

# FISCAL NOTE

S.B. 81

SHORT TITLE: School Property Tax Funding - As Amended

SPONSOR: Osmond, A.

2013 GENERAL SESSION

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

Enactment of this bill freezes the basic rate at the higher of 0.001691 or the certified revenue levy. By freezing the basic rate, the bill increases the budgeted property tax revenue within the Minimum School Program by \$15 million in FY 2015; by FY 2025, the estimated revenue increase to the Minimum School Program is a cumulative \$870 million.

### STATE BUDGET DETAIL TABLE

	FY 2013	FY 2014	FY 2015
Revenue:			
Local Revenue	\$0	\$0	\$15,000,000
Total Revenue	\$0	\$0	\$15,000,000
Expenditure:			
Local Revenue	\$0	\$0	\$15,000,000
Total Expenditure	\$0	\$0	\$15,000,000
Net Impact, All Funds (Rev.-Exp.)	\$0	\$0	\$0
Net Impact, General/Education Funds	\$0	\$0	\$0

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

By freezing the basic rate and initially requiring local school boards to reduce their Capital and Board local levies, enactment of this bill initially reduces revenue to 25 school districts by \$3.3 million in FY 2015 and increases revenue to 16 school districts and charter schools by \$3.3 million. If school districts receiving less revenue raise their property taxes by the amount of the reduced revenue, statewide school district property tax revenue would increase by up to \$3.3 million in FY 2015. The bill incrementally increases property tax revenue from the basic rate, which, by FY 2025, would amount to a cumulative of \$870 million. Also, by allowing four school districts with a current Board Local Levy cap of 0.0018 to increase their cap to 0.0025, these four school districts may be able to increase property tax revenue by a combined \$27 million in FY 2015.

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

Depending upon the actions of local school districts, individuals and businesses in certain districts may see a property tax increase of \$3.3 million in FY 2015, whereas individuals and businesses in other districts may see a property tax decrease of \$3.3 million. By FY 2025, individuals and businesses would see a cumulative basic rate property tax increase of \$870 million and, depending on the actions of certain local districts, a potential Capital and Board local levy decrease of some portion of the \$870 million. Also, individuals and businesses in four districts where the property tax cap is increased may see increased property tax liability of \$27 million in FY 2015.

## PERFORMANCE NOTE (JR 4-2-404): Not Required

3/12/2013, 10:35 AM, Lead Analyst: Young, T./Attorney: RLR

State of Utah, Office of the Legislative Fiscal Analyst