

Keith Grover proposes the following substitute bill:

**School District Modifications**

2025 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Keith Grover**

House Sponsor:

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**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

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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.

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 in supporting the creation or reorganization  
420 of school districts, including feasibility studies, legal mapping, transition and asset  
421 assessments, legal consulting, public communication, and compliance with state  
422 requirements.
- 423 (6)(a) On January 1 of the year following the local school board election for new and  
424 reorganized new school districts following the division of a school district, the  
425 relevant divided district shall provide 1% of the divided district's total WPU funding  
426 to the relevant new and reorganized new school districts based on student population,  
427 using the most recent October student count.
- 428 (b) Each new school district shall provide 50% of the school district's WPU funding  
429 allocation described in Subsection (6)(a) to the reorganized new school district in the  
430 year described in Subsection (6)(a).
- 431 (c) On January 1 of the second year following the local school board election for new  
432 and reorganized new school districts following the division of a school district, the  
433 divided school district shall provide 1% of the divided district's total WPU funding to  
434 the relevant new and reorganized new school districts based on student population,  
435 using the most recent October student count.
- 436 [~~(6)~~] (7) An inadequacy of a feasibility study, as defined in Section 53G-3-102, may not be

437 the basis of a legal action or other challenge to:

438 (a) an election for voter approval of the creation of a new school district; or

439 (b) the creation of the new school district.

440 ~~[(7)]~~ (8) Notwithstanding the creation of a new district as provided in this part:

441 (a) a new school district and a reorganized new school district may not begin to provide

442 educational services to the area within the new school district and reorganized new

443 school district until July 1 of the second calendar year following the local school

444 board election date as described in Section 53G-3-301.1, 53G-3-301.3, or

445 53G-3-301.4; and

446 (b) the divided school district shall continue, until the time specified in Subsection ~~[(7)(a)]~~

447 (8)(a), to provide educational services within the entire area covered by the divided

448 school district.

449 ~~[(8)]~~ (9) A new school district and a reorganized new school district shall enter into a shared

450 services agreement that permits students residing in each ~~[new-]~~school district access to

451 attend a school that serves students with disabilities within or outside of each school

452 district boundary:

453 (a) for up to five years after the day on which the new school district commences

454 educational services;

455 (b) for actual costs of services provided to students; and

456 (c) without affecting services provided to other students.

457 ~~[(9)]~~ (10) The process described in Subsection (2)~~[-]~~ :

458 (a) may not be initiated more than once during any two-year period[-] ; and

459 (b) may only be initiated within a divided school district in the year of the allocation

460 date.

461 Section 6. Section **53G-3-301.1** is amended to read:

462 **53G-3-301.1 (Effective upon governor's approval). Creation of a new school**

463 **district -- Citizens' petition -- Procedures to be followed.**

464 (1) Citizens may file a petition to create a new school district in accordance with this

465 section and Section 53G-3-301.

466 (2)(a) The county clerk shall ensure that a petition described in Subsection (1) is signed

467 by registered voters residing within the geographical boundaries of the proposed new

468 school district in an amount equal to at least 10% of all votes cast within the

469 geographic boundaries of the proposed new school district for all candidates for

470 president of the United States at the last regular general election at which a president

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

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



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

540 **53G-3-301.3 (Effective upon governor's approval). Creation of a new school**  
541 **district -- Request by a municipality -- Procedures to be followed.**

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

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

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

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

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

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

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

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

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

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

560 (B) mail or deliver written notification of the certification to the contact sponsor;  
561 or

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

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

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

570 (5)[(a)] Within 10 days after the day on which a municipal legislative body receives a  
571 certification as described in Subsection (3) or (4), a municipal legislative body shall  
572 request [~~that the Legislative Audit Subcommittee consider prioritizing~~] a feasibility

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

607       ~~[(a) entering into a loan agreement with the new school district or reorganized new~~  
608           ~~school district; or]~~  
609       ~~[(b) assisting the new school district or reorganized new school district in securing a line~~  
610           ~~of credit.]~~

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

612       **53G-3-301.4 (Effective upon governor's approval). Creation of a new school**  
613 **district -- By interlocal agreement participants -- Procedures to follow.**

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

617       (b) A municipality may not:

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

621           (ii) participate in a request under this section and submit a request under Section  
622           53G-3-301.3 for the same election.

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

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

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

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

635       (2)(a) Except as provided in Subsection (3), by a majority vote of each legislative body,  
636       the legislative body of a municipality, together with at least one other municipality,  
637       may enter into an interlocal agreement in accordance with Title 11, Chapter 13,  
638       Interlocal Cooperation Act, for the purpose of submitting for voter approval a  
639       measure to create a new school district if the new school district boundaries comply  
640       with the requirements of Section 53G-3-301.

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

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

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

743 (c) The interlocal agreement participants approve a proposal if a majority of [each of]  
 744 the legislative bodies of municipalities that are participants in the interlocal agreement  
 745 participants' members] vote in favor of the proposal.

746 [~~(d) If the municipal legislative body uses a feasibility study described in Subsection~~  
 747 ~~(7)(b), the number of public hearings required under Subsection (8)(a)(ii) is reduced~~  
 748 ~~by the number of public hearings the municipal legislative body held on the~~  
 749 ~~feasibility study before July 1, 2024.]~~

750 (9) Within five business days after the day on which the interlocal agreement participants  
 751 approve a request proposing the creation of a new school district, the interlocal  
 752 agreement participants shall notify the legislative body and the county clerk of each  
 753 county described in Subsection (4)(a).

754 (10)(a) The county clerks of the counties described in Subsection (4)(a) shall submit the  
 755 proposal for the creation of a new school district to all legal voters residing within the  
 756 proposed new school district boundaries for approval or rejection at the next regular  
 757 general election that is at least 65 days after the day on which the interlocal  
 758 agreement participants comply with Subsection (9).

759 (b) The new school district described in the request and the reorganized new school  
 760 district are created if a majority of the voters in the proposed new school district  
 761 boundaries vote in favor of creating the new school district.

762 [~~(11) Nothing in this section prevents an interlocal agreement participant from assisting the~~  
 763 ~~new school district or reorganized new school district, including by:]~~

764 [~~(a) entering into a loan agreement with the new school district or reorganized new~~  
 765 ~~school district; or]~~

766 [~~(b) assisting the new school district or reorganized new school district in securing a line~~  
 767 ~~of credit.]~~

768 Section 9. Section **53G-3-302** is amended to read:

769 **53G-3-302 (Effective upon governor's approval) (Applies beginning 11/04/24).**

770 **Election of local school board members -- Allocation of assets and liabilities -- Startup**  
 771 **costs -- Transfer of title.**

772 (1) As used in this section:

773 (a) "Associated property" means furniture, equipment, or supplies located in or  
 774 specifically associated with a physical asset.

775 (b) "Director" means the individual the municipal legislative body or mayoral board may  
 776 select under Subsection (3).

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

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

782 (d)(i) "Nondiscretionary asset or liability" means an asset or liability that is tied to a  
 783 specific project, school, student, or employee by law or school district accounting  
 784 practice.

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

787 (e) "Physical asset" means a building, land, or water right together with revenue derived  
 788 from the lease or use of the building, land, or water right.

789 (f) "Physical liability" means a liability associated with a physical asset.

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

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

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

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

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

806 (ii) [~~the~~] any new school district and reorganized new school district shall divide the  
 807 assets and liabilities of the divided school district between the [~~new school district~~  
 808 ~~and the reorganized new school district as provided in Subsection (3)] school  
 809 districts in accordance with Subsection (4) and Section 53G-3-307;~~

810 (iii) [~~transferred employees shall be treated~~] any new school district and reorganized



811 new school district shall treat the employment of transferred employees from the  
812 divided school district in accordance with Sections 53G-3-205 and 53G-3-308;

813 (iv) an individual residing within the boundaries of a new school district or  
814 reorganized new school district at the time the new school district is created may,  
815 for six school years following the creation of the new school district, elect to  
816 enroll in a secondary school located outside the boundaries of the [reorganized  
817 new-]school district if:

818 (A) the individual resides within the boundaries of [~~that~~] the secondary school [as  
819 of] on the day before the creation of the new school district[~~-is created~~]; and

820 (B) the individual would have been eligible to enroll in [~~that~~] the secondary school [  
821 had] if not for the creation of the new school district[~~-not been created~~];

822 (v) the [reorganized-]new school district [~~in which the secondary school is located-~~]  
823 shall provide educational services, including, if provided before the creation of the  
824 new school district, busing to each individual making an election under  
825 Subsection [~~(1)(a)(iv)~~] (2)(a)(iv) for each school year for which the individual  
826 makes the election; and

827 (vi) within one year following the date on which the new school district begins  
828 providing educational services, the superintendent of each affected school district  
829 shall meet, together with the state superintendent, to determine if further boundary  
830 changes should take place in accordance with Section 53G-3-501.

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

838 [~~(ii) The term of a member of the divided school district local school board~~  
839 ~~terminates on January 1 of the year following the allocation date.~~]

840 [~~(iii)~~] (ii) Notwithstanding the existence of the new school district local school board  
841 and the reorganized new school district local school board under Subsection [  
842 ~~(1)(a)(i)~~] (2)(a)(i), the divided school district local school board shall continue to  
843 function and exercise authority as a local school board until the allocation date to  
844 the extent necessary to continue to provide educational services to the entire

- 845 divided school district.
- 846 [~~(iv)~~] (iii) An individual may simultaneously serve as or be elected to be a member of
- 847 the local school board of a divided school district and a member of the local
- 848 school board of:
- 849 (A) a new school district; or
- 850 (B) a reorganized new school district.
- 851 (iv) On the allocation date, the divided school district and the associated local school
- 852 board cease to exist.
- 853 (c)(i) Upon certification of the election results for the first election for the members
- 854 of the local school board described in Subsection (2)(a)(i), the newly elected
- 855 members of the local school board for the new school district or reorganized new
- 856 school district may take the oath of office and begin serving.
- 857 (ii) If the term of a member of the local school board of the divided school district
- 858 ends within one year of the allocation date, the member's term shall extend to the
- 859 allocation date.
- 860 (3)(a) Upon creation of a new school district or a reorganized new school district, the
- 861 following shall commence the start-up phase:
- 862 (i) for a new school district or a reorganized new school district located entirely
- 863 within the boundaries of a single municipality, the legislative body of the
- 864 municipality; or
- 865 (ii) for a new school district or reorganized new school district that is not located
- 866 entirely within the boundaries of a single municipality, the legislative bodies of
- 867 the municipalities within which the new school district or reorganized new school
- 868 district is located, through an interlocal agreement.
- 869 (b) Participants to the interlocal agreement described in Subsection (3)(a) shall ensure
- 870 that the interlocal agreement:
- 871 (i) establishes a board composed of the mayors of each municipality; and
- 872 (ii) includes a provision that requires that each municipality represented on the board
- 873 described in Subsection (3)(b)(i) has weighted representation in decision-making
- 874 based on the percentage of the tax value of each municipality within the relevant
- 875 new school district or reorganized new school district as of the creation date.
- 876 (c) Within the later of 45 days of the creation date or 30 days after the effective date of
- 877 this bill, the legislative body described in Subsection (3)(a)(i) or the board described
- 878 in Subsection (3)(b) may:

- 879 (i) to reimburse costs after the creation date:
- 880 (A) enter into a loan agreement with the new school district or reorganized new
- 881 school district; or
- 882 (B) assist the new school district or reorganized new school district in securing a
- 883 line of credit;
- 884 (ii) select an individual to serve as the director as described in this section; and
- 885 (iii) assist the director in establishing a budget.
- 886 (d) If the municipal legislative body or mayoral board chooses to select a director under
- 887 Subsection (3)(c), upon selection of the director:
- 888 (i) the mayoral board described in Subsection (3)(b)(i) dissolves and the interlocal
- 889 agreement described in Subsection (3)(a) terminates;
- 890 (ii) the state auditor:
- 891 (A) shall oversee the director until members of the local school board of the new
- 892 school district or reorganized new school district appoints a district
- 893 superintendent;
- 894 (B) shall enter into a written employment agreement that sets compensation and
- 895 benefits at an amount not less than the average compensation of a
- 896 superintendent of a school district of a size that is similar to the relevant new
- 897 school district or reorganized new school district and that includes a term of
- 898 employment with the relevant new school district through the allocation date;
- 899 (C) shall assist the director in establishing a budget; and
- 900 (D) may terminate the director for malfeasance in office, as that term is defined in
- 901 Section 63A-14-102, at any time before the local school board election date
- 902 described in Subsection (2)(a).
- 903 (e) If the municipal legislative body or mayoral board chooses to select a director under
- 904 Subsection (3)(c), until the relevant local school board takes office, the director, on
- 905 behalf of a new school district or a reorganized new school district, has the authority
- 906 that the municipal legislative body or mayoral board that chooses to select a director
- 907 grants.
- 908 (f) If the municipal legislative body or mayoral board chooses to select a director under
- 909 Subsection (3)(c), the local school board of the new school district or reorganized
- 910 new school district shall ratify, modify, or rescind any agreement into which the
- 911 director enters.
- 912 (g) If the municipal legislative body or mayoral board chooses to select a director under

- 913 Subsection (3)(c), when the members of the local school board of the new school  
 914 district or reorganized new school district begin the members' terms of office:
- 915 (i) the state auditor shall transfer oversight and employment of the director to the  
 916 local school board;
- 917 (ii) by mutual agreement, the local school board of the new school district or  
 918 reorganized new school district may revise the employment agreement of the  
 919 director and the employees or contractors of the school district; and
- 920 (iii) the local school board shall appoint a district superintendent.
- 921 (h) Upon appointment of a district superintendent:
- 922 (i) the director has no further authority or duties; and  
 923 (ii) the director position dissolves.
- 924 ~~[(2)]~~ (4)(a) The divided school district local school board shall[-,] :
- 925 (i) within 60 days after the creation date[:]
- 926 [(i)] prepare an initial inventory of the divided school district's:
- 927 (A) assets, both tangible and intangible, real and personal; and  
 928 (B) liabilities;[-and]
- 929 [(ii) deliver a copy of the inventory to the Office of the Legislative Auditor General.]
- 930 (ii) on or before May 10 of the year following the creation date:
- 931 (A) prepare an asset inventory, with records, of the divided school district's assets  
 932 and the location of each associated property, discretionary asset,  
 933 nondiscretionary asset, and physical asset; and
- 934 (B) prepare an inventory of the divided school district's liabilities, with records,  
 935 that includes a description of any liability, including an estimate cost to resolve  
 936 the liability, for each associated property, discretionary asset, nondiscretionary  
 937 asset, physical asset, and unresolved demands, claims, or suits with an  
 938 estimated cost to resolve each liability;
- 939 (iii) mutually agree with the local school board of each relevant district or the  
 940 directors for each relevant district to establish a regular schedule for the divided  
 941 school district local school board to, between the creation date and the allocation  
 942 date, prepare regular updates including any change in the information required in  
 943 the inventory and liability reports described in this Subsection (4)(a); and
- 944 (iv) deliver the reports described in this Subsection (4)(a) to:
- 945 (A) the Office of the Legislative Auditor General; and  
 946 (B) each relevant director or the local school board of each relevant new school

- 947 district and reorganized new school district.
- 948 (b) Following the local school board election date described in Subsection ~~[(1)(a)]~~ (2)(a),
- 949 the new school district and reorganized new school district local school boards shall:
- 950 ~~[(i) request a copy of the inventory described in Subsection (2)(a) from the Office of~~
- 951 ~~the Legislative Auditor General;]~~
- 952 ~~[(ii)]~~ (i) in cooperation with the local school board of each new school district and
- 953 reorganized new school district, determine the allocation of the divided school
- 954 district's assets and, except for indebtedness under Section 53G-3-307, liabilities
- 955 of the new school district and reorganized new school district in accordance with
- 956 Subsection ~~[(3)]~~ (5);
- 957 ~~[(iii)]~~ (ii) prepare a written report detailing the allocation under Subsection ~~[(2)(b)(ii);~~
- 958 and] (4)(b)(i);
- 959 (iii) prepare a written report of the disposition of assets and liabilities upon which the
- 960 local school boards could not agree; and
- 961 (iv) deliver a copy of the written report to the Office of the Legislative Auditor
- 962 General and the local school board of the divided school district~~[-local board].~~
- 963 (c) The new school district and reorganized new school district local boards shall
- 964 determine the allocation under Subsection ~~[(2)(b)]~~ (4)(b) and deliver the report
- 965 required under Subsection ~~[(2)(b)]~~ (4)(b) on or before July 1 of the year following the
- 966 school board election date described in Subsection (2)(a), unless that deadline is
- 967 extended by mutual agreement of the local school boards of the new school district
- 968 and reorganized new school district~~[-local boards].~~
- 969 ~~[(3)]~~ (5)~~[(a) As used in this Subsection (3):]~~
- 970 ~~[(i) "Associated property" means furniture, equipment, or supplies located in or~~
- 971 ~~specifically associated with a physical asset.]~~
- 972 ~~[(ii)(A) "Discretionary asset or liability" means, except as provided in Subsection~~
- 973 ~~(3)(a)(ii)(B), an asset or liability that is not tied to a specific project, school,~~
- 974 ~~student, or employee by law or school district accounting practice.]~~
- 975 ~~[(B) "Discretionary asset or liability" does not include a physical asset, associated~~
- 976 ~~property, a vehicle, or bonded indebtedness.]~~
- 977 ~~[(iii)(A) "Nondiscretionary asset or liability" means, except as provided in~~
- 978 ~~Subsection (3)(a)(iii)(B), an asset or liability that is tied to a specific project,~~
- 979 ~~school, student, or employee by law or school district accounting practice.]~~
- 980 ~~[(B) "Nondiscretionary asset or liability" does not include a physical asset,~~

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

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

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

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

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

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

994 (A) according to the transportation needs of schools, as measured by the number  
995 and assortment of vehicles used to serve eligible state supported transportation  
996 routes serving schools within the new school district and the reorganized new  
997 school district; and

998 (B) in a manner that gives each school district a fleet of vehicles for pupil  
999 transportation that is equivalent in terms of age, condition, and variety of  
1000 carrying capacities; and

1001 (iv) other vehicles[~~shall be allocated~~]:

1002 (A) in proportion to the student population of the school districts; and

1003 (B) in a manner that gives each district a fleet of vehicles that is similar in terms  
1004 of age, condition, and carrying capacities.

1005 [(e)] (b) By mutual agreement, the new school district and reorganized new school  
1006 district local school boards may allocate an asset or liability in a manner different  
1007 than the allocation method specified in Subsection [(3)(b)] (5)(a).

1008 [(4)] (6)[(a) ~~As used in this Subsection (4):~~]

1009 [(i) ~~"New school district startup costs" means the costs and expenses incurred by a  
1010 new school district in order to prepare to begin providing educational services on  
1011 July 1 of the second calendar year following the local school board election date  
1012 described in Subsection (1)(a)(i):~~]

1013 [(ii) ~~"Reorganized new school district startup costs" means the costs and expenses  
1014 that a reorganized new school district incurs to make necessary adjustments to~~

1015 deal with the impacts resulting from the creation of the new school district and to  
 1016 prepare to provide educational services within the reorganized new school district  
 1017 once the new school district begins providing educational services within the new  
 1018 school district.]

1019 [(b) On or before January 1 of the year following the new local school board election  
 1020 date described in Subsection (1)(a)(i), the divided school district shall make the  
 1021 unassigned reserve funds from the divided school district's general fund available for  
 1022 the use of the reorganized new school district and the new school district in  
 1023 proportion to the student enrollment of each new school district.]

1024 [(c) The divided school district may make additional funds available for the use of the  
 1025 reorganized new school district and the new school district beyond the amount  
 1026 specified in Subsection (4)(b) through an interlocal agreement.]

1027 [(d) The following may access and spend money made available under Subsection (4)(b):]

1028 [(i) the reorganized new school district local school board; and]

1029 [(ii) the new school district local school board.]

1030 [(e) The new school district and the reorganized new school district may use the money  
 1031 made available under Subsection (4)(b) to pay for the new school district and  
 1032 reorganized new school district startup costs.]

1033 (a)(i) After the creation date, the local school board of the divided district may issue  
 1034 one or more lease revenue bonds, in accordance with Section 11-14-103, through  
 1035 an interlocal agreement that:

1036 (A) records the date, terms, and amount of the lease revenue bond the divided  
 1037 school district provides;

1038 (B) designates the new school district or reorganized new school district that is the  
 1039 recipient of the bond proceeds as the local political subdivision receiving the  
 1040 bond proceeds;

1041 (C) obligates the new school district or reorganized new school district receiving  
 1042 the bond proceeds to repay the bond;

1043 (D) prohibits the bond from inclusion in the outstanding bond indebtedness of the  
 1044 divided school district, in accordance with Section 53G-3-307; and

1045 (E) provides that the divided school district makes the bond payments until the  
 1046 allocation date and that the amounts the divided school district be allocated to  
 1047 the new school district or reorganized new school district receiving the bond  
 1048 proceeds in accordance with this section.

- 1049           (ii) This Subsection (6)(a) applies retrospectively to a lease revenue bond that a  
1050           divided school district issued after November 4, 2024.
- 1051       (b)(i) After the creation date, the local school board of the divided school district may  
1052           issue a general obligation bond for a local political subdivision that is specific to a  
1053           new school district or a reorganized new school district within the divided school  
1054           district, in accordance with Section 11-14-103.
- 1055       (ii) The local school board shall ensure that the resolution submitting the question of  
1056           the issuance of the bond by the divided school district, in accordance with Section  
1057           11-14-201:
- 1058           (A) designates the new school district or reorganized new school district that is the  
1059           recipient of the bond proceeds as the local political subdivision receiving the  
1060           bond proceeds;
- 1061           (B) obligates the local political subdivision receiving the bond proceeds to repay  
1062           the bond;
- 1063           (C) prohibits the bond from inclusion in the outstanding bonded indebtedness of  
1064           the divided school district, in accordance with Section 53G-3-307;
- 1065           (D) provides that the divided school district may not issue the bond unless the  
1066           majority of the qualified voters of the divided school district who vote on the  
1067           bond proposition approve the issuance of the bond; and
- 1068           (E) provides that the divided school district is responsible for the bond payments  
1069           until the allocation date and that the amounts the divided school district paid be  
1070           allocated to the local political subdivision receiving the bond proceeds under  
1071           Section 53G-3-302.
- 1072       (iii) This Subsection (6)(b) applies retrospectively to a general obligation bond that a  
1073           divided school district issued after November 4, 2024.
- 1074       (c) The following may access and spend funds made available under Subsections  
1075           53G-3-301.3(9) and 53G-3-301.4(11) and under this Subsection (6):
- 1076           (i) for each reorganized new school district, the director, if the director is authorized  
1077           under Subsection (3) to access and spend funds, and the local school board; and
- 1078           (ii) for each new school district, the director, if the director is authorized under  
1079           Subsection (3) to access and spend funds, and the local school board.
- 1080       [(5)] (7)(a) The divided school district shall transfer title or, if applicable, partial title of  
1081           property to the new school district and the reorganized new school district in  
1082           accordance with the allocation of property as stated in the report under Subsection [



- 1083 ~~(2)(b)(iii)] (4)(b)(ii).~~
- 1084 (b) The divided school district shall complete each transfer of title or, if applicable,  
 1085 partial title to real property and vehicles on or before one calendar year from the date  
 1086 of the local school board election date described in Subsection ~~[(1)(a)(i)] (2)(a),~~  
 1087 except as that date is changed by the mutual agreement of:
- 1088 (i) the local school board of the divided school district;  
 1089 (ii) the local school board of the reorganized new school district; and  
 1090 (iii) the local school board of the new school district.
- 1091 (c) The divided school district shall complete the transfer of all property not included in  
 1092 Subsection ~~[(5)(b)] (7)(b)~~ on or before November 1 of the ~~[-calendar]~~ year following  
 1093 the local school board election date described in Subsection ~~[(1)(a)(i)] (2)(a).~~
- 1094 ~~[(6)] (d)~~ Except as provided in this Subsection [(5)] (7), a divided school district may not  
 1095 transfer or agree to transfer title to district property beginning on the ~~[day the new~~  
 1096 ~~school district or reorganized new school district is created]~~ creation date, without the  
 1097 prior consent of:
- 1098 (i) before the election of local school boards for the new or reorganized new school  
 1099 district:
- 1100 ~~[(a)] (A)~~ the legislative body of the municipality in which the boundaries for the  
 1101 new school district or reorganized new school district are entirely located; or  
 1102 ~~[(b)] (B)~~ the legislative bodies of all interlocal agreement participants in which the  
 1103 boundaries of the new school district or reorganized new school district are  
 1104 located~~[-]~~ ; or
- 1105 (ii) after the election of local school boards for the new or reorganized new school  
 1106 district, the director or the local school board of the school district where the  
 1107 physical property is located.
- 1108 (e)(i) A divided district may:
- 1109 (A) sell property associated with a career and technical education program; and  
 1110 (B) use proceeds from a sale described in this Subsection (7)(e) to fund the  
 1111 following year's career and technical education program project.
- 1112 (ii) A divided district shall distribute any proceeds from a sale described in this  
 1113 Subsection (7)(e) two years after the inaugural election of local school board  
 1114 members for the new and reorganized new school districts based on student  
 1115 population.
- 1116 (8)(a) Each director, if a director is authorized under Subsection (3)(c), shall:

- 1117 (i) issue the following written reports:
- 1118 (A) an asset and liability report that includes a proposed allocation of assets and
- 1119 liabilities, as described in Subsection (8)(b); and
- 1120 (B) a local school assessment report, as described in Subsection (8)(c);
- 1121 (ii) complete the reports in cooperation with any other relevant director;
- 1122 (iii) on or before February 15 of the year following the local school board election
- 1123 date, as described in Subsection (2)(a), present a copy of each report to the local
- 1124 school board of each new school district and reorganized new school district; and
- 1125 (iv) deliver a copy of each report to the Office of the Legislative Auditor General.
- 1126 (b) Each director, if a director is authorized under Subsection (3)(c), shall ensure that an
- 1127 asset and liability report includes:
- 1128 (i) the location of, a description of, and applicable records for:
- 1129 (A) each physical asset;
- 1130 (B) each associated property;
- 1131 (C) each non-discretionary asset or liability;
- 1132 (D) each discretionary asset or liability;
- 1133 (E) each vehicle within the divided school district, as described in Subsection
- 1134 (5)(a)(iii);
- 1135 (F) each interlocal agreement between the divided school district and other
- 1136 governmental entities;
- 1137 (G) each vendor agreement for the divided school district;
- 1138 (H) each employment or other agreement involving compensation, benefits,
- 1139 bonuses, or severance of the divided school district;
- 1140 (I) all known and unresolved claims, rights, or causes of action or liabilities that a
- 1141 party has made or asserted against the divided school district, including each
- 1142 unresolved Title IX claim;
- 1143 (J) the policies and procedures of the divided school district and the district's local
- 1144 school board, including school and student safety plans;
- 1145 (K) the divided school district's policies and practices regarding personnel,
- 1146 including salary schedules, benefits, and COBRA administration; and
- 1147 (L) any other item or record the director deems necessary;
- 1148 (ii) any cooperative agreements between each new local school board and other local
- 1149 school boards to provide educational services to use resources for the overall
- 1150 operation of the public school system, as described in Section 53G-3-202;

- 1151 (iii) a valuation from an independent third party, whom the director selects, of:  
1152 (A) each discretionary asset or liability; and  
1153 (B) each bus and vehicle within the divided school district;  
1154 (iv) a proposed allocation of the:  
1155 (A) divided school district's assets and liabilities;  
1156 (B) divided school district's outstanding bonded indebtedness, as described in  
1157 Section 53G-3-307;  
1158 (C) divided school district's outstanding and ongoing legal liabilities;  
1159 (D) COBRA and other legal obligations related to employees of the divided  
1160 school district;  
1161 (E) retirement funds for employees of the divided school district;  
1162 (F) disposition of bonds the divided school district approved but did not issue  
1163 before the creation of the new school district or reorganized new school district  
1164 based primarily on the representation made to the voters at the time of the bond  
1165 election as described in Section 53G-3-307;  
1166 (G) vehicles as described in Subsection (5)(a);  
1167 (H) funds in any related divided school district foundation;  
1168 (I) funds of the divided school district; and  
1169 (J) any other remaining assets or liability of the divided school district; and  
1170 (v) an overview of the disposition of assets and liabilities upon which the directors  
1171 could not agree.
- 1172 (c) Each director, if a director is authorized under Subsection (3)(c), shall ensure that a  
1173 local school assessment report includes the records for each school within the divided  
1174 school district, including:  
1175 (i) a list of each school containing the school's address and description;  
1176 (ii) a list of employees who are currently assigned to each school within the divided  
1177 school district, including employment description, compensation, and any  
1178 promised employment incentives;  
1179 (iii) a list of all employment or other agreements involving compensation, benefits,  
1180 bonuses, or severance for each person assigned to each school within the divided  
1181 school district;  
1182 (iv) the grades, classes, and courses that each school provides, including specialty  
1183 classes;  
1184 (v) the estimated number of students in each class in each school; and

- 1185           (vi) any other item or record the director deems necessary.
- 1186           (d) On or before June 1 of the year following the creation date, the divided school  
1187           district shall provide records associated with each report described in this section to  
1188           the director, if a director is authorized under Subsection (3)(c), for each new school  
1189           district and reorganized new school district.
- 1190           (9)(a)(i) On July 1 of the second year following the local school board election date  
1191           described in Subsection (2)(a), the new school district or the reorganized new  
1192           school district that receives title to the physical asset of the divided school district  
1193           main office that existed at the creation date shall become the successor district to  
1194           the records of the divided school district, unless the local school boards of any  
1195           relevant new school district and reorganized new school district agree to a chosen  
1196           successor district.
- 1197           (ii) As described in Subsection 63G-2-206(1)(a), the successor district shall serve as a  
1198           repository of archives for purposes of historical preservation, administrative  
1199           maintenance, or destruction of all the divided school district's books, accounts,  
1200           and records.
- 1201           (iii) After the allocation date, each new school district or reorganized new school  
1202           district within the divided school district may access the records of the divided  
1203           school district through an interlocal agreement and without cost.
- 1204           (b)(i) A director, a new school district, or a reorganized new school district that  
1205           makes a request for records of the divided school district, except for records  
1206           described in Subsection (8), shall make a written request to the superintendent of  
1207           the divided school district.
- 1208           (ii) After receiving a request for a record under Subsection (9)(b)(i), the divided  
1209           school district shall, as soon as reasonably possible but no later than 10 business  
1210           days after receiving the request unless the parties mutually agree on a different  
1211           date:
- 1212           (A) approve the request and provide a copy of the record in each format the  
1213           divided school district possesses; or
- 1214           (B) if the divided school district or the divided school district's successor does not  
1215           maintain the requested record, notify the requester of the lack of the record and  
1216           provide, if known, the name and address of the governmental entity that  
1217           maintains the record.
- 1218           (10)(a) Upon the creation date, a divided school district may not, except by mutual

- 1219 agreement of the local school boards or directors of the new school district and  
1220 reorganized new school district:
- 1221 (i) destroy a school district record;  
1222 (ii) enter into any employment agreement without including a statement providing  
1223 that the contract does not bind any new school district or reorganized new school  
1224 district;  
1225 (iii) pay any severance or bonuses, issue a retirement package, or provide buy-out  
1226 compensation to any employee unless under a written agreement or policy that  
1227 was executed before the creation date; or  
1228 (iv) increase compensation, other than a yearly cost-of-living adjustment for any  
1229 school district employee.
- 1230 (b) Notwithstanding Subsection 53G-4-402(24), upon the creation of a new school  
1231 district or a reorganized new school district, a divided school district may not close a  
1232 school or program, except with the consent of the local school board of the new  
1233 school district or reorganized new school district once the members of the local  
1234 school board take the oath of office.
- 1235 (c) Any agreement or policy contrary to this Subsection (10) is void, including  
1236 retrospective operation to any agreement or policy that a divided school district  
1237 created after November 4, 2024.
- 1238 (11) The newly elected local school boards of any new school district, any reorganized new  
1239 school district, by December 15 in the year following the local school board election for  
1240 the new and reorganized new school districts, shall establish a transition plan with the  
1241 local school board of the divided school district.
- 1242 (12) Unless otherwise specified in this section, the following bear all costs and expenses to  
1243 create a new school district or a reorganized new school district and to comply with this  
1244 section:
- 1245 (a) for costs that a new school district incurs, the new school district;  
1246 (b) for costs that a reorganized new school district incurs, the reorganized new school  
1247 district;  
1248 (c) for costs that a divided school district incurs, the divided school district; and  
1249 (d) for actual expenses a municipality or interlocal agreement participants incur to a  
1250 third party after the creation date, the relevant school district associated with the  
1251 municipality or the interlocal agreement participants.
- 1252 (13)(a) A mutually agreed upon arbiter shall resolve any disagreements between local

1253 school boards of the divided school district, any new school district, and any  
 1254 reorganized new school district.

1255 (b) If the local school boards do not agree on an arbiter, the state board shall appoint an  
 1256 arbiter.

1257 (c) The Office of the Legislative Auditor General shall provide information the office  
 1258 receives under this part to local school boards and the arbiter described in this  
 1259 Subsection (13) during the dispute resolution process.

1260 (14)(a) An actor commits interference with a director if the actor uses force, violence,  
 1261 intimidation, or engages in any other unlawful act with a purpose to interfere with the  
 1262 director's duties.

1263 (b) A violation of Subsection (14)(a) is a class B misdemeanor.

1264 Section 10. Section **53G-3-303** is amended to read:

1265 **53G-3-303 (Effective upon governor's approval). New school district property**  
 1266 **tax -- Limitations.**

1267 (1) A new school district, created under Section 53G-3-301.1, 53G-3-301.3, or 53G-3-301.4,  
 1268 and a reorganized new school district may not impose a property tax before the fiscal  
 1269 year in which the new school district and reorganized new school district assume  
 1270 responsibility for providing student instruction.

1271 (2)(a) If at the time a new school district created in accordance with Section 53G-3-301.1,  
 1272 53G-3-301.3, or 53G-3-301.4[,] assumes responsibility for student instruction any  
 1273 portion of the territory within the new school district was subject to a levy [~~pursuant~~  
 1274 ~~to~~] under Section 53F-8-301, the new school district's local school board may:

1275 (i) discontinue the levy for the new school district;

1276 (ii) impose a levy on the new school district as provided in Section 53F-8-301; or

1277 (iii) impose the levy on the new school district, subject to Subsection (2)(b).

1278 (b) If the new school district's local school board applies a levy to the new school district  
 1279 in accordance with Subsection (2)(a)(iii), the levy may not exceed the maximum  
 1280 duration or rate authorized by the voters of the divided school district at the time of  
 1281 the vote to create the new school district or that resulted in the creation of the  
 1282 reorganized new school district.

1283 Section 11. Section **53G-3-305** is amended to read:

1284 **53G-3-305 (Effective upon governor's approval). Redistricting -- Local school**  
 1285 **board membership.**

1286 (1) Upon the creation of a new school district or a reorganized new school district in

1287 accordance with Section 53G-3-301.1, 53G-3-301.3, or 53G-3-301.4, the applicable  
 1288 legislative body shall redistrict the affected school districts in accordance with Section  
 1289 20A-14-201.

1290 (2) Except as provided in Section 53G-3-302, local school board membership in the  
 1291 affected school districts [~~shall be determined under~~] is subject to Title 20A, Chapter 14,  
 1292 Part 2, Election of Members of Local Boards of Education.

1293 Section 12. Section **53G-3-307** is amended to read:

1294 **53G-3-307 (Effective upon governor's approval). Tax to pay for indebtedness of**  
 1295 **divided school district.**

1296 (1) As used in [~~Subsections (2) and (3)~~] this section, "outstanding bonded indebtedness"  
 1297 means, except for a lease revenue bond or a general obligation bond described in  
 1298 Subsection 53G-3-302(6), debt owed for a general obligation bond or lease revenue  
 1299 bond [~~issued by~~] that the divided school district issues:

1300 (a) before the creation of the new school district; or

1301 (b) in accordance with a mutual agreement of the local school boards of the reorganized  
 1302 new school district and the new school district under Subsection (4).

1303 (2) If the creation date of a new school district [~~is created~~] occurs on or after May 10, 2011,  
 1304 property within the new school district and the reorganized new school district is subject  
 1305 to the levy of a tax to pay the divided school district's outstanding bonded indebtedness  
 1306 as provided in Subsection (3).

1307 (3)(a) Except as provided in Subsection (3)(b), the local school board of the new school  
 1308 district and the local school board of the reorganized new school district shall impose  
 1309 a tax levy at a rate that:

1310 (i) generates from the combined districts the amount of revenue required each year to  
 1311 meet the outstanding bonded indebtedness of the divided school district; and

1312 (ii) is based on the yearly adjusted assessed value of the new school district and  
 1313 reorganized new school district as the State Tax Commission determines.

1314 (b) A local school board of a new school district may abate a property tax [~~required to be~~  
 1315 ~~imposed under~~] that Subsection (3)(a) requires the board to impose to the extent the  
 1316 new school district has money available to pay to the reorganized new school district  
 1317 the amount of revenue that [~~would be generated~~] the tax rate described in Subsection  
 1318 (3)(a) would generate within the new school district [~~from the tax rate specified in~~  
 1319 ~~Subsection (3)(a)~~].

1320 (4)(a) The local school boards of the new school district and the reorganized new school

1321 district shall determine, by mutual agreement, the disposition of bonds [~~approved but~~  
 1322 ~~not issued by~~]the divided school district approved but did not issue before the  
 1323 creation of the new school district and reorganized new school district based  
 1324 primarily on the representation made to the voters at the time of the bond election.

1325 (b) Before the local school boards make a determination[~~is made~~] under Subsection  
 1326 (4)(a), a reorganized new school district may not issue the approved and unissued  
 1327 ~~bonds [approved but not issued before the creation of the new school district and~~  
 1328 ~~reorganized new school district]~~ described in Subsection (4)(a) if property in the new  
 1329 school district would be subject to the levy of a tax to pay the bonds.

1330 Section 13. Section **63G-2-203** is amended to read:

1331 **63G-2-203 (Effective upon governor's approval). Fees.**

1332 (1)(a) Subject to Subsection (5), a governmental entity may charge a reasonable fee to  
 1333 cover the governmental entity's actual cost of providing a record.

1334 (b) A fee under Subsection (1)(a) shall be approved by the governmental entity's  
 1335 executive officer.

1336 (2)(a) When a governmental entity compiles a record in a form other than that normally  
 1337 maintained by the governmental entity, the actual costs under this section may  
 1338 include the following:

1339 (i) the cost of staff time for compiling, formatting, manipulating, packaging,  
 1340 summarizing, or tailoring the record either into an organization or media to meet  
 1341 the person's request;

1342 (ii) the cost of staff time for search, retrieval, and other direct administrative costs for  
 1343 complying with a request; and

1344 (iii) in the case of fees for a record that is the result of computer output other than  
 1345 word processing, the actual incremental cost of providing the electronic services  
 1346 and products together with a reasonable portion of the costs associated with  
 1347 formatting or interfacing the information for particular users, and the  
 1348 administrative costs as set forth in Subsections (2)(a)(i) and (ii).

1349 (b) An hourly charge under Subsection (2)(a) may not exceed the salary of the lowest  
 1350 paid employee who, in the discretion of the custodian of records, has the necessary  
 1351 skill and training to perform the request.

1352 (3)(a) Fees shall be established as provided in this Subsection (3).

1353 (b) A governmental entity with fees established by the Legislature:

1354 (i) shall establish the fees defined in Subsection (2), or other actual costs associated



- 1355 with this section through the budget process; and
- 1356 (ii) may use the procedures of Section 63J-1-504 to set fees until the Legislature
- 1357 establishes fees through the budget process.
- 1358 (c) Political subdivisions shall establish fees by ordinance or written formal policy
- 1359 adopted by the governing body.
- 1360 (d) The judiciary shall establish fees by rules of the judicial council.
- 1361 (4) A governmental entity may fulfill a record request without charge and is encouraged to
- 1362 do so if it determines that:
- 1363 (a) releasing the record primarily benefits the public rather than a person;
- 1364 (b) the individual requesting the record is the subject of the record, or an individual
- 1365 specified in Subsection 63G-2-202(1) or (2); or
- 1366 (c) the requester's legal rights are directly implicated by the information in the record,
- 1367 and the requester is impecunious.
- 1368 (5)(a) As used in this Subsection (5), "media representative":
- 1369 (i) means a person who requests a record to obtain information for a story or report
- 1370 for publication or broadcast to the general public; and
- 1371 (ii) does not include a person who requests a record to obtain information for a blog,
- 1372 podcast, social media account, or other means of mass communication generally
- 1373 available to a member of the public.
- 1374 (b) A governmental entity may not charge a fee for:
- 1375 (i) reviewing a record to determine whether it is subject to disclosure, except as
- 1376 permitted by Subsection (2)(a)(ii);
- 1377 (ii) inspecting a record; or
- 1378 (iii) the first quarter hour of staff time spent in responding to a request under Section
- 1379 63G-2-204.
- 1380 (c) Notwithstanding Subsection (5)(b)(iii), a governmental entity is not prevented from
- 1381 charging a fee for the first quarter hour of staff time spent in responding to a request
- 1382 under Section 63G-2-204 if the person who submits the request:
- 1383 (i) is not a Utah media representative; and
- 1384 (ii) previously submitted a separate request within the 10-day period immediately
- 1385 before the date of the request to which the governmental entity is responding.
- 1386 (6)(a) A person who believes that there has been an unreasonable denial of a fee waiver
- 1387 under Subsection (4) may appeal the denial in the same manner as a person appeals
- 1388 when inspection of a public record is denied under Section 63G-2-205.

- 1389 (b) The adjudicative body hearing the appeal:
- 1390 (i) shall review the fee waiver de novo, but shall review and consider the
- 1391 governmental entity's denial of the fee waiver and any determination under
- 1392 Subsection (4); and
- 1393 (ii) has the same authority when a fee waiver or reduction is denied as it has when the
- 1394 inspection of a public record is denied.
- 1395 (7)(a) All fees received under this section by a governmental entity subject to Subsection
- 1396 (3)(b) shall be retained by the governmental entity as a dedicated credit.
- 1397 (b) Those funds shall be used to recover the actual cost and expenses incurred by the
- 1398 governmental entity in providing the requested record or record series.
- 1399 (8)(a) A governmental entity may require payment of past fees and future estimated fees
- 1400 before beginning to process a request if:
- 1401 (i) fees are expected to exceed \$50; or
- 1402 (ii) after the government entity has sent an invoice, the requester has not paid fees
- 1403 from a previous [requests] request.
- 1404 (b) Any prepaid amount in excess of fees due shall be returned to the requester.
- 1405 (9) This section does not alter, repeal, or reduce fees established by other statutes or
- 1406 legislative acts.
- 1407 (10)(a) Notwithstanding Subsection (3)(c), fees for voter registration records shall be set
- 1408 as provided in this Subsection (10).
- 1409 (b) The lieutenant governor shall:
- 1410 (i) after consultation with county clerks, establish uniform fees for voter registration
- 1411 and voter history records that meet the requirements of this section; and
- 1412 (ii) obtain legislative approval of those fees by following the procedures and
- 1413 requirements of Section 63J-1-504.
- 1414 Section 14. Section **67-3-1** is amended to read:
- 1415 **67-3-1 (Effective upon governor's approval). Functions and duties.**
- 1416 (1)(a) The state auditor is the auditor of public accounts and is independent of any
- 1417 executive or administrative officers of the state.
- 1418 (b) The state auditor is not limited in the selection of personnel or in the determination
- 1419 of the reasonable and necessary expenses of the state auditor's office.
- 1420 (2) The state auditor shall examine and certify annually in respect to each fiscal year,
- 1421 financial statements showing:
- 1422 (a) the condition of the state's finances;

- 1423 (b) the revenues received or accrued;
- 1424 (c) expenditures paid or accrued;
- 1425 (d) the amount of unexpended or unencumbered balances of the appropriations to the
- 1426 agencies, departments, divisions, commissions, and institutions; and
- 1427 (e) the cash balances of the funds in the custody of the state treasurer.
- 1428 (3)(a) The state auditor shall:
- 1429 (i) audit each permanent fund, each special fund, the General Fund, and the accounts
- 1430 of any department of state government or any independent agency or public
- 1431 corporation as the law requires, as the auditor determines is necessary, or upon
- 1432 request of the governor or the Legislature;
- 1433 (ii) perform the audits in accordance with generally accepted auditing standards and
- 1434 other auditing procedures as promulgated by recognized authoritative bodies; and
- 1435 (iii) as the auditor determines is necessary, conduct the audits to determine:
- 1436 (A) honesty and integrity in fiscal affairs;
- 1437 (B) accuracy and reliability of financial statements;
- 1438 (C) effectiveness and adequacy of financial controls; and
- 1439 (D) compliance with the law.
- 1440 (b) If any state entity receives federal funding, the state auditor shall ensure that the
- 1441 audit is performed in accordance with federal audit requirements.
- 1442 (c)(i) The costs of the federal compliance portion of the audit may be paid from an
- 1443 appropriation to the state auditor from the General Fund.
- 1444 (ii) If an appropriation is not provided, or if the federal government does not
- 1445 specifically provide for payment of audit costs, the costs of the federal compliance
- 1446 portions of the audit shall be allocated on the basis of the percentage that each
- 1447 state entity's federal funding bears to the total federal funds received by the state.
- 1448 (iii) The allocation shall be adjusted to reflect any reduced audit time required to
- 1449 audit funds passed through the state to local governments and to reflect any
- 1450 reduction in audit time obtained through the use of internal auditors working
- 1451 under the direction of the state auditor.
- 1452 (4)(a) Except as provided in Subsection (4)(b), the state auditor shall, in addition to
- 1453 financial audits, and as the auditor determines is necessary, conduct performance and
- 1454 special purpose audits, examinations, and reviews of any entity that receives public
- 1455 funds, including a determination of any or all of the following:
- 1456 (i) the honesty and integrity of all the entity's fiscal affairs;

- 1457 (ii) whether the entity's administrators have faithfully complied with legislative intent;  
1458 (iii) whether the entity's operations have been conducted in an efficient, effective, and  
1459 cost-efficient manner;
- 1460 (iv) whether the entity's programs have been effective in accomplishing the intended  
1461 objectives; and
- 1462 (v) whether the entity's management, control, and information systems are adequate,  
1463 effective, and secure.
- 1464 (b) The auditor may not conduct performance and special purpose audits, examinations,  
1465 and reviews of any entity that receives public funds if the entity:
- 1466 (i) has an elected auditor; and  
1467 (ii) has, within the entity's last budget year, had the entity's financial statements or  
1468 performance formally reviewed by another outside auditor.
- 1469 (5) The state auditor:
- 1470 (a) shall administer any oath or affirmation necessary to the performance of the duties of  
1471 the auditor's office; and
- 1472 (b) may:
- 1473 (i) subpoena witnesses and documents, whether electronic or otherwise; and  
1474 (ii) examine into any matter that the auditor considers necessary.
- 1475 (6) The state auditor may require all persons who have had the disposition or management  
1476 of any property of this state or its political subdivisions to submit statements regarding  
1477 the property at the time and in the form that the auditor requires.
- 1478 (7) The state auditor shall:
- 1479 (a) except where otherwise provided by law, institute suits in Salt Lake County in  
1480 relation to the assessment, collection, and payment of revenues against:
- 1481 (i) persons who by any means have become entrusted with public money or property  
1482 and have failed to pay over or deliver the money or property; and  
1483 (ii) all debtors of the state;
- 1484 (b) collect and pay into the state treasury all fees received by the state auditor;
- 1485 (c) perform the duties of a member of all boards of which the state auditor is a member  
1486 by the constitution or laws of the state, and any other duties that are prescribed by the  
1487 constitution and by law;
- 1488 (d) stop the payment of the salary of any state official or state employee who:
- 1489 (i) refuses to settle accounts or provide required statements about the custody and  
1490 disposition of public funds or other state property;

- 1491 (ii) refuses, neglects, or ignores the instruction of the state auditor or any controlling  
1492 board or department head with respect to the manner of keeping prescribed  
1493 accounts or funds; or
- 1494 (iii) fails to correct any delinquencies, improper procedures, and errors brought to the  
1495 official's or employee's attention;
- 1496 (e) establish accounting systems, methods, and forms for public accounts in all taxing or  
1497 fee-assessing units of the state in the interest of uniformity, efficiency, and economy;
- 1498 (f) superintend the contractual auditing of all state accounts;
- 1499 (g) subject to Subsection (8)(a), withhold state allocated funds or the disbursement of  
1500 property taxes from a state or local taxing or fee-assessing unit, if necessary, to  
1501 ensure that officials and employees in those taxing units comply with state laws and  
1502 procedures in the budgeting, expenditures, and financial reporting of public funds;
- 1503 (h) subject to Subsection (9), withhold the disbursement of tax money from any county,  
1504 if necessary, to ensure that officials and employees in the county comply with  
1505 Section 59-2-303.1; and
- 1506 (i) withhold state allocated funds or the disbursement of property taxes from a local  
1507 government entity or a limited purpose entity, as those terms are defined in Section  
1508 67-1a-15 if the state auditor finds the withholding necessary to ensure that the entity  
1509 registers and maintains the entity's registration with the lieutenant governor, in  
1510 accordance with Section 67-1a-15.
- 1511 (8)(a) Except as otherwise provided by law, the state auditor may not withhold funds  
1512 under Subsection (7)(g) until a state or local taxing or fee-assessing unit has received  
1513 formal written notice of noncompliance from the auditor and has been given 60 days  
1514 to make the specified corrections.
- 1515 (b) If, after receiving notice under Subsection (8)(a), a state or independent local  
1516 fee-assessing unit that exclusively assesses fees has not made corrections to comply  
1517 with state laws and procedures in the budgeting, expenditures, and financial reporting  
1518 of public funds, the state auditor:
- 1519 (i) shall provide a recommended timeline for corrective actions;
- 1520 (ii) may prohibit the state or local fee-assessing unit from accessing money held by  
1521 the state; and
- 1522 (iii) may prohibit a state or local fee-assessing unit from accessing money held in an  
1523 account of a financial institution by filing an action in a court with jurisdiction  
1524 under Title 78A, Judiciary and Judicial Administration, requesting an order of the

- 1525 court to prohibit a financial institution from providing the fee-assessing unit  
1526 access to an account.
- 1527 (c) The state auditor shall remove a limitation on accessing funds under Subsection  
1528 (8)(b) upon compliance with state laws and procedures in the budgeting,  
1529 expenditures, and financial reporting of public funds.
- 1530 (d) If a local taxing or fee-assessing unit has not adopted a budget in compliance with  
1531 state law, the state auditor:
- 1532 (i) shall provide notice to the taxing or fee-assessing unit of the unit's failure to  
1533 comply;
- 1534 (ii) may prohibit the taxing or fee-assessing unit from accessing money held by the  
1535 state; and
- 1536 (iii) may prohibit a taxing or fee-assessing unit from accessing money held in an  
1537 account of a financial institution by:
- 1538 (A) contacting the taxing or fee-assessing unit's financial institution and  
1539 requesting that the institution prohibit access to the account; or
- 1540 (B) filing an action in a court with jurisdiction under Title 78A, Judiciary and  
1541 Judicial Administration, requesting an order of the court to prohibit a financial  
1542 institution from providing the taxing or fee-assessing unit access to an account.
- 1543 (e) If the local taxing or fee-assessing unit adopts a budget in compliance with state law,  
1544 the state auditor shall eliminate a limitation on accessing funds described in  
1545 Subsection (8)(d).
- 1546 (9) The state auditor may not withhold funds under Subsection (7)(h) until a county has  
1547 received formal written notice of noncompliance from the auditor and has been given 60  
1548 days to make the specified corrections.
- 1549 (10)(a) The state auditor may not withhold funds under Subsection (7)(i) until the state  
1550 auditor receives a notice of non-registration, as that term is defined in Section  
1551 67-1a-15.
- 1552 (b) If the state auditor receives a notice of non-registration, the state auditor may  
1553 prohibit the local government entity or limited purpose entity, as those terms are  
1554 defined in Section 67-1a-15, from accessing:
- 1555 (i) money held by the state; and
- 1556 (ii) money held in an account of a financial institution by:
- 1557 (A) contacting the entity's financial institution and requesting that the institution  
1558 prohibit access to the account; or

- 1559 (B) filing an action in a court with jurisdiction under Title 78A, Judiciary and  
1560 Judicial Administration, requesting an order of the court to prohibit a financial  
1561 institution from providing the entity access to an account.
- 1562 (c) The state auditor shall remove the prohibition on accessing funds described in  
1563 Subsection (10)(b) if the state auditor received a notice of registration, as that term is  
1564 defined in Section 67-1a-15, from the lieutenant governor.
- 1565 (11) Notwithstanding Subsection (7)(g), (7)(h), (7)(i), (8)(b), (8)(d), or (10)(b), the state  
1566 auditor:
- 1567 (a) shall authorize a disbursement by a local government entity or limited purpose entity,  
1568 as those terms are defined in Section 67-1a-15, or a state or local taxing or  
1569 fee-assessing unit if the disbursement is necessary to:
- 1570 (i) avoid a major disruption in the operations of the local government entity, limited  
1571 purpose entity, or state or local taxing or fee-assessing unit; or  
1572 (ii) meet debt service obligations; and
- 1573 (b) may authorize a disbursement by a local government entity, limited purpose entity,  
1574 or state or local taxing or fee-assessing unit as the state auditor determines is  
1575 appropriate.
- 1576 (12)(a) The state auditor may seek relief under the Utah Rules of Civil Procedure to take  
1577 temporary custody of public funds if an action is necessary to protect public funds  
1578 from being improperly diverted from their intended public purpose.
- 1579 (b) If the state auditor seeks relief under Subsection (12)(a):
- 1580 (i) the state auditor is not required to exhaust the procedures in Subsection (7) or (8);  
1581 and
- 1582 (ii) the state treasurer may hold the public funds in accordance with Section 67-4-1 if  
1583 a court orders the public funds to be protected from improper diversion from their  
1584 public purpose.
- 1585 (13) The state auditor shall:
- 1586 (a) establish audit guidelines and procedures for audits of local mental health and  
1587 substance abuse authorities and their contract providers, conducted pursuant to Title  
1588 17, Chapter 43, Part 2, Local Substance Abuse Authorities, Title 17, Chapter 43, Part  
1589 3, Local Mental Health Authorities, Title 26B, Chapter 5, Health Care - Substance  
1590 Use and Mental Health, and Title 51, Chapter 2a, Accounting Reports from Political  
1591 Subdivisions, Interlocal Organizations, and Other Local Entities Act; and
- 1592 (b) ensure that those guidelines and procedures provide assurances to the state that:

- 1593 (i) state and federal funds appropriated to local mental health authorities are used for  
1594 mental health purposes;
- 1595 (ii) a private provider under an annual or otherwise ongoing contract to provide  
1596 comprehensive mental health programs or services for a local mental health  
1597 authority is in compliance with state and local contract requirements and state and  
1598 federal law;
- 1599 (iii) state and federal funds appropriated to local substance abuse authorities are used  
1600 for substance abuse programs and services; and
- 1601 (iv) a private provider under an annual or otherwise ongoing contract to provide  
1602 comprehensive substance abuse programs or services for a local substance abuse  
1603 authority is in compliance with state and local contract requirements, and state and  
1604 federal law.
- 1605 (14)(a) The state auditor may, in accordance with the auditor's responsibilities for  
1606 political subdivisions of the state as provided in Title 51, Chapter 2a, Accounting  
1607 Reports from Political Subdivisions, Interlocal Organizations, and Other Local  
1608 Entities Act, initiate audits or investigations of any political subdivision that are  
1609 necessary to determine honesty and integrity in fiscal affairs, accuracy and reliability  
1610 of financial statements, effectiveness, and adequacy of financial controls and  
1611 compliance with the law.
- 1612 (b) If the state auditor receives notice under Subsection 11-41-104(7) from the  
1613 Governor's Office of Economic Opportunity on or after July 1, 2024, the state auditor  
1614 may initiate an audit or investigation of the public entity subject to the notice to  
1615 determine compliance with Section 11-41-103.
- 1616 (15)(a) The state auditor may not audit work that the state auditor performed before  
1617 becoming state auditor.
- 1618 (b) If the state auditor has previously been a responsible official in state government  
1619 whose work has not yet been audited, the Legislature shall:
- 1620 (i) designate how that work shall be audited; and  
1621 (ii) provide additional funding for those audits, if necessary.
- 1622 (16) The state auditor shall:
- 1623 (a) with the assistance, advice, and recommendations of an advisory committee  
1624 appointed by the state auditor from among special district boards of trustees, officers,  
1625 and employees and special service district boards, officers, and employees:  
1626 (i) prepare a Uniform Accounting Manual for Special Districts that:



- 1627 (A) prescribes a uniform system of accounting and uniform budgeting and  
1628 reporting procedures for special districts under Title 17B, Limited Purpose  
1629 Local Government Entities - Special Districts, and special service districts  
1630 under Title 17D, Chapter 1, Special Service District Act;
- 1631 (B) conforms with generally accepted accounting principles; and  
1632 (C) prescribes reasonable exceptions and modifications for smaller districts to the  
1633 uniform system of accounting, budgeting, and reporting;
- 1634 (ii) maintain the manual under this Subsection (16)(a) so that the manual continues to  
1635 reflect generally accepted accounting principles;
- 1636 (iii) conduct a continuing review and modification of procedures in order to improve  
1637 them;
- 1638 (iv) prepare and supply each district with suitable budget and reporting forms; and  
1639 (v)(A) prepare instructional materials, conduct training programs, and render other  
1640 services considered necessary to assist special districts and special service  
1641 districts in implementing the uniform accounting, budgeting, and reporting  
1642 procedures; and  
1643 (B) ensure that any training described in Subsection (16)(a)(v)(A) complies with  
1644 Title 63G, Chapter 22, State Training and Certification Requirements; and
- 1645 (b) continually analyze and evaluate the accounting, budgeting, and reporting practices  
1646 and experiences of specific special districts and special service districts selected by  
1647 the state auditor and make the information available to all districts.
- 1648 (17)(a) The following records in the custody or control of the state auditor are protected  
1649 records under Title 63G, Chapter 2, Government Records Access and Management  
1650 Act:
- 1651 (i) records that would disclose information relating to allegations of personal  
1652 misconduct, gross mismanagement, or illegal activity of a past or present  
1653 governmental employee if the information or allegation cannot be corroborated by  
1654 the state auditor through other documents or evidence, and the records relating to  
1655 the allegation are not relied upon by the state auditor in preparing a final audit  
1656 report;
- 1657 (ii) records and audit workpapers to the extent the workpapers would disclose the  
1658 identity of an individual who during the course of an audit, communicated the  
1659 existence of any waste of public funds, property, or manpower, or a violation or  
1660 suspected violation of a law, rule, or regulation adopted under the laws of this

- 1661 state, a political subdivision of the state, or any recognized entity of the United  
1662 States, if the information was disclosed on the condition that the identity of the  
1663 individual be protected;
- 1664 (iii) before an audit is completed and the final audit report is released, records or  
1665 drafts circulated to an individual who is not an employee or head of a  
1666 governmental entity for the individual's response or information;
- 1667 (iv) records that would disclose an outline or part of any audit survey plans or audit  
1668 program; and
- 1669 (v) requests for audits, if disclosure would risk circumvention of an audit.
- 1670 (b) The provisions of Subsections (17)(a)(i), (ii), and (iii) do not prohibit the disclosure  
1671 of records or information that relate to a violation of the law by a governmental entity  
1672 or employee to a government prosecutor or peace officer.
- 1673 (c) The provisions of this Subsection (17) do not limit the authority otherwise given to  
1674 the state auditor to classify a document as public, private, controlled, or protected  
1675 under Title 63G, Chapter 2, Government Records Access and Management Act.
- 1676 (d)(i) As used in this Subsection (17)(d), "record dispute" means a dispute between  
1677 the state auditor and the subject of an audit performed by the state auditor as to  
1678 whether the state auditor may release a record, as defined in Section 63G-2-103,  
1679 to the public that the state auditor gained access to in the course of the state  
1680 auditor's audit but which the subject of the audit claims is not subject to disclosure  
1681 under Title 63G, Chapter 2, Government Records Access and Management Act.
- 1682 (ii) The state auditor may submit a record dispute to the State Records Committee,  
1683 created in Section 63G-2-501, for a determination of whether the state auditor  
1684 may, in conjunction with the state auditor's release of an audit report, release to  
1685 the public the record that is the subject of the record dispute.
- 1686 (iii) The state auditor or the subject of the audit may seek judicial review of a State  
1687 Records Committee determination under Subsection (17)(d)(ii), as provided in  
1688 Section 63G-2-404.
- 1689 (18) If the state auditor conducts an audit of an entity that the state auditor has previously  
1690 audited and finds that the entity has not implemented a recommendation made by the  
1691 state auditor in a previous audit, the state auditor shall notify the Legislative  
1692 Management Committee through the Legislative Management Committee's audit  
1693 subcommittee that the entity has not implemented that recommendation.
- 1694 (19) The state auditor shall, with the advice and consent of the Senate, appoint the state

- 1695 privacy officer described in Section 67-3-13.
- 1696 (20) Except as provided in Subsection (21), the state auditor shall report, or ensure that  
1697 another government entity reports, on the financial, operational, and performance  
1698 metrics for the state system of higher education and the state system of public education,  
1699 including metrics in relation to students, programs, and schools within those systems.
- 1700 (21)(a) Notwithstanding Subsection (20), the state auditor shall conduct regular audits of:
- 1701 (i) the scholarship granting organization for the Carson Smith Opportunity  
1702 Scholarship Program, created in Section 53E-7-402;
- 1703 (ii) the State Board of Education for the Carson Smith Scholarship Program, created  
1704 in Section 53F-4-302; and
- 1705 (iii) the scholarship program manager for the Utah Fits All Scholarship Program,  
1706 created in Section 53F-6-402, including an analysis of the cost effectiveness of the  
1707 program, taking into consideration the amount of the scholarship and the amount  
1708 of state and local funds dedicated on a per-student basis within the traditional  
1709 public education system.
- 1710 (b) Nothing in this subsection limits or impairs the authority of the State Board of  
1711 Education to administer the programs described in Subsection (21)(a).
- 1712 (22) The state auditor shall, based on the information posted by the Office of Legislative  
1713 Research and General Counsel under Subsection 36-12-12.1(2), for each policy, track  
1714 and post the following information on the state auditor's website:
- 1715 (a) the information posted under Subsections 36-12-12.1(2)(a) through (e);  
1716 (b) an indication regarding whether the policy is timely adopted, adopted late, or not  
1717 adopted;
- 1718 (c) an indication regarding whether the policy complies with the requirements  
1719 established by law for the policy; and
- 1720 (d) a link to the policy.
- 1721 (23)(a) A legislator may request that the state auditor conduct an inquiry to determine  
1722 whether a government entity, government official, or government employee has  
1723 complied with a legal obligation directly imposed, by statute, on the government  
1724 entity, government official, or government employee.
- 1725 (b) The state auditor may, upon receiving a request under Subsection (23)(a), conduct  
1726 the inquiry requested.
- 1727 (c) If the state auditor conducts the inquiry described in Subsection (23)(b), the state  
1728 auditor shall post the results of the inquiry on the state auditor's website.

1729 (d) The state auditor may limit the inquiry described in this Subsection (23) to a simple  
1730 determination, without conducting an audit, regarding whether the obligation was  
1731 fulfilled.

1732 (24) The state auditor shall:

1733 (a) ensure compliance with Title 63G, Chapter 31, Distinctions on the Basis of Sex, in  
1734 accordance with Section 63G-31-401; and

1735 (b) report to the Legislative Management Committee, upon request, regarding the state  
1736 auditor's actions under this Subsection (24).

1737 (25) The state auditor shall report compliance with Sections 67-27-107, 67-27-108, and  
1738 67-27-109 by:

1739 (a) establishing a process to receive and audit each alleged violation; and

1740 (b) reporting to the Legislative Management Committee, upon request, regarding the  
1741 state auditor's findings and recommendations under this Subsection (25).

1742 (26) The state auditor shall employ and oversee a director, if a director is authorized under  
1743 Subsection 53G-3-302(3)(c), for the commencement of a new school district or  
1744 reorganized new school district in accordance with Section 53G-3-302.

1745 Section 15. **Effective Date.**

1746 (1) Except as provided in Subsection (2), this bill takes effect on May 7, 2025; or

1747 (2) if approved by two-thirds of all members elected to each house:

1748 (a) upon approval by the governor;

1749 (b) without the governor's signature, the day following the constitutional time limit of  
1750 Utah Constitution, Article VII, Section 8; or

1751 (c) in the case of a veto, the date of veto override.

1752 Section 16. **Retrospective operation.**

1753 Section 53G-3-302 has retrospective operation to November 4, 2024.