



Fiscal Note
H.B. 293 2nd Sub. (Gray)
2018 General Session
Education Funding Amendments
by Last, B. (Cutler, Bruce.)



General, Education, and Uniform School Funds

JR4-5-101

	Ongoing	One-time	Total
Net GF/EF/USF (rev.-exp.)	\$(708,000)	\$528,000	\$(180,000)

State Government

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

Enactment of this bill could increase budgeted local property tax revenue to the Minimum School Program by an estimated \$36.1 million beginning in FY 2019. We estimate that this revenue may grow to \$55.7 million in FY 2020 and \$125.6 million by FY 2022. However, the actual amount of revenue in these years will vary with the taxable value of property within the school districts. Growth in local revenue supporting the Minimum School Program decreases the amount of Education Fund revenue required to equalize the Basic School Program. Changes to the homeowner's credit outlined in the bill may reduce revenue to the General Fund by approximately \$708,000 at full implementation in FY 2023. Due to the phase-in provisions provided in the legislation, the initial impact is estimated at \$180,000 in FY 2019 and \$291,000 in FY 2020. Each county administers the homeowner's credit and files with the Tax Commission for a refund from the General Fund for credit amounts.

Revenues	<i>FY 2018</i>	<i>FY 2019</i>	<i>FY 2020</i>
General Fund	\$0	\$(708,000)	\$(708,000)
General Fund, One-Time	\$0	\$528,000	\$417,000
Local Revenue	\$0	\$36,117,300	\$55,709,800
Total Revenues	\$0	\$35,937,300	\$55,418,800

Provisions outlined in this bill hold the minimum basic tax rate at 0.0016 for a period of 5 years. Estimates indicate that local property tax revenue supporting the Basic School Program may increase by approximately \$125.6 million by FY 2022. Estimates indicate that the impact of property tax changes may be \$36.1 million in FY 2019 and \$55.7 million in FY 2020. Increased property tax revenue to the Basic School Program reduces the state cost to support program weighted pupil units by a like amount. Provisions in this bill transfer this unexpended revenue from the Education Fund to the Education Fund Restricted - Local Levy Growth Account created in the bill. Bill provisions further transfer the funding from the EFR-Local Levy Growth Account to the State Board of Education to support the Voted & Board Local Levy Programs as outlined in the bill.

Expenditures	<i>FY 2018</i>	<i>FY 2019</i>	<i>FY 2020</i>
New Account Created By Legislation	\$0	\$36,117,300	\$55,709,800
Total Expenditures	\$0	\$36,117,300	\$55,709,800

Net All Funds	\$0	\$(180,000)	\$(291,000)
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Local Government

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

Enactment of this bill could increase local property tax revenue collected by Utah's 41 school districts beginning in FY 2019 by holding the minimum basic tax rate at 0.0016. The basic tax rate will be held at 0.0016 for 5 years. Preliminary estimates indicate that this may raise approximately \$36.0 million in FY 2019, growing to an estimated \$125.6 million in FY 2023. However, the actual amount collected will vary depending on the taxable value of property within each school district. The increased property tax revenue will support the Basic School Program (WPU) of each school district.

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Individuals & Businesses

UCA 36-12-13(2)(d)

Beginning in FY 2019, enactment of this bill could increase the property tax liability for owners of a \$250,000 primary residential property by approximately \$14 and business owners with a \$1.0 million property by \$42. These amounts may increase over the course of the 5 years the tax rate is held at 0.0016 as outlined in the bill. Individuals that receive the homeowner's credit may benefit from the increased credit amounts outlined in the bill. These credits phase in over the 5-year period the Basic Rate is held, with the maximum amount of benefit per claimant increasing by \$14 in FY 2019 to \$49 in FY 2023. The Tax Commission estimates the cost of these changes at \$180,000 in FY 2019 to \$708,000 in FY 2023.

Regulatory Impact

UCA 36-12-13(2)(e)

Enactment of this legislation likely will not change the regulatory burden for Utah residents or businesses.

Performance Note

JR4-2-404

No performance note required for this bill

Notes on Notes

Fiscal notes estimate the direct costs or revenues of enacting a bill. The Legislature uses them to balance the budget. They do not measure a bill's benefits or non-fiscal impacts like opportunity costs, wait times, or inconvenience. A fiscal note is not an appropriation. The Legislature decides appropriations separately.