

SCHOOL DISTRICT AMENDMENTS

2008 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Carlene M. Walker

House Sponsor: Gregory H. Hughes

LONG TITLE

General Description:

This bill modifies provisions relating to the creation of a new school district.

Highlighted Provisions:

This bill:

- ▶ enacts definitions;
- ▶ lengthens the time in which transition teams must be appointed;
- ▶ extends the deadline for the existing school district to prepare an inventory of existing school district property;
- ▶ defines a date at which existing school district property and liabilities are to be determined;
- ▶ extends the deadline by which the transition teams are to determine the allocation of existing school district property;
- ▶ requires transition teams to prepare a written report setting forth the property allocation;
- ▶ modifies a provision relating to the reimbursement of transition team and other costs and expenses;
- ▶ modifies the required content of an inventory that an existing district is required to provide;
- ▶ requires transition teams to consider the value of school buildings and associated property in making the allocation of other existing district property;
- ▶ requires an existing school district to make money available to the remaining district and the new district, provides for who can access and spend that money, and

30 requires transition teams to consider that money in allocating existing district property;

31 ▶ requires an existing school district to transfer title of property to the new district

32 within a certain time, except upon the mutual agreement of the school district

33 boards;

34 ▶ prohibits an existing school district from transferring title to school district property

35 without the consent of specified boards or bodies;

36 ▶ modifies provisions relating to the composition of the school district boards of the

37 new district and remaining district;

38 ▶ clarifies application of the changes in this bill to the procedure to create a new

39 district; and

40 ▶ makes technical changes.

41 **Monies Appropriated in this Bill:**

42 None

43 **Other Special Clauses:**

44 This bill provides revisor instructions.

45 **Utah Code Sections Affected:**

46 AMENDS:

47 **53A-2-117**, as last amended by Laws of Utah 2007, Chapters 215 and 297

48 **53A-2-118**, as last amended by Laws of Utah 2007, First Special Session, Chapter 1

49 **53A-2-118.1**, as last amended by Laws of Utah 2007, First Special Session, Chapters 1,

50 2, and 4

51 **53A-2-121**, as last amended by Laws of Utah 2007, Chapter 215

52 **Uncodified Material Affected:**

53 ENACTS UNCODIFIED MATERIAL



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

55 Section 1. Section **53A-2-117** is amended to read:

56 **53A-2-117. Definitions.**

58 As used in Sections 53A-2-117 through 53A-2-121:

59 (1) "Allocation date" means:

60 (a) June 30 of the second calendar year after the creation election date; or

61 (b) another date that the transition teams under Section 53A-1-118.1 mutually agree to.

62 (2) "Canvass date" means the date of the canvass of an election under Subsection

63 53A-2-118(5) at which voters approve the creation of a new school district under Section

64 53A-2-118.1.

65 (3) "Creation election date" means the date of the election under Subsection

66 53A-2-118(5) at which voters approve the creation of a new school district under Section

67 53A-2-118.1.

68 [~~(1)~~] (4) "Existing district" or "existing school district" means a school district from
69 which a new district is created.

70 [~~(2)~~] (5) "New district" or "new school district" means a school district created under
71 Section 53A-2-118 or 53A-2-118.1.

72 [~~(3)~~] (6) "Remaining district" or "remaining school district" means an existing district
73 after the creation of a new district.

74 Section 2. Section **53A-2-118** is amended to read:

75 **53A-2-118. Creation of new school district -- Initiation of process -- Procedures**
76 **to be followed.**

77 (1) A new school district may be created from one or more existing school districts, as
78 provided in this section.

79 (2) (a) The process to create a new school district may be initiated:

80 (i) through a citizens' initiative petition;

81 (ii) at the request of the board of the existing district or districts to be affected by the
82 creation of the new district; or

83 (iii) at the request of a city within the boundaries of the school district or at the request
84 of interlocal agreement participants, pursuant to Section 53A-2-118.1.

85 (b) (i) Each petition submitted under Subsection (2)(a)(i) shall be signed by qualified

86 electors residing within the geographical boundaries of the proposed new school district equal in
87 number to at least 15% of the number of electors in the area who voted for the office of
88 governor at the last regular general election.

89 (ii) Each request or petition submitted under Subsection (2)(a) shall:

90 (A) be filed with the clerk of each county in which any part of the proposed new school
91 district is located;

92 (B) indicate the typed or printed name and current residence address of each governing
93 board member making a request, or registered voter signing a petition, as the case may be;

94 (C) describe the proposed new school district boundaries; and

95 (D) designate up to five signers of the petition or request as sponsors, one of whom
96 shall be designated as the contact sponsor, with the mailing address and telephone number of
97 each.

98 (c) A signer of a petition under Subsection (2)(a)(i) may withdraw or, once withdrawn,
99 reinstate the signer's signature at any time before the filing of the petition by filing a written
100 withdrawal or reinstatement with the county clerk.

101 (d) The process under Subsection (2)(a)(i) may only be initiated once during any
102 four-year period.

103 (e) A new district may not be formed pursuant to Subsection (2)(a) if the student
104 population of the proposed new district is less than 3,000 or the existing district's student
105 population would be less than 3,000 because of the creation of the new school district.

106 (f) Within 45 days after the filing of a petition under Subsection (2)(a)(i) or five
107 business days after the filing of a request under Subsection (2)(a)(ii) or (iii), the clerk of each
108 county with which a request or petition is filed shall:

109 (i) determine whether the request or petition complies with Subsections (2)(a), (b), (d),
110 and (e), as applicable; and

111 (ii) (A) if the county clerk determines that the request or petition complies with the
112 applicable requirements:

113 (I) certify the request or petition and deliver the certified request or petition to the

114 county legislative body; and

115 (II) mail or deliver written notification of the certification to the contact sponsor; or

116 (B) if the county clerk determines that the request or petition fails to comply with any
117 of the applicable requirements, reject the request or petition and notify the contact sponsor in
118 writing of the rejection and reasons for the rejection.

119 (g) If the county clerk fails to certify or reject a request or petition within the time
120 specified in Subsection (2)(f), the request or petition shall be considered to be certified.

121 (h) (i) If the county clerk rejects a request or petition, the request or petition may be
122 amended to correct the deficiencies for which it was rejected and then refiled.

123 (ii) Subsection (2)(d) does not apply to a request or petition that is amended and refiled
124 after having been rejected by a county clerk.

125 (i) If a county legislative body receives a request from a school board under Subsection
126 (2)(a)(ii) or a petition under Subsection (2)(a)(i) which is certified by the county clerk on or
127 before December 1:

128 (i) the county legislative body shall appoint an ad hoc advisory committee, as provided
129 by Subsection (3), on or before January 1;

130 (ii) the ad hoc advisory committee shall submit its report and recommendations to the
131 county legislative body, as provided by Subsection (3), on or before July 1; and

132 (iii) if the legislative body of each county with which a request or petition is filed
133 approves a proposal to create a new district, the proposal shall be submitted to the respective
134 county clerk to be voted on by the electors of each existing district at the regular general or
135 municipal general election held in November.

136 (3) (a) The legislative body of each county with which a request or petition is filed shall
137 appoint an ad hoc advisory committee to review and make recommendations on a request for
138 the creation of a new school district submitted under Subsection (2)(a)(i) or (ii).

139 (b) The advisory committee shall:

140 (i) seek input from:

141 (A) those requesting the creation of the new school district;

- 142 (B) the school board and school personnel of each existing school district;
- 143 (C) those citizens residing within the geographical boundaries of each existing school
- 144 district;
- 145 (D) the State Board of Education; and
- 146 (E) other interested parties;
- 147 (ii) review data and gather information on at least:
- 148 (A) the financial viability of the proposed new school district;
- 149 (B) the proposal's financial impact on each existing school district;
- 150 (C) the exact placement of school district boundaries; and
- 151 (D) the positive and negative effects of creating a new school district and whether the
- 152 positive effects outweigh the negative if a new school district were to be created; and
- 153 (iii) make a report to the county legislative body in a public meeting on the committee's
- 154 activities, together with a recommendation on whether to create a new school district.
- 155 (4) For a request or petition submitted under Subsection (2)(a)(i) or (2)(a)(ii):
- 156 (a) The county legislative body shall provide for a 45-day public comment period on the
- 157 report and recommendation to begin on the day the report is given under Subsection (3)(b)(iii).
- 158 (b) Within 14 days after the end of the comment period, the legislative body of each
- 159 county with which a request or petition is filed shall vote on the creation of the proposed new
- 160 school district.
- 161 (c) The proposal is approved if a majority of the members of the legislative body of
- 162 each county with which a request or petition is filed votes in favor of the proposal.
- 163 (d) If the proposal is approved, the legislative body of each county with which a request
- 164 or petition is filed shall submit the proposal to the county clerk to be voted on:
- 165 (i) by the legal voters of each existing school district;
- 166 (ii) in accordance with the procedures and requirements applicable to a regular general
- 167 election under Title 20A, Election Code; and
- 168 (iii) at the next regular general election or municipal general election, whichever is first.
- 169 (e) Creation of the new school district shall occur if a majority of the electors within

170 both the proposed school district and each remaining school district voting on the proposal vote
171 in favor of the creation of the new district.

172 (f) Each county legislative body shall provide notice of the action as required in Section
173 53A-2-101.5.

174 (g) If a proposal submitted under Subsection (2)(a)(i) or (ii) to create a new district is
175 approved by the electors, the existing district's documented costs to study and implement the
176 proposal shall be reimbursed by the new district.

177 (5) (a) If a proposal submitted under Subsection (2)(a)(iii) is certified under Subsection
178 (2)(f) or (g), the legislative body of each county in which part of the proposed new school
179 district is located shall submit the proposal to the respective clerk of each county to be voted
180 on:

181 (i) by the legal voters residing within the proposed new school district boundaries;

182 (ii) in accordance with the procedures and requirements applicable to a regular general
183 election under Title 20A, Election Code; and

184 (iii) at the next regular general election or municipal general election, whichever is first.

185 (b) (i) If a majority of the legal voters within the proposed new school district
186 boundaries voting on the proposal at an election under Subsection (5)(a) vote in favor of the
187 creation of the new district:

188 (A) each county legislative body shall, within ~~[30]~~ 60 days after the canvass ~~[of the~~
189 ~~election]~~ date, file with the lieutenant governor the written notice, with the accompanying map
190 or plat, required under Section 53A-2-101.5; and

191 (B) upon the lieutenant governor's issuance of the certificate under Section 67-1a-6.5,
192 the new district is created.

193 (ii) Notwithstanding the creation of a new district as provided in Subsection
194 (5)(b)(i)(B):

195 (A) a new school district may not begin to provide educational services to the area
196 within the new district until July 1 of the second calendar year following the creation election ~~[at~~
197 ~~which voters approve creation of the new school district]~~ date;

198 (B) a remaining district may not begin to provide educational services to the area within
199 the remaining district until the time specified in Subsection (5)(b)(ii)(A); and

200 (C) each existing district shall continue, until the time specified in Subsection
201 (5)(b)(ii)(A), to provide educational services within the entire area covered by the existing
202 district [~~as though the new district had not been created~~].

203 Section 3. Section **53A-2-118.1** is amended to read:

204 **53A-2-118.1. Option for school district creation.**

205 (1) (a) After conducting a feasibility study, a city with a population of at least 50,000,
206 as determined by the lieutenant governor using the process described in Subsection
207 10-2-302(2), may by majority vote of the legislative body, submit for voter approval a measure
208 to create a new school district with boundaries contiguous with that city's boundaries, in
209 accordance with Section 53A-2-118.

210 (b) (i) The determination of all matters relating to the scope, adequacy, and other
211 aspects of a feasibility study under Subsection (1)(a) is within the exclusive discretion of the
212 city's legislative body.

213 (ii) An inadequacy of a feasibility study under Subsection (1)(a) may not be the basis of
214 a legal action or other challenge to:

215 (A) an election for voter approval of the creation of a new school district; or

216 (B) the creation of the new school district.

217 (2) (a) By majority vote of the legislative body, a city of any class, a town, or a county,
218 may, together with one or more other cities, towns, or the county enter into an interlocal
219 agreement, in accordance with Title 11, Chapter 13, Interlocal Cooperation Act, for the purpose
220 of submitting for voter approval a measure to create a new school district.

221 (b) (i) In accordance with Section 53A-2-118, interlocal agreement participants under
222 Subsection (2)(a) may submit a proposal for voter approval if:

223 (A) the interlocal agreement participants conduct a feasibility study prior to submitting
224 the proposal to the county;

225 (B) the combined population within the proposed new school district boundaries [~~meets~~

226 ~~the minimum population threshold for a city of the second class] is at least 50,000;~~

227 (C) the new school district boundaries:

228 (I) are contiguous;

229 (II) do not completely surround or otherwise completely geographically isolate a
230 portion of an existing school district that is not part of the proposed new school district from
231 the remaining part of that existing school district, except as provided in Subsection (2)(d)(iii);

232 (III) include the entire boundaries of each participant city or town, except as provided
233 in Subsection (2)(d)(ii); and

234 (IV) subject to Subsection (2)(b)(ii), do not cross county lines; and

235 (D) the combined population within the proposed new school district of interlocal
236 agreement participants that have entered into an interlocal agreement proposing to create a new
237 school district is at least 80% of the total population of the proposed new school district.

238 (ii) The determination of all matters relating to the scope, adequacy, and other aspects
239 of a feasibility study under Subsection (2)(b)(i)(A), including whether to conduct a new
240 feasibility study or revise a previous feasibility study due to a change in the proposed new
241 school district boundaries, is within the exclusive discretion of the legislative bodies of the
242 interlocal agreement participants that enter into an interlocal agreement to submit for voter
243 approval a measure to create a new school district.

244 (iii) An inadequacy of a feasibility study under Subsection (2)(b)(i)(A) may not be the
245 basis of a legal action or other challenge to:

246 (A) an election for voter approval of the creation of a new school district; or

247 (B) the creation of the new school district.

248 (iv) For purposes of determining whether the boundaries of a proposed new school
249 district cross county lines under Subsection (2)(b)(i)(C)(IV):

250 (A) a municipality located in more than one county and entirely within the boundaries of
251 a single school district is considered to be entirely within the same county as other participants
252 in an interlocal agreement under Subsection (2)(a) if more of the municipality's land area and
253 population is located in that same county than outside the county; and

254 (B) a municipality located in more than one county that participates in an interlocal
255 agreement under Subsection (2)(a) with respect to some but not all of the area within the
256 municipality's boundaries on the basis of the exception stated in Subsection (2)(d)(ii)(B) may
257 not be considered to cross county lines.

258 (c) (i) A county may only participate in an interlocal agreement under this Subsection
259 (2) for the unincorporated areas of the county.

260 (ii) Boundaries of a new school district created under this section may include:

261 (A) a portion of one or more existing school districts; and

262 (B) a portion of the unincorporated area of a county, including a portion of a township.

263 (d) (i) As used in this Subsection (2)(d):

264 (A) "Isolated area" means an area that:

265 (I) is entirely within the boundaries of a municipality that, except for that area, is
266 entirely within a school district different than the school district in which the area is located; and

267 (II) would, because of the creation of a new school district from the existing district in
268 which the area is located, become completely geographically isolated.

269 (B) "Municipality's school district" means the school district that includes all of the
270 municipality in which the isolated area is located except the isolated area.

271 (ii) Notwithstanding Subsection (2)(b)(i)(C)(III), a municipality may be a participant in
272 an interlocal agreement under Subsection (2)(a) with respect to some but not all of the area
273 within the municipality's boundaries if:

274 (A) the portion of the municipality proposed to be included in the new school district
275 would, if not included, become an isolated area upon the creation of the new school district; or

276 (B) (I) the portion of the municipality proposed to be included in the new school district
277 is within the boundaries of the same school district that includes the other interlocal agreement
278 participants; and

279 (II) the portion of the municipality proposed to be excluded from the new school
280 district is within the boundaries of a school district other than the school district that includes
281 the other interlocal agreement participants.

282 (iii) (A) Notwithstanding Subsection (2)(b)(i)(C)(II), a proposal to create a new school
283 district may be submitted for voter approval pursuant to an interlocal agreement under
284 Subsection (2)(a), even though the new school district boundaries would create an isolated area,
285 if:

286 (I) the potential isolated area is contiguous to one or more of the interlocal agreement
287 participants;

288 (II) the interlocal participants submit a written request to the municipality in which the
289 potential isolated area is located, requesting the municipality to enter into an interlocal
290 agreement under Subsection (2)(a) that proposes to submit for voter approval a measure to
291 create a new school district that includes the potential isolated area; and

292 (III) 90 days after a request under Subsection (2)(d)(iii)(A)(II) is submitted, the
293 municipality has not entered into an interlocal agreement as requested in the request.

294 (B) Each municipality receiving a request under Subsection (2)(d)(iii)(A)(II) shall hold
295 one or more public hearings to allow input from the public and affected school districts
296 regarding whether or not the municipality should enter into an interlocal agreement with respect
297 to the potential isolated area.

298 (C) (I) This Subsection (2)(d)(iii)(C) applies if:

299 (Aa) a new school district is created under this section after a measure is submitted to
300 voters based on the authority of Subsection (2)(d)(iii)(A); and

301 (Bb) the creation of the new school district results in an isolated area.

302 (II) The isolated area shall, on July 1 of the second calendar year following the creation
303 election [~~at which voters approve the creation of a new school district~~] date, become part of the
304 municipality's school district.

305 (III) Unless the isolated area is the only remaining part of the existing district, the
306 process described in Subsection (4) shall be modified to:

307 (Aa) include a third transition team, appointed by the [~~local~~] school district board of the
308 municipality's school district, to represent that school district;

309 (Bb) require allocation of the existing district's property among the new district, the

310 remaining district, and the municipality's school district;

311 (Cc) require each of the three transition teams to appoint one member to the
312 three-member arbitration panel, if an arbitration panel is established; and

313 (Dd) require the municipality's school district to bear 1/3 of the costs of arbitration.

314 (IV) The existing district shall continue to provide educational services to the isolated
315 area until July 1 of the second calendar year following the creation election [~~at which voters~~
316 ~~approve the creation of a new school district]~~ date.

317 (3) (a) If a proposal under this section is approved by voters:

318 (i) (A) subject to Subsection (3)(e):

319 (I) each member of the board of the existing district who resides within the boundary of
320 the new school district shall serve as an initial member of the new district board; and

321 (II) each member of the board of the existing district who resides within the boundary
322 of the remaining school district shall serve as an initial member of the remaining district board;
323 and

324 [~~(i)~~] (B) an election shall be held on the June special election date, as provided in
325 Section 20A-1-204, in the year following the creation election [~~at which voters approved the~~
326 ~~creation of a new school district]~~ date, to elect:

327 [~~(A)~~] (I) all other members to the board of the new school district; and

328 [~~(B)~~] (II) all other members to the board of the remaining district;

329 (ii) school district property shall be divided between the existing school district and the
330 new school district as provided in Subsection (4);

331 (iii) transferred employees shall be treated in accordance with Sections 53A-2-116 and
332 53A-2-122;

333 (iv) (A) an individual residing within the boundaries of a new school district at the time
334 the new school district is created may, for six school years after the creation of the new school
335 district, elect to enroll in a secondary school located outside the boundaries of the new school
336 district if:

337 (I) the individual resides within the boundaries of that secondary school as of the day

338 before the new school district is created; and

339 (II) the individual would have been eligible to enroll in that secondary school had the
340 new school district not been created; and

341 (B) the school district in which the secondary school is located shall provide
342 educational services, including, if provided before the creation of the new school district,
343 busing, to each individual making an election under Subsection (3)(a)(iv)(A) for each school
344 year for which the individual makes the election; and

345 (v) within one year after the new district begins providing educational services, the
346 superintendent of each remaining district affected and the superintendent of the new district
347 shall meet, together with the Superintendent of Public Instruction, to determine if further
348 boundary changes should be proposed in accordance with Section 53A-2-104 [~~or Subsection~~
349 ~~53A-2-118(2)~~].

350 (b) Each member [~~elected to~~] of a school district board of a new district and remaining
351 district [~~at an election~~] under Subsection (3)(a)(i) shall take office on July 15 immediately
352 following the election under Subsection (3)(a)(i)(B).

353 (c) (i) Subject to Subsection (3)(c)(ii), the terms of the initial members of the school
354 district board of the new district and remaining district [~~who are elected at an election under~~
355 ~~Subsection (3)(a)(i)~~] shall be staggered and adjusted by the county legislative body so that:

356 (A) the school district board members' successors are elected at a future regular general
357 election; and

358 (B) the terms of their successors coincide with the schedule of terms for school district
359 board members established in Section 20A-14-202.

360 (ii) (A) The term of a member [~~elected to a school district board at an election~~] under
361 Subsection (3)(a)(i) may not be less than 17 months.

362 (B) In order to comply with the requirements of Subsection (3)(c)(i), the term of a
363 member elected to a school district board at an election under Subsection (3)(a)(i)(B) held in an
364 even-numbered year may exceed four years but may not exceed five years.

365 (d) (i) The term of each member of the school district board of the existing district

366 terminates on July ~~[15]~~ 1 of the second year after the creation election ~~[at which voters approve~~
367 ~~the creation of a new district]~~ date, regardless of when the term would otherwise have
368 terminated.

369 (ii) Notwithstanding the ~~[election]~~ existence of a board for the new district and a board
370 for the remaining district under Subsection (3)(a)(i), the board of the existing district shall
371 continue, until the time specified in Subsection 53A-2-118(5)(b)(ii)(A), to function and exercise
372 authority as a board to the extent necessary to continue to provide educational services to the
373 entire existing district ~~[as though the new district had not been created]~~.

374 (iii) A person may simultaneously serve as a member of the board of an existing district
375 and a member of the board of:

376 (A) a new district; or

377 (B) a remaining district.

378 (e) If two or more members of an existing school district board reside within the same
379 local school board district, as established by the county legislative body under Section
380 20A-14-201, of the new district or remaining district:

381 (i) those board members shall stand for election at the same election at which the other
382 board members are elected under Subsection (3)(a)(i)(B); and

383 (ii) the board member receiving the highest number of votes is elected to the board of
384 the new district or remaining district, as the case may be, for the local school board district in
385 which the board member resides.

386 (4) (a) Within ~~[30]~~ 45 days after the canvass ~~[of an election at which voters approve the~~
387 ~~creation of a new school district under this section]~~ date:

388 (i) a transition team to represent the remaining district shall be appointed by the
389 members of the existing district board who reside within the area of the remaining district, in
390 consultation with:

391 (A) the legislative bodies of all municipalities in the area of the remaining district; and

392 (B) the legislative body of the county in which the remaining district is located, if the
393 remaining district includes one or more unincorporated areas of the county; and

394 (ii) another transition team to represent the new district shall be appointed by:

395 (A) for a new district located entirely within the boundaries of a single city, the
396 legislative body of that city; or

397 (B) for each other new district, the legislative bodies of all interlocal agreement
398 participants.

399 (b) The ~~[local]~~ school district board of the existing school district shall~~[-(i)]~~, within
400 ~~[30]~~ 60 days after the canvass ~~[of an election at which voters approve the creation of a new~~
401 ~~school district under this section,]~~ date:

402 (i) prepare an inventory of the existing district's ~~[assets and]:~~

403 (A) property, both tangible and intangible, real and personal; and

404 (B) liabilities; and

405 (ii) ~~[within 45 days after the canvass,]~~ deliver a copy of the inventory to each of the
406 transition teams.

407 (c) (i) (A) The transition teams appointed under Subsection (4)(a) shall, subject to
408 Subsection (4)(c)(iii)~~[-];~~:

409 (I) determine the allocation of the existing district's property and, except for
410 indebtedness under Section 53A-2-121, liabilities between the remaining district and the new
411 district in accordance with Subsection (4)(c)(ii)~~[-];~~:

412 (II) prepare a written report detailing how the existing district's property and, except for
413 indebtedness under Section 53A-2-121, liabilities are to be allocated, including:

414 (Aa) a designation of the property that should be transferred to the new district;

415 (Bb) a designation of any property that should be shared between the remaining district
416 and the new district; and

417 (Cc) a designation of any property that will need to be allocated by arbitration under
418 Subsection (4)(d); and

419 (III) deliver a copy of the written report to:

420 (Aa) the school district board of the existing district;

421 (Bb) the school district board of the remaining district; and

422 (Cc) the school district board of the new district.

423 (B) The transition teams shall determine the allocation under Subsection (4)(c)(i)(A)(I)
424 and deliver the report required under Subsection (4)(c)(i)(A)(II) before ~~July~~ August 1 of the
425 year following the election at which voters approve the creation of a new district, unless that
426 deadline is extended by the mutual agreement of:

427 (I) if the agreement is made before July 15 of the year following the creation election
428 date:

429 ~~[(F)]~~ (Aa) the school district board of the ~~[remaining]~~ existing district; and

430 ~~[(H)-(Aa)]~~ (Bb) (aa) the legislative body of the city in which the new district is located,
431 for a new district located entirely within a single city; or

432 ~~[(Bb)]~~ (bb) the legislative bodies of all interlocal agreement participants, for each other
433 new district~~[-];~~ or

434 (II) if the agreement is made on or after July 15 of the year following the creation
435 election date:

436 (Aa) the school district board of the remaining district; and

437 (Bb) the school district board of the new district.

438 (ii) Subject to Subsection (4)(c)(iii), all property ~~[of]~~, assets, and liabilities that the
439 existing district owns on the allocation date, both tangible and intangible, real and personal,
440 shall be allocated between the ~~[existing]~~ remaining district and the new district in a way that is
441 fair and equitable to both the ~~[existing]~~ remaining district and the new district, taking into
442 account:

443 (A) the relative student populations between the ~~[existing]~~ remaining district and new
444 district;

445 (B) the relative assessed value of taxable property between the ~~[existing]~~ remaining
446 district and the new district;

447 (C) the historical amount of property used to deliver educational services to students in
448 the ~~[existing]~~ remaining district and the new district; ~~[and]~~

449 (D) any money made available for the use of the new district under Subsection (5); and

450 (E) the agreed value of school buildings and associated property allocated to the
451 remaining district and the new district under Subsection (4)(c)(iii)(A); and

452 [~~D~~] (F) any other factors that the transition teams consider relevant in dividing the
453 property in a fair and equitable manner.

454 (iii) (A) The transition teams shall allocate each school building and associated property
455 used primarily to provide educational services to local residents and not serving district-wide
456 purposes to the school district that would best serve the existing student population of that
457 school building and associated property.

458 (B) Except as provided in Subsection (4)(c)(iii)(A), nothing in this Subsection (4)(c)
459 may be construed to limit the ability of the transition teams to:

460 (I) provide that an existing district's property be shared by a remaining district and new
461 district;

462 (II) determine, by mutual agreement, that the value of the school buildings and
463 associated property described in Subsection (4)(c)(iii)(A) may be excluded from consideration
464 in the ~~[asset]~~ property allocation process under this Subsection (4)(c); or

465 (III) provide for any other arrangement with respect to existing district property that is
466 beneficial to and in the best interests of the remaining district and new district.

467 (d) (i) Each disagreement between the transition teams about the proper allocation of
468 property between the districts shall be resolved by binding arbitration to a three-member
469 arbitration panel.

470 (ii) Each transition team shall, no later than September 1 of the year after the creation
471 election date, appoint one ~~[member]~~ qualified, independent arbitrator to an arbitration panel
472 under this Subsection (4)(d), and those two ~~[members]~~ arbitrators shall, within 15 days after
473 their appointment, appoint a third ~~[member]~~ qualified, independent arbitrator.

474 (iii) In the process of resolving a dispute between the transition teams, the arbitration
475 panel may engage the services of one or more professionals to provide technical advice to the
476 panel.

477 [~~(iii)~~] (iv) The costs of arbitration shall initially be borne entirely by the existing district,

478 but the new district shall reimburse the existing district half of those costs within one year after
479 the new district begins providing educational services.

480 (e) Each decision of the transition teams and of the arbitration panel resolving a
481 disagreement between the transition teams is final and binding on the boards of the existing
482 district, remaining district, and new district.

483 (f) (i) All costs and expenses of the transition team that represents a remaining district
484 shall be borne by the remaining district.

485 (ii) All costs and expenses of the transition team that represents a new district shall[:
486 ~~(A)~~] initially be borne by:

487 [~~(H)~~] (A) the city whose legislative body appoints the transition team, if the transition
488 team is appointed by the legislative body of a single city; or

489 [~~(H)~~] (B) the interlocal agreement participants, if the transition team is appointed by the
490 legislative bodies of interlocal agreement participants[~~;~~ and].

491 [~~(B)~~ be reimbursed to]

492 (iii) The new district may, to a maximum of \$500,000, reimburse the city or interlocal
493 agreement participants [by the new district within one year after the new district begins
494 providing educational services.] for:

495 (A) transition team costs and expenses; and

496 (B) startup costs and expenses incurred by the city or interlocal agreement participants
497 on behalf of the new district.

498 (5) (a) As used in this Subsection (5):

499 (i) "New district startup costs" means:

500 (A) costs and expenses incurred by a new district in order to prepare to begin providing
501 educational services on July 1 of the second calendar year following the creation election date;
502 and

503 (B) the costs and expenses of the transition team that represents the new district.

504 (ii) "Remaining district startup costs" means:

505 (A) costs and expenses incurred by a remaining district in order to:

506 (I) make necessary adjustments to deal with the impacts resulting from the creation of
507 the new district; and

508 (II) prepare to provide educational services within the remaining district once the new
509 district begins providing educational services within the new district; and

510 (B) the costs and expenses of the transition team that represents the remaining district.

511 (b) (i) By July 25 of the year following the creation election date, the existing district
512 shall make half of the undistributed reserve from its General Fund, to a maximum of
513 \$9,000,000, available for the use of the remaining district and the new district, as provided in
514 this Subsection (5).

515 (ii) The existing district may make additional funds available for the use of the
516 remaining district and the new district beyond the amount specified in Subsection (5)(b)(i)
517 through an interlocal agreement.

518 (c) The existing district shall make the money under Subsection (5)(b) available to the
519 remaining district and the new district proportionately based on student population.

520 (d) The money made available under Subsection (5)(b) may be accessed and spent by:

521 (i) for the remaining district, the school district board of the remaining district; and

522 (ii) for the new district, the school district board of the new district.

523 (e) (i) The remaining district may use its portion of the money made available under
524 Subsection (5)(b) to pay for remaining district startup costs.

525 (ii) The new district may use its portion of the money made available under Subsection
526 (5)(b) to pay for new district startup costs.

527 (6) (a) The existing district shall transfer title or, if applicable, partial title of property to
528 the new school district in accordance with the allocation of property by:

529 (i) the transition teams, as stated in the report under Subsection (4)(c)(i)(A)(II); and

530 (ii) the arbitration panel, if applicable.

531 (b) The existing district shall complete each transfer of title or, if applicable, partial title
532 to real property and vehicles by July 1 of the second calendar year following the creation
533 election date, except as that date is changed by the mutual agreement of:

534 (i) the school district board of the existing district;
535 (ii) the school district board of the remaining district; and
536 (iii) the school district board of the new district.
537 (c) The existing district shall complete the transfer of all property not included in
538 Subsection (6)(b) by November 1 of the second calendar year after the creation election date.
539 (7) Except as provided in Subsections (5) and (6), after the creation election date an
540 existing school district may not transfer or agree to transfer title to district property without the
541 prior consent of:
542 (a) if the transfer or agreement to transfer is before July 15 of the year following the
543 creation election date:
544 (i) the legislative body of the city in which the new district is located, for a new district
545 located entirely within a single city; or
546 (ii) the legislative bodies of all interlocal agreement participants, for each other new
547 district; or
548 (b) if the transfer or agreement to transfer is on or after July 15 of the year following
549 the creation election date but before July 15 of the second calendar year following the creation
550 election date:
551 (i) the school district board of the remaining district; and
552 (ii) the school district board of the new district.
553 (8) This section applies to and governs all actions and proceedings relating to and
554 following the creation of a new district, whether the election under Subsection 53A-2-118(5) on
555 the proposal to create a new school district occurs before or after the effective date of this
556 section, including:
557 (a) the election of school district board members; and
558 (b) transition team duties and responsibilities, whether the transition team is appointed
559 before or after the effective date of this section.
560 Section 4. Section **53A-2-121** is amended to read:
561 **53A-2-121. Indebtedness on property within new school district.**

562 (1) (a) The boards of the remaining and new districts shall determine the portion of the
563 existing district's bonded indebtedness and other indebtedness for which the property within the
564 new district remains subject to the levy of taxes to pay a proportionate share of the existing
565 district's outstanding indebtedness.

566 (b) The proportionate share of the existing district's outstanding indebtedness for which
567 property within the new district remains subject to the levy of taxes shall be calculated by
568 determining the proportion that the total assessed valuation of the property within the new
569 district bears to the total assessed valuation of the existing district:

- 570 (i) in the year immediately preceding the date the new district was created[-]; or
- 571 (ii) at a time mutually agreed upon by the school district board of the new district and
572 the school district board of the remaining district.

573 (c) The agreement reflecting the determinations made under this Subsection (1) shall
574 take effect upon being filed with the county legislative body and the State Board of Education.

575 (2) The board of the remaining district shall continue to levy a tax on property within
576 the new district sufficient to pay the new district's proportionate share of the indebtedness
577 determined under this section, and shall annually report the amount of the proceeds of the tax to
578 the business administrator of the new district.

579 (3) (a) The boards of the remaining and new districts shall determine by mutual
580 agreement the disposition of bonds approved but not issued by the existing district before the
581 creation of the new district based primarily on the representation made to the voters at the time
582 of the bond election.

583 (b) Before a determination is made under Subsection (3)(a), a remaining district may
584 not issue bonds approved but not issued before the creation of the new district if property in the
585 new district would be subject to the levy of a tax to pay the bonds.

586 **Section 5. Revisor instructions.**

587 It is the intent of the Legislature that the Office of Legislative Research and General
588 Counsel, in preparing the Utah Code database for publication, replace the phrase "the effective
589 date of this section" in Subsection 53A-2-118.1(8) of this bill with the actual effective date of

590 this bill.