

Keith Grover proposes the following substitute bill:

School District Modifications

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Keith Grover

House Sponsor: Stephanie Gricius

LONG TITLE

General Description:

This bill addresses creation of new school districts and the transition process from divided to new school districts.

Highlighted Provisions:

This bill:

- defines terms;
- enacts dates regarding the redistricting of local school board districts after the creation of certain new school districts;
- amends the duties of the Office of the Legislative Auditor General to include receiving and providing certain information during the transition process from divided to new school districts;
- extends, by an additional year, the rights of transferred employees regarding salary and benefits;
- reduces the body of voters whose approval is required to create a new school district to voters within the proposed new school district;
- reduces the threshold for interlocal participants to propose a new school district to a majority of municipalities that are participants in the interlocal agreement;
- amends certain dates regarding election cycles following the creation of a new school district;
- amends certain deadlines for the duties of municipal legislative bodies, county legislative bodies, local school boards, and other entities under certain circumstances after the creation of a new school district;
- enacts provisions regarding the transition from a divided school district to new and reorganized new school districts, including:
 - oversight from the state auditor;

- 29 • school district employee and other personnel issues;
- 30 • records of the divided school district;
- 31 • certain feasibility studies and seismic safety evaluations;
- 32 • certain reports and plans regarding the transition and the allocation of funds, property,
- 33 assets, and liabilities;
- 34 • the actual transfer of funds, property, assets, and liabilities;
- 35 • retrospectively voiding certain agreements or policies; and
- 36 • resolution of disputes between school districts through an agreed upon or appointed
- 37 arbiter;
- 38 ▸ prohibits a government entity from charging a fee for certain requests related to the
- 39 school district creation and transition processes;
- 40 ▸ requires a government entity to send an invoice before requiring payment of past fees
- 41 before processing a new request; and
- 42 ▸ makes technical and conforming changes.

43 **Money Appropriated in this Bill:**

44 None

45 **Other Special Clauses:**

46 This bill provides a special effective date.

47 This bill provides retrospective operation.

48 **Utah Code Sections Affected:**

49 AMENDS:

50 **36-12-15 (Effective upon governor's approval)**, as last amended by Laws of Utah 2024,

51 Third Special Session, Chapter 3

52 **53G-3-102 (Effective upon governor's approval)**, as last amended by Laws of Utah 2024,

53 Third Special Session, Chapter 3

54 **53G-3-202 (Effective upon governor's approval)**, as last amended by Laws of Utah 2024,

55 Third Special Session, Chapter 3

56 **53G-3-205 (Effective upon governor's approval)**, as renumbered and amended by Laws

57 of Utah 2018, Chapter 3

58 **53G-3-301 (Effective upon governor's approval)**, as last amended by Laws of Utah 2024,

59 Third Special Session, Chapter 3

60 **53G-3-301.1 (Effective upon governor's approval)**, as last amended by Laws of Utah

61 2024, Third Special Session, Chapter 3

62 **53G-3-301.3 (Effective upon governor's approval)**, as last amended by Laws of Utah

63 2024, Third Special Session, Chapter 3
 64 **53G-3-301.4 (Effective upon governor's approval)**, as last amended by Laws of Utah
 65 2024, Third Special Session, Chapter 3
 66 **53G-3-302 (Effective upon governor's approval) (Applies beginning 11/04/24)**, as last
 67 amended by Laws of Utah 2024, Third Special Session, Chapter 3
 68 **53G-3-303 (Effective upon governor's approval)**, as last amended by Laws of Utah 2024,
 69 Third Special Session, Chapter 3
 70 **53G-3-305 (Effective upon governor's approval)**, as last amended by Laws of Utah 2024,
 71 Third Special Session, Chapter 3
 72 **53G-3-307 (Effective upon governor's approval)**, as last amended by Laws of Utah 2024,
 73 Chapter 526
 74 **63G-2-203 (Effective upon governor's approval)**, as last amended by Laws of Utah 2022,
 75 Chapter 128
 76 **67-3-1 (Effective upon governor's approval)**, as last amended by Laws of Utah 2024,
 77 Chapters 3, 158

78

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

80 Section 1. Section **36-12-15** is amended to read:

81 **36-12-15 (Effective upon governor's approval). Office of the Legislative Auditor**
 82 **General established -- Qualifications -- Powers, functions, and duties -- Reporting --**
 83 **Criminal penalty -- Employment.**

84 (1) As used in this section:

85 (a) "Audit action" means an audit, examination, investigation, or review of an entity
 86 conducted by the office.

87 (b) "Entity" means:

88 (i) a government organization; or

89 (ii) a receiving organization.

90 (c) "Government organization" means:

91 (i) a state branch, department, or agency; or

92 (ii) a political subdivision, including a county, municipality, special district, special
 93 service district, school district, interlocal entity as defined in Section 11-13-103,
 94 or any other local government unit.

95 (d) "Office" means the Office of the Legislative Auditor General.

96 (e) "Receiving organization" means an organization that receives public funds that is not

- 97 a government organization.
- 98 (2) There is created the Office of the Legislative Auditor General as a permanent staff
99 office for the Legislature.
- 100 (3) The legislative auditor general shall be a licensed certified public accountant or certified
101 internal auditor with at least seven years of experience in the auditing or public
102 accounting profession, or the equivalent, prior to appointment.
- 103 (4) The legislative auditor general shall appoint and develop a professional staff within
104 budget limitations.
- 105 (5) The office shall exercise the constitutional authority provided in Utah Constitution,
106 Article VI, Section 33.
- 107 (6) Under the direction of the legislative auditor general, the office shall:
- 108 (a) conduct comprehensive and special purpose audits, examinations, investigations, or
109 reviews of entity funds, functions, and accounts;
- 110 (b) prepare and submit a written report on each audit action to the Audit Subcommittee
111 created in Section 36-12-8 and make the report available to all members of the
112 Legislature within 75 days after the audit action is completed;
- 113 (c) monitor, conduct a risk assessment of, or audit any efficiency evaluations that the
114 legislative auditor general determines necessary, in accordance with Title 63J,
115 Chapter 1, Part 9, Government Performance Reporting and Efficiency Process, and
116 legislative rule;
- 117 (d) create, manage, and report to the Audit Subcommittee a list of high risk programs
118 and operations that:
- 119 (i) threaten public funds or programs;
- 120 (ii) are vulnerable to inefficiency, waste, fraud, abuse, or mismanagement; or
121 (iii) require transformation;
- 122 (e) monitor and report to the Audit Subcommittee the health of a government
123 organization's internal audit functions;
- 124 (f) make recommendations to increase the independence and value added of internal
125 audit functions throughout the state;
- 126 (g) implement a process to track, monitor, and report whether the subject of an audit has
127 implemented recommendations made in the audit report;
- 128 (h) establish, train, and maintain individuals within the office to conduct investigations
129 and represent themselves as lawful investigators on behalf of the office;
- 130 (i) establish policies, procedures, methods, and standards of audit work and

- 131 investigations for the office and staff;
- 132 (j) prepare and submit each audit and investigative report independent of any influence
133 external of the office, including the content of the report, the conclusions reached in
134 the report, and the manner of disclosing the legislative auditor general's findings;
- 135 (k) prepare and submit the annual budget request for the office; and
- 136 (l) perform other duties as prescribed by the Legislature.
- 137 (7) In conducting an audit action of an entity, the office may include a determination of any
138 or all of the following:
- 139 (a) the honesty and integrity of any of the entity's fiscal affairs;
- 140 (b) the accuracy and reliability of the entity's internal control systems and specific
141 financial statements and reports;
- 142 (c) whether or not the entity's financial controls are adequate and effective to properly
143 record and safeguard the entity's acquisition, custody, use, and accounting of public
144 funds;
- 145 (d) whether the entity's administrators have complied with legislative intent;
- 146 (e) whether the entity's operations have been conducted in an efficient, effective, and
147 cost efficient manner;
- 148 (f) whether the entity's programs have been effective in accomplishing intended
149 objectives; and
- 150 (g) whether the entity's management control and information systems are adequate and
151 effective.
- 152 (8)(a) If requested by the office, each entity that the legislative auditor general is
153 authorized to audit under Utah Constitution, Article VI, Section 33, or this section
154 shall, notwithstanding any other provision of law except as provided in Subsection
155 (8)(b), provide the office with access to information, materials, or resources the office
156 determines are necessary to conduct an audit, examination, investigation, or review,
157 including:
- 158 (i) the following in the possession or custody of the entity in the format identified by
159 the office:
- 160 (A) a record, document, and report; and
- 161 (B) films, tapes, recordings, and electronically stored information;
- 162 (ii) entity personnel; and
- 163 (iii) each official or unofficial recording of formal or informal meetings or
164 conversations to which the entity has access.

- 165 (b) To the extent compliance would violate federal law, the requirements of Subsection
166 (8)(a) do not apply.
- 167 (9)(a) In carrying out the duties provided for in this section and under Utah Constitution,
168 Article VI, Section 33, the legislative auditor general may issue a subpoena to access
169 information, materials, or resources in accordance with Chapter 14, Legislative
170 Subpoena Powers.
- 171 (b) The legislative auditor general may issue a subpoena, as described in Subsection
172 (9)(a), to a financial institution or any other entity to obtain information as part of an
173 investigation of fraud, waste, or abuse, including any suspected malfeasance,
174 misfeasance, or nonfeasance involving public funds.
- 175 (10) To preserve the professional integrity and independence of the office:
- 176 (a) no legislator or public official may urge the appointment of any person to the office;
177 and
- 178 (b) the legislative auditor general may not be appointed to serve on any board, authority,
179 commission, or other agency of the state during the legislative auditor general's term
180 as legislative auditor general.
- 181 (11)(a) The following records in the custody or control of the legislative auditor general
182 are protected records under Title 63G, Chapter 2, Government Records Access and
183 Management Act:
- 184 (i) records and audit work papers that would disclose information relating to
185 allegations of personal misconduct, gross mismanagement, or illegal activity of a
186 past or present governmental employee if the information or allegation cannot be
187 corroborated by the legislative auditor general through other documents or
188 evidence, and the records relating to the allegation are not relied upon by the
189 legislative auditor general in preparing a final audit report;
- 190 (ii) records and audit workpapers that would disclose the identity of a person who,
191 during the course of a legislative audit, communicated the existence of:
- 192 (A) unethical behavior;
- 193 (B) waste of public funds, property, or personnel; or
- 194 (C) a violation or suspected violation of a United States, Utah state, or political
195 subdivision law, rule, ordinance, or regulation, if the person disclosed on the
196 condition that the identity of the person be protected;
- 197 (iii) before an audit is completed and the final audit report is released, records or
198 drafts circulated to a person who is not an employee or head of an entity for

- 199 review, response, or information;
- 200 (iv) records that would disclose:
- 201 (A) an outline;
- 202 (B) all or part of an audit survey, audit risk assessment plan, or audit program; or
- 203 (C) other procedural documents necessary to fulfill the duties of the office; and
- 204 (v) requests for audits, if disclosure would risk circumvention of an audit.
- 205 (b) The provisions of Subsection (11)(a) do not prohibit the disclosure of records or
- 206 information to a government prosecutor or peace officer if those records or
- 207 information relate to a violation of the law by an entity or entity employee.
- 208 (c) A record, as defined in Section 63G-2-103, created by the office in a closed meeting
- 209 held in accordance with Section 52-4-205:
- 210 (i) is a protected record, as defined in Section 63G-2-103;
- 211 (ii) to the extent the record contains information:
- 212 (A) described in Section 63G-2-302, is a private record; or
- 213 (B) described in Section 63G-2-304, is a controlled record; and
- 214 (iii) may not be reclassified by the office.
- 215 (d) The provisions of this section do not limit the authority otherwise given to the
- 216 legislative auditor general to maintain the private, controlled, or protected record
- 217 status of a shared record in the legislative auditor general's possession or classify a
- 218 document as public, private, controlled, or protected under Title 63G, Chapter 2,
- 219 Government Records Access and Management Act.
- 220 (12) The legislative auditor general shall:
- 221 (a) be available to the Legislature and to the Legislature's committees for consultation on
- 222 matters relevant to areas of the legislative auditor general's professional competence;
- 223 (b) conduct special audits as requested by the Audit Subcommittee;
- 224 (c) report immediately to the Audit Subcommittee any apparent violation of penal
- 225 statutes disclosed by the audit of an entity and furnish to the Audit Subcommittee all
- 226 information relative to the apparent violation;
- 227 (d) report immediately to the Audit Subcommittee any apparent instances of
- 228 malfeasance or nonfeasance by an entity officer or employee disclosed by the audit of
- 229 an entity; and
- 230 (e) make any recommendations to the Audit Subcommittee with respect to the alteration
- 231 or improvement of the accounting system used by an entity.
- 232 (13) If the legislative auditor general conducts an audit of an entity that has previously been

- 233 audited and finds that the entity has not implemented a recommendation made by the
234 legislative auditor general in a previous audit report, the legislative auditor general shall
235 report to the Audit Subcommittee that the entity has not implemented the
236 recommendation.
- 237 (14) Before each annual general session, the legislative auditor general shall:
- 238 (a) prepare an annual report that:
- 239 (i) summarizes the audits, examinations, investigations, and reviews conducted by the
240 office since the last annual report; and
- 241 (ii) evaluate and report the degree to which an entity that has been the subject of an
242 audit has implemented the audit recommendations;
- 243 (b) include in the report any items and recommendations that the legislative auditor
244 general believes the Legislature should consider in the annual general session; and
- 245 (c) deliver the report to the Legislature and to the appropriate committees of the
246 Legislature.
- 247 (15)(a) If the chief officer of an entity has actual knowledge or reasonable cause to
248 believe that there is misappropriation of the entity's public funds or assets, or another
249 entity officer has actual knowledge or reasonable cause to believe that the chief
250 officer is misappropriating the entity's public funds or assets, the chief officer or,
251 alternatively, the other entity officer, shall immediately notify, in writing:
- 252 (i) the office;
- 253 (ii) the attorney general, county attorney, or district attorney; and
- 254 (iii)(A) for a state government organization, the chief executive officer;
- 255 (B) for a political subdivision government organization, the legislative body or
256 governing board; or
- 257 (C) for a receiving organization, the governing board or chief executive officer
258 unless the chief executive officer is believed to be misappropriating the funds
259 or assets, in which case the next highest officer of the receiving organization.
- 260 (b) As described in Subsection (15)(a), the entity chief officer or, if applicable, another
261 entity officer, is subject to the protections of Title 67, Chapter 21, Utah Protection of
262 Public Employees Act.
- 263 (c) If the Office of the Legislative Auditor General receives a notification under
264 Subsection (15)(a) or other information of misappropriation of public funds or assets
265 of an entity, the office shall inform the Audit Subcommittee.
- 266 (d) The attorney general, county attorney, or district attorney shall notify, in writing, the

- 267 Office of the Legislative Auditor General whether the attorney general, county
 268 attorney, or district attorney pursued criminal or civil sanctions in the matter.
- 269 (16)(a) An actor commits interference with a legislative audit if the actor uses force,
 270 violence, intimidation, or engages in any other unlawful act with a purpose to
 271 interfere with:
- 272 (i) a legislative audit action; or
 273 (ii) the office's decisions relating to:
- 274 (A) the content of the office's report;
 275 (B) the conclusions reached in the office's report; or
 276 (C) the manner of disclosing the results and findings of the office.
- 277 (b) A violation of Subsection (16)(a) is a class B misdemeanor.
- 278 (17)(a) The office may require any current employee, or any applicant for employment,
 279 to submit to a fingerprint-based local, regional, and criminal history background
 280 check as an ongoing condition of employment.
- 281 (b) An employee or applicant for employment shall provide a completed fingerprint card
 282 to the office upon request.
- 283 (c) The office shall require that an individual required to submit to a background check
 284 under this Subsection (17) also provide a signed waiver on a form provided by the
 285 office that meets the requirements of Subsection 53-10-108(4).
- 286 (d) For a noncriminal justice background search and registration in accordance with
 287 Subsection 53-10-108(13), the office shall submit to the Bureau of Criminal
 288 Identification:
- 289 (i) the employee's or applicant's personal identifying information and fingerprints for
 290 a criminal history search of applicable local, regional, and national databases; and
 291 (ii) a request for all information received as a result of the local, regional, and
 292 nationwide background check.
- 293 (18) Subject to prioritization of the Legislative Audit Subcommittee, the Office of the
 294 Legislative Auditor General shall[-] :
- 295 (a) conduct a feasibility study [under Section 53G-3-301.1, 53G-3-301.3, or 53G-3-301.4.]
 296 that an entity requests under Title 53G, Chapter 3, Part 3, Creating a New School
 297 District; and
- 298 (b) accept and maintain submissions for local school boards to have sufficient
 299 information to resolve disputes through an agreed upon or appointed arbiter in
 300 accordance with Section 53G-3-302.

301 Section 2. Section **53G-3-102** is amended to read:

302 **53G-3-102 (Effective upon governor's approval). Definitions.**

303 As used in this chapter:

304 (1) "Allocation date" means:

305 (a) July 1 of the second calendar year following the local school board election date as
306 described in Section 53G-3-302; or

307 (b) another date to which the new local school board and reorganized school board agree.

308 (2) "Creation date" means the date on which voters approve the creation of a new school
309 district under Section 53G-3-301.1, 53G-3-301.3, or 53G-3-301.4.

310 (3) "Divided school district" means:

311 (a) an existing school district from which a new school district is created under Section
312 53G-3-301.1, 53G-3-301.3, or 53G-3-301.4; and

313 (b) an existing school district from which a reorganized new school district is created.

314 (4)~~(a)~~ "Feasibility study" means a study:

315 ~~(i)~~ (a) ~~[conducted by]~~ that one of the following conducts:

316 ~~(A)~~ (i) a school district, municipal legislative body, or interlocal agreement
317 participants~~[before July 1, 2024]~~; or

318 ~~(B)~~ (ii) the Office of the Legislative Auditor General, subject to prioritization by the
319 Legislative Audit Subcommittee; and

320 ~~(ii)~~ (b) to determine:

321 ~~(A)~~ (i) the financial viability for a new school district and reorganized new school
322 district that is contained within the boundaries of a divided school district;

323 ~~(B)~~ (ii) the financial impact on a new school district and reorganized new school
324 district that is contained within the boundaries of a divided school district; and

325 ~~(C)~~ (iii) the impact of the tax burden on taxpayers within the boundaries of the
326 proposed new school district.

327 (5) "Interlocal agreement participant" means a public agency, as that term is defined in
328 Section 11-13-103, that enters into an agreement with one or more other public agencies
329 for the purpose described in and in accordance with Title 11, Chapter 13, Interlocal
330 Cooperation Act.

331 (6) "Isolated area" means an area that:

332 (a) is entirely within the boundaries of an existing school district;

333 (b) is contiguous to the proposed new school district;

334 (c) has a combined student population of fewer than 5,000 students; and

335 (d) because of the creation of a new school district from the existing district in which the
336 area is located, would become completely geographically isolated.

337 (7) "Municipality" means the same as that term is defined in Section 10-1-104.

338 (8) "New school district" means a school district created under Section 53G-3-301.1,
339 53G-3-301.3, or 53G-3-301.4.

340 (9) "Public hearing" means the same as that term is defined in Section 10-9a-103.

341 ~~[(9)]~~ (10) "Reorganized new school district" means the remaining portion of the divided
342 school district after voters approve the creation of a new school district under [
343 ~~Subsection]~~ Section 53G-3-301.1, 53G-3-301.3, or 53G-3-301.4[-] , when:

344 (a) the entire geographical area of the reorganized new school district is not included in a
345 proposal for the new school district; or

346 (b) the entire geographical area of the reorganized new school district is:

347 (i) included in a proposal for a new school district that voters do not approve; and

348 (ii) within the boundaries of an existing district that contains an area that is included
349 in the new district for which voters approve the creation.

350 Section 3. Section **53G-3-202** is amended to read:

351 **53G-3-202 (Effective upon governor's approval). School districts independent of**
352 **municipal and county governments -- School district name -- Control of property.**

353 (1)(a) ~~[Each school district shall be controlled by its]~~ Except for the duties described in
354 Section 53G-3-302, each school district is:

355 (i) under the control of the district's local school board; and~~[- shall be-]~~

356 (ii) independent of municipal and county governments.

357 (b) The name of each school district created after May 1, 2000, including a reorganized
358 new school district, shall[-] :

359 (i) comply with Section 17-50-103[-] ; and

360 (ii) be a name that another school district has not previously chosen and recorded.

361 (2) The local school board~~[- shall have]~~ :

362 (a) has direction and control of all school property in the district; and~~[-]~~

363 (b) may enter into cooperative agreements with other local school boards to provide
364 educational services that best [utilize] use resources for overall operation of the public
365 school system.

366 (3)(a) On or before 30 days following the day on which the creation of a new school
367 district occurs under Section 53G-3-301.1, 53G-3-301.3, or 53G-3-301.4, and in
368 accordance with Section 67-1a-15, the following shall register a new school district[

369 shall be registered] as a limited purpose entity[-by]:

370 (i) the municipal legislative body of the municipality in which the boundaries for the
371 new school district [is] are entirely located; or

372 (ii) the legislative body of interlocal agreement participants in which the new school
373 district is located.

374 (b) Each school district shall [~~register and~~] maintain the school district's registration as a
375 limited purpose entity in accordance with Section 67-1a-15.

376 (c) A school district that fails to comply with Subsections (3)(a) and (b) or Section
377 67-1a-15 is subject to enforcement by the state auditor in accordance with Section
378 67-3-1.

379 Section 4. Section **53G-3-205** is amended to read:

380 **53G-3-205 (Effective upon governor's approval). Rights of transferred**
381 **employees -- Salary during first two years -- Leave and tenure benefits.**

382 (1) If a school employee is transferred from one district to another because of district
383 consolidation, creation, or restructuring, the employee's salary may not be less, during
384 the first [~~year~~] two years after the transfer, than [it] the employee's salary would have
385 been had the transfer not taken place.

386 (2) The district to which an employee is transferred under Subsection (1) shall credit the
387 employee with all accumulated leave and tenure recognized by the district from which
388 the employee was transferred.

389 (3) If the district to which an employee is transferred does not have a leave benefit which
390 reasonably corresponds to one the employee seeks to transfer, that district shall
391 compensate the employee for the benefit on the same basis as would have been done had
392 the employee retired.

392a **§→ (4)(a) On or before the day that is six months before the allocation date, each**
392b **new school district and each reorganized new school district shall ensure that, in**
392c **proportion to the student population distribution, employ each contracted employee**
392d **of the divided district who is:**

392e **(i) not employed in an administrative role; and**

392f **(ii) neither provisional nor at-will**

392g **(b) The job responsibilities or titles of an employee described in Subsection (4)(a)**
392h **are subject to change.** ←§

393 Section 5. Section **53G-3-301** is amended to read:

394 **53G-3-301 (Effective upon governor's approval). Creation of new school district**

395 -- **Initiation of process -- Procedures to be followed.**

- 396 (1) A new school district may be created from one or more existing school districts, as
 397 provided in this chapter.
- 398 (2) The process to create a new school district may be initiated:
- 399 (a) through a citizens' petition in accordance with Section 53G-3-301.1;
- 400 (b) at the request of a municipality within the boundaries of the school district in
 401 accordance with Section 53G-3-301.3; or
- 402 (c) at the request of interlocal agreement participants in accordance with Section
 403 53G-3-301.4.
- 404 (3) ~~[Except as provided in Sections 53G-3-301.3 and 53G-3-301.4, a]~~ A request or petition
 405 under Subsection (2) may not form a new school district unless the new school district
 406 boundaries and the reorganized new school district boundaries:
- 407 (a) are contiguous;
- 408 (b) do not create an isolated area, as defined in Section 53G-3-102; and
- 409 (c) include the entire boundaries of each participant municipality or town, unless the
 410 excluded portion of the municipality or town is not within the divided school district.
- 411 (4) For each new school district, each county legislative body shall comply with the notice
 412 and plat filing requirements of Section 53G-3-203.
- 413 (5) If a new school district is created, ~~[the new district shall reimburse the reorganized new~~
 414 ~~district's documented costs to study and implement the proposal in proportion to the~~
 415 ~~student population of each school district.]~~ no later than July 1 of the second year
 416 following the inaugural local school board election of the new and reorganized new
 417 school districts, each new school district and each reorganized new school district shall
 418 reimburse the municipalities in which the school districts are located for any legal or
 419 administrative costs the municipality incurs relating to compliance with Subsection
 420 53G-3-202(3), including feasibility studies, legal mapping, transition and asset
 421 assessments, legal consulting, and public communication.
- 422 (6) On January 1 of each of the first and second years following the local school board
 423 election for new and reorganized new school districts following the division of a school
 424 district, the relevant divided district shall provide to each relevant new and reorganized
 425 new school districts, using the most recent October student count, the greater of:
- 426 (a) 1% of the divided district's total WPU funding, distributed based on student
 427 population; or
- 428 (b) \$60 per student.

- 429 [(6)] (7) An inadequacy of a feasibility study, as defined in Section 53G-3-102, may not be
 430 the basis of a legal action or other challenge to:
- 431 (a) an election for voter approval of the creation of a new school district; or
 432 (b) the creation of the new school district.
- 433 [(7)] (8) Notwithstanding the creation of a new district as provided in this part:
- 434 (a) a new school district and a reorganized new school district may not begin to provide
 435 educational services to the area within the new school district and reorganized new
 436 school district until July 1 of the second calendar year following the local school
 437 board election date as described in Section 53G-3-301.1, 53G-3-301.3, or
 438 53G-3-301.4; and
- 439 (b) the divided school district shall continue, until the time specified in Subsection [(7)(a)]
 440 (8)(a), to provide educational services within the entire area covered by the divided
 441 school district.
- 442 [(8)] (9) A new school district and a reorganized new school district shall enter into a shared
 443 services agreement that permits students residing in each [new-]school district access to
 444 attend a school that serves students with disabilities within or outside of each school
 445 district boundary:
- 446 (a) for up to five years after the day on which the new school district commences
 447 educational services;
- 448 (b) for actual costs of services provided to students; and
 449 (c) without affecting services provided to other students.
- 450 [(9)] (10) The process described in Subsection (2)[-] :
- 451 (a) may not be initiated more than once during any two-year period[-] ; and
 452 (b) may only be initiated within a divided school district in the year of the allocation
 453 date.
- 454 Section 6. Section **53G-3-301.1** is amended to read:
- 455 **53G-3-301.1 (Effective upon governor's approval). Creation of a new school**
 456 **district -- Citizens' petition -- Procedures to be followed.**
- 457 (1) Citizens may file a petition to create a new school district in accordance with this
 458 section and Section 53G-3-301.
- 459 (2)(a) The county clerk shall ensure that a petition described in Subsection (1) is signed
 460 by registered voters residing within the geographical boundaries of the proposed new
 461 school district in an amount equal to at least 10% of all votes cast within the
 462 geographic boundaries of the proposed new school district for all candidates for

- 463 president of the United States at the last regular general election at which a president
464 of the United States was elected.
- 465 (b) The sponsors of a petition described in Subsection (1) shall file the petition with the
466 clerk of each county in which any part of the proposed new school district is located.
- 467 (c) The petition sponsors shall ensure that the petition described in Subsection (1):
- 468 (i) indicates the typed or printed name and current residence address of each voter
469 who signs the petition;
- 470 (ii) describes the proposed new school district boundaries; and
- 471 (iii) designates up to five signers of the petition as sponsors, designating one as the
472 contact sponsor, with the mailing address and telephone number of each.
- 473 (3)(a)(i) A signer of a petition described in Subsection (1) may withdraw or, once
474 withdrawn, reinstate the signer's signature by filing a written statement requesting
475 for withdrawal or reinstatement with the county clerk no later than three business
476 days after the day on which the petition is filed with the county clerk.
- 477 (ii) A statement described in Subsection (3)(a)(i) shall comply with the requirements
478 described in Subsection 20A-1-1003(2).
- 479 (iii) The county clerk shall use the procedures described in Subsection 20A-1-1003(3)
480 to determine whether to remove or reinstate an individual's signature from a
481 petition after receiving a timely, valid statement.
- 482 (b) The county clerk shall use the procedures described in Section 20A-1-1002 to
483 determine whether the petition has been signed by the required number of registered
484 voters residing within the geographical boundaries of the proposed new school
485 district.
- 486 (4) Within 14 days after the day on which a petition described in Subsection (1) is filed, the
487 clerk of each county with which the request or petition is filed shall:
- 488 (a) determine whether the petition complies with Subsections (2) and (3), as applicable,
489 and Section 53G-3-301; and
- 490 (b)(i) if the county clerk determines that the request or petition complies with the
491 applicable requirements:
- 492 (A) certify the petition and deliver the certified petition to the county legislative
493 body; and
- 494 (B) mail or deliver written notification of the certification to the contact sponsor;
495 or
- 496 (ii) if the county clerk determines that the petition fails to comply with any of the

- 497 applicable requirements, reject the petition and notify the contact sponsor in
498 writing of the rejection and reasons for the rejection.
- 499 (5)(a) If the county clerk fails to certify or reject a petition within the time specified in
500 Subsection (4), the petition is considered to be certified.
- 501 (b) If the county clerk rejects a petition, the individual who submitted the petition may
502 amend the petition to correct the deficiencies for which the county clerk rejected the
503 petition and refile the petition.
- 504 (6) Within 10 days after the day on which a county legislative body receives a certified
505 petition as described in Subsection (4) or (5), the county legislative body shall request[
506 ~~that the Legislative Audit Subcommittee consider prioritizing~~] a feasibility study[~~as~~
507 ~~that term is defined in Section 53G-3-102~~].
- 508 (7)(a) The county legislative body shall:
- 509 (i) provide for a [~~45-day~~] 30-day public comment period to begin on the day the
510 county legislative body receives the study under Subsection (6); and
- 511 (ii) hold at least two public hearings[~~as defined in Section 10-9a-103,~~] on the study
512 and recommendations.
- 513 (b) Within five business days after the day on which the public comment period ends,
514 the legislative body of each county with which a petition is filed shall vote on the
515 creation of the proposed new school district.
- 516 (c) A county legislative body approves a petition proposing a new school district if a
517 majority of the members of the legislative body vote in favor of the petition.
- 518 (8)(a) Within five business days after the day on which a county legislative body
519 approves a petition proposing a new school district under Subsection (7), the county
520 legislative body shall provide notice of the approval and a copy of the petition to
521 which the approval relates to the county clerk of each county described in Subsection
522 (2)(b).
- 523 (b) If each county described in Subsection (2)(b) approves a petition proposing a new
524 school district, the county clerks of the counties shall submit the proposal for the
525 creation of a new school district to all legal voters in the [~~existing school district~~]
526 proposed new school district for approval or rejection at the next regular general
527 election that is at least 65 days after the day on which all of the counties described in
528 Subsection (2)(b) have complied with Subsection (8)(a).
- 529 (c) The new school district proposed in the petition and the reorganized new school
530 district are created if a majority of the voters in the [~~existing~~] proposed new school

531 district vote in favor of creating the new school district.

532 Section 7. Section **53G-3-301.3** is amended to read:

533 **53G-3-301.3 (Effective upon governor's approval). Creation of a new school**
534 **district -- Request by a municipality -- Procedures to be followed.**

535 (1) A municipality located within the boundaries of a school district may file a request to
536 create a new school district in accordance with this section and Section 53G-3-301.

537 (2)(a) The municipality shall file the request to create a new school district with the
538 clerk of each county in which any part of the proposed new school district is located.

539 (b) The filing municipality shall ensure that the request described in Subsection (2)(a):

540 (i) indicates the typed or printed and current residence address of each governing
541 board member making the request;

542 (ii) describes the proposed new school district boundaries; and

543 (iii) designates up to five signers of the request as sponsors, including one as the
544 contact sponsor, with the mailing address and telephone number of each.

545 (3) Within five business days after the day on which a request described in Subsection (2) is
546 filed, the clerk of each county with which the request is filed shall:

547 (a) determine whether the request complies with Subsection (2) and Section 53G-3-301;
548 and

549 (b)(i) if the county clerk determines that the request complies with the applicable
550 requirements:

551 (A) certify the request and deliver the certified request to the municipality and
552 each county legislative body; and

553 (B) mail or deliver written notification of the certification to the contact sponsor;
554 or

555 (ii) if the county clerk determines that the request fails to comply with any of the
556 applicable requirements, reject the request and notify the contact sponsor in
557 writing of the rejection and reasons for the rejection.

558 (4)(a) If the county clerk fails to certify or reject the request within the time specified in
559 Subsection (3), the request is considered to be certified.

560 (b) If the county clerk rejects the request, the municipality that submitted the request
561 may amend the request to correct the deficiencies for which the county clerk rejected
562 the request and refile the request.

563 (5)[(4)] Within 10 days after the day on which a municipal legislative body receives a
564 certification as described in Subsection (3) or (4), a municipal legislative body shall

- 565 request ~~[that the Legislative Audit Subcommittee consider prioritizing]~~ a feasibility
566 study~~[-, as that term is defined in Section 53G-3-102].~~
- 567 ~~[(b) For the year 2024, the municipal legislative body may use a feasibility study that the~~
568 ~~municipal legislative body conducted before July 1, 2024, if:]~~
- 569 ~~[(i) the feasibility study contains the determinations described in Section 53G-3-102;~~
570 ~~and]~~
- 571 ~~[(ii) the municipality receives a report and recommendation regarding the feasibility~~
572 ~~study in a public meeting.]~~
- 573 (6)(a) The municipal legislative body shall:
- 574 (i) provide for a 30-day public comment period to begin ~~[-:]~~
- 575 ~~[(A)]~~ on the day the study is presented to the municipal legislative body under
576 Subsection (5); ~~[or] and~~
- 577 ~~[(B) if the municipal legislative body uses a feasibility study described in~~
578 ~~Subsection (5)(b), on July 1, 2024; and]~~
- 579 (ii) hold at least two public hearings~~[-, as defined in Section 10-9a-103,]~~ on the study
580 and recommendation.
- 581 (b) Within 14 days after the day on which the public comment period ends, the
582 municipal legislative body shall vote on the creation of the proposed new school
583 district.
- 584 (c) A municipal legislative body approves a proposal if a majority of the municipal
585 legislative body vote in favor of the proposal.
- 586 (d) Within five business days after the day on which the municipal legislative body
587 approves a request proposing the creation of a new school district, the municipal
588 legislative body shall notify the legislative body and the county clerk of each county
589 described in Subsection (2)(a).
- 590 (7) The county clerks of the counties described in Subsection (2)(a) shall submit the
591 proposal for the creation of a new school district to all legal voters residing within the
592 proposed new school district boundaries for approval or rejection at the next regular
593 general election that is a least 65 days after the day on which the municipal legislative
594 body complies with Subsection (6)(d).
- 595 (8) The new school district described in the request and the reorganized new school district
596 are created if a majority of the voters in the proposed new school district boundaries
597 vote in favor of creating the new school district.
- 598 ~~[(9) Nothing in this section prevents a municipality from assisting the new school district or~~

599 reorganized new school district, including by:]
600 [(a) entering into a loan agreement with the new school district or reorganized new
601 school district; or]
602 [(b) assisting the new school district or reorganized new school district in securing a line
603 of credit.]

604 Section 8. Section **53G-3-301.4** is amended to read:

605 **53G-3-301.4 (Effective upon governor's approval). Creation of a new school**
606 **district -- By interlocal agreement participants -- Procedures to follow.**

607 (1)(a) On or after April 30, 2024, interlocal agreement participants may file a request
608 proposing the creation of a new school district in accordance with this section and
609 Section 53G-3-301.

610 (b) A municipality may not:

611 (i) enter into more than one interlocal agreement for the purpose of submitting for
612 voter approval, in the same election, a proposal to create a new school district
613 under this part; or

614 (ii) participate in a request under this section and submit a request under Section
615 53G-3-301.3 for the same election.

616 (c) A municipality may not withdraw from an interlocal agreement under this part,
617 unless, before August 1 of the year in which the interlocal agreement participants file
618 the request under Subsection (1)(a):

619 (i) the municipality votes, via the legislative body of the municipality, to withdraw
620 from the interlocal agreement; and

621 (ii) a majority of all municipalities that are participants in the interlocal agreement
622 vote to withdraw from the interlocal agreement, via a separate vote of the
623 legislative body of each municipality.

624 (d) If a majority of all municipalities that are participants in the interlocal agreement
625 vote to withdraw from the interlocal agreement under Subsection (1)(a), the request is
626 void and the interlocal agreement participants may not participate in a new or a
627 revised request until the following year.

628 (2)(a) Except as provided in Subsection (3), by a majority vote of each legislative body,
629 the legislative body of a municipality, together with at least one other municipality,
630 may enter into an interlocal agreement in accordance with Title 11, Chapter 13,
631 Interlocal Cooperation Act, for the purpose of submitting for voter approval a
632 measure to create a new school district if the new school district boundaries comply

- 633 with the requirements of Section 53G-3-301.
- 634 (b) A county may only participate in an interlocal agreement under this Subsection (2)
635 for the unincorporated areas of the county.
- 636 (c) Boundaries of a new school district created under this section may include:
637 (i) a portion of one or more existing school districts; and
638 (ii) a portion of the unincorporated area of a county.
- 639 (3)(a) As used in this Subsection (3), "municipality's school district" means the school
640 district that includes all of the municipality in which the isolated area is located
641 except the isolated area~~[, as that term is defined in Section 53G-3-102]~~.
- 642 (b) Notwithstanding Subsection 53G-3-301(3), a municipality may be a participant in an
643 interlocal agreement under Subsection (2)(a) with respect to some but not all of the
644 area within the municipality's boundaries if:
645 (i) the portion of the municipality proposed to be included in the new school district
646 would, if not included, become an isolated area upon the creation of the new
647 school district; or
648 (ii)(A) the portion of the municipality proposed to be included in the new school
649 district is within the boundaries of the same school district that includes the
650 other interlocal agreement participants; and
651 (B) the portion of the municipality proposed to be excluded from the new school
652 district is within the boundaries of a school district other than the school
653 district that includes the other interlocal agreement participants.
- 654 (c)(i) Notwithstanding Subsection 53G-3-301(3), interlocal agreement participants
655 may submit a proposal to the legal voters residing within the proposed new school
656 district boundaries to create a new school district in accordance with an interlocal
657 agreement under Subsection (2)(a), even though the new school district
658 boundaries would create an isolated area, ~~[as that term is defined in Section~~
659 ~~53G-3-102,]~~if:
660 (A) the potential isolated area is contiguous to one or more of the interlocal
661 agreement participants;
662 (B) the interlocal participants submit a written request to the municipality in
663 which the potential isolated area is located, requesting the municipality to enter
664 into an interlocal agreement under Subsection (2)(a) that proposes to submit for
665 voter approval a proposal to create a new school district that includes the
666 potential isolated area; and

- 667 (C) the municipality, to which the interlocal agreement participants submitted a
668 request under Subsection (3)(c)(i)(B), did not respond to the written request
669 within 30 days after the day on which the request was submitted.
- 670 (ii) Each municipality receiving a request under Subsection (3)(c)(i) shall hold at
671 least two public hearings to allow input from the public and affected school
672 districts regarding whether the municipality should enter into an interlocal
673 agreement with respect to the potential isolated area.
- 674 (iii) A municipal legislative body approves a proposal to enter into an interlocal
675 agreement with respect to the potential isolated area if a majority of the municipal
676 legislative body votes in favor of the proposal.
- 677 (d)(i) The isolated area described in this Subsection (3) shall, on July 1 of the second
678 calendar year following the local school board general election date described in
679 Section 53G-3-302, become part of the municipality's school district.
- 680 (ii) The divided school district shall continue to provide educational services to the
681 isolated area until July 1 of the second calendar year following the local school
682 board general election date described in Section 53G-3-302.
- 683 (4)(a) Interlocal agreement participants shall file a request described in Subsection (1)
684 with the clerk of each county in which any part of the proposed new school district is
685 located.
- 686 (b) The filing interlocal agreement participants shall ensure that the request described in
687 Subsection (4)(a):
- 688 (i) indicates the typed or printed and current residence address of each governing
689 board member making a request;
- 690 (ii) describes the proposed new school district boundaries; and
- 691 (iii) designates up to five signers of the request as sponsors, including as the contact
692 sponsor, with the mailing address and telephone number of each.
- 693 (5) Within five business days after the day on which a request described in Subsection (4)(a)
694 is filed, the clerk of each county with which the request is filed shall:
- 695 (a) determine whether the request complies with this section and Section 53G-3-301; and
- 696 (b)(i) if the county clerk determines that the request complies with the applicable
697 requirements:
- 698 (A) certify the request and deliver the certified request to the legislative bodies of
699 the interlocal agreement participants; and
- 700 (B) mail or deliver written notification of the certification to the contact sponsor;

- 701 or
- 702 (ii) if the county clerk determines that the request fails to comply with any of the
- 703 applicable requirements, reject the request and notify the contact sponsor in
- 704 writing of the rejection and reasons for the rejection.
- 705 (6)(a) If the county clerk fails to certify or reject a request within the time specified in
- 706 Subsection (5), the request is considered to be certified.
- 707 (b) If the county clerk rejects a request, the interlocal agreement participants that
- 708 submitted the request may amend the request to correct the deficiencies for which the
- 709 county clerk rejected the request, and refile the request.
- 710 (7)~~[(a)]~~ Within 30 days after the day on which the contact sponsor receives certification
- 711 as described in Subsection (5) or (6), the contact sponsor shall request~~[that the~~
- 712 ~~Legislative Audit Subcommittee consider prioritizing]~~ a feasibility study~~[-, as that~~
- 713 ~~term is defined in Section 53G-3-102].~~
- 714 ~~[(b) For the year 2024, the interlocal agreement participants may use a feasibility study~~
- 715 ~~that interlocal agreement participants conducted before July 1, 2024, if:]~~
- 716 ~~[(i) the feasibility study contains the determinations described in Section 53G-3-102;~~
- 717 ~~and]~~
- 718 ~~[(ii) the legislative bodies of the interlocal agreement participants receive a report and~~
- 719 ~~recommendation regarding the feasibility study in a public meeting.]~~
- 720 (8)(a) The legislative bodies of the interlocal agreement participants, and each
- 721 municipality within the geographic boundaries of the proposed new school district,
- 722 shall:
- 723 (i) provide for a 30-day public comment period to begin ~~[-]~~
- 724 ~~[(A)]~~ on the day on which the legislative bodies of the interlocal agreement
- 725 participants receive ~~[the report under]~~ a feasibility study described in
- 726 Subsection (7); ~~[or]~~ and
- 727 ~~[(B) on July 1, 2024, if the municipal legislative body uses a feasibility study~~
- 728 ~~described in Subsection (7)(b), regardless of whether the municipal legislative~~
- 729 ~~body provided all or a portion of a public comment period in relation to the~~
- 730 ~~feasibility study before July 1, 2024; and]~~
- 731 (ii) ~~[except as provided in Subsection (8)(d),]~~ hold at least two public hearings~~[-, as~~
- 732 ~~defined in Section 10-9a-103,]~~ on the study and recommendation.
- 733 (b) Within 14 days after the day on which the public comment period ends, the
- 734 legislative bodies of the interlocal agreement participants shall vote on the creation of

- 735 the proposed new school district.
- 736 (c) The interlocal agreement participants approve a proposal if a majority of [each of-]
737 the legislative bodies of municipalities that are participants in the interlocal agreement[
738 participants' members] vote in favor of the proposal.
- 739 [~~(d) If the municipal legislative body uses a feasibility study described in Subsection~~
740 ~~(7)(b), the number of public hearings required under Subsection (8)(a)(ii) is reduced~~
741 ~~by the number of public hearings the municipal legislative body held on the~~
742 ~~feasibility study before July 1, 2024.]~~
- 743 (9) Within five business days after the day on which the interlocal agreement participants
744 approve a request proposing the creation of a new school district, the interlocal
745 agreement participants shall notify the legislative body and the county clerk of each
746 county described in Subsection (4)(a).
- 747 (10)(a) The county clerks of the counties described in Subsection (4)(a) shall submit the
748 proposal for the creation of a new school district to all legal voters residing within the
749 proposed new school district boundaries for approval or rejection at the next regular
750 general election that is at least 65 days after the day on which the interlocal
751 agreement participants comply with Subsection (9).
- 752 (b) The new school district described in the request and the reorganized new school
753 district are created if a majority of the voters in the proposed new school district
754 boundaries vote in favor of creating the new school district.
- 755 [~~(11) Nothing in this section prevents an interlocal agreement participant from assisting the~~
756 ~~new school district or reorganized new school district, including by:~~]
- 757 [~~(a) entering into a loan agreement with the new school district or reorganized new~~
758 ~~school district; or]~~
- 759 [~~(b) assisting the new school district or reorganized new school district in securing a line~~
760 ~~of credit.]~~
- 761 Section 9. Section **53G-3-302** is amended to read:
- 762 **53G-3-302 (Effective upon governor's approval) (Applies beginning 11/04/24).**
- 763 **Election of local school board members -- Allocation of assets and liabilities -- Startup**
764 **costs -- Transfer of title.**
- 765 (1) As used in this section:
- 766 (a) "Associated property" means furniture, equipment, or supplies located in or
767 specifically associated with a physical asset.
- 768 (b) "Director" means the individual the municipal legislative body or mayoral board may

769 select under Subsection (3).

770 (c)(i) "Discretionary asset or liability" means an asset or liability that is not tied to a
 771 specific project, school, student, or employee by law or school district accounting
 772 practice.

773 (ii) "Discretionary asset or liability" does not include a physical asset, associated
 774 property, a vehicle, an employee, or bonded indebtedness.

775 (d) "Mayoral board" means the board of mayors an interlocal agreement establishes
 776 under Subsection (3)(b)(i).

777 (e)(i) "Nondiscretionary asset or liability" means an asset or liability that is tied to a
 778 specific project, school, student, or employee by law or school district accounting
 779 practice.

780 (ii) "Nondiscretionary asset or liability" does not include a physical asset, associated
 781 property, a vehicle, or bonded indebtedness.

782 (f) "Physical asset" means a building, land, or water right together with revenue derived
 783 from the lease or use of the building, land, or water right.

784 (g) "Physical liability" means a liability associated with a physical asset.

785 [(1)] (2)(a) If voters approve a proposal to create a new school district under this part:

786 (i) the legislative body of each county where all or a part of the new school district
 787 and the reorganized new school district are located shall hold elections, during the
 788 year immediately following the year in which the voters approve the proposal or
 789 municipal legislative bodies or interlocal agreement participants create a new
 790 school district, to elect members to the local school board of the new school
 791 district and to the local school board of the reorganized new school district, as
 792 follows:

793 (A) the filing period for a declaration of candidacy [~~will be~~] is the same as the
 794 filing period for [a] the next regular or municipal general election for the given
 795 year;

796 (B) the primary election [~~will be~~] is held on the same day as the [~~municipal~~]
 797 primary election for the next regular or municipal general election for the given
 798 year; and

799 (C) the general election [~~will be~~] is held on the same day as the [~~municipal~~] next
 800 regular or municipal general election for the given year;

801 (ii) [~~the~~] any new school district and reorganized new school district shall divide the
 802 assets and liabilities of the divided school district between the [~~new school district~~

803 ~~and the reorganized new school district as provided in Subsection (3)] school~~
804 ~~districts in accordance with Subsection (4) and Section 53G-3-307;~~
805 (iii) ~~[transferred employees shall be treated]~~ any new school district and reorganized
806 new school district shall treat the employment of transferred employees from the
807 divided school district in accordance with Sections 53G-3-205 and 53G-3-308;
808 (iv) an individual residing within the boundaries of a new school district or
809 reorganized new school district at the time the new school district is created may,
810 for six school years following the creation of the new school district, elect to
811 enroll in a secondary school located outside the boundaries of the ~~reorganized~~
812 ~~new]~~school district if:
813 (A) the individual resides within the boundaries of ~~[that]~~ the secondary school ~~[as~~
814 ~~of]~~ on the day before the creation of the new school district~~[is created];~~ and
815 (B) the individual would have been eligible to enroll in ~~[that]~~ the secondary school ~~[~~
816 ~~had]~~ if not for the creation of the new school district~~[not been created];~~
817 (v) the ~~reorganized]~~new school district ~~[in which the secondary school is located]~~
818 shall provide educational services, including, if provided before the creation of the
819 new school district, busing to each individual making an election under
820 Subsection ~~[(1)(a)(iv)]~~ (2)(a)(iv) for each school year for which the individual
821 makes the election; and
822 (vi) within one year following the date on which the new school district begins
823 providing educational services, the superintendent of each affected school district
824 shall meet, together with the state superintendent, to determine if further boundary
825 changes should take place in accordance with Section 53G-3-501.

826 (b)(i) The county or municipal legislative bodies that conduct redistricting for the
827 new school district and the reorganized new school district shall, at the meeting
828 where the county or municipal legislative bodies adopt the final redistricting
829 maps, adjust the initial terms of the board members for the new school district and
830 the reorganized new school district, by lot, so that approximately half of the board
831 members on each board will have an initial term of three years with the other
832 members having an initial term of five years.

833 ~~[(ii) The term of a member of the divided school district local school board~~
834 ~~terminates on January 1 of the year following the allocation date.]~~
835 ~~[(iii)]~~ (ii) Notwithstanding the existence of the new school district local school board
836 and the reorganized new school district local school board under Subsection [

837 ~~(1)(a)(i)~~ (2)(a)(i), the divided school district local school board shall continue to
838 function and exercise authority as a local school board until the allocation date to
839 the extent necessary to continue to provide educational services to the entire
840 divided school district.

841 ~~[(iv)]~~ (iii) An individual may simultaneously serve as or be elected to be a member of
842 the local school board of a divided school district and a member of the local
843 school board of:

844 (A) a new school district; or

845 (B) a reorganized new school district.

846 (iv) On the allocation date, the divided school district and the associated local school
847 board cease to exist.

848 (c)(i) On the Tuesday immediately following certification of the election results for
849 the first election for the members of the local school board described in
850 Subsection (2)(a)(i), the newly elected members of the local school board for the
851 new school district or reorganized new school district shall take the oath of office
852 and begin serving.

853 (ii) If the term of a member of the local school board of the divided school district
854 ends within one year of the allocation date, the member's term shall extend to the
855 allocation date.

856 (3)(a) Upon creation of a new school district or a reorganized new school district, the
857 following shall commence the start-up phase:

858 (i) for a new school district or a reorganized new school district located entirely
859 within the boundaries of a single municipality, the legislative body of the
860 municipality; or

861 (ii) for a new school district or reorganized new school district that is not located
862 entirely within the boundaries of a single municipality, the legislative bodies of
863 the municipalities within which the new school district or reorganized new school
864 district is located, through an interlocal agreement.

865 (b) Participants to the interlocal agreement described in Subsection (3)(a) shall ensure
866 that the interlocal agreement:

867 (i) establishes a board composed of the mayors of each municipality; and

868 (ii) includes a provision that requires that each municipality represented on the board
869 described in Subsection (3)(b)(i) has weighted representation in decision-making
870 based on the percentage of the tax value of each municipality within the relevant

- 871 new school district or reorganized new school district as of the creation date.
- 872 (c) Within the later of 45 days of the creation date or 30 days after the effective date of
873 this bill, the legislative body described in Subsection (3)(a)(i) or the board described
874 in Subsection (3)(b) may:
- 875 (i) to reimburse costs after the creation date:
- 876 (A) enter into a loan agreement with the new school district or reorganized new
877 school district; or
- 878 (B) assist the new school district or reorganized new school district in securing a
879 line of credit;
- 880 (ii) select an individual to serve as the director as described in this section who has:
- 881 (A) outstanding professional qualifications in the field of education;
- 882 (B) a doctorate degree in education;
- 883 (C) experience teaching in a classroom in a public school within the state; and
- 884 (D) experience in administration in a public school or school district within the
885 state; and
- 886 (iii) assist the director in establishing a budget.
- 887 (d) If the municipal legislative body or mayoral board chooses to select a director under
888 Subsection (3)(c), upon selection of the director:
- 889 (i) the mayoral board described in Subsection (3)(b)(i) dissolves and the interlocal
890 agreement described in Subsection (3)(a) terminates;
- 891 (ii) the state auditor:
- 892 (A) shall oversee the director until members of the local school board of the new
893 school district or reorganized new school district appoints a district
894 superintendent;
- 895 (B) shall enter into a written employment agreement that sets compensation and
896 benefits at an amount not less than the average compensation of a
897 superintendent of a school district of a size that is similar to the relevant new
898 school district or reorganized new school district and that includes a term of
899 employment with the relevant new school district through the allocation date;
- 900 (C) shall assist the director in establishing a budget; and
- 901 (D) may terminate the director for malfeasance in office, as that term is defined in
902 Section 63A-14-102, at any time before the local school board election date
903 described in Subsection (2)(a).
- 904 (e) The following may not be the director, be an employee of or under retention by the

- 905 director, or interfere with or impede the duties of the director:
- 906 (i) an appointed or elected official of:
- 907 (A) the divided school district; or
- 908 (B) a municipality within the divided school district while in office;
- 909 (ii) a current employee of a municipality within the divided school district; or
- 910 (iii) a current employee of the divided school district.
- 911 (f) The mayoral board or the director, if the municipal legislative body or mayoral board
- 912 chooses to select a director under Subsection (3)(c), until the relevant local school
- 913 board takes office, on behalf of a new school district or a reorganized new school
- 914 district, has the authority to:
- 915 (i) establish and maintain a sufficient budget that encompasses the estimated new
- 916 school district or reorganized new school district startup costs;
- 917 (ii) access and spend funds made available under Subsections 53G-3-301.3(9) and
- 918 53G-3-301.4(11);
- 919 (iii) expend funds for professional services, leases, software, hardware, and other
- 920 operating expenses;
- 921 (iv) select and otherwise engage the services of contractors, including certified public
- 922 accountants, attorneys, information technology professionals, and other
- 923 consultants;
- 924 (v) set compensation for each contractor;
- 925 (vi) lease office space;
- 926 (vii) open bank and depository accounts;
- 927 (viii) receive reports described in Subsection (4)(a); and
- 928 (ix) request and receive records associated with each report described in Subsection
- 929 (8).
- 930 (g) If the municipal legislative body or mayoral board chooses to select a director under
- 931 Subsection (3)(c), the local school board of the new school district or reorganized
- 932 new school district shall ratify, modify, or rescind any agreement into which the
- 933 director enters.
- 934 (h) If the municipal legislative body or mayoral board chooses to select a director under
- 935 Subsection (3)(c), when the members of the local school board of the new school
- 936 district or reorganized new school district begin the members' terms of office:
- 937 (i) the state auditor shall transfer oversight and employment of the director to the
- 938 local school board;

- 939 (ii) by mutual agreement, the local school board of the new school district or
 940 reorganized new school district may revise the employment agreement of the
 941 director and the employees or contractors of the school district; and
 942 (iii) the local school board shall appoint a district superintendent.
- 943 (i) Upon appointment of a district superintendent:
 944 (i) the director has no further authority or duties; and
 945 (ii) the director position dissolves.
- 945a **Ŝ→ (j) If the mayoral board does not select a director under Subsection (3)(c), the**
 945b **mayoral board dissolves on the day on which the members of the local school board**
 945c **for the new school district or reorganized new school district take office. ←Ŝ**
- 946 ~~[(2)]~~ (4)(a) The divided school district local school board shall[-] :
 947 (i) within 60 days after the creation date[+]
 948 [(+)] prepare an initial inventory of the divided school district's:
 949 (A) assets, both tangible and intangible, real and personal; and
 950 (B) liabilities;[-and]
 951 [(ii) deliver a copy of the inventory to the Office of the Legislative Auditor General.]
- 952 (ii) on or before May 10 of the year following the creation date:
 953 (A) prepare an asset inventory, with records, of the divided school district's assets
 954 and the location of each associated property, discretionary asset,
 955 nondiscretionary asset, and physical asset; and
 956 (B) prepare an inventory of the divided school district's liabilities, with records,
 957 that includes a description of any liability, including an estimate cost to resolve
 958 the liability, for each associated property, discretionary asset, nondiscretionary
 959 asset, physical asset, and unresolved demands, claims, or suits with an
 960 estimated cost to resolve each liability;
- 961 (iii) mutually agree with the local school board of each relevant district or the
 962 directors or mayoral boards for each relevant district to establish a regular
 963 schedule for the divided school district local school board to, between the creation
 964 date and the allocation date, prepare regular updates including any change in the
 965 information required in the inventory and liability reports described in this
 966 Subsection (4)(a); and
- 967 (iv) deliver the reports described in this Subsection (4)(a) to:
 968 (A) the Office of the Legislative Auditor General; and
 969 (B) each relevant director, mayoral board, or local school board of each relevant

970 new school district and reorganized new school district.

971 (b) Following the local school board election date described in Subsection ~~[(1)(a)]~~ (2)(a),
972 the new school district and reorganized new school district local school boards shall:

973 ~~[(i) request a copy of the inventory described in Subsection (2)(a) from the Office of
974 the Legislative Auditor General;]~~

975 ~~[(ii)]~~ (i) in cooperation with the local school board of each new school district and
976 reorganized new school district, determine the allocation of the divided school
977 district's assets and, except for indebtedness under Section 53G-3-307, liabilities
978 of the new school district and reorganized new school district in accordance with
979 Subsection ~~[(3)]~~ (5);

980 ~~[(iii)]~~ (ii) prepare a written report detailing the allocation under Subsection ~~[(2)(b)(ii);~~
981 and] (4)(b)(i);

982 (iii) prepare a written report of the disposition of assets and liabilities upon which the
983 local school boards could not agree; and

984 (iv) deliver a copy of the written report to the Office of the Legislative Auditor
985 General and the local school board of the divided school district~~[local board].~~

986 (c) The new school district and reorganized new school district local boards shall
987 determine the allocation under Subsection ~~[(2)(b)]~~ (4)(b) and deliver the report
988 required under Subsection ~~[(2)(b)]~~ (4)(b) on or before July 1 of the year following the
989 school board election date described in Subsection (2)(a), unless that deadline is
990 extended by mutual agreement of the local school boards of the new school district
991 and reorganized new school district~~[local boards].~~

992 ~~[(3)(a) As used in this Subsection (3):]~~

993 ~~[(i) "Associated property" means furniture, equipment, or supplies located in or
994 specifically associated with a physical asset.]~~

995 ~~[(ii)(A) "Discretionary asset or liability" means, except as provided in Subsection
996 (3)(a)(ii)(B), an asset or liability that is not tied to a specific project, school,
997 student, or employee by law or school district accounting practice.]~~

998 ~~[(B) "Discretionary asset or liability" does not include a physical asset, associated
999 property, a vehicle, or bonded indebtedness.]~~

1000 ~~[(iii)(A) "Nondiscretionary asset or liability" means, except as provided in
1001 Subsection (3)(a)(iii)(B), an asset or liability that is tied to a specific project,
1002 school, student, or employee by law or school district accounting practice.]~~

1003 ~~[(B) "Nondiscretionary asset or liability" does not include a physical asset,~~

1004 associated property, a vehicle, or bonded indebtedness.]

1005 [(iv) "Physical asset" means a building, land, or water right together with revenue
1006 derived from the lease or use of the building, land, or water right.]

1007 [(b)] (5)(a) Except as provided under Subsection [(3)(e)] (5)(b), the new school district
1008 and reorganized new school district local school boards shall allocate all assets and
1009 liabilities the divided school district owns on the allocation date, both tangible and
1010 intangible, real and personal[-as follows] , allocating:

1011 (i) a physical asset, physical liability, and associated property asset [~~shall be allocated~~]
1012 to the school district in which the physical asset is located;

1013 (ii) a discretionary asset or liability [~~shall be allocated~~]between the new school
1014 district and reorganized new school district in proportion to the student population
1015 of the school districts;

1016 (iii) vehicles used for pupil transportation[-~~shall be allocated~~]:

1017 (A) according to the transportation needs of schools, as measured by the number
1018 and assortment of vehicles used to serve eligible state supported transportation
1019 routes serving schools within the new school district and the reorganized new
1020 school district; and

1021 (B) in a manner that gives each school district a fleet of vehicles for pupil
1022 transportation that is equivalent in terms of age, condition, and variety of
1023 carrying capacities; and

1024 (iv) other vehicles[-~~shall be allocated~~]:

1025 (A) in proportion to the student population of the school districts; and
1026 (B) in a manner that gives each district a fleet of vehicles that is similar in terms
1027 of age, condition, and carrying capacities.

1028 [(e)] (b) By mutual agreement, the new school district and reorganized new school
1029 district local school boards may allocate an asset or liability in a manner different
1030 than the allocation method specified in Subsection [(3)(b)] (5)(a).

1031 [(4)(a) As used in this Subsection (4):]

1032 [(i) "New school district startup costs" means the costs and expenses incurred by a
1033 new school district in order to prepare to begin providing educational services on
1034 July 1 of the second calendar year following the local school board election date
1035 described in Subsection (1)(a)(i).]

1036 [(ii) "Reorganized new school district startup costs" means the costs and expenses
1037 that a reorganized new school district incurs to make necessary adjustments to

1038 deal with the impacts resulting from the creation of the new school district and to
 1039 prepare to provide educational services within the reorganized new school district
 1040 once the new school district begins providing educational services within the new
 1041 school district.]

1042 [(b) On or before January 1 of the year following the new local school board election
 1043 date described in Subsection (1)(a)(i), the divided school district shall make the
 1044 unassigned reserve funds from the divided school district's general fund available for
 1045 the use of the reorganized new school district and the new school district in
 1046 proportion to the student enrollment of each new school district.]

1047 [(c) The divided school district may make additional funds available for the use of the
 1048 reorganized new school district and the new school district beyond the amount
 1049 specified in Subsection (4)(b) through an interlocal agreement.]

1050 [(d) The following may access and spend money made available under Subsection (4)(b):]

1051 [(i) the reorganized new school district local school board; and]

1052 [(ii) the new school district local school board.]

1053 [(e) The new school district and the reorganized new school district may use the money
 1054 made available under Subsection (4)(b) to pay for the new school district and
 1055 reorganized new school district startup costs.]

1056 (6)(a)(i) After the creation date, the local school board of the divided district may
 1057 issue one or more lease revenue bonds, in accordance with Section 11-14-103,
 1058 through an interlocal agreement:

1059 (A) that records the date, terms, and amount of the lease revenue bond the divided
 1060 school district provides;

1061 (B) that designates the new school district or reorganized new school district that
 1062 is the recipient of the bond proceeds as the local political subdivision receiving
 1063 the bond proceeds;

1064 (C) that obligates the new school district or reorganized new school district
 1065 receiving the bond proceeds to repay the bond;

1066 (D) that prohibits the bond from inclusion in the outstanding bond indebtedness of
 1067 the divided school district, in accordance with Section 53G-3-307;

1068 (E) to which, if the relevant local school board has been seated, the local school
 1069 board of the new school district or reorganized new school district consents in
 1070 writing; and

1071 (F) that provides that the divided school district makes the bond payments until

1072 the allocation date and that the amounts the divided school district be allocated
1073 to the new school district or reorganized new school district receiving the bond
1074 proceeds in accordance with this section.

1075 (ii) This Subsection (6)(a) applies retrospectively to a lease revenue bond that a
1076 divided school district issued after November 4, 2024.

1077 (b)(i) After the creation date, the local school board of the divided school district may
1078 issue a general obligation bond for a local political subdivision that is specific to a
1079 new school district or a reorganized new school district within the divided school
1080 district, in accordance with Section 11-14-103.

1081 (ii) The local school board shall ensure that the resolution submitting the question of
1082 the issuance of the bond by the divided school district, in accordance with Section
1083 11-14-201:

1084 (A) designates the new school district or reorganized new school district that is the
1085 recipient of the bond proceeds as the local political subdivision receiving the
1086 bond proceeds;

1087 (B) obligates the local political subdivision receiving the bond proceeds to repay
1088 the bond;

1089 (C) prohibits the bond from inclusion in the outstanding bonded indebtedness of
1090 the divided school district, in accordance with Section 53G-3-307;

1091 (D) provides that the divided school district may not issue the bond unless the
1092 majority of the qualified voters of the divided school district who vote on the
1093 bond proposition approve the issuance of the bond; and

1094 (E) provides that the divided school district is responsible for the bond payments
1095 until the allocation date and that the amounts the divided school district paid be
1096 allocated to the local political subdivision receiving the bond proceeds under
1097 Section 53G-3-302.

1098 (iii) This Subsection (6)(b) applies retrospectively to a general obligation bond that a
1099 divided school district issued after November 4, 2024.

1100 (c) The following may access and spend funds made available under Subsections
1101 53G-3-301.3(9) and 53G-3-301.4(11) and under this Subsection (6):

1102 (i) for each reorganized new school district, the director, if the director is authorized
1103 under Subsection (3) to access and spend funds, the mayoral board, and the local
1104 school board; and

1105 (ii) for each new school district, the director, if the director is authorized under

1106 Subsection (3) to access and spend funds, the mayoral board, and the local school
 1107 board.

1108 ~~[(5)] (7)(a)~~ The divided school district shall transfer title or, if applicable, partial title of
 1109 property to the new school district and the reorganized new school district in
 1110 accordance with the allocation of property as stated in the report under Subsection [
 1111 ~~(2)(b)(iii)] (4)(b)(ii).~~

1112 (b) The divided school district shall complete each transfer of title or, if applicable,
 1113 partial title to real property and vehicles on ~~Ŝ~~ **[or before one calendar year from the**
 1113a **date**

1114 ~~of the local school board election date described in Subsection~~ ~~←Ŝ (1)(a)(i) Ŝ→~~

1114a ~~(2)(a)]~~ **the allocation date** ~~←Ŝ~~ ,

1115 except as that date is changed by the mutual agreement of:

1116 (i) the local school board of the divided school district;

1117 (ii) the local school board of the reorganized new school district; and

1118 (iii) the local school board of the new school district.

1119 (c) The divided school district shall complete the transfer of all property not included in
 1120 Subsection ~~[(5)(b)] (7)(b)~~ on ~~Ŝ~~ **[or before November 1 of the** ~~←Ŝ~~ **calendar** ~~Ŝ→~~
 1120a **year following**

1121 ~~the local school board election date described in Subsection~~ ~~←Ŝ (1)(a)(i) Ŝ→~~ ~~(2)(a)]~~

1121a **the allocation date** ~~←Ŝ~~ .

1122 ~~[(6)] (d)~~ Except as provided in this Subsection ~~[(5)] (7)~~, a divided school district may not
 1123 transfer or agree to transfer title to district property beginning on the [~~day the new~~
 1124 ~~school district or reorganized new school district is created]~~ creation date, without the
 1125 prior consent of:

1126 (i) before the election of local school boards for the new or reorganized new school
 1127 district:

1128 ~~[(a)] (A)~~ the legislative body of the municipality in which the boundaries for the
 1129 new school district or reorganized new school district are entirely located; or

1130 ~~[(b)] (B)~~ the legislative bodies of all interlocal agreement participants in which the
 1131 boundaries of the new school district or reorganized new school district are
 1132 located[-] ; or

1133 (ii) after the election of local school boards for the new or reorganized new school
 1134 district, the director, the mayoral board, or the local school board of the school
 1135 district where the physical property is located.

- 1136 (e)(i) A divided district may:
- 1137 (A) sell property associated with a career and technical education program; and
- 1138 (B) use proceeds from a sale described in this Subsection (7)(e) to fund the
- 1139 following year's career and technical education program project.
- 1140 (ii) A divided district shall distribute any proceeds from a sale described in this
- 1141 Subsection (7)(e) two years after the inaugural election of local school board
- 1142 members for the new and reorganized new school districts based on student
- 1143 population.
- 1144 (8)(a) Each director, if a director is authorized under Subsection (3)(c), or mayoral board
- 1145 shall:
- 1146 (i) issue the following written reports:
- 1147 (A) an asset and liability report that includes a proposed allocation of assets and
- 1148 liabilities, as described in Subsection (8)(b); and
- 1149 (B) a local school assessment report, as described in Subsection (8)(c);
- 1150 (ii) complete the reports in cooperation with any other relevant director or mayoral
- 1151 board;
- 1152 (iii) on or before February 15 of the year following the local school board election
- 1153 date, as described in Subsection (2)(a), present a copy of each report to the local
- 1154 school board of each new school district and reorganized new school district; and
- 1155 (iv) deliver a copy of each report to the Office of the Legislative Auditor General.
- 1156 (b) Each director, if a director is authorized under Subsection (3)(c), shall, or a mayoral
- 1157 board may ensure that an asset and liability report includes:
- 1158 (i) the location of, a description of, and applicable records for:
- 1159 (A) each physical asset;
- 1160 (B) each associated property;
- 1161 (C) each non-discretionary asset or liability;
- 1162 (D) each discretionary asset or liability;
- 1163 (E) each vehicle within the divided school district, as described in Subsection
- 1164 (5)(a)(iii);
- 1165 (F) each interlocal agreement between the divided school district and other
- 1166 governmental entities;
- 1167 (G) each vendor agreement for the divided school district;
- 1168 (H) each employment or other agreement involving compensation, benefits,
- 1169 bonuses, or severance of the divided school district;

- 1170 (I) all known and unresolved claims, rights, or causes of action or liabilities that a
1171 party has made or asserted against the divided school district, including each
1172 unresolved Title IX claim;
- 1173 (J) the policies and procedures of the divided school district and the district's local
1174 school board, including school and student safety plans;
- 1175 (K) the divided school district's policies and practices regarding personnel,
1176 including salary schedules, benefits, and COBRA administration; and
- 1177 (L) any other item or record the director or mayoral board deems necessary;
- 1178 (ii) any cooperative agreements between each new local school board and other local
1179 school boards to provide educational services to use resources for the overall
1180 operation of the public school system, as described in Section 53G-3-202;
- 1181 (iii) a valuation from an independent third party, whom the director or mayoral board
1182 selects, of:
- 1183 (A) each discretionary asset or liability; and
- 1184 (B) each bus and vehicle within the divided school district;
- 1185 (iv) a proposed allocation of the:
- 1186 (A) divided school district's assets and liabilities;
- 1187 (B) divided school district's outstanding bonded indebtedness, as described in
1188 Section 53G-3-307;
- 1189 (C) divided school district's outstanding and ongoing legal liabilities;
- 1190 (D) COBRA and other legal obligations related to employees of the divided
1191 school district;
- 1192 (E) retirement funds for employees of the divided school district;
- 1193 (F) disposition of bonds the divided school district approved but did not issue
1194 before the creation of the new school district or reorganized new school district
1195 based primarily on the representation made to the voters at the time of the bond
1196 election as described in Section 53G-3-307;
- 1197 (G) vehicles as described in Subsection (5)(a);
- 1198 (H) funds in any related divided school district foundation;
- 1199 (I) funds of the divided school district; and
- 1200 (J) any other remaining assets or liability of the divided school district; and
- 1201 (v) an overview of the disposition of assets and liabilities upon which the directors or
1202 mayoral boards could not agree.
- 1203 (c) Each director, if a director is authorized under Subsection (3)(c), shall, or the

1204 mayoral board may, ensure that a local school assessment report includes the records
1205 for each school within the divided school district, including:

1206 (i) a list of each school containing the school's address and description;
1207 (ii) a list of employees who are currently assigned to each school within the divided
1208 school district, including employment description, compensation, and any
1209 promised employment incentives;

1210 (iii) a list of all employment or other agreements involving compensation, benefits,
1211 bonuses, or severance for each person assigned to each school within the divided
1212 school district;

1213 (iv) the grades, classes, and courses that each school provides, including specialty
1214 classes;

1215 (v) the estimated number of students in each class in each school; and
1216 (vi) any other item or record the director or mayoral board deems necessary.

1217 (d) On or before June 1 of the year following the creation date, the divided school
1218 district shall provide records associated with each report described in this section to
1219 the director, if a director is authorized under Subsection (3)(c), or mayoral board for
1220 each new school district and reorganized new school district.

1221 (9)(a)(i) On July 1 of the second year following the local school board election date
1222 described in Subsection (2)(a), the new school district or the reorganized new
1223 school district that receives title to the physical asset of the divided school district
1224 main office that existed at the creation date shall become the successor district to
1225 the records of the divided school district, unless the local school boards of any
1226 relevant new school district and reorganized new school district agree to a chosen
1227 successor district.

1228 (ii) As described in Subsection 63G-2-206(1)(a), the successor district shall serve as a
1229 repository of archives for purposes of historical preservation, administrative
1230 maintenance, or destruction of all the divided school district's books, accounts,
1231 and records.

1232 (iii) After the allocation date, each new school district or reorganized new school
1233 district within the divided school district may access the records of the divided
1234 school district through an interlocal agreement and without cost.

1235 (b)(i) A director, a mayoral board, a new school district, or a reorganized new school
1236 district that makes a request for records of the divided school district, except for
1237 records described in Subsection (8), shall make a written request to the

1238 superintendent of the divided school district.

1239 (ii) After receiving a request for a record under Subsection (9)(b)(i), the divided
 1240 school district shall, as soon as reasonably possible but no later than 10 business
 1241 days after receiving the request unless the parties mutually agree on a different
 1242 date:

1243 (A) approve the request and provide a copy of the record in each format the
 1244 divided school district possesses; or

1245 (B) if the divided school district or the divided school district's successor does not
 1246 maintain the requested record, notify the requester of the lack of the record and
 1247 provide, if known, the name and address of the governmental entity that
 1248 maintains the record.

1249 (10)(a) Upon the creation date, a divided school district may not, except by mutual
 1250 agreement of the local school boards, mayoral boards, or directors of the new school
 1251 district and reorganized new school district:

1252 (i) destroy a school district record;

1253 (ii) enter into any employment agreement without including a statement providing
 1254 that the contract does not bind any new school district or reorganized new school
 1255 district;

1256 (iii) pay any severance or bonuses, issue a retirement package, or provide buy-out
 1257 compensation to any employee unless under a written agreement or policy that
 1258 was executed before the creation date; or

1259 (iv) increase compensation $\hat{\$}$ → [~~, other than a yearly cost-of-living adjustment~~] ← $\hat{\$}$ for any
 1260 school district employee $\hat{\$}$ → [;] , other than:

1260a (A) a yearly cost-of-living adjustment; or

1260b (B) any pay structure increases the divided district established before the
 1260c creation date for longevity, years of experience, or additional education and
 1260d professional development. ← $\hat{\$}$

1261 (b) Notwithstanding Subsection 53G-4-402(24), upon the creation of a new school
 1262 district or a reorganized new school district, a divided school district may not close a
 1263 school or program, except with the consent of the local school board of the new
 1264 school district or reorganized new school district once the members of the local
 1265 school board take the oath of office.

1266 (c) Any agreement or policy contrary to this Subsection (10) is void, including
 1267 retrospective operation to any agreement or policy that a divided school district

1268 created after November 4, 2024.

1269 (11) The newly elected local school boards of any new school district, any reorganized new
 1270 school district, by December 15 in the year following the local school board election for
 1271 the new and reorganized new school districts, shall establish a transition plan with the
 1272 local school board of the divided school district.

1273 (12) Unless otherwise specified in this section, the following bear all costs and expenses to
 1274 create a new school district or a reorganized new school district and to comply with this
 1275 section:

1276 (a) for costs that a new school district incurs, the new school district;

1277 (b) for costs that a reorganized new school district incurs, the reorganized new school
 1278 district;

1279 (c) for costs that a divided school district incurs, the divided school district; and

1280 (d) for actual expenses a municipality or interlocal agreement participants incur to a
 1281 third party after the creation date, the relevant school district associated with the
 1282 municipality or the interlocal agreement participants.

1283 (13)(a) A mutually agreed upon arbiter shall resolve any disagreements between local
 1284 school boards of the divided school district, any new school district, and any
 1285 reorganized new school district.

1286 (b) If the local school boards do not agree on an arbiter, the state board shall appoint an
 1287 arbiter.

1288 (c) The Office of the Legislative Auditor General shall provide information the office
 1289 receives under this part to local school boards and the arbiter described in this
 1290 Subsection (13) during the dispute resolution process.

1291 (14)(a) An actor commits interference with a director or mayoral board if the actor uses
 1292 force, violence, intimidation, or engages in any other unlawful act with a purpose to
 1293 interfere with the director's duties.

1294 (b) A violation of Subsection (14)(a) is a class B misdemeanor.

1295 Section 10. Section **53G-3-303** is amended to read:

1296 **53G-3-303 (Effective upon governor's approval). New school district property**
 1297 **tax -- Limitations.**

1298 (1) A new school district, created under Section 53G-3-301.1, 53G-3-301.3, or 53G-3-301.4,
 1299 and a reorganized new school district may not impose a property tax before the fiscal
 1300 year in which the new school district and reorganized new school district assume
 1301 responsibility for providing student instruction.

- 1302 (2)(a) If at the time a new school district created in accordance with Section 53G-3-301.1,
 1303 53G-3-301.3, or 53G-3-301.4[;] assumes responsibility for student instruction any
 1304 portion of the territory within the new school district was subject to a levy [~~pursuant~~
 1305 ~~to~~] under Section 53F-8-301, the new school district's local school board may:
- 1306 (i) discontinue the levy for the new school district;
 - 1307 (ii) impose a levy on the new school district as provided in Section 53F-8-301; or
 - 1308 (iii) impose the levy on the new school district, subject to Subsection (2)(b).
- 1309 (b) If the new school district's local school board applies a levy to the new school district
 1310 in accordance with Subsection (2)(a)(iii), the levy may not exceed the maximum
 1311 duration or rate authorized by the voters of the divided school district at the time of
 1312 the vote to create the new school district or that resulted in the creation of the
 1313 reorganized new school district.

1314 Section 11. Section **53G-3-305** is amended to read:

1315 **53G-3-305 (Effective upon governor's approval). Redistricting -- Local school**
 1316 **board membership.**

- 1317 (1) Upon the creation of a new school district or a reorganized new school district in
 1318 accordance with Section 53G-3-301.1, 53G-3-301.3, or 53G-3-301.4, the applicable
 1319 legislative body shall redistrict the affected school districts in accordance with Section
 1320 20A-14-201.
- 1321 (2) Except as provided in Section 53G-3-302, local school board membership in the
 1322 affected school districts [~~shall be determined under~~] is subject to Title 20A, Chapter 14,
 1323 Part 2, Election of Members of Local Boards of Education.

1324 Section 12. Section **53G-3-307** is amended to read:

1325 **53G-3-307 (Effective upon governor's approval). Tax to pay for indebtedness of**
 1326 **divided school district.**

- 1327 (1) As used in [~~Subsections (2) and (3)]~~ this section, "outstanding bonded indebtedness"
 1328 means, except for a lease revenue bond or a general obligation bond described in
 1329 Subsection 53G-3-302(6), debt owed for a general obligation bond or lease revenue
 1330 bond [~~issued by~~] that the divided school district issues:
- 1331 (a) before the creation of the new school district; or
 - 1332 (b) in accordance with a mutual agreement of the local school boards of the reorganized
 1333 new school district and the new school district under Subsection (4).
- 1334 (2) If the creation date of a new school district [~~is created~~] occurs on or after May 10, 2011,
 1335 property within the new school district and the reorganized new school district is subject

1336 to the levy of a tax to pay the divided school district's outstanding bonded indebtedness
1337 as provided in Subsection (3).

1338 (3)(a) Except as provided in Subsection (3)(b), the local school board of the new school
1339 district and the local school board of the reorganized new school district shall impose
1340 a tax levy at a rate that:

1341 (i) generates from the combined districts the amount of revenue required each year to
1342 meet the outstanding bonded indebtedness of the divided school district; and

1343 (ii) is based on the yearly adjusted assessed value of the new school district and
1344 reorganized new school district as the State Tax Commission determines.

1345 (b) A local school board of a new school district may abate a property tax [~~required to be~~
1346 ~~imposed under~~] that Subsection (3)(a) requires the board to impose to the extent the
1347 new school district has money available to pay to the reorganized new school district
1348 the amount of revenue that [~~would be generated~~] the tax rate described in Subsection
1349 (3)(a) would generate within the new school district [~~from the tax rate specified in~~
1350 ~~Subsection (3)(a)~~].

1351 (4)(a) The local school boards of the new school district and the reorganized new school
1352 district shall determine, by mutual agreement, the disposition of bonds [~~approved but~~
1353 ~~not issued by~~] the divided school district approved but did not issue before the
1354 creation of the new school district and reorganized new school district based
1355 primarily on the representation made to the voters at the time of the bond election.

1356 (b) Before the local school boards make a determination [~~is made~~] under Subsection
1357 (4)(a), a reorganized new school district may not issue the approved and unissued
1358 bonds [~~approved but not issued before the creation of the new school district and~~
1359 ~~reorganized new school district~~] described in Subsection (4)(a) if property in the new
1360 school district would be subject to the levy of a tax to pay the bonds.

1361 Section 13. Section **63G-2-203** is amended to read:

1362 **63G-2-203 (Effective upon governor's approval). Fees.**

1363 (1)(a) Subject to Subsection (5), a governmental entity may charge a reasonable fee to
1364 cover the governmental entity's actual cost of providing a record.

1365 (b) A fee under Subsection (1)(a) shall be approved by the governmental entity's
1366 executive officer.

1367 (2)(a) When a governmental entity compiles a record in a form other than that normally
1368 maintained by the governmental entity, the actual costs under this section may
1369 include the following:

- 1370 (i) the cost of staff time for compiling, formatting, manipulating, packaging,
1371 summarizing, or tailoring the record either into an organization or media to meet
1372 the person's request;
- 1373 (ii) the cost of staff time for search, retrieval, and other direct administrative costs for
1374 complying with a request; and
- 1375 (iii) in the case of fees for a record that is the result of computer output other than
1376 word processing, the actual incremental cost of providing the electronic services
1377 and products together with a reasonable portion of the costs associated with
1378 formatting or interfacing the information for particular users, and the
1379 administrative costs as set forth in Subsections (2)(a)(i) and (ii).
- 1380 (b) An hourly charge under Subsection (2)(a) may not exceed the salary of the lowest
1381 paid employee who, in the discretion of the custodian of records, has the necessary
1382 skill and training to perform the request.
- 1383 (3)(a) Fees shall be established as provided in this Subsection (3).
- 1384 (b) A governmental entity with fees established by the Legislature:
- 1385 (i) shall establish the fees defined in Subsection (2), or other actual costs associated
1386 with this section through the budget process; and
- 1387 (ii) may use the procedures of Section 63J-1-504 to set fees until the Legislature
1388 establishes fees through the budget process.
- 1389 (c) Political subdivisions shall establish fees by ordinance or written formal policy
1390 adopted by the governing body.
- 1391 (d) The judiciary shall establish fees by rules of the judicial council.
- 1392 (4) A governmental entity may fulfill a record request without charge and is encouraged to
1393 do so if it determines that:
- 1394 (a) releasing the record primarily benefits the public rather than a person;
- 1395 (b) the individual requesting the record is the subject of the record, or an individual
1396 specified in Subsection 63G-2-202(1) or (2); or
- 1397 (c) the requester's legal rights are directly implicated by the information in the record,
1398 and the requester is impecunious.
- 1399 (5)(a) As used in this Subsection (5), "media representative":
- 1400 (i) means a person who requests a record to obtain information for a story or report
1401 for publication or broadcast to the general public; and
- 1402 (ii) does not include a person who requests a record to obtain information for a blog,
1403 podcast, social media account, or other means of mass communication generally

- 1404 available to a member of the public.
- 1405 (b) A governmental entity may not charge a fee for:
- 1406 (i) reviewing a record to determine whether it is subject to disclosure, except as
- 1407 permitted by Subsection (2)(a)(ii);
- 1408 (ii) inspecting a record; or
- 1409 (iii) the first quarter hour of staff time spent in responding to a request under Section
- 1410 63G-2-204.
- 1411 (c) Notwithstanding Subsection (5)(b)(iii), a governmental entity is not prevented from
- 1412 charging a fee for the first quarter hour of staff time spent in responding to a request
- 1413 under Section 63G-2-204 if the person who submits the request:
- 1414 (i) is not a Utah media representative; and
- 1415 (ii) previously submitted a separate request within the 10-day period immediately
- 1416 before the date of the request to which the governmental entity is responding.
- 1417 (6)(a) A person who believes that there has been an unreasonable denial of a fee waiver
- 1418 under Subsection (4) may appeal the denial in the same manner as a person appeals
- 1419 when inspection of a public record is denied under Section 63G-2-205.
- 1420 (b) The adjudicative body hearing the appeal:
- 1421 (i) shall review the fee waiver de novo, but shall review and consider the
- 1422 governmental entity's denial of the fee waiver and any determination under
- 1423 Subsection (4); and
- 1424 (ii) has the same authority when a fee waiver or reduction is denied as it has when the
- 1425 inspection of a public record is denied.
- 1426 (7)(a) All fees received under this section by a governmental entity subject to Subsection
- 1427 (3)(b) shall be retained by the governmental entity as a dedicated credit.
- 1428 (b) Those funds shall be used to recover the actual cost and expenses incurred by the
- 1429 governmental entity in providing the requested record or record series.
- 1430 (8)(a) A governmental entity may require payment of past fees and future estimated fees
- 1431 before beginning to process a request if:
- 1432 (i) fees are expected to exceed \$50; or
- 1433 (ii) after the government entity has sent an invoice, the requester has not paid fees
- 1434 from a previous [requests] request.
- 1435 (b) Any prepaid amount in excess of fees due shall be returned to the requester.
- 1436 (9) This section does not alter, repeal, or reduce fees established by other statutes or
- 1437 legislative acts.

- 1438 (10)(a) Notwithstanding Subsection (3)(c), fees for voter registration records shall be set
1439 as provided in this Subsection (10).
- 1440 (b) The lieutenant governor shall:
- 1441 (i) after consultation with county clerks, establish uniform fees for voter registration
1442 and voter history records that meet the requirements of this section; and
- 1443 (ii) obtain legislative approval of those fees by following the procedures and
1444 requirements of Section 63J-1-504.
- 1445 Section 14. Section **67-3-1** is amended to read:
- 1446 **67-3-1 (Effective upon governor's approval). Functions and duties.**
- 1447 (1)(a) The state auditor is the auditor of public accounts and is independent of any
1448 executive or administrative officers of the state.
- 1449 (b) The state auditor is not limited in the selection of personnel or in the determination
1450 of the reasonable and necessary expenses of the state auditor's office.
- 1451 (2) The state auditor shall examine and certify annually in respect to each fiscal year,
1452 financial statements showing:
- 1453 (a) the condition of the state's finances;
- 1454 (b) the revenues received or accrued;
- 1455 (c) expenditures paid or accrued;
- 1456 (d) the amount of unexpended or unencumbered balances of the appropriations to the
1457 agencies, departments, divisions, commissions, and institutions; and
- 1458 (e) the cash balances of the funds in the custody of the state treasurer.
- 1459 (3)(a) The state auditor shall:
- 1460 (i) audit each permanent fund, each special fund, the General Fund, and the accounts
1461 of any department of state government or any independent agency or public
1462 corporation as the law requires, as the auditor determines is necessary, or upon
1463 request of the governor or the Legislature;
- 1464 (ii) perform the audits in accordance with generally accepted auditing standards and
1465 other auditing procedures as promulgated by recognized authoritative bodies; and
- 1466 (iii) as the auditor determines is necessary, conduct the audits to determine:
- 1467 (A) honesty and integrity in fiscal affairs;
- 1468 (B) accuracy and reliability of financial statements;
- 1469 (C) effectiveness and adequacy of financial controls; and
- 1470 (D) compliance with the law.
- 1471 (b) If any state entity receives federal funding, the state auditor shall ensure that the

- 1472 audit is performed in accordance with federal audit requirements.
- 1473 (c)(i) The costs of the federal compliance portion of the audit may be paid from an
1474 appropriation to the state auditor from the General Fund.
- 1475 (ii) If an appropriation is not provided, or if the federal government does not
1476 specifically provide for payment of audit costs, the costs of the federal compliance
1477 portions of the audit shall be allocated on the basis of the percentage that each
1478 state entity's federal funding bears to the total federal funds received by the state.
- 1479 (iii) The allocation shall be adjusted to reflect any reduced audit time required to
1480 audit funds passed through the state to local governments and to reflect any
1481 reduction in audit time obtained through the use of internal auditors working
1482 under the direction of the state auditor.
- 1483 (4)(a) Except as provided in Subsection (4)(b), the state auditor shall, in addition to
1484 financial audits, and as the auditor determines is necessary, conduct performance and
1485 special purpose audits, examinations, and reviews of any entity that receives public
1486 funds, including a determination of any or all of the following:
- 1487 (i) the honesty and integrity of all the entity's fiscal affairs;
1488 (ii) whether the entity's administrators have faithfully complied with legislative intent;
1489 (iii) whether the entity's operations have been conducted in an efficient, effective, and
1490 cost-efficient manner;
1491 (iv) whether the entity's programs have been effective in accomplishing the intended
1492 objectives; and
1493 (v) whether the entity's management, control, and information systems are adequate,
1494 effective, and secure.
- 1495 (b) The auditor may not conduct performance and special purpose audits, examinations,
1496 and reviews of any entity that receives public funds if the entity:
- 1497 (i) has an elected auditor; and
1498 (ii) has, within the entity's last budget year, had the entity's financial statements or
1499 performance formally reviewed by another outside auditor.
- 1500 (5) The state auditor:
- 1501 (a) shall administer any oath or affirmation necessary to the performance of the duties of
1502 the auditor's office; and
1503 (b) may:
- 1504 (i) subpoena witnesses and documents, whether electronic or otherwise; and
1505 (ii) examine into any matter that the auditor considers necessary.

- 1506 (6) The state auditor may require all persons who have had the disposition or management
1507 of any property of this state or its political subdivisions to submit statements regarding
1508 the property at the time and in the form that the auditor requires.
- 1509 (7) The state auditor shall:
- 1510 (a) except where otherwise provided by law, institute suits in Salt Lake County in
1511 relation to the assessment, collection, and payment of revenues against:
- 1512 (i) persons who by any means have become entrusted with public money or property
1513 and have failed to pay over or deliver the money or property; and
1514 (ii) all debtors of the state;
- 1515 (b) collect and pay into the state treasury all fees received by the state auditor;
- 1516 (c) perform the duties of a member of all boards of which the state auditor is a member
1517 by the constitution or laws of the state, and any other duties that are prescribed by the
1518 constitution and by law;
- 1519 (d) stop the payment of the salary of any state official or state employee who:
- 1520 (i) refuses to settle accounts or provide required statements about the custody and
1521 disposition of public funds or other state property;
- 1522 (ii) refuses, neglects, or ignores the instruction of the state auditor or any controlling
1523 board or department head with respect to the manner of keeping prescribed
1524 accounts or funds; or
- 1525 (iii) fails to correct any delinquencies, improper procedures, and errors brought to the
1526 official's or employee's attention;
- 1527 (e) establish accounting systems, methods, and forms for public accounts in all taxing or
1528 fee-assessing units of the state in the interest of uniformity, efficiency, and economy;
- 1529 (f) superintend the contractual auditing of all state accounts;
- 1530 (g) subject to Subsection (8)(a), withhold state allocated funds or the disbursement of
1531 property taxes from a state or local taxing or fee-assessing unit, if necessary, to
1532 ensure that officials and employees in those taxing units comply with state laws and
1533 procedures in the budgeting, expenditures, and financial reporting of public funds;
- 1534 (h) subject to Subsection (9), withhold the disbursement of tax money from any county,
1535 if necessary, to ensure that officials and employees in the county comply with
1536 Section 59-2-303.1; and
- 1537 (i) withhold state allocated funds or the disbursement of property taxes from a local
1538 government entity or a limited purpose entity, as those terms are defined in Section
1539 67-1a-15 if the state auditor finds the withholding necessary to ensure that the entity

- 1540 registers and maintains the entity's registration with the lieutenant governor, in
1541 accordance with Section 67-1a-15.
- 1542 (8)(a) Except as otherwise provided by law, the state auditor may not withhold funds
1543 under Subsection (7)(g) until a state or local taxing or fee-assessing unit has received
1544 formal written notice of noncompliance from the auditor and has been given 60 days
1545 to make the specified corrections.
- 1546 (b) If, after receiving notice under Subsection (8)(a), a state or independent local
1547 fee-assessing unit that exclusively assesses fees has not made corrections to comply
1548 with state laws and procedures in the budgeting, expenditures, and financial reporting
1549 of public funds, the state auditor:
- 1550 (i) shall provide a recommended timeline for corrective actions;
- 1551 (ii) may prohibit the state or local fee-assessing unit from accessing money held by
1552 the state; and
- 1553 (iii) may prohibit a state or local fee-assessing unit from accessing money held in an
1554 account of a financial institution by filing an action in a court with jurisdiction
1555 under Title 78A, Judiciary and Judicial Administration, requesting an order of the
1556 court to prohibit a financial institution from providing the fee-assessing unit
1557 access to an account.
- 1558 (c) The state auditor shall remove a limitation on accessing funds under Subsection
1559 (8)(b) upon compliance with state laws and procedures in the budgeting,
1560 expenditures, and financial reporting of public funds.
- 1561 (d) If a local taxing or fee-assessing unit has not adopted a budget in compliance with
1562 state law, the state auditor:
- 1563 (i) shall provide notice to the taxing or fee-assessing unit of the unit's failure to
1564 comply;
- 1565 (ii) may prohibit the taxing or fee-assessing unit from accessing money held by the
1566 state; and
- 1567 (iii) may prohibit a taxing or fee-assessing unit from accessing money held in an
1568 account of a financial institution by:
- 1569 (A) contacting the taxing or fee-assessing unit's financial institution and
1570 requesting that the institution prohibit access to the account; or
- 1571 (B) filing an action in a court with jurisdiction under Title 78A, Judiciary and
1572 Judicial Administration, requesting an order of the court to prohibit a financial
1573 institution from providing the taxing or fee-assessing unit access to an account.

- 1574 (e) If the local taxing or fee-assessing unit adopts a budget in compliance with state law,
1575 the state auditor shall eliminate a limitation on accessing funds described in
1576 Subsection (8)(d).
- 1577 (9) The state auditor may not withhold funds under Subsection (7)(h) until a county has
1578 received formal written notice of noncompliance from the auditor and has been given 60
1579 days to make the specified corrections.
- 1580 (10)(a) The state auditor may not withhold funds under Subsection (7)(i) until the state
1581 auditor receives a notice of non-registration, as that term is defined in Section
1582 67-1a-15.
- 1583 (b) If the state auditor receives a notice of non-registration, the state auditor may
1584 prohibit the local government entity or limited purpose entity, as those terms are
1585 defined in Section 67-1a-15, from accessing:
- 1586 (i) money held by the state; and
1587 (ii) money held in an account of a financial institution by:
- 1588 (A) contacting the entity's financial institution and requesting that the institution
1589 prohibit access to the account; or
1590 (B) filing an action in a court with jurisdiction under Title 78A, Judiciary and
1591 Judicial Administration, requesting an order of the court to prohibit a financial
1592 institution from providing the entity access to an account.
- 1593 (c) The state auditor shall remove the prohibition on accessing funds described in
1594 Subsection (10)(b) if the state auditor received a notice of registration, as that term is
1595 defined in Section 67-1a-15, from the lieutenant governor.
- 1596 (11) Notwithstanding Subsection (7)(g), (7)(h), (7)(i), (8)(b), (8)(d), or (10)(b), the state
1597 auditor:
- 1598 (a) shall authorize a disbursement by a local government entity or limited purpose entity,
1599 as those terms are defined in Section 67-1a-15, or a state or local taxing or
1600 fee-assessing unit if the disbursement is necessary to:
- 1601 (i) avoid a major disruption in the operations of the local government entity, limited
1602 purpose entity, or state or local taxing or fee-assessing unit; or
1603 (ii) meet debt service obligations; and
- 1604 (b) may authorize a disbursement by a local government entity, limited purpose entity,
1605 or state or local taxing or fee-assessing unit as the state auditor determines is
1606 appropriate.
- 1607 (12)(a) The state auditor may seek relief under the Utah Rules of Civil Procedure to take

- 1608 temporary custody of public funds if an action is necessary to protect public funds
1609 from being improperly diverted from their intended public purpose.
- 1610 (b) If the state auditor seeks relief under Subsection (12)(a):
- 1611 (i) the state auditor is not required to exhaust the procedures in Subsection (7) or (8);
1612 and
- 1613 (ii) the state treasurer may hold the public funds in accordance with Section 67-4-1 if
1614 a court orders the public funds to be protected from improper diversion from their
1615 public purpose.
- 1616 (13) The state auditor shall:
- 1617 (a) establish audit guidelines and procedures for audits of local mental health and
1618 substance abuse authorities and their contract providers, conducted pursuant to Title
1619 17, Chapter 43, Part 2, Local Substance Abuse Authorities, Title 17, Chapter 43, Part
1620 3, Local Mental Health Authorities, Title 26B, Chapter 5, Health Care - Substance
1621 Use and Mental Health, and Title 51, Chapter 2a, Accounting Reports from Political
1622 Subdivisions, Interlocal Organizations, and Other Local Entities Act; and
- 1623 (b) ensure that those guidelines and procedures provide assurances to the state that:
- 1624 (i) state and federal funds appropriated to local mental health authorities are used for
1625 mental health purposes;
- 1626 (ii) a private provider under an annual or otherwise ongoing contract to provide
1627 comprehensive mental health programs or services for a local mental health
1628 authority is in compliance with state and local contract requirements and state and
1629 federal law;
- 1630 (iii) state and federal funds appropriated to local substance abuse authorities are used
1631 for substance abuse programs and services; and
- 1632 (iv) a private provider under an annual or otherwise ongoing contract to provide
1633 comprehensive substance abuse programs or services for a local substance abuse
1634 authority is in compliance with state and local contract requirements, and state and
1635 federal law.
- 1636 (14)(a) The state auditor may, in accordance with the auditor's responsibilities for
1637 political subdivisions of the state as provided in Title 51, Chapter 2a, Accounting
1638 Reports from Political Subdivisions, Interlocal Organizations, and Other Local
1639 Entities Act, initiate audits or investigations of any political subdivision that are
1640 necessary to determine honesty and integrity in fiscal affairs, accuracy and reliability
1641 of financial statements, effectiveness, and adequacy of financial controls and

1642 compliance with the law.

1643 (b) If the state auditor receives notice under Subsection 11-41-104(7) from the
1644 Governor's Office of Economic Opportunity on or after July 1, 2024, the state auditor
1645 may initiate an audit or investigation of the public entity subject to the notice to
1646 determine compliance with Section 11-41-103.

1647 (15)(a) The state auditor may not audit work that the state auditor performed before
1648 becoming state auditor.

1649 (b) If the state auditor has previously been a responsible official in state government
1650 whose work has not yet been audited, the Legislature shall:

1651 (i) designate how that work shall be audited; and

1652 (ii) provide additional funding for those audits, if necessary.

1653 (16) The state auditor shall:

1654 (a) with the assistance, advice, and recommendations of an advisory committee
1655 appointed by the state auditor from among special district boards of trustees, officers,
1656 and employees and special service district boards, officers, and employees:

1657 (i) prepare a Uniform Accounting Manual for Special Districts that:

1658 (A) prescribes a uniform system of accounting and uniform budgeting and
1659 reporting procedures for special districts under Title 17B, Limited Purpose
1660 Local Government Entities - Special Districts, and special service districts
1661 under Title 17D, Chapter 1, Special Service District Act;

1662 (B) conforms with generally accepted accounting principles; and

1663 (C) prescribes reasonable exceptions and modifications for smaller districts to the
1664 uniform system of accounting, budgeting, and reporting;

1665 (ii) maintain the manual under this Subsection (16)(a) so that the manual continues to
1666 reflect generally accepted accounting principles;

1667 (iii) conduct a continuing review and modification of procedures in order to improve
1668 them;

1669 (iv) prepare and supply each district with suitable budget and reporting forms; and

1670 (v)(A) prepare instructional materials, conduct training programs, and render other
1671 services considered necessary to assist special districts and special service
1672 districts in implementing the uniform accounting, budgeting, and reporting
1673 procedures; and

1674 (B) ensure that any training described in Subsection (16)(a)(v)(A) complies with
1675 Title 63G, Chapter 22, State Training and Certification Requirements; and

- 1676 (b) continually analyze and evaluate the accounting, budgeting, and reporting practices
1677 and experiences of specific special districts and special service districts selected by
1678 the state auditor and make the information available to all districts.
- 1679 (17)(a) The following records in the custody or control of the state auditor are protected
1680 records under Title 63G, Chapter 2, Government Records Access and Management
1681 Act:
- 1682 (i) records that would disclose information relating to allegations of personal
1683 misconduct, gross mismanagement, or illegal activity of a past or present
1684 governmental employee if the information or allegation cannot be corroborated by
1685 the state auditor through other documents or evidence, and the records relating to
1686 the allegation are not relied upon by the state auditor in preparing a final audit
1687 report;
- 1688 (ii) records and audit workpapers to the extent the workpapers would disclose the
1689 identity of an individual who during the course of an audit, communicated the
1690 existence of any waste of public funds, property, or manpower, or a violation or
1691 suspected violation of a law, rule, or regulation adopted under the laws of this
1692 state, a political subdivision of the state, or any recognized entity of the United
1693 States, if the information was disclosed on the condition that the identity of the
1694 individual be protected;
- 1695 (iii) before an audit is completed and the final audit report is released, records or
1696 drafts circulated to an individual who is not an employee or head of a
1697 governmental entity for the individual's response or information;
- 1698 (iv) records that would disclose an outline or part of any audit survey plans or audit
1699 program; and
- 1700 (v) requests for audits, if disclosure would risk circumvention of an audit.
- 1701 (b) The provisions of Subsections (17)(a)(i), (ii), and (iii) do not prohibit the disclosure
1702 of records or information that relate to a violation of the law by a governmental entity
1703 or employee to a government prosecutor or peace officer.
- 1704 (c) The provisions of this Subsection (17) do not limit the authority otherwise given to
1705 the state auditor to classify a document as public, private, controlled, or protected
1706 under Title 63G, Chapter 2, Government Records Access and Management Act.
- 1707 (d)(i) As used in this Subsection (17)(d), "record dispute" means a dispute between
1708 the state auditor and the subject of an audit performed by the state auditor as to
1709 whether the state auditor may release a record, as defined in Section 63G-2-103,

- 1710 to the public that the state auditor gained access to in the course of the state
1711 auditor's audit but which the subject of the audit claims is not subject to disclosure
1712 under Title 63G, Chapter 2, Government Records Access and Management Act.
- 1713 (ii) The state auditor may submit a record dispute to the State Records Committee,
1714 created in Section 63G-2-501, for a determination of whether the state auditor
1715 may, in conjunction with the state auditor's release of an audit report, release to
1716 the public the record that is the subject of the record dispute.
- 1717 (iii) The state auditor or the subject of the audit may seek judicial review of a State
1718 Records Committee determination under Subsection (17)(d)(ii), as provided in
1719 Section 63G-2-404.
- 1720 (18) If the state auditor conducts an audit of an entity that the state auditor has previously
1721 audited and finds that the entity has not implemented a recommendation made by the
1722 state auditor in a previous audit, the state auditor shall notify the Legislative
1723 Management Committee through the Legislative Management Committee's audit
1724 subcommittee that the entity has not implemented that recommendation.
- 1725 (19) The state auditor shall, with the advice and consent of the Senate, appoint the state
1726 privacy officer described in Section 67-3-13.
- 1727 (20) Except as provided in Subsection (21), the state auditor shall report, or ensure that
1728 another government entity reports, on the financial, operational, and performance
1729 metrics for the state system of higher education and the state system of public education,
1730 including metrics in relation to students, programs, and schools within those systems.
- 1731 (21)(a) Notwithstanding Subsection (20), the state auditor shall conduct regular audits of:
- 1732 (i) the scholarship granting organization for the Carson Smith Opportunity
1733 Scholarship Program, created in Section 53E-7-402;
- 1734 (ii) the State Board of Education for the Carson Smith Scholarship Program, created
1735 in Section 53F-4-302; and
- 1736 (iii) the scholarship program manager for the Utah Fits All Scholarship Program,
1737 created in Section 53F-6-402, including an analysis of the cost effectiveness of the
1738 program, taking into consideration the amount of the scholarship and the amount
1739 of state and local funds dedicated on a per-student basis within the traditional
1740 public education system.
- 1741 (b) Nothing in this subsection limits or impairs the authority of the State Board of
1742 Education to administer the programs described in Subsection (21)(a).
- 1743 (22) The state auditor shall, based on the information posted by the Office of Legislative

- 1744 Research and General Counsel under Subsection 36-12-12.1(2), for each policy, track
 1745 and post the following information on the state auditor's website:
- 1746 (a) the information posted under Subsections 36-12-12.1(2)(a) through (e);
 1747 (b) an indication regarding whether the policy is timely adopted, adopted late, or not
 1748 adopted;
 1749 (c) an indication regarding whether the policy complies with the requirements
 1750 established by law for the policy; and
 1751 (d) a link to the policy.
- 1752 (23)(a) A legislator may request that the state auditor conduct an inquiry to determine
 1753 whether a government entity, government official, or government employee has
 1754 complied with a legal obligation directly imposed, by statute, on the government
 1755 entity, government official, or government employee.
- 1756 (b) The state auditor may, upon receiving a request under Subsection (23)(a), conduct
 1757 the inquiry requested.
- 1758 (c) If the state auditor conducts the inquiry described in Subsection (23)(b), the state
 1759 auditor shall post the results of the inquiry on the state auditor's website.
- 1760 (d) The state auditor may limit the inquiry described in this Subsection (23) to a simple
 1761 determination, without conducting an audit, regarding whether the obligation was
 1762 fulfilled.
- 1763 (24) The state auditor shall:
- 1764 (a) ensure compliance with Title 63G, Chapter 31, Distinctions on the Basis of Sex, in
 1765 accordance with Section 63G-31-401; and
 1766 (b) report to the Legislative Management Committee, upon request, regarding the state
 1767 auditor's actions under this Subsection (24).
- 1768 (25) The state auditor shall report compliance with Sections 67-27-107, 67-27-108, and
 1769 67-27-109 by:
- 1770 (a) establishing a process to receive and audit each alleged violation; and
 1771 (b) reporting to the Legislative Management Committee, upon request, regarding the
 1772 state auditor's findings and recommendations under this Subsection (25).
- 1773 (26) The state auditor shall employ and oversee a director, if a director is authorized under
 1774 Subsection 53G-3-302(3)(c), for the commencement of a new school district or
 1775 reorganized new school district in accordance with Section 53G-3-302.
- 1776 Section 15. **Effective Date.**
- 1777 (1) Except as provided in Subsection (2), this bill takes effect on May 7, 2025; or

1778 (2) if approved by two-thirds of all members elected to each house:

1779 (a) upon approval by the governor;

1780 (b) without the governor's signature, the day following the constitutional time limit of

1781 Utah Constitution, Article VII, Section 8; or

1782 (c) in the case of a veto, the date of veto override.

1783 Section 16. **Retrospective operation.**

1784 Section 53G-3-302 has retrospective operation to November 4, 2024.