

PUBLIC EDUCATION CAPITAL OUTLAY ACT**AMENDMENTS**

2003 GENERAL SESSION

STATE OF UTAH

Sponsor: David N. Cox

This act modifies provisions related to the State System of Public Education by specifying criteria for the receipt of state school building funds from the capital outlay foundation program and the amount of money a school district may receive. This act directs the Legislature to make an annual appropriation for the capital outlay foundation program sufficient to provide full funding to each school district qualifying to receive funds. This act takes effect on July 1, 2003.

This act affects sections of Utah Code Annotated 1953 as follows:

AMENDS:

53A-21-105, as last amended by Chapters 258 and 279, Laws of Utah 2002

ENACTS:

53A-21-101.5, Utah Code Annotated 1953

REPEALS AND REENACTS:

53A-21-103, as last amended by Chapter 234, Laws of Utah 2001

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

Section 1. Section **53A-21-101.5** is enacted to read:

53A-21-101.5. Definitions.

As used in this chapter:

(1) "Average daily membership" or "ADM" means the total full-day equivalent pupils in a school district in membership for one school year.

(2) "Derived valuation" means total school district property tax current collections from April 1 through the following March 31, divided by the tax rates for the same year.

(3) "Value of the weighted pupil unit" means the value specified in Subsection



53A-17a-103(1).

(4) "Yield per ADM" means the product of the derived valuation multiplied by .0024, divided by average daily membership.

Section 2. Section **53A-21-103** is repealed and reenacted to read:

53A-21-103. Capital outlay foundation program -- Qualifications -- Determination of amounts awarded -- Annual appropriation.

(1) For purposes of this section, the statewide guaranteed yield per ADM is:

(a) for fiscal year 2003-04, \$513.97233; and

(b) beginning in fiscal year 2004-05, the amount equal to the prior fiscal year's value of the weighted pupil unit multiplied by the following factor:

(i) .2460752 in fiscal year 2004-05;

(ii) .2510752 in fiscal year 2005-06;

(iii) .2560752 in fiscal year 2006-07;

(iv) .2610752 in fiscal year 2007-08; and

(v) .2660752 in each fiscal year thereafter.

(2) A school district may receive state school building funds under the capital outlay foundation program established in Section 53A-21-102 if:

(a) the local school board levies a tax rate for capital outlay or debt service; and

(b) the yield per ADM is less than the state guaranteed yield per ADM.

(3) A school district qualifying for state school building funds under Subsection (2) shall receive the following amount of funds:

(a) if the total tax rate levied by a local school board for capital outlay and debt service is greater than or equal to .0024, the school district shall receive an amount equal to the state guaranteed yield per ADM minus the yield per ADM, multiplied by average daily membership; and

(b) if the total tax rate levied by a local school board for capital outlay and debt service is less than .0024, the school district shall receive a proportion of the amount derived by the formula in Subsection (3)(a) equal to the actual tax rate's percentage of a .0024 tax rate.

(4) (a) The amount of money a school district is otherwise qualified to receive under Subsections (2) and (3) may not be reduced for the sole reason that the school district's levy is reduced as a consequence of a change in the certified tax rate under Section 59-2-924 pursuant

59 to changes in property valuation.

60 (b) Subsection (4)(a) applies for a period of two years following a change in the
61 certified tax rate.

62 (5) The Legislature shall annually make an appropriation for the capital outlay
63 foundation program sufficient to provide the full amount of money each school district is
64 qualified to receive under this section.

65 (6) Notwithstanding Subsections (1) and (5), if the appropriation for the capital outlay
66 foundation program is insufficient to provide the full amount of money each school district is
67 qualified to receive under this section, the State Board of Education shall distribute the
68 available monies as provided in this section, except the board shall decrease, to the extent
69 necessary, the statewide guaranteed yield per ADM.

70 Section 3. Section **53A-21-105** is amended to read:

71 **53A-21-105. State contribution to capital outlay programs.**

72 The state contribution [~~toward the cost of the programs~~] to the capital outlay foundation
73 program established under Section 53A-21-102 for the fiscal year beginning July 1, [2002]
74 2003, shall consist of an appropriation totaling \$28,358,000 to the State Board of Education
75 from the Uniform School Fund.

76 Section 4. **Effective date.**

77 This act takes effect on July 1, 2003.

Legislative Review Note
as of 11-15-02 9:54 AM

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

Office of Legislative Research and General Counsel

Fiscal Note**Public Education Capital Outlay Act Amendments***20-Jan-03***Bill Number HB0170***12:40 PM*

State Impact

No fiscal impact for FY 2004 as the bill specifies a State appropriation at the current level. For FY 2005 through FY 2009 there would be increasing costs if the Legislature provides funding at the formula levels. For FY 2005 the formulas would generate an approximate cost of \$36,600,000 or an increase of \$8,242,000 over the current appropriation of \$28,358,000. By FY 2009 the total state contribution to School District capital outlay could be as much as \$56,000,000. These calculations do not take into account increasing costs due to possible increases in the value of the Weighted Pupil Unit or rate changes adopted by school districts.

	<u>FY 04 Approp.</u>	<u>FY 05 Approp.</u>	<u>FY 04 Revenue</u>	<u>FY 05 Revenue</u>
Uniform School Fund	\$0	\$8,242,000	\$0	\$0
TOTAL	\$0	\$8,242,000	\$0	\$0

Individual and Business Impact

Business would benefit only to the extent they participate in capital construction for school districts. Individuals would be impacted by any tax rate changes adopted by school districts desiring to take advantage of increasing state dollars.

Office of the Legislative Fiscal Analyst

Fiscal Note**Public Education Capital Outlay Act Amendments***21-Jan-03***Bill Number HB0170***4:56 PM*

AMENDED NOTE**State Impact**

No fiscal impact for FY 2004 as the bill specifies a State appropriation at the current level. For FY 2005 through FY 2009 there would be increasing costs if the Legislature provides funding at the formula levels. For FY 2005 the formulas would generate an approximate cost of \$28,710,600 or an increase of \$352,600 over the current appropriation of \$28,358,000. By FY 2010 the total state contribution to School District capital outlay could be as much as \$50,000,000. These calculations assume average growth in assessed valuations and weighted pupil unit values.

	<u>FY 04 Approp.</u>	<u>FY 05 Approp.</u>	<u>FY 04 Revenue</u>	<u>FY 05 Revenue</u>
Uniform School Fund	\$0	\$352,600	\$0	\$0
TOTAL	\$0	\$352,600	\$0	\$0

Individual and Business Impact

Business would benefit only to the extent they participate in capital construction for school districts. Individuals would be impacted by any tax rate changes adopted by school districts desiring to take advantage of increasing state dollars.

Office of the Legislative Fiscal Analyst

