

**MODIFICATIONS TO EDUCATION FUNDING**

2019 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Norman K. Thurston**

Senate Sponsor: Jacob L. Anderegg

---

---

**LONG TITLE**

**General Description:**

This bill amends provisions regarding public education funding.

**Highlighted Provisions:**

This bill:

- ▶ establishes a limit on the amount of an increase to the value of the weighted pupil unit funded through the weighted pupil unit value tax rate;
- ▶ requires a local education agency governing board to hold a public meeting regarding the use of funds from the Teacher and Student Success Account; and
- ▶ makes technical and conforming changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

AMENDS:

**53F-2-301**, as last amended by Laws of Utah 2018, Chapters 6, 456 and renumbered and amended by Laws of Utah 2018, Chapter 2

**53F-2-301.5**, as enacted by Laws of Utah 2018, Chapter 456

ENACTS:

**53G-7-217**, Utah Code Annotated 1953



28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47  
48  
49  
50  
51  
52  
53  
54  
55  
56  
57  
58

---

---

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

Section 1. Section **53F-2-301** is amended to read:

**53F-2-301. Minimum basic tax rate for a fiscal year that begins after July 1, 2022.**

(1) The provisions of this section are not in effect for a fiscal year that begins on July 1, 2018, 2019, 2020, 2021, or 2022.

(2) As used in this section:

(a) "Basic levy increment rate" means a tax rate that will generate an amount of revenue equal to \$75,000,000.

(b) "Combined basic rate" means a rate that is the sum of:

(i) the minimum basic tax rate; and

(ii) the WPU value rate.

(c) "Commission" means the State Tax Commission.

(d) "Equity pupil tax rate" means the tax rate that will generate an amount of revenue equal to the amount generated by the equity pupil tax rate as defined in Section [53F-2-301.5](#) in the fiscal year that begins July 1, 2022.

(e) "Minimum basic local amount" means an amount that is:

(i) equal to the sum of:

(A) the school districts' contribution to the basic school program the previous fiscal year;

(B) the amount generated by the basic levy increment rate;

(C) the amount generated by the equity pupil tax rate; and

(D) the eligible new growth, as defined in Section [59-2-924](#) and rules of the State Tax Commission multiplied by the minimum basic rate; and

(ii) set annually by the Legislature in Subsection (3)(a).

(f) "Minimum basic tax rate" means a tax rate certified by the commission that will generate an amount of revenue equal to the minimum basic local amount described in Subsection (3)(a).

(g) "Weighted pupil unit value" or "WPU value" means the amount established each year in the enacted public education budget that is multiplied by the number of weighted pupil units to yield the funding level for the basic school program.

- 59 (h) "WPU value amount" means an amount:
- 60 (i) that is equal to the product of:
- 61 (A) [~~the total cost to the basic school program to increase the WPU value over the~~  
62 ~~WPU value in the immediately preceding fiscal year]~~ the WPU value increase limit; and
- 63 (B) the percentage share of local revenue to the cost of the basic school program in the  
64 immediately preceding fiscal year; and
- 65 (ii) set annually by the Legislature in Subsection (4)(a).
- 66 (i) "WPU value increase limit" means the lesser of:
- 67 (i) the total cost to the basic school program to increase the WPU value over the WPU  
68 value in the prior fiscal year; or
- 69 (ii) the total cost to the basic school program to increase the WPU value by 3% over  
70 the WPU value in the prior fiscal year.
- 71 [(†)] (j) "WPU value rate" means a tax rate certified by the commission that will  
72 generate an amount of revenue equal to the WPU value amount described in Subsection (4)(a).
- 73 (3) (a) The minimum basic local amount for the fiscal year that begins on July 1, 2018,  
74 is \$408,073,800 in revenue statewide.
- 75 (b) The preliminary estimate of the minimum basic tax rate for a fiscal year that begins  
76 on July 1, 2018, is .001498.
- 77 (4) (a) The WPU value amount for the fiscal year that begins on July 1, 2018, is  
78 \$18,650,000 in revenue statewide.
- 79 (b) The preliminary estimate of the WPU value rate for the fiscal year that begins on  
80 July 1, 2018, is .000069.
- 81 (5) (a) On or before June 22, the commission shall certify for the year:
- 82 (i) the minimum basic tax rate; and
- 83 (ii) the WPU value rate.
- 84 (b) The estimate of the minimum basic tax rate provided in Subsection (3)(b) and the  
85 estimate of the WPU value rate provided in Subsection (4)(b) are based on a forecast for  
86 property values for the next calendar year.
- 87 (c) The certified minimum basic tax rate described in Subsection (5)(a)(i) and the  
88 certified WPU value rate described in Subsection (5)(a)(ii) are based on property values as of  
89 January 1 of the current calendar year, except personal property, which is based on values from

90 the previous calendar year.

91 (6) (a) To qualify for receipt of the state contribution toward the basic school program  
92 and as a school district's contribution toward the cost of the basic school program for the school  
93 district, each local school board shall impose the combined basic rate.

94 (b) (i) The state is not subject to the notice requirements of Section 59-2-926 before  
95 imposing the tax rates described in this Subsection (6).

96 (ii) (A) Except as provided in Subsection (6)(b)(ii)(B), the state is subject to the notice  
97 requirements of Section 59-2-926 if the state authorizes a tax rate that exceeds the tax rates  
98 described in this Subsection (6).

99 (B) For a calendar year that begins on January 1, 2018, the state is not subject to the  
100 notice and public hearing requirements of Section 59-2-926 if the state authorizes a combined  
101 basic rate that exceeds the tax rates authorized in this section.

102 (7) (a) The state shall contribute to each school district toward the cost of the basic  
103 school program in the school district an amount of money that is the difference between the  
104 cost of the school district's basic school program and the sum of revenue generated by the  
105 school district by the following:

- 106 (i) the combined basic rate;
- 107 (ii) the basic levy increment rate; and
- 108 (iii) the equity pupil tax rate.

109 (b) (i) If the difference described in Subsection (7)(a) equals or exceeds the cost of the  
110 basic school program in a school district, no state contribution shall be made to the basic  
111 school program for the school district.

112 (ii) The proceeds of the difference described in Subsection (7)(a) that exceed the cost  
113 of the basic school program shall be paid into the Uniform School Fund as provided by law and  
114 by the close of the fiscal year in which the proceeds were calculated.

115 (8) Upon appropriation by the Legislature, the Division of Finance shall deposit an  
116 amount equal to the proceeds generated statewide:

117 (a) by the basic levy increment rate into the Minimum Basic Growth Account created  
118 in Section 53F-9-302;

119 (b) by the equity pupil tax rate into the Local Levy Growth Account created in Section  
120 53F-9-305; and

121 (c) by the WPU value rate into the Teacher and Student Success Account created in  
122 Section 53F-9-306.

123 (9) After July 1, 2022, but before November 30, 2022, the Public Education  
124 Appropriations Subcommittee:

125 (a) shall review the WPU value rate, the impact of revenues generated by the WPU  
126 value rate on public education funding, and whether local school boards should continue to  
127 levy the WPU value rate; and

128 (b) may recommend an increase, repeal, or continuance of the WPU value rate.

129 Section 2. Section 53F-2-301.5 is amended to read:

130 **53F-2-301.5. Minimum basic tax rate for a fiscal year that begins on July 1, 2018,**  
131 **2019, 2020, 2021, or 2022.**

132 (1) The provisions of this section are in effect for a fiscal year that begins before July 1,  
133 2023.

134 (2) As used in this section:

135 (a) "Basic levy increment rate" means a tax rate that will generate an amount of  
136 revenue equal to \$75,000,000.

137 (b) "Combined basic rate" means a rate that is the sum of:

138 (i) the rate floor; and

139 (ii) the WPU value rate.

140 (c) "Commission" means the State Tax Commission.

141 (d) "Equity pupil tax rate" means the tax rate that is:

142 (i) calculated by subtracting the minimum basic tax rate from the rate floor; or

143 (ii) zero, if the rate calculated in accordance with Subsection (2)(d)(i) is zero or less.

144 (e) "Minimum basic local amount" means an amount that is:

145 (i) equal to the sum of:

146 (A) the school districts' contribution to the basic school program the previous fiscal  
147 year;

148 (B) the amount generated by the basic levy increment rate; and

149 (C) the eligible new growth, as defined in Section 59-2-924 and rules of the State Tax  
150 Commission multiplied by the minimum basic tax rate; and

151 (ii) set annually by the Legislature in Subsection (3)(a).

152 (f) "Minimum basic tax rate" means a tax rate certified by the commission that will  
153 generate an amount of revenue equal to the minimum basic local amount described in  
154 Subsection (3)(a).

155 (g) "Rate floor" means a rate that is the greater of:

- 156 (i) a .0016 tax rate; or
- 157 (ii) the minimum basic tax rate.

158 (h) "Weighted pupil unit value" or "WPU value" means the amount established each  
159 year in the enacted public education budget that is multiplied by the number of weighted pupil  
160 units to yield the funding level for the basic school program.

161 (i) "WPU value amount" means an amount that is:

162 (i) equal to the product of:

163 (A) ~~[the total cost to the basic school program to increase the WPU value over the~~  
164 ~~WPU value in the prior fiscal year]~~ the WPU value increase limit; and

165 (B) the percentage share of local revenue to the cost of the basic school program in the  
166 prior fiscal year; and

167 (ii) set annually by the Legislature in Subsection (4)(a).

168 (j) "WPU value increase limit" means the lesser of:

169 (i) the total cost to the basic school program to increase the WPU value over the WPU  
170 value in the prior fiscal year; or

171 (ii) the total cost to the basic school program to increase the WPU value by 3% over  
172 the WPU value in the prior fiscal year.

173 [(j)] (k) "WPU value rate" means a tax rate certified by the commission that will  
174 generate an amount of revenue equal to the WPU value amount described in Subsection (4)(a).

175 (3) (a) The minimum basic local amount for the fiscal year that begins on July 1, 2018,  
176 is \$408,073,800 in revenue statewide.

177 (b) The preliminary estimate for the minimum basic tax rate for the fiscal year that  
178 begins on July 1, 2018, is .001498.

179 (4) (a) The WPU value amount for the fiscal year that begins on July 1, 2018, is  
180 \$18,650,000 in revenue statewide.

181 (b) The preliminary estimate for the WPU value rate for the fiscal year that begins on  
182 July 1, 2018, is .000069.

183 (5) (a) On or before June 22, the commission shall certify for the year:

184 (i) the minimum basic tax rate; and

185 (ii) the WPU value rate.

186 (b) The estimate of the minimum basic tax rate provided in Subsection (3)(b) and the  
187 estimate of the WPU value rate provided in Subsection (4)(b) is based on a forecast for  
188 property values for the next calendar year.

189 (c) The certified minimum basic tax rate described in Subsection (5)(a)(i) and the  
190 certified WPU value rate described in Subsection (5)(a)(ii) are based on property values as of  
191 January 1 of the current calendar year, except personal property, which is based on values from  
192 the previous calendar year.

193 (6) (a) To qualify for receipt of the state contribution toward the basic school program  
194 and as a school district's contribution toward the cost of the basic school program for the school  
195 district, a local school board shall impose the combined basic rate.

196 (b) (i) The state is not subject to the notice requirements of Section 59-2-926 before  
197 imposing the tax rates described in this Subsection (6).

198 (ii) The state is subject to the notice requirements of Section 59-2-926 if the state  
199 authorizes a tax rate that exceeds the tax rates described in this Subsection (6).

200 (7) (a) The state shall contribute to each school district toward the cost of the basic  
201 school program in the school district an amount of money that is the difference between the  
202 cost of the school district's basic school program and the sum of the revenue generated by the  
203 school district by the following:

204 (i) the minimum basic tax rate;

205 (ii) the basic levy increment rate;

206 (iii) the equity pupil tax rate; and

207 (iv) the WPU value rate.

208 (b) (i) If the difference described in Subsection (7)(a) equals or exceeds the cost of the  
209 basic school program in a school district, no state contribution shall be made to the basic  
210 school program for the school district.

211 (ii) The proceeds of the difference described in Subsection (7)(a) that exceed the cost  
212 of the basic school program shall be paid into the Uniform School Fund as provided by law and  
213 by the close of the fiscal year in which the proceeds were calculated.

214 (8) Upon appropriation by the Legislature, the Division of Finance shall deposit an  
215 amount equal to the proceeds generated statewide:

216 (a) by the basic levy increment rate into the Minimum Basic Growth Account created  
217 in Section [53F-9-302](#);

218 (b) by the equity pupil tax rate into the Local Levy Growth Account created in Section  
219 [53F-9-305](#); and

220 (c) by the WPU value rate into the Teacher and Student Success Account created in  
221 Section [53F-9-306](#).

222 Section 3. Section **53G-7-217** is enacted to read:

223 **53G-7-217. Meeting requirement for using Teacher and Student Success Account**  
224 **funds.**

225 Before using funds distributed by the state board from the Teacher and Student Success  
226 Account described in Section [53F-9-306](#), an LEA governing board shall hold a meeting that is  
227 subject to Title 52, Chapter 4, Open and Public Meetings Act, to:

228 (1) discuss how the LEA proposes to use the funds; and

229 (2) allow for public comment on the proposed use of the funds.