

1 **SCHOOL DISTRICTS - LIMITED**
2 **AMENDMENTS TO TRUTH IN TAXATION**
3 2006 GENERAL SESSION
4 STATE OF UTAH

5 **Chief Sponsor: Mike Dmitrich**

6 House Sponsor: Gordon E. Snow

8 **LONG TITLE**

9 **General Description:**

10 This bill modifies the State System of Public Education Title and the Property Tax Act
11 relating to a voted leeway.

12 **Highlighted Provisions:**

13 This bill:

14 ▶ modifies the State System of Public Education Title and the Property Tax Act to
15 exempt school districts from the advertisement requirements of truth in taxation
16 when budgeting revenue from certain voted leeway programs; and

17 ▶ makes technical changes.

18 **Monies Appropriated in this Bill:**

19 None

20 **Other Special Clauses:**

21 This bill takes effect on January 1, 2007.

22 **Utah Code Sections Affected:**

23 AMENDS:

24 **53A-17a-133**, as last amended by Chapter 257, Laws of Utah 2004

25 **53A-17a-134**, as last amended by Chapter 257, Laws of Utah 2004

26 **53A-19-102**, as last amended by Chapter 79, Laws of Utah 1996

27 **59-2-918**, as last amended by Chapter 11, Laws of Utah 2005, First Special Session



28 **59-2-919**, as last amended by Chapter 11, Laws of Utah 2005, First Special Session
29 **59-2-924**, as last amended by Chapters 217 and 244, Laws of Utah 2005

30

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

32 Section 1. Section **53A-17a-133** is amended to read:

33 **53A-17a-133. State-supported voted leeway program authorized -- Election**
34 **requirements -- State guarantee -- Reconsideration of the program.**

35 (1) An election to consider adoption or modification of a voted leeway program is
36 required if initiative petitions signed by 10% of the number of electors who voted at the last
37 preceding general election are presented to the local school board or by action of the board.

38 (2) (a) (i) To establish a voted leeway program, a majority of the electors of a district
39 voting at an election in the manner set forth in Section 53A-16-110 must vote in favor of a
40 special tax.

41 (ii) The tax rate may not exceed .002 per dollar of taxable value.

42 (b) The district may maintain a school program which exceeds the cost of the program
43 referred to in Section 53A-17a-145 with this voted leeway.

44 (c) In order to receive state support the first year, a district must receive voter approval
45 no later than December 1 of the year prior to implementation.

46 (3) (a) Under the voted leeway program, the state shall contribute an amount sufficient
47 to guarantee \$17.54 per weighted pupil unit for each .0001 of the first .0016 per dollar of
48 taxable value.

49 (b) The same dollar amount guarantee per weighted pupil unit for the .0016 per dollar
50 of taxable value under Subsection (3)(a) shall apply to the board-approved leeway authorized
51 in Section 53A-17a-134, so that the guarantee shall apply up to a total of .002 per dollar of
52 taxable value if a school district levies a tax rate under both programs.

53 (c) (i) Beginning July 1, 2005, the \$17.54 guarantee under Subsections (3)(a) and (b)
54 shall be indexed each year to the value of the weighted pupil unit by making the value of the
55 guarantee equal to .008544 times the value of the prior year's weighted pupil unit.

56 (ii) The guarantee shall increase by .0005 times the value of the prior year's weighted
57 pupil unit for each succeeding year until the guarantee is equal to .010544 times the value of
58 the prior year's weighted pupil unit.

59 ~~H~~→ [f] (d) (i) **The amount of state guarantee money to which a school district would**
60 **otherwise be entitled to under this Subsection (3) may not be reduced for the sole reason that**
61 **the district's levy is reduced as a consequence of changes in the certified tax rate under Section**
62 **59-2-924 pursuant to changes in property valuation.**

63 (ii) **Subsection (3)(d)(i) applies for a period of two years following any such change in**
64 **the certified tax rate.** [j] ←~~H~~

65 (4) (a) An election to modify an existing voted leeway program is not a reconsideration
66 of the existing program unless the proposition submitted to the electors expressly so states.

67 (b) A majority vote opposing a modification does not deprive the district of authority to
68 continue an existing program.

69 (c) If adoption of a leeway program is contingent upon an offset reducing other local
70 school board levies, the board must allow the electors, in an election, to consider modifying or
71 discontinuing the program prior to a subsequent increase in other levies that would increase the
72 total local school board levy.

73 (d) Nothing contained in this section terminates, without an election, the authority of a
74 school district to continue an existing voted leeway program previously authorized by the
75 voters.

76 (5) Notwithstanding Section 59-2-918, a school district may budget an increased
77 amount of ad valorem property tax revenue derived from a voted leeway imposed under this
78 section in addition to revenue from new growth as defined in Subsection 59-2-924(2), without
79 having to comply with the advertisement requirements of Section 59-2-918, if the voted leeway
80 is approved:

81 (a) in accordance with Section 53A-16-110 on or after January 1, 2003; and

82 (b) within the four-year period immediately preceding the year in which the school
83 district seeks to budget an increased amount of ad valorem property tax revenue derived from
84 the voted leeway.

85 (6) Notwithstanding Section 59-2-919, a school district may levy a tax rate under this
86 section that exceeds the certified tax rate without having to comply with the advertisement
87 requirements of Section 59-2-919 if:

88 (a) the levy exceeds the certified tax rate as the result of a school district budgeting an
89 increased amount of ad valorem property tax revenue derived from a voted leeway imposed

90 under this section; and

91 (b) if the voted leeway was approved:

92 (i) in accordance with Section 53A-16-110 on or after January 1, 2003; and

93 (ii) within the four-year period immediately preceding the year in which the school
94 district seeks to budget an increased amount of ad valorem property tax revenue derived from
95 the voted leeway.

96 Section 2. Section **53A-17a-134** is amended to read:

97 **53A-17a-134. Board-approved leeway -- Purpose -- State support -- Disapproval.**

98 (1) Each local school board may levy a tax rate of up to .0004 per dollar of taxable
99 value to maintain a school program above the cost of the basic school program as follows:

100 (a) a local school board shall use the monies generated by the tax for class size
101 reduction within the school district;

102 (b) if a local school board determines that the average class size in the school district is
103 not excessive, it may use the monies for other school purposes but only if the board has
104 declared the use for other school purposes in a public meeting prior to levying the tax rate; and

105 (c) a district may not use the monies for other school purposes under Subsection (1)(b)
106 until it has certified in writing that its class size needs are already being met and has identified
107 the other school purposes for which the monies will be used to the State Board of Education
108 and the state board has approved their use for other school purposes.

109 (2) (a) The state shall contribute an amount sufficient to guarantee \$17.54 per weighted
110 pupil unit for each .0001 per dollar of taxable value.

111 (b) The guarantee shall increase in the same manner as provided for the voted leeway
112 guarantee in Subsections 53A-17a-133(3)(c)(i) and (ii).

113 (c) (i) The amount of state guarantee money to which a school district would otherwise
114 be entitled to under this Subsection (2) may not be reduced for the sole reason that the district's
115 levy is reduced as a consequence of changes in the certified tax rate under Section 59-2-924
116 pursuant to changes in property valuation.

117 (ii) Subsection (2)(c)(i) applies for a period of two years following any such change in
118 the certified tax rate.

119 (3) The levy authorized under this section is not in addition to the maximum rate of
120 .002 authorized in Section 53A-17a-133, but is a board-authorized component of the total tax

121 rate under that section.

122 (4) As an exception to Section 53A-17a-133, the board-authorized levy does not
123 require voter approval, but the board may require voter approval if requested by a majority of
124 the board.

125 (5) An election to consider disapproval of the board-authorized levy is required, if
126 within 60 days after the levy is established by the board, referendum petitions signed by the
127 number of legal voters required in Section 20A-7-301, who reside within the school district, are
128 filed with the school district.

129 (6) (a) A local school board shall establish its board-approved levy by April 1 to have
130 the levy apply to the fiscal year beginning July 1 in that same calendar year except that if an
131 election is required under this section, the levy applies to the fiscal year beginning July 1 of the
132 next calendar year.

133 (b) The approval and disapproval votes authorized in Subsections (4) and (5) shall
134 occur at a general election in even-numbered years, except that a vote required under this
135 section in odd-numbered years shall occur at a special election held on a day in odd-numbered
136 years that corresponds to the general election date. The school district shall pay for the cost of
137 a special election.

138 (7) (a) Modification or termination of a voter-approved leeway rate authorized under
139 this section is governed by Section 53A-17a-133.

140 (b) A board-authorized leeway rate may be modified or terminated by a majority vote
141 of the board subject to disapproval procedures specified in this section.

142 (8) A board levy election does not require publication of a voter information pamphlet.
143 Section 3. Section **53A-19-102** is amended to read:

144 **53A-19-102. Local school boards budget procedures.**

145 (1) Prior to June 22 of each year, each local school board shall adopt a budget and
146 make appropriations for the next fiscal year. If the tax rate in the proposed budget exceeds the
147 certified tax rate defined in Subsection 59-2-924 (2), the board shall comply with [~~the Tax
148 Increase Disclosure Act~~] Sections 59-2-918 and 59-2-919 in adopting the budget, except as
149 provided by Section 53A-17a-133.

150 (2) Prior to the adoption of a budget containing a tax rate which does not exceed the
151 certified tax rate, the board shall hold a public hearing on the proposed budget. In addition to

152 complying with Title 52, Chapter 4, Open and Public Meetings, in regards to the hearing, the
153 board shall do the following:

154 (a) publish the required newspaper notice at least one week prior to the hearing; and

155 (b) file a copy of the proposed budget with the board's business administrator for public
156 inspection at least ten days prior to the hearing.

157 (3) The board shall file a copy of the adopted budget with the state auditor and the
158 State Board of Education.

159 Section 4. Section 59-2-918 is amended to read:

160 **59-2-918. Advertisement of proposed tax increase -- Notice -- Contents.**

161 (1) (a) Except as provided in Subsection (1)(b), a taxing entity may not budget an
162 increased amount of ad valorem tax revenue exclusive of revenue from new growth as defined
163 in Subsection 59-2-924(2) unless it advertises its intention to do so at the same time that it
164 advertises its intention to fix its budget for the forthcoming fiscal year.

165 (b) (i) Notwithstanding Subsection (1)(a), a taxing entity is not required to meet the
166 advertisement or hearing requirements of this section if:

167 [~~(i)~~] (A) the taxing entity:

168 [~~(A)~~] (I) collected less than \$15,000 in ad valorem tax revenues for the previous fiscal
169 year; or

170 [~~(B)~~] (II) is expressly exempted by law from complying with the requirements of this
171 section; or

172 [~~(i)~~] (B) the increased amount of ad valorem tax revenue results from a tax rate
173 increase that is exempted under Subsection 59-2-919(1)(a)(ii)(B) from the advertisement and
174 hearing requirements of Section 59-2-919.

175 (ii) Notwithstanding Subsection (1)(a), a taxing entity is not required to meet the
176 advertisement requirements of this section if Section 53A-17a-133 allows the taxing entity to
177 budget an increased amount of ad valorem property tax revenue without having to comply with
178 the advertisement requirements of this section.

179 (2) (a) For taxing entities operating under a July 1 through June 30 fiscal year, the
180 advertisement required by this section may be combined with the advertisement required by
181 Section 59-2-919.

182 (b) For taxing entities operating under a January 1 through December 31 fiscal year,

183 the advertisement required by this section shall meet the size, type, placement, and frequency
184 requirements established under Section 59-2-919.

185 (3) The form of the advertisement required by this section shall meet the size, type,
186 placement, and frequency requirements established under Section 59-2-919 and shall be
187 substantially as follows:

188 "NOTICE OF PROPOSED TAX INCREASE

189 The (name of the taxing entity) is proposing to increase its property tax revenue. As a
190 result of the proposed increase, the tax on a (insert the average value of a residence in the
191 taxing entity rounded to the nearest thousand dollars) residence will be \$_____, and the
192 tax on a business having the same value as the average value of a residence in the taxing entity
193 will be_____. Without the proposed increase, the tax on a (insert the average value of a
194 residence in the taxing entity rounded to the nearest thousand dollars) residence would be
195 \$_____, and the tax on a business having the same value as the average value of a
196 residence in the taxing entity would be_____.

197 This would be an increase of _____%, which is \$_____ per year (\$_____ per
198 month) on a (insert the average value of a residence in the taxing entity rounded to the nearest
199 thousand dollars) residence or \$_____ per year on a business having the same value as the
200 average value of a residence in the taxing entity. With new growth, this property tax increase,
201 and other factors, (name of taxing entity) will increase its property tax revenue from \$_____
202 [~~collected~~] budgeted last year to \$_____ [~~collected~~] budgeted this year which is a revenue
203 increase of _____%.

204 All concerned citizens are invited to a public hearing on the tax increase to be held on
205 (date and time) at (meeting place)."

206 (4) If a final decision regarding the budgeting of an increased amount of ad valorem tax
207 revenue is not made at the public hearing described in Subsection (3), the taxing entity shall
208 announce at the public hearing the scheduled time and place for consideration and adoption of
209 the proposed budget increase.

210 (5) (a) Each taxing entity operating under the January 1 through December 31 fiscal
211 year shall by March 1 notify the county of the date, time, and place of the public hearing at
212 which the budget for the following fiscal year will be considered.

213 (b) The county shall include the information described in Subsection (5)(a) with the tax

214 notice.

215 (6) A taxing entity shall hold a public hearing under this section beginning at or after 6
216 p.m.

217 Section 5. Section **59-2-919** is amended to read:

218 **59-2-919. Resolution proposing tax increases -- Notice -- Contents of notice of**
219 **proposed tax increase -- Personal mailed notice in addition to advertisement -- Contents**
220 **of personal mailed notice -- Hearing -- Dates.**

221 A tax rate in excess of the certified tax rate may not be levied until a resolution has
222 been approved by the taxing entity in accordance with the following procedure:

223 (1) (a) (i) The taxing entity shall advertise its intent to exceed the certified tax rate in a
224 newspaper or combination of newspapers of general circulation in the taxing entity.

225 (ii) Notwithstanding Subsection (1)(a)(i), a taxing entity is not required to meet the
226 advertisement or hearing requirements of this section if:

227 (A) the taxing entity:

228 (I) collected less than \$15,000 in ad valorem tax revenues for the previous fiscal year;

229 or

230 (II) is expressly exempted by law from complying with the requirements of this
231 section; or

232 (B) (I) the taxing entity is a party to an interlocal agreement under Title 11, Chapter 13,
233 Interlocal Cooperation Act, that creates an interlocal entity to provide fire protection,
234 emergency, and emergency medical services;

235 (II) the tax rate increase is approved by the taxing entity's voters at an election held for
236 that purpose on or before December 31, 2010;

237 (III) the purpose of the tax rate increase is to pay for fire protection, emergency, and
238 emergency medical services provided by the interlocal entity; and

239 (IV) at least 30 days before its annual budget hearing, the taxing entity:

240 (Aa) adopts a resolution certifying that the taxing entity will dedicate all revenue from
241 the tax rate increase exclusively to pay for fire protection, emergency, and emergency medical
242 services provided by the interlocal entity and that the amount of other revenues, independent of
243 the revenue generated from the tax rate increase, that the taxing entity spends for fire
244 protection, emergency, and emergency medical services each year after the tax rate increase

245 will not decrease below the amount spent by the taxing entity during the year immediately
246 before the tax rate increase without a corresponding decrease in the taxing entity's property tax
247 revenues used in calculating the taxing entity's certified tax rate; and

248 (Bb) sends a copy of the resolution to the commission.

249 (iii) The exception under Subsection (1)(a)(ii)(B) from the advertisement and hearing
250 requirements of this section does not apply to an increase in a taxing entity's tax rate that occurs
251 after December 31, 2010, even if the tax rate increase is approved by the taxing entity's voters
252 before that date.

253 (iv) Notwithstanding Subsection (1)(a)(i), a taxing entity is not required to meet the
254 advertisement requirements of this section if Section 53A-17a-133 allows the taxing entity to
255 levy a tax rate that exceeds that certified tax rate without having to comply with the
256 advertisement requirements of this section.

257 (b) The advertisement described in this section shall:

258 (i) be no less than 1/4 page in size;

259 (ii) use type no smaller than 18 point; and

260 (iii) be surrounded by a 1/4-inch border.

261 (c) The advertisement described in this section may not be placed in that portion of the
262 newspaper where legal notices and classified advertisements appear.

263 (d) It is the intent of the Legislature that:

264 (i) whenever possible, the advertisement described in this section appear in a
265 newspaper that is published at least one day per week; and

266 (ii) the newspaper or combination of newspapers selected:

267 (A) be of general interest and readership in the taxing entity; and

268 (B) not be of limited subject matter.

269 (e) The advertisement described in this section shall:

270 (i) be run once each week for the two weeks preceding the adoption of the final budget;

271 and

272 (ii) state that the taxing entity will meet on a certain day, time, and place fixed in the
273 advertisement, which shall be not less than seven days after the day the first advertisement is
274 published, for the purpose of hearing comments regarding any proposed increase and to explain
275 the reasons for the proposed increase.

276 (f) The meeting on the proposed increase may coincide with the hearing on the
277 proposed budget of the taxing entity.

278 (2) The form and content of the notice shall be substantially as follows:

279 "NOTICE OF PROPOSED TAX INCREASE

280 The (name of the taxing entity) is proposing to increase its property tax revenue. As a
281 result of the proposed increase, the tax on a (insert the average value of a residence in the
282 taxing entity rounded to the nearest thousand dollars) residence will be \$_____, and the
283 tax on a business having the same value as the average value of a residence in the taxing entity
284 will be \$_____. Without the proposed increase the tax on a (insert the average value of a
285 residence in the taxing entity rounded to the nearest thousand dollars) residence would be
286 \$_____, and the tax on a business having the same value as the average value of a
287 residence in the taxing entity would be \$_____.

288 The (insert year) proposed tax rate is _____. Without the proposed increase, the
289 rate would be _____. This would be an increase of _____%, which is \$_____ per year
290 (\$_____ per month) on a (insert the average value of a residence in the taxing entity rounded
291 to the nearest thousand dollars) residence or \$_____ per year on a business having the same
292 value as the average value of a residence in the taxing entity. With new growth, this property
293 tax increase, and other factors, (name of taxing entity) will increase its property tax revenue
294 from \$_____ [~~collected~~] budgeted last year to \$_____ [~~collected~~] budgeted this year which is a
295 revenue increase of _____%.

296 All concerned citizens are invited to a public hearing on the tax increase to be held on
297 (date and time) at (meeting place)."

298 (3) The commission:

299 (a) shall adopt rules governing the joint use of one advertisement under this section or
300 Section 59-2-918 by two or more taxing entities; and

301 (b) may, upon petition by any taxing entity, authorize either:

302 (i) the use of weekly newspapers in counties having both daily and weekly newspapers
303 where the weekly newspaper would provide equal or greater notice to the taxpayer; or

304 (ii) the use of a commission-approved direct notice to each taxpayer if the:

305 (A) cost of the advertisement would cause undue hardship; and

306 (B) direct notice is different and separate from that provided for in Subsection (4).

307 (4) (a) In addition to providing the notice required by Subsections (1) and (2), the
308 county auditor, on or before July 22 of each year, shall notify, by mail, each owner of real
309 estate as defined in Section 59-2-102 who is listed on the assessment roll.

310 (b) The notice described in Subsection (4)(a) shall:

311 (i) be sent to all owners of real property by mail not less than ten days before the day
312 on which:

313 (A) the county board of equalization meets; and

314 (B) the taxing entity holds a public hearing on the proposed increase in the certified tax
315 rate;

316 (ii) be printed on a form that is:

317 (A) approved by the commission; and

318 (B) uniform in content in all counties in the state; and

319 (iii) contain for each property:

320 (A) the value of the property;

321 (B) the date the county board of equalization will meet to hear complaints on the
322 valuation;

323 (C) itemized tax information for all taxing entities, including a separate statement for
324 the minimum school levy under Section 53A-17a-135 stating:

325 (I) the dollar amount the taxpayer would have paid based on last year's rate; and

326 (II) the amount of the taxpayer's liability under the current rate;

327 (D) the tax impact on the property;

328 (E) the time and place of the required public hearing for each entity;

329 (F) property tax information pertaining to:

330 (I) taxpayer relief;

331 (II) options for payment of taxes; and

332 (III) collection procedures;

333 (G) information specifically authorized to be included on the notice under Title 59,
334 Chapter 2, Property Tax Act; and

335 (H) other property tax information approved by the commission.

336 (5) (a) The taxing entity, after holding a hearing as provided in this section, may adopt
337 a resolution levying a tax rate in excess of the certified tax rate.

338 (b) If a resolution adopting a tax rate is not adopted on the day of the public hearing,
339 the scheduled time and place for consideration and adoption of the resolution shall be
340 announced at the public hearing.

341 (c) If a resolution adopting a tax rate is to be considered at a day and time that is more
342 than two weeks after the public hearing described in Subsection (4)(b)(iii)(E), a taxing entity,
343 other than a taxing entity described in Subsection (1)(a)(ii), shall advertise the date of the
344 proposed adoption of the resolution in the same manner as provided under Subsections (1) and
345 (2).

346 (6) (a) All hearings described in this section shall be open to the public.

347 (b) The governing body of a taxing entity conducting a hearing shall permit all
348 interested parties desiring to be heard an opportunity to present oral testimony within
349 reasonable time limits.

350 (7) (a) Each taxing entity shall notify the county legislative body by March 1 of each
351 year of the date, time, and place a public hearing is held by the taxing entity pursuant to this
352 section.

353 (b) A taxing entity may not schedule a hearing described in this section at the same
354 time as another overlapping taxing entity in the same county, but all taxing entities in which the
355 power to set tax levies is vested in the same governing board or authority may consolidate the
356 required hearings into one hearing.

357 (c) The county legislative body shall resolve any conflicts in hearing dates and times
358 after consultation with each affected taxing entity.

359 (8) A taxing entity shall hold a public hearing under this section beginning at or after 6
360 p.m.

361 Section 6. Section **59-2-924** is amended to read:

362 **59-2-924. Report of valuation of property to county auditor and commission --**
363 **Transmittal by auditor to governing bodies -- Certified tax rate -- Rulemaking authority**
364 **-- Adoption of tentative budget.**

365 (1) (a) Before June 1 of each year, the county assessor of each county shall deliver to
366 the county auditor and the commission the following statements:

367 (i) a statement containing the aggregate valuation of all taxable property in each taxing
368 entity; and

369 (ii) a statement containing the taxable value of any additional personal property
370 estimated by the county assessor to be subject to taxation in the current year.

371 (b) The county auditor shall, on or before June 8, transmit to the governing body of
372 each taxing entity:

373 (i) the statements described in Subsections (1)(a)(i) and (ii);

374 (ii) an estimate of the revenue from personal property;

375 (iii) the certified tax rate; and

376 (iv) all forms necessary to submit a tax levy request.

377 (2) (a) (i) The "certified tax rate" means a tax rate that will provide the same ad
378 valorem property tax revenues for a taxing entity as were budgeted by that taxing entity for the
379 prior year.

380 (ii) For purposes of this Subsection (2), "ad valorem property tax revenues" do not
381 include:

382 (A) collections from redemptions;

383 (B) interest; and

384 (C) penalties.

385 (iii) Except as provided in Subsection (2)(a)(v), the certified tax rate shall be calculated
386 by dividing the ad valorem property tax revenues budgeted for the prior year by the taxing
387 entity by the taxable value established in accordance with Section 59-2-913.

388 (iv) (A) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking
389 Act, the commission shall make rules determining the calculation of ad valorem property tax
390 revenues budgeted by a taxing entity.

391 (B) For purposes of Subsection (2)(a)(iv)(A), ad valorem property tax revenues
392 budgeted by a taxing entity shall be calculated in the same manner as budgeted property tax
393 revenues are calculated for purposes of Section 59-2-913.

394 (v) The certified tax rates for the taxing entities described in this Subsection (2)(a)(v)
395 shall be calculated as follows:

396 (A) except as provided in Subsection (2)(a)(v)(B), for new taxing entities the certified
397 tax rate is zero;

398 (B) for each municipality incorporated on or after July 1, 1996, the certified tax rate is:

399 (I) in a county of the first, second, or third class, the levy imposed for municipal-type

400 services under Sections 17-34-1 and 17-36-9; and

401 (II) in a county of the fourth, fifth, or sixth class, the levy imposed for general county
402 purposes and such other levies imposed solely for the municipal-type services identified in
403 Section 17-34-1 and Subsection 17-36-3(22);

404 (C) for debt service ~~H→ [or a voted leeway under Section 53A-17a-133;]~~ ←H voted
404a on by the

405 public, the certified tax rate shall be the actual levy imposed by that section, except that the
406 certified tax rates for the following levies shall be calculated in accordance with Section
407 59-2-913 and this section:

408 (I) school leeways provided for under Sections 11-2-7, 53A-16-110, 53A-17a-125,
409 53A-17a-127, ~~H→ 53A-17a-133,~~ ←H 53A-17a-134, 53A-17a-143, 53A-17a-145, and
409a 53A-21-103; and

410 (II) levies to pay for the costs of state legislative mandates or judicial or administrative
411 orders under Section 59-2-906.3.

412 (vi) (A) A judgment levy imposed under Section 59-2-1328 or Section 59-2-1330 shall
413 be established at that rate which is sufficient to generate only the revenue required to satisfy
414 one or more eligible judgments, as defined in Section 59-2-102.

415 (B) The ad valorem property tax revenue generated by the judgment levy shall not be
416 considered in establishing the taxing entity's aggregate certified tax rate.

417 (b) (i) For the purpose of calculating the certified tax rate, the county auditor shall use
418 the taxable value of property on the assessment roll.

419 (ii) For purposes of Subsection (2)(b)(i), the taxable value of property on the
420 assessment roll does not include new growth as defined in Subsection (2)(b)(iii).

421 (iii) "New growth" means:

422 (A) the difference between the increase in taxable value of the taxing entity from the
423 previous calendar year to the current year; minus

424 (B) the amount of an increase in taxable value described in Subsection (2)(b)(iv).

425 (iv) Subsection (2)(b)(iii)(B) applies to the following increases in taxable value:

426 (A) the amount of increase to locally assessed real property taxable values resulting
427 from factoring, reappraisal, or any other adjustments; or

428 (B) the amount of an increase in the taxable value of property assessed by the
429 commission under Section 59-2-201 resulting from a change in the method of apportioning the
430 taxable value prescribed by:

- 431 (I) the Legislature;
- 432 (II) a court;
- 433 (III) the commission in an administrative rule; or
- 434 (IV) the commission in an administrative order.
- 435 (c) Beginning January 1, 1997, if a taxing entity receives increased revenues from
- 436 uniform fees on tangible personal property under Section 59-2-404, 59-2-405, 59-2-405.1,
- 437 59-2-405.2, or 59-2-405.3 as a result of any county imposing a sales and use tax under Chapter
- 438 12, Part 11, County Option Sales and Use Tax, the taxing entity shall decrease its certified tax
- 439 rate to offset the increased revenues.
- 440 (d) (i) Beginning July 1, 1997, if a county has imposed a sales and use tax under
- 441 Chapter 12, Part 11, County Option Sales and Use Tax, the county's certified tax rate shall be:
- 442 (A) decreased on a one-time basis by the amount of the estimated sales and use tax
- 443 revenue to be distributed to the county under Subsection 59-12-1102(3); and
- 444 (B) increased by the amount necessary to offset the county's reduction in revenue from
- 445 uniform fees on tangible personal property under Section 59-2-404, 59-2-405, 59-2-405.1,
- 446 59-2-405.2, or 59-2-405.3 as a result of the decrease in the certified tax rate under Subsection
- 447 (2)(d)(i)(A).
- 448 (ii) The commission shall determine estimates of sales and use tax distributions for
- 449 purposes of Subsection (2)(d)(i).
- 450 (e) Beginning January 1, 1998, if a municipality has imposed an additional resort
- 451 communities sales tax under Section 59-12-402, the municipality's certified tax rate shall be
- 452 decreased on a one-time basis by the amount necessary to offset the first 12 months of
- 453 estimated revenue from the additional resort communities sales and use tax imposed under
- 454 Section 59-12-402.
- 455 (f) For the calendar year beginning on January 1, 1999, and ending on December 31,
- 456 1999, a taxing entity's certified tax rate shall be adjusted by the amount necessary to offset the
- 457 adjustment in revenues from uniform fees on tangible personal property under Section
- 458 59-2-405.1 as a result of the adjustment in uniform fees on tangible personal property under
- 459 Section 59-2-405.1 enacted by the Legislature during the 1998 Annual General Session.
- 460 (g) For purposes of Subsections (2)(h) through (j):
- 461 (i) "1998 actual collections" means the amount of revenues a taxing entity actually

462 collected for the calendar year beginning on January 1, 1998 , under Section 59-2-405 for:

463 (A) motor vehicles required to be registered with the state that weigh 12,000 pounds or
464 less; and

465 (B) state-assessed commercial vehicles required to be registered with the state that
466 weigh 12,000 pounds or less.

467 (ii) "1999 actual collections" means the amount of revenues a taxing entity actually
468 collected for the calendar year beginning on January 1, 1999, under Section 59-2-405.1.

469 (h) For the calendar year beginning on January 1, 2000, the commission shall make the
470 following adjustments:

471 (i) the commission shall make the adjustment described in Subsection (2)(i)(i) if, for
472 the calendar year beginning on January 1, 1999, a taxing entity's 1998 actual collections were
473 greater than the sum of:

474 (A) the taxing entity's 1999 actual collections; and

475 (B) any adjustments the commission made under Subsection (2)(f);

476 (ii) the commission shall make the adjustment described in Subsection (2)(i)(ii) if, for
477 the calendar year beginning on January 1, 1999, a taxing entity's 1998 actual collections were
478 greater than the taxing entity's 1999 actual collections, but the taxing entity's 1998 actual
479 collections were less than the sum of:

480 (A) the taxing entity's 1999 actual collections; and

481 (B) any adjustments the commission made under Subsection (2)(f); and

482 (iii) the commission shall make the adjustment described in Subsection (2)(i)(iii) if, for
483 the calendar year beginning on January 1, 1999, a taxing entity's 1998 actual collections were
484 less than the taxing entity's 1999 actual collections.

485 (i) (i) For purposes of Subsection (2)(h)(i), the commission shall increase a taxing
486 entity's certified tax rate under this section and a taxing entity's certified revenue levy under
487 Section 59-2-906.1 by the amount necessary to offset the difference between:

488 (A) the taxing entity's 1998 actual collections; and

489 (B) the sum of:

490 (I) the taxing entity's 1999 actual collections; and

491 (II) any adjustments the commission made under Subsection (2)(f).

492 (ii) For purposes of Subsection (2)(h)(ii), the commission shall decrease a taxing

493 entity's certified tax rate under this section and a taxing entity's certified revenue levy under
494 Section 59-2-906.1 by the amount necessary to offset the difference between:

495 (A) the sum of:

496 (I) the taxing entity's 1999 actual collections; and

497 (II) any adjustments the commission made under Subsection (2)(f); and

498 (B) the taxing entity's 1998 actual collections.

499 (iii) For purposes of Subsection (2)(h)(iii), the commission shall decrease a taxing
500 entity's certified tax rate under this section and a taxing entity's certified revenue levy under
501 Section 59-2-906.1 by the amount of any adjustments the commission made under Subsection
502 (2)(f).

503 (j) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, for
504 purposes of Subsections (2)(f) through (i), the commission may make rules establishing the
505 method for determining a taxing entity's 1998 actual collections and 1999 actual collections.

506 (k) (i) (A) For fiscal year 2000, the certified tax rate of each county required under
507 Subsection 17-34-1(4)(a) to provide advanced life support and paramedic services to the
508 unincorporated area of the county shall be decreased by the amount necessary to reduce
509 revenues in that fiscal year by an amount equal to the difference between the amount the county
510 budgeted in its 2000 fiscal year budget for advanced life support and paramedic services
511 countywide and the amount the county spent during fiscal year 2000 for those services,
512 excluding amounts spent from a municipal services fund for those services.

513 (B) For fiscal year 2001, the certified tax rate of each county to which Subsection
514 (2)(k)(i)(A) applies shall be decreased by the amount necessary to reduce revenues in that fiscal
515 year by the amount that the county spent during fiscal year 2000 for advanced life support and
516 paramedic services countywide, excluding amounts spent from a municipal services fund for
517 those services.

518 (ii) (A) A city or town located within a county of the first class to which Subsection
519 (2)(k)(i) applies may increase its certified tax rate by the amount necessary to generate within
520 the city or town the same amount of revenues as the county would collect from that city or
521 town if the decrease under Subsection (2)(k)(i) did not occur.

522 (B) An increase under Subsection (2)(k)(ii)(A), whether occurring in a single fiscal
523 year or spread over multiple fiscal years, is not subject to the notice and hearing requirements

524 of Sections 59-2-918 and 59-2-919.

525 (l) (i) The certified tax rate of each county required under Subsection 17-34-1(4)(b) to
526 provide detective investigative services to the unincorporated area of the county shall be
527 decreased:

528 (A) in fiscal year 2001 by the amount necessary to reduce revenues in that fiscal year
529 by at least \$4,400,000; and

530 (B) in fiscal year 2002 by the amount necessary to reduce revenues in that fiscal year
531 by an amount equal to the difference between \$9,258,412 and the amount of the reduction in
532 revenues under Subsection (2)(l)(i)(A).

533 (ii) (A) (I) Beginning with municipal fiscal year 2002, a city or town located within a
534 county to which Subsection (2)(l)(i) applies may increase its certified tax rate to generate
535 within the city or town the same amount of revenue as the county would have collected during
536 county fiscal year 2001 from within the city or town except for Subsection (2)(l)(i)(A).

537 (II) Beginning with municipal fiscal year 2003, a city or town located within a county
538 to which Subsection (2)(l)(i) applies may increase its certified tax rate to generate within the
539 city or town the same amount of revenue as the county would have collected during county
540 fiscal year 2002 from within the city or town except for Subsection (2)(l)(i)(B).

541 (B) (I) Except as provided in Subsection (2)(l)(ii)(B)(II), an increase in the city or
542 town's certified tax rate under Subsection (2)(l)(ii)(A), whether occurring in a single fiscal year
543 or spread over multiple fiscal years, is subject to the notice and hearing requirements of
544 Sections 59-2-918 and 59-2-919.

545 (II) For an increase under this Subsection (2)(l)(ii) that generates revenue that does not
546 exceed the same amount of revenue as the county would have collected except for Subsection
547 (2)(l)(i), the requirements of Sections 59-2-918 and 59-2-919 do not apply if the city or town:

548 (Aa) publishes a notice that meets the size, type, placement, and frequency
549 requirements of Section 59-2-919, reflects that the increase is a shift of a tax from one imposed
550 by the county to one imposed by the city or town, and explains how the revenues from the tax
551 increase will be used; and

552 (Bb) holds a public hearing on the tax shift that may be held in conjunction with the
553 city or town's regular budget hearing.

554 (m) (i) This Subsection (2)(m) applies to each county that:

555 (A) establishes a countywide special service district under Title 17A, Chapter 2, Part
556 13, Utah Special Service District Act, to provide jail service, as provided in Subsection
557 17A-2-1304(1)(a)(x); and

558 (B) levies a property tax on behalf of the special service district under Section
559 17A-2-1322.

560 (ii) (A) The certified tax rate of each county to which this Subsection (2)(m) applies
561 shall be decreased by the amount necessary to reduce county revenues by the same amount of
562 revenues that will be generated by the property tax imposed on behalf of the special service
563 district.

564 (B) Each decrease under Subsection (2)(m)(ii)(A) shall occur contemporaneously with
565 the levy on behalf of the special service district under Section 17A-2-1322.

566 (n) (i) As used in this Subsection (2)(n):

567 (A) "Annexing county" means a county whose unincorporated area is included within a
568 fire district by annexation.

569 (B) "Annexing municipality" means a municipality whose area is included within a fire
570 district by annexation.

571 (C) "Equalized fire protection tax rate" means the tax rate that results from:

572 (I) calculating, for each participating county and each participating municipality, the
573 property tax revenue necessary to cover all of the costs associated with providing fire
574 protection, paramedic, and emergency services:

575 (Aa) for a participating county, in the unincorporated area of the county; and

576 (Bb) for a participating municipality, in the municipality; and

577 (II) adding all the amounts calculated under Subsection (2)(n)(i)(C)(I) for all
578 participating counties and all participating municipalities and then dividing that sum by the
579 aggregate taxable value of the property, as adjusted in accordance with Section 59-2-913:

580 (Aa) for participating counties, in the unincorporated area of all participating counties;
581 and

582 (Bb) for participating municipalities, in all the participating municipalities.

583 (D) "Fire district" means a county service area under Title 17A, Chapter 2, Part 4,
584 County Service Area Act, in the creation of which an election was not required under
585 Subsection 17B-2-214(3)(c).

586 (E) "Fire protection tax rate" means:

587 (I) for an annexing county, the property tax rate that, when applied to taxable property
588 in the unincorporated area of the county, generates enough property tax revenue to cover all the
589 costs associated with providing fire protection, paramedic, and emergency services in the
590 unincorporated area of the county; and

591 (II) for an annexing municipality, the property tax rate that generates enough property
592 tax revenue in the municipality to cover all the costs associated with providing fire protection,
593 paramedic, and emergency services in the municipality.

594 (F) "Participating county" means a county whose unincorporated area is included
595 within a fire district at the time of the creation of the fire district.

596 (G) "Participating municipality" means a municipality whose area is included within a
597 fire district at the time of the creation of the fire district.

598 (ii) In the first year following creation of a fire district, the certified tax rate of each
599 participating county and each participating municipality shall be decreased by the amount of
600 the equalized fire protection tax rate.

601 (iii) In the first year following annexation to a fire district, the certified tax rate of each
602 annexing county and each annexing municipality shall be decreased by the fire protection tax
603 rate.

604 (iv) Each tax levied under this section by a fire district shall be considered to be levied
605 by:

606 (A) each participating county and each annexing county for purposes of the county's
607 tax limitation under Section 59-2-908; and

608 (B) each participating municipality and each annexing municipality for purposes of the
609 municipality's tax limitation under Section 10-5-112, for a town, or Section 10-6-133, for a
610 city.

611 (3) (a) On or before June 22, each taxing entity shall annually adopt a tentative budget.

612 (b) If the taxing entity intends to exceed the certified tax rate, it shall notify the county
613 auditor of:

614 (i) its intent to exceed the certified tax rate; and

615 (ii) the amount by which it proposes to exceed the certified tax rate.

616 (c) The county auditor shall notify all property owners of any intent to exceed the

617 certified tax rate in accordance with Subsection 59-2-919(2).

618 (4) (a) The taxable value for the base year under Subsection 17B-4-102(4) shall be
619 reduced for any year to the extent necessary to provide a redevelopment agency established
620 under Title 17B, Chapter 4, Redevelopment Agencies Act, with approximately the same
621 amount of money the agency would have received without a reduction in the county's certified
622 tax rate if:

623 (i) in that year there is a decrease in the certified tax rate under Subsection (2)(c) or
624 (2)(d)(i);

625 (ii) the amount of the decrease is more than 20% of the county's certified tax rate of the
626 previous year; and

627 (iii) the decrease results in a reduction of the amount to be paid to the agency under
628 Section 17B-4-1003 or 17B-4-1004.

629 (b) The base taxable value under Subsection 17B-4-102(4) shall be increased in any
630 year to the extent necessary to provide a redevelopment agency with approximately the same
631 amount of money as the agency would have received without an increase in the certified tax
632 rate that year if:

633 (i) in that year the base taxable value under Subsection 17B-4-102(4) is reduced due to
634 a decrease in the certified tax rate under Subsection (2)(c) or (2)(d)(i); and

635 (ii) The certified tax rate of a city, school district, or special district increases
636 independent of the adjustment to the taxable value of the base year.

637 (c) Notwithstanding a decrease in the certified tax rate under Subsection (2)(c) or
638 (2)(d)(i), the amount of money allocated and, when collected, paid each year to a
639 redevelopment agency established under Title 17B, Chapter 4, Redevelopment Agencies Act,
640 for the payment of bonds or other contract indebtedness, but not for administrative costs, may
641 not be less than that amount would have been without a decrease in the certified tax rate under
642 Subsection (2)(c) or (2)(d)(i).

643 Section 7. **Effective date.**

644 This bill takes effect on January 1, 2007.

Legislative Review Note
as of 11-29-05 9:24 AM

Based on a limited legal review, this legislation has not been determined to have a high probability of being held unconstitutional.

Office of Legislative Research and General Counsel

Interim Committee Note
as of 12-21-05 3:50 PM

The Revenue and Taxation Interim Committee recommended this bill.

Mixed Membership Committee Note
as of 12-21-05 3:50 PM

The Tax Reform Task Force recommended this bill.

Membership:	13 legislators	2 non-legislators	
Legislative Vote:	10 voting for	0 voting against	3 absent