

1 **School District Taxation Amendments**

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Jason B. Kyle

Senate Sponsor: Wayne A. Harper

2 **LONG TITLE**

3 **General Description:**

4 This bill extends a hold harmless period for state guaranteed funding related to a certain
5 reduction in a school district's certified tax rate.

6 **Highlighted Provisions:**

7 This bill:

8 ▶ extends a hold harmless period for state guaranteed funding related to a certain reduction
9 in a school district's certified tax rate.

10 **Money Appropriated in this Bill:**

11 None

12 **Other Special Clauses:**

13 This bill provides a special effective date.

14 **Utah Code Sections Affected:**

15 AMENDS:

16 **53F-2-601**, as last amended by Laws of Utah 2025, Chapters 6, 165

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

18 Section 1. Section **53F-2-601** is amended to read:

19 **53F-2-601 . State guaranteed local levy increments -- Appropriation to increase**
20 **number of guaranteed local levy increments -- No effect of change of minimum basic tax**
21 **rate -- Voted and board local levy funding balance -- Use of guaranteed local levy**
22 **increment funds.**

23 (1) As used in this section:

24 (a) "Board local levy" means a local levy described in Section 53F-8-302.

25 (b) "Excess funds" means the difference between:

26 (i) the amount of state guarantee money a school district received in the 2025 fiscal
27 year; and

28 (ii) the amount of state guarantee money a school district would receive based solely
29
30

31 on the certified tax rate in effect for the 2025 fiscal year.

32 (c) "Capital local levy" means a local levy described in Section 53F-8-303.

33 (d) "Guaranteed local levy increment" means a local levy increment guaranteed by the
34 state as described in Subsection (2).

35 (e) "Local levy increment" means .0001 per dollar of taxable value.

36 (f) "Voted local levy" means a local levy described in Section 53F-8-301.

37 (2)(a)(i) In accordance with Subsection 53F-2-205(6) and in addition to the revenue
38 collected from the imposition of a voted local levy or a board local levy, the state
39 shall guarantee that a school district receives, subject to Subsections (2)(b)(ii)(B)
40 and (3)(a), for each guaranteed local levy increment, an amount sufficient to
41 guarantee for a fiscal year beginning on or after July 1, 2018, \$43.10 per weighted
42 pupil unit.

43 (ii) The number of guaranteed local levy increments under this Subsection (2) for a
44 school district may not exceed 20 guaranteed local levy increments, regardless of
45 whether the guaranteed local levy increments are from the imposition of a voted
46 local levy, a board local levy, or a combination of the two.

47 (b)(i) Subject to future budget constraints, the Legislature shall annually appropriate
48 money from the Local Levy Growth Account established in Section 53F-9-305 for
49 purposes described in Subsection (2)(b)(ii).

50 (ii) The state board shall, for a fiscal year beginning on or after July 1, 2018, allocate
51 funds appropriated under Subsection (2)(b)(i) and the amount described in
52 Subsection (3)(c) in the following order of priority by increasing:

53 (A) by the amount described in Subsection (2)(a)(ii); and

54 (B) the guaranteed amount described in Subsection (2)(a)(i).

55 (3)(a) The guarantee described in Subsection (2)(a)(i) is indexed each year to the value
56 of the weighted pupil unit by making the value of the guarantee equal to .011962
57 times the value of the prior year's weighted pupil unit.

58 (b) The guarantee shall increase by .0005 times the value of the prior year's weighted
59 pupil unit for each year subject to the Legislature appropriating funds for an increase
60 in the guarantee.

61 (c) If the indexing and growth described in Subsections (3)(a) and (b) result in a cost to
62 the state in a given fiscal year that is less than the amount the Legislature
63 appropriated, the state board shall dedicate the difference to the allocation described
64 in Subsection (2)(b)(ii).

65 (4)(a) The amount of state guarantee money that a school district would otherwise be
 66 entitled to receive under this section may not be reduced for the sole reason that the
 67 school district's board local levy or voted local levy is reduced as a consequence of
 68 changes in the certified tax rate under Section 59-2-924 [~~pursuant to~~] in accordance
 69 with changes in property valuation, if the school district applies the certified rate
 70 reduction proportionally to the district's voted local levy, board local levy, and capital
 71 local levy.

72 (b) Subsection (4)(a) applies for a period of [~~one year~~ ~~5~~ → **five**] **two** ← ~~5~~ years
 72a following a change in
 73 the certified tax rate as described in Subsection (4)(a).

74 (c) Subsection (4)(a) does not apply if a school district:

75 (i) does not apply the certified rate reduction proportionally to the district's local
 76 levies in accordance with Subsection (4)(a); or

77 (ii) otherwise moves tax rate capacity from the board local levy or voted local levy to
 78 the capital local levy.

79 (5) The guarantee provided under this section does not apply to the portion of a voted local
 80 levy rate that exceeds the voted local levy rate that was in effect for the previous fiscal
 81 year, unless an increase in the voted local levy rate was authorized in an election
 82 conducted on or after July 1 of the previous fiscal year and before December 2 of the
 83 previous fiscal year.

84 (6) A local school board of a school district that receives funds described in this section
 85 shall budget and expend the funds for public education purposes.

86 (7)(a) Beginning with the 2026 fiscal year, the amount of state guarantee money that a
 87 school district receives under this section may reduce as a result of changes in the
 88 certified tax rate under Section 59-2-924 due to changes in property valuation.

89 (b) For a school district receiving state guarantee money in excess of the amount the
 90 school district would receive based solely on the current certified tax rate, the excess
 91 funds:

92 (i) may not cause the amount the school district receives to exceed the total amount
 93 of state guarantee the school district received in the 2025 fiscal year; and

94 (ii) shall diminish over a three-year period as follows:

95 (A) in the 2026 fiscal year, the school district shall receive 100% of the excess
 96 funds received in the 2025 fiscal year;

97 (B) in the 2027 fiscal year, the school district shall receive 66% of the excess

- 98 funds received in the 2025 fiscal year;
- 99 (C) in the 2028 fiscal year, the school district shall receive 33% of the excess
- 100 funds received in the 2025 fiscal year; and
- 101 (D) in the 2029 fiscal year, the school district may not receive excess funds.
- 102 (c) The state board shall:
 - 103 (i) calculate the amount of excess funds for each affected school district;
 - 104 (ii) notify each affected school district of the phase-out schedule for the excess funds
 - 105 described in Subsection (7)(b); and
 - 106 (iii) oversee the phase-out process described in this Subsection (7).

107 Section 2. **Effective Date.**

108 This bill takes effect on July 1, 2026.