

**School District Taxation Amendments**

2026 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Jason B. Kyle**

Senate Sponsor: Wayne A. Harper

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**LONG TITLE****General Description:**

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

**Highlighted Provisions:**

This bill:

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

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides a special effective date.

**Utah Code Sections Affected:**

AMENDS:

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

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

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

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

(1) As used in this section:

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

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

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

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

- on the certified tax rate in effect for the 2025 fiscal year.
- (c) "Capital local levy" means a local levy described in Section 53F-8-303.
- (d) "Guaranteed local levy increment" means a local levy increment guaranteed by the state as described in Subsection (2).
- (e) "Local levy increment" means .0001 per dollar of taxable value.
- (f) "Voted local levy" means a local levy described in Section 53F-8-301.
- (2)(a)(i) In accordance with Subsection 53F-2-205(6) and in addition to the revenue collected from the imposition of a voted local levy or a board local levy, the state shall guarantee that a school district receives, subject to Subsections (2)(b)(ii)(B) and (3)(a), for each guaranteed local levy increment, an amount sufficient to guarantee for a fiscal year beginning on or after July 1, 2018, \$43.10 per weighted pupil unit.
- (ii) The number of guaranteed local levy increments under this Subsection (2) for a school district may not exceed 20 guaranteed local levy increments, regardless of whether the guaranteed local levy increments are from the imposition of a voted local levy, a board local levy, or a combination of the two.
- (b)(i) Subject to future budget constraints, the Legislature shall annually appropriate money from the Local Levy Growth Account established in Section 53F-9-305 for purposes described in Subsection (2)(b)(ii).
- (ii) The state board shall, for a fiscal year beginning on or after July 1, 2018, allocate funds appropriated under Subsection (2)(b)(i) and the amount described in Subsection (3)(c) in the following order of priority by increasing:
- (A) by the amount described in Subsection (2)(a)(ii); and
- (B) the guaranteed amount described in Subsection (2)(a)(i).
- (3)(a) The guarantee described in Subsection (2)(a)(i) is indexed each year to the value of the weighted pupil unit by making the value of the guarantee equal to .011962 times the value of the prior year's weighted pupil unit.
- (b) The guarantee shall increase by .0005 times the value of the prior year's weighted pupil unit for each year subject to the Legislature appropriating funds for an increase in the guarantee.
- (c) If the indexing and growth described in Subsections (3)(a) and (b) result in a cost to the state in a given fiscal year that is less than the amount the Legislature appropriated, the state board shall dedicate the difference to the allocation described in Subsection (2)(b)(ii).

- (4)(a) The amount of state guarantee money that a school district would otherwise be entitled to receive under this section may not be reduced for the sole reason that the school district's board local levy or voted local levy is reduced as a consequence of changes in the certified tax rate under Section 59-2-924 ~~[pursuant to]~~ in accordance with changes in property valuation, if the school district applies the certified rate reduction proportionally to the district's voted local levy, board local levy, and capital local levy.
- (b) Subsection (4)(a) applies for a period of ~~[one year]~~ five years following a change in the certified tax rate as described in Subsection (4)(a).
- (c) Subsection (4)(a) does not apply if a school district:
- (i) does not apply the certified rate reduction proportionally to the district's local levies in accordance with Subsection (4)(a); or
  - (ii) otherwise moves tax rate capacity from the board local levy or voted local levy to the capital local levy.
- (5) The guarantee provided under this section does not apply to the portion of a voted local levy rate that exceeds the voted local levy rate that was in effect for the previous fiscal year, unless an increase in the voted local levy rate was authorized in an election conducted on or after July 1 of the previous fiscal year and before December 2 of the previous fiscal year.
- (6) A local school board of a school district that receives funds described in this section shall budget and expend the funds for public education purposes.
- (7)(a) Beginning with the 2026 fiscal year, the amount of state guarantee money that a school district receives under this section may reduce as a result of changes in the certified tax rate under Section 59-2-924 due to changes in property valuation.
- (b) For a school district receiving state guarantee money in excess of the amount the school district would receive based solely on the current certified tax rate, the excess funds:
- (i) may not cause the amount the school district receives to exceed the total amount of state guarantee the school district received in the 2025 fiscal year; and
  - (ii) shall diminish over a three-year period as follows:
    - (A) in the 2026 fiscal year, the school district shall receive 100% of the excess funds received in the 2025 fiscal year;
    - (B) in the 2027 fiscal year, the school district shall receive 66% of the excess funds received in the 2025 fiscal year;

(C) in the 2028 fiscal year, the school district shall receive 33% of the excess funds received in the 2025 fiscal year; and

(D) in the 2029 fiscal year, the school district may not receive excess funds.

(c) The state board shall:

(i) calculate the amount of excess funds for each affected school district;

(ii) notify each affected school district of the phase-out schedule for the excess funds described in Subsection (7)(b); and

(iii) oversee the phase-out process described in this Subsection (7).

**Section 2. Effective Date.**

This bill takes effect on July 1, 2026.