
S.B. 48 3rd Sub. (Ivory) - Equalization of School Capital Outlay Funding

Fiscal Note

2008 General Session

State of Utah

State Impact

Enactment of this bill appropriates an additional \$28,711,100 in ongoing Uniform School Fund revenue to the State Board of Education to support the Capital Outlay Foundation and Capital Outlay Enrollment Growth Programs. The bill contains a coordinating clause which supercedes the ongoing base budget supporting the Capital Outlay Foundation Program and the Enrollment Growth Program of \$27,288,900 with a total of \$56,000,000 for both programs, of which \$33 million is allocated for the Capital Outlay Foundation Program and \$23 million for the Capital Outlay Enrollment Growth Program.

	<u>FY 2008</u> <u>Approp.</u>	<u>FY 2009</u> <u>Approp.</u>	<u>FY 2010</u> <u>Approp.</u>	<u>FY 2008</u> <u>Revenue</u>	<u>FY 2009</u> <u>Revenue</u>	<u>FY 2010</u> <u>Revenue</u>
Uniform School Fund	\$0	\$28,711,100	\$28,711,100	\$0	\$0	\$0
Total	\$0	\$28,711,100	\$28,711,100	\$0	\$0	\$0

Individual, Business and/or Local Impact

Enactment of this bill may result in increased revenue allocations to school districts that qualify to receive Capital Outlay Foundation and Capital Outlay Enrollment Growth revenues. A school district that receives a higher state fund allocation under the capital outlay programs must reduce its certified property tax rate by the increase it received in allocating new ongoing state funding. Enactment of this bill may also result in additional school districts qualifying for program revenues.

Bill provisions increase the property tax threshold rate that school districts may impose to receive a full distribution of state funds supporting the capital outlay programs. Districts that meet or exceed the new rate will receive a full allocation, those districts that do not meet the new rate may see a pro-rata allocation based on their participation level.

Enactment of this bill requires school districts located in counties of the first class to levy a capital outlay property tax rate in order to receive state funding appropriated to the Minimum School Program - Basic School Program. Revenue generated from the required capital outlay property tax rate is combined and allocated by the county treasurer based on the formula outlined in the bill. A school district that receives a greater allocation of combined revenues than their tax rate produces must decrease its certified capital outlay property tax rate by the increased allocation amount. The certified capital outlay property tax rate of a school district that receives a lesser allocation of combined revenues than their tax rate produces may be adjusted to remain revenue neutral without going through truth in taxation.