

**Senator Howard A. Stephenson** proposes the following substitute bill:

**FUNDING FOR EDUCATION SYSTEMS AMENDMENTS**

2017 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Howard A. Stephenson**

House Sponsor: \_\_\_\_\_

---

---

**LONG TITLE**

**General Description:**

This bill amends and enacts provisions related to education funding.

**Highlighted Provisions:**

This bill:

- ▶ amends for a five-year period the calculation of the school minimum basic tax rate;
- ▶ exempts in certain circumstances the school minimum basic tax rate from certain

public notice requirements;

~~§→ [→ establishes the Fixed Rate Growth Account to fund programs with demonstrated outcomes that improve student performance;] ←§~~

- ▶ provides a repeal date; and
- ▶ makes technical and conforming changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides a special effective date.

This bill provides revisor instructions.

**Utah Code Sections Affected:**

AMENDS:



460 (i) the certified revenue levy; or

461 (ii) a tax rate of .0016.

462 (c) On or before June 22, the State Tax Commission shall certify:

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

464 (ii) the basic levy increment rate.

465 (3) (a) The state shall contribute to each school district toward the cost of the basic  
466 program in the school district the portion that exceeds the proceeds of the difference between:

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

468 (ii) the sum of the basic levy increment rate and the fixed minimum rate.

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

474 (4) (a) If the difference described in Subsection (3)(a) equals or exceeds the cost of the  
475 basic program in a school district, no state contribution shall be made to the basic program.

476 (b) The proceeds of the difference described in Subsection (3)(a) that exceed the cost  
477 of the basic program shall be paid into the Uniform School Fund as provided by law.

478 (5) The State Board of Education shall:

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

482 (b) deposit the money described in Subsection (5)(a) into the Minimum Basic Growth  
483 Account created in Section [53A-17a-135.1](#).

484 (6) The State Board of Education shall:

485 (a) deduct from state funds that a school district is authorized to receive under this  
486 chapter an amount equal to the fixed minimum rate; and

487 (b) deposit the money described in Subsection (6)(a) into the Fixed Rate Growth  
488 Account created in Section [53A-17a-135.6](#).

489 **§→ [—Section 9. Section ~~53A-17a-135.6~~ is enacted to read:**

490 **— ~~53A-17a-135.6. Fixed Rate Growth Account.~~**

491 ~~☉~~ ~~(1) As used in this section, "account" means the Fixed Rate Growth Account created in~~  
 492 ~~this section.~~

493 ~~(2) There is created within the Education Fund a restricted account known as the~~  
 494 ~~"Fixed Rate Growth Account."~~

495 ~~(3) The account shall be funded by amounts deposited into the account in accordance~~  
 496 ~~with Section [53A-17a-135.5](#).~~

497 ~~(4) The account shall earn interest.~~

498 ~~(5) Interest earned on the account shall be deposited into the account.~~

499 ~~(6) The Legislature shall appropriate money in the account to the State Board of~~  
 500 ~~Education.~~

501 ~~(7) The State Board of Education shall use money in the account to fund programs with~~  
 502 ~~demonstrated outcomes that improve student performance.] ←§~~

503 Section 10. Section [53A-17a-143](#) is amended to read:

504 **53A-17a-143. Federal Impact Aid Program -- Offset for underestimated**  
 505 **allocations from the Federal Impact Aid Program.**

506 (1) In addition to the revenues received from the levy imposed by each school district  
 507 and authorized by the Legislature under Section [53A-17a-135](#) or [53A-17a-135.5](#), as applicable,  
 508 the Legislature shall provide an amount equal to the difference between the district's  
 509 anticipated receipts under the entitlement for the fiscal year from the Federal Impact Aid  
 510 Program and the amount the district actually received from this source for the next preceding  
 511 fiscal year.

512 (2) If at the end of a fiscal year the sum of the receipts of a school district from a  
 513 distribution from the Legislature pursuant to Subsection (1) plus the school district's allocations  
 514 from the Federal Impact Aid Program for that fiscal year exceeds the amount allocated to the  
 515 district from the Federal Impact Aid Program for the next preceding fiscal year, the excess  
 516 funds are carried into the next succeeding fiscal year and become in that year a part of the  
 517 district's contribution to its basic program for operation and maintenance under the state  
 518 minimum school finance law.

519 (3) During that year the district's required tax rate for the basic program shall be  
 520 reduced so that the yield from the reduced tax rate plus the carryover funds equal the district's  
 521 required contribution to its basic program.