

Combined Basic Tax Rate Reduction

2025 GENERAL SESSION

STATE OF UTAH

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LONG TITLE**General Description:**

This bill repeals the weighted pupil unit (WPU) value rate from the combination of property tax rates that fund public education.

Highlighted Provisions:

This bill:

- repeals the WPU value rate from the combination of property tax rates that fund public education;
- provides that the repeal of the WPU value rate does not affect the amount of ongoing appropriations to the Teacher and Student Success Program;
- includes a clause to coordinate the effect of the repeal of the WPU value rate with language that S.B. 37, Minimum Basic Tax Rate Amendments, enacts; and
- makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

This bill provides a coordination clause.

Utah Code Sections Affected:

AMENDS:

53F-2-301, as last amended by Laws of Utah 2024, Chapters 124, 460

59-2-919.1, as last amended by Laws of Utah 2024, Chapter 246

59-2-926, as last amended by Laws of Utah 2023, Chapter 7

Utah Code Sections affected by Coordination Clause:

53F-2-301, as last amended by Laws of Utah 2024, Chapters 124, 460

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

The following section is affected by a coordination clause at the end of this bill.

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

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

(1) As used in this section:

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

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

~~[(i) the minimum basic tax rate; and]~~

~~[(ii) the WPU value rate.]~~

~~[(c)] (b) "Commission" means the State Tax Commission.~~

~~[(d)] (c) "Minimum basic local amount" means an amount that is:~~

~~(i) equal to the sum of:~~

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

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

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

~~(ii) set annually by the Legislature in Subsection (2)(a).~~

~~[(e)] (d) "Minimum basic tax rate" means a tax rate certified by the commission that will generate an amount of revenue equal to the minimum basic local amount described in Subsection (2)(a).~~

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

~~[(g) "WPU value amount" means an amount:]~~

~~[(i) that is equal to the product of:]~~

57 [(A) the WPU value increase limit; and]
58 [(B) the percentage share of local revenue to the cost of the basic school program
59 in the immediately preceding fiscal year; and]
60 [(ii) set annually by the Legislature in Subsection (3)(a).]
61 [(h) "WPU value increase limit" means the lesser of:]
62 [(i) the total cost to the basic school program to increase the WPU value over the
63 WPU value in the prior fiscal year; or]
64 [(ii) the total cost to the basic school program to increase the WPU value by 4% over
65 the WPU value in the prior fiscal year.]
66 [(i) "WPU value rate" means a tax rate certified by the commission that will generate an
67 amount of revenue equal to the WPU value amount described in Subsection (3)(a).]
68 (2)(a) The minimum basic local amount for the fiscal year that begins on July 1, 2024, is
69 \$759,529,000 in revenue statewide.
70 (b) The preliminary estimate of the minimum basic tax rate for a fiscal year that begins
71 on July 1, 2024, is .001429.
72 ~~[(3)(a) The WPU value amount for the fiscal year that begins on July 1, 2024, is~~
73 ~~\$29,240,600 in revenue statewide.]~~
74 ~~[(b) The preliminary estimate of the WPU value rate for the fiscal year that begins on~~
75 ~~July 1, 2024, is .000055.]~~
76 ~~[(4)]~~ (3)(a) On or before June 22, the commission shall certify ~~[for the year:]~~ the
77 minimum basic tax rate for the year.
78 [(i) the minimum basic tax rate; and]
79 [(ii) the WPU value rate.]
80 (b) The estimate of the minimum basic tax rate provided in Subsection (2)(b) ~~[and the~~
81 ~~estimate of the WPU value rate provided in Subsection (3)(b) are]~~ is based on a
82 forecast for property values for the next calendar year.
83 (c) The certified minimum basic tax rate described in Subsection ~~[(4)(a)(i) and the~~
84 ~~certified WPU value rate described in Subsection (4)(a)(ii) are]~~ (3)(a) is based on
85 property values as of January 1 of the current calendar year, except personal property,
86 which is based on values from the previous calendar year.
87 ~~[(5)]~~ (4)(a) To qualify for receipt of the state contribution toward the basic school
88 program and as a school district's contribution toward the cost of the basic school
89 program for the school district, each local school board shall impose the ~~[combined~~
90 ~~basic]~~ minimum basic tax rate.

(b)(i) The state is not subject to the notice requirements of Section 59-2-926 before imposing the tax rates described in this Subsection [(5)] (4).

(ii) The state is subject to the notice requirements of Section 59-2-926 if the state authorizes a tax rate that exceeds the tax rates described in this Subsection [(5)] (4). [(6)] (5)(a) The state shall contribute to each school district toward the cost of the basic school program in the school district an amount of money that is the difference between the cost of the school district's basic school program and the sum of revenue generated by the school district by the following:

(i) the ~~[combined basic]~~ minimum basic tax rate; and

(ii) the basic levy increment rate.

(b)(i) If the difference described in Subsection [(6)(a)] (5)(a) equals or exceeds the cost of the basic school program in a school district, no state contribution shall be made to the basic school program for the school district.

(ii) The proceeds of the difference described in Subsection [(6)(a)] (5)(a) that exceed the cost of the basic school program shall be paid into the Uniform School Fund as provided by law and by the close of the fiscal year in which the proceeds were calculated.

[(7)] (6) Upon appropriation by the Legislature, the Division of Finance shall deposit an amount equal to the proceeds generated statewide[:]

[(a)] _by the basic levy increment rate into the Minimum Basic Growth Account created in Section 53F-9-302[; and] _

[(b)] (7) [by the WPU value rate into] Nothing in the repeal of the tax rate indexed to the increase in the value of the WPU affects the ongoing appropriations to the Teacher and Student Success Account created in Section 53F-9-306.

Section 2. Section **59-2-919.1** is amended to read:

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

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

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

(a) except as provided in Subsection (4), be sent to all owners of real property by mail 10 or more days before the day on which:

(i) the county board of equalization meets; and

(ii) the taxing entity holds a public hearing on the proposed increase in the certified

- 125 tax rate;
- 126 (b) be on a form that is:
- 127 (i) approved by the commission; and
- 128 (ii) uniform in content in all counties in the state; and
- 129 (c) contain for each property:
- 130 (i) the assessor's determination of the value of the property;
- 131 (ii) the taxable value of the property;
- 132 (iii)(A) the deadline for the taxpayer to make an application to appeal the
- 133 valuation or equalization of the property under Section 59-2-1004; or
- 134 (B) for property assessed by the commission, the deadline for the taxpayer to
- 135 apply to the commission for a hearing on an objection to the valuation or
- 136 equalization of the property under Section 59-2-1007;
- 137 (iv) for a property assessed by the commission, a statement that the taxpayer may not
- 138 appeal the valuation or equalization of the property to the county board of
- 139 equalization;
- 140 (v) itemized tax information for all applicable taxing entities, including:
- 141 (A) the dollar amount of the taxpayer's tax liability for the property in the prior
- 142 year; and
- 143 (B) the dollar amount of the taxpayer's tax liability under the current rate;
- 144 (vi) the following, stated separately:
- 145 (A) the charter school levy described in Section 53F-2-703;
- 146 (B) the multicounty assessing and collecting levy described in Subsection
- 147 59-2-1602(2);
- 148 (C) the county assessing and collecting levy described in Subsection 59-2-1602(4);
- 149 (D) levies for debt service voted on by the public;
- 150 (E) levies imposed for special purposes under Section 10-6-133.4;
- 151 (F) for a fiscal year that begins on or after July 1, 2023, the [~~combined basic~~
- 152 minimum basic tax rate as defined in Section 53F-2-301; and
- 153 (G) if applicable, the annual payment described in Subsection 63H-1-501(4)(a);
- 154 (vii) the tax impact on the property;
- 155 (viii) the date, time, and place of the required public hearing for each entity;
- 156 (ix) property tax information pertaining to:
- 157 (A) taxpayer relief;
- 158 (B) options for payment of taxes;

- 159 (C) collection procedures; and
160 (D) the residential exemption described in Section 59-2-103;
- 161 (x) information specifically authorized to be included on the notice under this chapter;
162 (xi) the last property review date of the property as described in Subsection
163 59-2-303.1(1)(c);
164 (xii) instructions on how the taxpayer may obtain additional information regarding
165 the valuation of the property, including the characteristics and features of the
166 property, from at least one the following sources:
167 (A) a website maintained by the county; or
168 (B) the county assessor's office; and
169 (xiii) other information approved by the commission.
- 170 (3) If a taxing entity that is subject to the notice and hearing requirements of Subsection
171 59-2-919(4) proposes a tax increase, the notice described in Subsection (1) shall state, in
172 addition to the information required by Subsection (2):
173 (a) the dollar amount of the taxpayer's tax liability if the proposed increase is approved;
174 (b) the difference between the dollar amount of the taxpayer's tax liability if the
175 proposed increase is approved and the dollar amount of the taxpayer's tax liability
176 under the current rate, placed in close proximity to the information described in
177 Subsection (2)(c)(viii);
178 (c) the percentage increase that the dollar amount of the taxpayer's tax liability under the
179 proposed tax rate represents as compared to the dollar amount of the taxpayer's tax
180 liability under the current tax rate; and
181 (d) for each taxing entity proposing a tax increase, the dollar amount of additional ad
182 valorem tax revenue, as defined in Section 59-2-919, that would be generated each
183 year if the proposed tax increase is approved.
- 184 (4)(a) Subject to the other provisions of this Subsection (4), a county auditor may, at the
185 county auditor's discretion, provide the notice required by this section to a taxpayer
186 by electronic means if a taxpayer makes an election, according to procedures
187 determined by the county auditor, to receive the notice by electronic means.
- 188 (b)(i) If a notice required by this section is sent by electronic means, a county auditor
189 shall attempt to verify whether a taxpayer receives the notice.
190 (ii) If receipt of the notice sent by electronic means cannot be verified 14 days or
191 more before the county board of equalization meets and the taxing entity holds a
192 public hearing on a proposed increase in the certified tax rate, the notice required

- by this section shall also be sent by mail as provided in Subsection (2).
- (c) A taxpayer may revoke an election to receive the notice required by this section by electronic means if the taxpayer provides written notice to the county auditor on or before April 30.
- (d) An election or a revocation of an election under this Subsection (4):
- (i) does not relieve a taxpayer of the duty to pay a tax due under this chapter on or before the due date for paying the tax; or
 - (ii) does not alter the requirement that a taxpayer appealing the valuation or the equalization of the taxpayer's real property submit the application for appeal within the time period provided in Subsection 59-2-1004(3).
- (e) A county auditor shall provide the notice required by this section as provided in Subsection (2), until a taxpayer makes a new election in accordance with this Subsection (4), if:
- (i) the taxpayer revokes an election in accordance with Subsection (4)(c) to receive the notice required by this section by electronic means; or
 - (ii) the county auditor finds that the taxpayer's electronic contact information is invalid.
- (f) A person is considered to be a taxpayer for purposes of this Subsection (4) regardless of whether the property that is the subject of the notice required by this section is exempt from taxation.

Section 3. Section **59-2-926** is amended to read:

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

If the state authorizes a tax rate that exceeds the [~~combined basic~~] minimum basic tax rate described in Section 53F-2-301, or authorizes a levy pursuant to Section 59-2-1602 that exceeds the certified revenue levy as defined in Section 59-2-102, the state shall publish a notice no later than 10 days after the last day of the annual legislative general session that meets the following requirements:

- (1)(a) The Office of the Legislative Fiscal Analyst shall advertise that the state authorized a levy that generates revenue in excess of the previous year's ad valorem tax revenue, plus eligible new growth as defined in Section 59-2-924, but exclusive of revenue from collections from redemptions, interest, and penalties:
- (i) in a newspaper of general circulation in the state; and
 - (ii) as required in Section 45-1-101.
- (b) Except an advertisement published on a website, the advertisement described in

Subsection (1)(a):

- (i) shall be no less than 1/4 page in size and the type used shall be no smaller than 18 point, and surrounded by a 1/4-inch border;
- (ii) may not be placed in that portion of the newspaper where legal notices and classified advertisements appear; and
- (iii) shall be run once.

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

"NOTICE OF TAX INCREASE

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

- (a) \$_____ of the increase will come from (provide an explanation of the cause of adjustment or increased revenues, such as reappraisals or factoring orders);
- (b) \$_____ of the increase will come from natural increases in the value of the tax base due to (explain cause of eligible new growth, such as new building activity, annexation, etc.); and
- (c) a home valued at \$100,000 in the state of Utah which based on last year's (levy for the basic state-supported school program, applicable tax rate for the Property Tax Valuation Fund, or both) paid \$_____ in property taxes would pay the following:
 - (i) \$_____ if the state of Utah did not budget an increase in property tax revenue exclusive of eligible new growth; and
 - (ii) \$_____ under the increased property tax revenues exclusive of eligible new growth budgeted by the state of Utah."

Section 4. Effective Date.

This bill takes effect on July 1, 2026.

Section 5. Coordinating H.B. 110 with S.B. 37.

If H.B. 110, Minimum Basic Tax Rate Reduction, and S.B. 37, Minimum Basic Tax Rate Amendments, both pass and become law, the Legislature intends that, on July 1, 2026, the term "minimum basic tax rate" replace the term "combined basic rate" that S.B. 37 enacts within Subsection 53F-2-301(5)(b).