) "Taxpayer's percent" means the percentage of a taxpayer's property tax that  
332 represents revenue distributed to charter schools as provided in Section [53A-1a-513](#).

333 (b) The notice a county treasurer is required to provide a taxpayer under Subsection (1)  
334 shall contain substantially the following language: "Approximately (taxpayer's amount) or  
335 (taxpayer's percent) of this amount will be distributed to charter schools for (number of

336 enrolled charter students) students from (name of local school district in which the taxpayer  
337 resides) who attended a charter school in (previous school year)."

338 (c) For purposes of the statement required by Subsection (6)(b), a county treasurer shall  
339 determine the taxpayer's amount and taxpayer's percent based on the previous year and in  
340 accordance with a formula established by the commission in rules adopted in accordance with  
341 Title 63G, Chapter 3, Utah Administrative Rulemaking Act.

342 (d) By a date specified by the commission, the State Board of Education shall report to  
343 county treasurers the estimated amount each school district shall contribute to charter schools  
344 as provided in Section [53A-1a-513](#).

345 [~~6~~] (7) This section does not apply to property taxed under Section [59-2-1302](#) or  
346 [59-2-1307](#).

347 Section 5. **Effective date.**

348 (1) Except as provided in Subsection (2), this bill takes effect on July 1, 2016.

349 (2) The actions affecting Sections [59-2-919.1](#) and [59-2-1317](#) take effect on January 1,  
350 2017.