

FISCAL NOTE

S.B. 54 1st Sub. (Green)

SHORT TITLE: Amendments Related to Education Funding

SPONSOR: McAdams, B.

2012 GENERAL SESSION

STATE GOVERNMENT (UCA 36-12-13(2)(b))

Enactment of this bill deposits 30% of the growth in sales tax revenue between FY 2011 and the current fiscal year into a new Prioritizing Public Education Restricted Account. The expected shift from the General Fund to the restricted account is \$71 million ongoing beginning in FY 2013. Additional amounts of forgone General Fund revenue will accrue to the restricted account depending upon growth in subsequent fiscal years. The forgone amount estimated for FY 2014 is approximately \$38 million.

The bill freezes the personal exemption deduction to \$2,775, which increases revenue to the Education Fund by about \$4,980,600 in FY 2013 and about \$10,328,800 in FY 2014.

The bill authorizes freezing the basic rate, which would increase the local contribution to the Minimum School Program by about \$9,000,000 in FY 2014.

Finally, assuming constant tax rates, increasing the voted leeway tax rate cap initially increases the state guarantee by \$176,200 in FY 2013; depending on the actions of local school boards and voters, an increase in the tax rate caps for the voted and board leeways may increase the state's contribution to the guarantee program beyond the \$176,200.

STATE BUDGET DETAIL TABLE

	FY 2012	FY 2013	FY 2014
Revenue:			
General Fund	\$0	(\$71,000,000)	(\$71,000,000)
Uniform School Fund Restricted	\$0	\$71,000,000	\$71,000,000
Education Fund	\$0	\$10,328,800	\$10,328,800
Education Fund, One-Time	\$0	(\$5,348,200)	\$0
Local Revenue	\$0	\$0	\$9,000,000
Total Revenue	\$0	\$4,980,600	\$19,328,800
Expenditure:			
Education Fund	\$0	\$176,200	\$176,200
Total Expenditure	\$0	\$176,200	\$176,200
Net Impact, All Funds (Rev.-Exp.)	\$0	\$4,804,400	\$19,152,600
Net Impact, General/Education Funds	\$0	(\$66,195,600)	(\$60,847,400)

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LOCAL GOVERNMENTS (UCA 36-12-13(2)(c))

Enacting this bill increases the maximum allowable property tax rate for the voted and board leeways. Depending on the actions of local school boards and voters, the bill may increase or decrease revenue to school districts.

DIRECT EXPENDITURES BY UTAH RESIDENTS AND BUSINESSES (UCA 36-12-13(2)(d))

By fixing the personal exemption deduction to \$2,775, individuals will see an income tax increase of \$4,980,600 in FY 2013 and \$10,328,800 in FY 2014. The bill also freezes the basic rate, which increases the basic rate property tax burden on individuals and businesses in FY 2014 by about \$9,000,000. Additionally, the bill increases the maximum allowable property tax rate for the voted and board leeways, which, depending on the actions of local school districts and voters, may increase the property tax burden of individuals and businesses.