

PROPERTY TAX LEVY FOR EDUCATION

2004 GENERAL SESSION

STATE OF UTAH

Sponsor: Michael R. Styler

LONG TITLE

General Description:

This bill establishes the rate of an existing property tax for education.

Highlighted Provisions:

This bill:

- ▶ sets the minimum basic tax rate at $\hat{H} [-001743] .001754 \hat{h}$ per dollar of taxable value; and
- ▶ makes technical amendments.

Monies Appropriated in this Bill:

None

Other Special Clauses:

This bill takes effect on July 1, 2004.

Utah Code Sections Affected:

AMENDS:

53A-17a-103, as last amended by Chapter 320, Laws of Utah 2003

53A-17a-135, as last amended by Chapter 320, Laws of Utah 2003

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

Section 1. Section **53A-17a-103** is amended to read:

53A-17a-103. Definitions.

As used in this chapter:

(1) "Basic state-supported school program" or "basic program" means public education programs for kindergarten, elementary, and secondary school students that are operated and



28 maintained for the amount derived by multiplying the number of weighted pupil units for each
29 district by \$2,150, except as otherwise provided in this chapter.

30 (2) "Certified revenue levy" means a property tax levy that provides an amount of ad
31 valorem property tax revenue equal to the sum of:

32 (a) the amount of property tax revenue ~~[to be]~~ generated statewide in the previous year
33 from imposing [a] the minimum basic tax rate ~~[, as specified in Subsection 53A-17a-135(1)(a)]~~
34 under Section 53A-17a-135; and

35 (b) the product of:

36 (i) new growth, as defined in Section 59-2-924 and rules of the State Tax Commission;
37 and

38 (ii) the minimum basic tax rate ~~[certified by the State Tax Commission]~~ for the
39 previous year.

40 (3) "Leeway program" or "leeway" means a state-supported voted leeway program or
41 board leeway program authorized under Section 53A-17a-133 or 53A-17a-134.

42 (4) "Pupil in average daily membership (ADM)" means a full-day equivalent pupil.

43 (5) (a) "State-supported minimum school program" or "minimum school program"
44 means public school programs for kindergarten, elementary, and secondary schools as
45 described in this Subsection (5).

46 (b) The minimum school program established in the districts shall include the
47 equivalent of a school term of nine months as determined by the State Board of Education.

48 (c) (i) The board shall establish the number of days or equivalent instructional hours
49 that school is held for an academic school year.

50 (ii) Education, enhanced by utilization of technologically enriched delivery systems,
51 when approved by local school boards, shall receive full support by the State Board of
52 Education as it pertains to fulfilling the attendance requirements, excluding time spent viewing
53 commercial advertising.

54 (d) The program includes the total of the following annual costs:

55 (i) the cost of a basic state-supported school program; and

56 (ii) other amounts appropriated in this chapter in addition to the basic program.

57 (6) "Weighted pupil unit or units or WPU or WPUs" means the unit of measure of
58 factors that is computed in accordance with this chapter for the purpose of determining the

59 costs of a program on a uniform basis for each district.

60 Section 2. Section **53A-17a-135** is amended to read:

61 **53A-17a-135. Minimum basic tax rate -- Certified revenue levy.**

62 (1) (a) In order to qualify for receipt of the state contribution toward the basic program
63 and as its contribution toward its costs of the basic program, each school district shall impose a
64 minimum basic tax rate of ~~Ĥ~~ ~~[.001743]~~ .001754 ~~ĥ~~ per dollar of taxable value [~~that generates~~
64a ~~\$212,110,681 in~~
65 ~~revenues statewide~~].

66 [~~(b) The preliminary estimate for the 2003-04 minimum basic tax rate is .001743.~~]

67 [~~(c) The State Tax Commission shall certify on or before June 22 the rate that~~
68 ~~generates \$212,110,681 in revenues statewide.~~]

69 [~~(d)~~] (b) If the minimum basic tax rate exceeds the certified revenue levy as defined in
70 Section 53A-17a-103, the state is subject to the notice requirements of Section 59-2-926.

71 (2) (a) The state shall contribute to each district toward the cost of the basic program in
72 the district that portion which exceeds the proceeds of the levy authorized under Subsection
73 (1).

74 (b) In accord with the state strategic plan for public education and to fulfill its
75 responsibility for the development and implementation of that plan, the Legislature instructs
76 the State Board of Education, the governor, and the Office of Legislative Fiscal Analyst in each
77 of the coming five years to develop budgets that will fully fund student enrollment growth.

78 (3) (a) If the proceeds of the levy authorized under Subsection (1) equal or exceed the
79 cost of the basic program in a school district, no state contribution shall be made to the basic
80 program.

81 (b) The proceeds of the levy authorized under Subsection (1) which exceed the cost of
82 the basic program shall be paid into the Uniform School Fund as provided by law.

83 Section 3. **Effective date.**

84 This bill takes effect on July 1, 2004.

Legislative Review Note

as of 1-15-04 10:27 AM

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

Office of Legislative Research and General Counsel

State Impact

Passage of this bill could decrease the Local Contribution to the Minimum School Program for FY 2005 by roughly \$1.4 million. To keep the Minimum School Program revenue neutral, an increase in the Uniform School Fund appropriation equivalent to the reduction of local revenue may be required. Future local revenue collections for the Minimum School Program could increase at a greater rate than in prior years. Estimated growth for FY 2006 is approximately \$5.6 million.

	<u>FY 2005</u> <u>Approp.</u>	<u>FY 2006</u> <u>Approp.</u>	<u>FY 2005</u> <u>Revenue</u>	<u>FY 2006</u> <u>Revenue</u>
Uniform School Fund	\$1,400,000	\$0	\$0	\$0
Local Revenue	\$0	\$0	(\$1,400,000)	\$5,600,000
TOTAL	\$1,400,000	\$0	(\$1,400,000)	\$5,600,000

Individual and Business Impact

Due to the revenue reduction estimated in FY 2005, there may be a potential property tax decrease in FY 2005. In the out years, with the minimum basic property tax rate set in statute the amount paid in property taxes may increase or decrease depending on the value of the property.

Office of the Legislative Fiscal Analyst