

**Senator Dan R. Eastman** proposes the following substitute bill:

**EQUALIZATION OF SCHOOL CAPITAL**

**OUTLAY FUNDING**

2008 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Dan R. Eastman**

House Sponsor: Aaron Tilton

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**LONG TITLE**

**General Description:**

This bill makes changes to the Public Education Capital Outlay Act.

**Highlighted Provisions:**

This bill:

- ▶ defines terms;
- ▶ requires certain divided school districts to impose a capital outlay levy of at least

.0006 per dollar of taxable value;

- ▶ allocates the revenue generated under the capital outlay levy to school districts located within the qualifying divided school district;

▶ establishes a combined capital property tax rate a school district must impose to receive a full distribution from both the Capital Outlay Foundation Program and

Capital Outlay Enrollment Growth Program;

- ▶ provides for a pro-rated distribution if a school district imposes a combined capital property tax rate less than the rate required for full funding;

▶ appropriates additional ongoing funding to the State Board of Education for the Capital Outlay Foundation Program and Capital Outlay Enrollment Growth

Program;



- 26           ▶ requires a reduction in the property tax certified tax rate for school districts
- 27 receiving state capital outlay funding increases;
- 28           ▶ requires each school district in a county of the first class to levy a capital outlay
- 29 property tax at a specified rate in order to receive the state contribution toward the
- 30 minimum basic program;
- 31           ▶ allocates the revenue generated under the capital outlay levy to school districts
- 32 located in a county of the first class;
- 33           ▶ amends truth in taxation notice and hearing requirements for school districts
- 34 imposing the mandatory portion of the capital outlay levy;
- 35           ▶ amends the calculation of the certified tax rate with respect to the capital outlay
- 36 levy; and
- 37           ▶ makes technical corrections.

**38 Monies Appropriated in this Bill:**

- 39           This bill appropriates:
- 40           ▶ as an ongoing appropriation subject to future budget constraints, \$56,000,000 from
- 41 the Uniform School Fund for fiscal year 2008-09 to the State Board of Education.

**42 Other Special Clauses:**

- 43           This bill provides effective dates and provides for retrospective operation.
- 44           This bill coordinates with H.B. 1, Minimum School Program Base Budget
- 45 Amendments, by providing superseding amendments.

**46 Utah Code Sections Affected:**

- 47 AMENDS:
- 48           **11-13-302**, as last amended by Laws of Utah 2007, Chapter 108
- 49           **17-34-3**, as last amended by Laws of Utah 2005, First Special Session, Chapter 9
- 50           **17C-1-408**, as renumbered and amended by Laws of Utah 2006, Chapter 359
- 51           **53A-2-103**, as last amended by Laws of Utah 2002, Chapter 301
- 52           **53A-2-114**, as last amended by Laws of Utah 1996, Chapter 326
- 53           **53A-2-115**, as last amended by Laws of Utah 1996, Chapter 326
- 54           **53A-2-117**, as last amended by Laws of Utah 2007, Chapters 215 and 297
- 55           **53A-16-106**, as last amended by Laws of Utah 1994, Chapter 12
- 56           **53A-16-107**, as last amended by Laws of Utah 1999, Chapter 332

57           **53A-16-110**, as last amended by Laws of Utah 2004, Chapter 371  
58           **53A-17a-133**, as last amended by Laws of Utah 2006, Chapter 26  
59           **53A-17a-135**, as last amended by Laws of Utah 2007, Chapter 2  
60           **53A-19-102**, as last amended by Laws of Utah 2007, Chapter 92  
61           **53A-19-105**, as last amended by Laws of Utah 2003, Chapter 122  
62           **53A-21-102**, as last amended by Laws of Utah 2003, Chapters 199 and 320  
63           **59-2-908**, as last amended by Laws of Utah 1995, Chapter 278  
64           **59-2-913**, as last amended by Laws of Utah 2007, Chapter 107  
65           **59-2-914**, as last amended by Laws of Utah 1995, Chapter 278  
66           **59-2-918**, as last amended by Laws of Utah 2006, Chapters 26 and 104  
67           **59-2-924**, as last amended by Laws of Utah 2007, Chapters 107 and 329  
68           **59-2-1330**, as last amended by Laws of Utah 2002, Chapters 196 and 240

69 ENACTS:

70           **53A-2-118.3**, Utah Code Annotated 1953  
71           **53A-16-107.1**, Utah Code Annotated 1953  
72           **53A-21-101.5**, Utah Code Annotated 1953  
73           **53A-21-201**, Utah Code Annotated 1953  
74           **53A-21-202**, Utah Code Annotated 1953  
75           **53A-21-301**, Utah Code Annotated 1953  
76           **53A-21-302**, Utah Code Annotated 1953  
77           **59-2-924.2**, Utah Code Annotated 1953  
78           **59-2-924.3**, Utah Code Annotated 1953  
79           **59-2-924.4**, Utah Code Annotated 1953  
80           **59-2-924.5**, Utah Code Annotated 1953

81 RENUMBERS AND AMENDS:

82           **53A-21-401**, (Renumbered from 53A-21-104, as last amended by Laws of Utah 2007,  
83 Chapter 344)  
84           **53A-21-501**, (Renumbered from 53A-21-105, as last amended by Laws of Utah 2007,  
85 Chapter 2)

86 REPEALS:

87           **53A-21-103**, as last amended by Laws of Utah 2003, Chapter 320

88           53A-21-103.5, as last amended by Laws of Utah 2005, Chapters 171 and 184



89  
90 *Be it enacted by the Legislature of the state of Utah:*

91           Section 1. Section **11-13-302** is amended to read:

92           **11-13-302. Payment of fee in lieu of ad valorem property tax by certain energy**  
93 **suppliers -- Method of calculating -- Collection -- Extent of tax lien.**

94           (1) (a) Each project entity created under this chapter that owns a project and that sells  
95 any capacity, service, or other benefit from it to an energy supplier or suppliers whose tangible  
96 property is not exempted by Utah Constitution Article XIII, Section 3, from the payment of ad  
97 valorem property tax, shall pay an annual fee in lieu of ad valorem property tax as provided in  
98 this section to each taxing jurisdiction within which the project or any part of it is located.

99           (b) For purposes of this section, "annual fee" means the annual fee described in  
100 Subsection (1)(a) that is in lieu of ad valorem property tax.

101           (c) The requirement to pay an annual fee shall commence:

102           (i) with respect to each taxing jurisdiction that is a candidate receiving the benefit of  
103 impact alleviation payments under contracts or determination orders provided for in Sections  
104 11-13-305 and 11-13-306, with the fiscal year of the candidate following the fiscal year of the  
105 candidate in which the date of commercial operation of the last generating unit, other than any  
106 generating unit providing additional project capacity, of the project occurs, or, in the case of  
107 any facilities providing additional project capacity, with the fiscal year of the candidate  
108 following the fiscal year of the candidate in which the date of commercial operation of the  
109 generating unit providing the additional project capacity occurs; and

110           (ii) with respect to any taxing jurisdiction other than a taxing jurisdiction described in  
111 Subsection (1)(c)(i), with the fiscal year of the taxing jurisdiction in which construction of the  
112 project commences, or, in the case of facilities providing additional project capacity, with the  
113 fiscal year of the taxing jurisdiction in which construction of those facilities commences.

114           (d) The requirement to pay an annual fee shall continue for the period of the useful life  
115 of the project or facilities.

116           (2) (a) The annual fees due a school district shall be as provided in Subsection (2)(b)  
117 because the ad valorem property tax imposed by a school district and authorized by the  
118 Legislature under Section 53A-17a-135 represents both:

119 (i) a levy mandated by the state for the state minimum school program under Section  
120 53A-17a-135; and

121 (ii) local levies for capital outlay, maintenance, transportation, and other purposes  
122 under Sections 11-2-7, 53A-16-107, 53A-16-110, 53A-17a-126, 53A-17a-127, 53A-17a-133,  
123 53A-17a-134, 53A-17a-143, and 53A-17a-145[~~and 53A-21-103~~].

124 (b) The annual fees due a school district shall be as follows:

125 (i) the project entity shall pay to the school district an annual fee for the state minimum  
126 school program at the rate imposed by the school district and authorized by the Legislature  
127 under Subsection 53A-17a-135(1); and

128 (ii) for all other local property tax levies authorized to be imposed by a school district,  
129 the project entity shall pay to the school district either:

130 (A) an annual fee; or

131 (B) impact alleviation payments under contracts or determination orders provided for  
132 in Sections 11-13-305 and 11-13-306.

133 (3) (a) An annual fee due a taxing jurisdiction for a particular year shall be calculated  
134 by multiplying the tax rate or rates of the jurisdiction for that year by the product obtained by  
135 multiplying the fee base or value determined in accordance with Subsection (4) for that year of  
136 the portion of the project located within the jurisdiction by the percentage of the project which  
137 is used to produce the capacity, service, or other benefit sold to the energy supplier or suppliers.

138 (b) As used in this section, "tax rate," when applied in respect to a school district,  
139 includes any assessment to be made by the school district under Subsection (2) or Section  
140 63-51-6.

141 (c) There is to be credited against the annual fee due a taxing jurisdiction for each year,  
142 an amount equal to the debt service, if any, payable in that year by the project entity on bonds,  
143 the proceeds of which were used to provide public facilities and services for impact alleviation  
144 in the taxing jurisdiction in accordance with Sections 11-13-305 and 11-13-306.

145 (d) The tax rate for the taxing jurisdiction for that year shall be computed so as to:

146 (i) take into account the fee base or value of the percentage of the project located  
147 within the taxing jurisdiction determined in accordance with Subsection (4) used to produce the  
148 capacity, service, or other benefit sold to the supplier or suppliers; and

149 (ii) reflect any credit to be given in that year.

150 (4) (a) Except as otherwise provided in this section, the annual fees required by this  
151 section shall be paid, collected, and distributed to the taxing jurisdiction as if:

152 (i) the annual fees were ad valorem property taxes; and

153 (ii) the project were assessed at the same rate and upon the same measure of value as  
154 taxable property in the state.

155 (b) (i) Notwithstanding Subsection (4)(a), for purposes of an annual fee required by  
156 this section, the fee base of a project may be determined in accordance with an agreement  
157 among:

158 (A) the project entity; and

159 (B) any county that:

160 (I) is due an annual fee from the project entity; and

161 (II) agrees to have the fee base of the project determined in accordance with the  
162 agreement described in this Subsection (4).

163 (ii) The agreement described in Subsection (4)(b)(i):

164 (A) shall specify each year for which the fee base determined by the agreement shall be  
165 used for purposes of an annual fee; and

166 (B) may not modify any provision of this chapter except the method by which the fee  
167 base of a project is determined for purposes of an annual fee.

168 (iii) For purposes of an annual fee imposed by a taxing jurisdiction within a county  
169 described in Subsection (4)(b)(i)(B), the fee base determined by the agreement described in  
170 Subsection (4)(b)(i) shall be used for purposes of an annual fee imposed by that taxing  
171 jurisdiction.

172 (iv) (A) If there is not agreement as to the fee base of a portion of a project for any  
173 year, for purposes of an annual fee, the State Tax Commission shall determine the value of that  
174 portion of the project for which there is not an agreement:

175 (I) for that year; and

176 (II) using the same measure of value as is used for taxable property in the state.

177 (B) The valuation required by Subsection (4)(b)(iv)(A) shall be made by the State Tax  
178 Commission in accordance with rules made by the State Tax Commission.

179 (c) Payments of the annual fees shall be made from:

180 (i) the proceeds of bonds issued for the project; and

181 (ii) revenues derived by the project entity from the project.

182 (d) (i) The contracts of the project entity with the purchasers of the capacity, service, or  
183 other benefits of the project whose tangible property is not exempted by Utah Constitution  
184 Article XIII, Section 3, from the payment of ad valorem property tax shall require each  
185 purchaser, whether or not located in the state, to pay, to the extent not otherwise provided for,  
186 its share, determined in accordance with the terms of the contract, of these fees.

187 (ii) It is the responsibility of the project entity to enforce the obligations of the  
188 purchasers.

189 (5) (a) The responsibility of the project entity to make payment of the annual fees is  
190 limited to the extent that there is legally available to the project entity, from bond proceeds or  
191 revenues, monies to make these payments, and the obligation to make payments of the annual  
192 fees is not otherwise a general obligation or liability of the project entity.

193 (b) No tax lien may attach upon any property or money of the project entity by virtue of  
194 any failure to pay all or any part of an annual fee.

195 (c) The project entity or any purchaser may contest the validity of an annual fee to the  
196 same extent as if the payment was a payment of the ad valorem property tax itself.

197 (d) The payments of an annual fee shall be reduced to the extent that any contest is  
198 successful.

199 (6) (a) The annual fee described in Subsection (1):

200 (i) shall be paid by a public agency that:

201 (A) is not a project entity; and

202 (B) owns an interest in a facility providing additional project capacity if the interest is  
203 otherwise exempt from taxation pursuant to Utah Constitution, Article XIII, Section 3; and

204 (ii) for a public agency described in Subsection (6)(a)(i), shall be calculated in  
205 accordance with Subsection (6)(b).

206 (b) The annual fee required under Subsection (6)(a) shall be an amount equal to the tax  
207 rate or rates of the applicable taxing jurisdiction multiplied by the product of the following:

208 (i) the fee base or value of the facility providing additional project capacity located  
209 within the jurisdiction;

210 (ii) the percentage of the ownership interest of the public agency in the facility; and

211 (iii) the portion, expressed as a percentage, of the public agency's ownership interest

212 that is attributable to the capacity, service, or other benefit from the facility that is sold by the  
213 public agency to an energy supplier or suppliers whose tangible property is not exempted by  
214 Utah Constitution, Article XIII, Section 3, from the payment of ad valorem property tax.

215 (c) A public agency paying the annual fee pursuant to Subsection (6)(a) shall have the  
216 obligations, credits, rights, and protections set forth in Subsections (1) through (5) with respect  
217 to its ownership interest as though it were a project entity.

218 Section 2. Section **17-34-3** is amended to read:

219 **17-34-3. Taxes or service charges.**

220 (1) (a) If a county furnishes the municipal-type services and functions described in  
221 Section 17-34-1 to areas of the county outside the limits of incorporated cities or towns, the  
222 entire cost of the services or functions so furnished shall be defrayed from funds that the county  
223 has derived from:

224 (i) taxes that the county may lawfully levy or impose outside the limits of incorporated  
225 towns or cities;

226 (ii) service charges or fees the county may impose upon the persons benefited in any  
227 way by the services or functions; or

228 (iii) a combination of these sources.

229 (b) As the taxes or service charges or fees are levied and collected, they shall be placed  
230 in a special revenue fund of the county and shall be disbursed only for the rendering of the  
231 services or functions established in Section 17-34-1 within the unincorporated areas of the  
232 county or as provided in Subsection 10-2-121(2).

233 (2) For the purpose of levying taxes, service charges, or fees provided in this section,  
234 the county legislative body may establish a district or districts in the unincorporated areas of  
235 the county.

236 (3) Nothing contained in this chapter may be construed to authorize counties to impose  
237 or levy taxes not otherwise allowed by law.

238 ~~[(4) (a) A county required under Subsection 17-34-1(4) to provide advanced life~~  
239 ~~support and paramedic services to the unincorporated area of the county and that previously~~  
240 ~~paid for those services through a countywide levy may increase its levy under Subsection~~  
241 ~~(1)(a)(i) to generate in the unincorporated area of the county the same amount of revenue as the~~  
242 ~~county loses from that area due to the required decrease in the countywide certified tax rate~~



243 under Subsection 59-2-924(2)(k)(i).]

244 [~~(b) An increase in tax rate under Subsection (4)(a) is exempt from the notice and~~  
245 ~~hearing requirements of Sections 59-2-918 and 59-2-919.~~]

246 [(5)] (4) Notwithstanding any other provision of this chapter, a county providing fire,  
247 paramedic, and police protection services in a designated recreational area, as provided in  
248 Subsection 17-34-1(5), may fund those services from the county general fund with revenues  
249 derived from both inside and outside the limits of cities and towns, and the funding of those  
250 services is not limited to unincorporated area revenues.

251 Section 3. Section **17C-1-408** is amended to read:

252 **17C-1-408. Base taxable value to be adjusted to reflect other changes.**

253 (1) (a) (i) As used in this Subsection (1), "qualifying decrease" means:

254 (A) a decrease of more than 20% from the previous tax year's levy; or

255 (B) a cumulative decrease over a consecutive five-year period of more than 100% from  
256 the levy in effect at the beginning of the five-year period.

257 (ii) The year in which a qualifying decrease under Subsection (1)(a)(i)(B) occurs is the  
258 fifth year of the five-year period.

259 (b) If there is a qualifying decrease in the minimum basic school levy under Section  
260 59-2-902 that would result in a reduction of the amount of tax increment to be paid to an  
261 agency:

262 (i) the base taxable value of taxable property within the project area shall be reduced in  
263 the year of the qualifying decrease to the extent necessary, even if below zero, to provide the  
264 agency with approximately the same amount of tax increment that would have been paid to the  
265 agency each year had the qualifying decrease not occurred; and

266 (ii) the amount of tax increment paid to the agency each year for the payment of bonds  
267 and indebtedness may not be less than what would have been paid to the agency if there had  
268 been no qualifying decrease.

269 (2) (a) The amount of the base taxable value to be used in determining tax increment  
270 shall be:

271 (i) increased or decreased by the amount of an increase or decrease that results from:

272 (A) a statute enacted by the Legislature or by the people through an initiative;

273 (B) a judicial decision;

- 274 (C) an order from the State Tax Commission to a county to adjust or factor its
- 275 assessment rate under Subsection 59-2-704(2);
- 276 (D) a change in exemption provided in Utah Constitution Article XIII, Section 2, or
- 277 Section 59-2-103; or
- 278 (E) an increase or decrease in the percentage of fair market value, as defined under
- 279 Section 59-2-102; and
- 280 (ii) reduced for any year to the extent necessary, even if below zero, to provide an
- 281 agency with approximately the same amount of money the agency would have received without
- 282 a reduction in the county's certified tax rate if:
  - 283 (A) in that year there is a decrease in the county's certified tax rate under Subsection
  - 284 ~~[59-2-924(2)(c) or (d)(i)]~~ 59-2-924.2(2) or (3)(a);
  - 285 (B) the amount of the decrease is more than 20% of the county's certified tax rate of the
  - 286 previous year; and
  - 287 (C) the decrease would result in a reduction of the amount of tax increment to be paid
  - 288 to the agency.

289 (b) Notwithstanding an increase or decrease under Subsection (2)(a), the amount of tax  
290 increment paid to an agency each year for payment of bonds or other indebtedness may not be  
291 less than would have been paid to the agency each year if there had been no increase or  
292 decrease under Subsection (2)(a).

293 Section 4. Section **53A-2-103** is amended to read:

294 **53A-2-103. Transfer of property to new school district -- Rights and obligations**  
295 **of new school board -- Outstanding indebtedness -- Special tax.**

296 (1) On July 1 following the approval of the creation of a new school district under  
297 Section 53A-2-102, the local school boards of the former districts shall convey and deliver all  
298 school property to the local school board of the new district. Title vests in the new board. All  
299 rights, claims, and causes of action to or for the property, for the use or the income from the  
300 property, for conversion, disposition, or withholding of the property, or for any damage or  
301 injury to the property vest at once in the new board.

302 (2) The new board may bring and maintain actions to recover, protect, and preserve the  
303 property and rights of the district schools and to enforce contracts.

304 (3) The new board shall assume and be liable for all outstanding debts and obligations

305 of each of the former school districts.

306 (4) All of the bonded indebtedness, outstanding debts, and obligations of a former  
307 district, which cannot be reasonably paid from the assets of the former district, shall be paid by  
308 a special tax levied by the new board as needed. The tax shall be levied upon the property  
309 within the former district which was liable for the indebtedness at the time of consolidation. If  
310 bonds are approved in the new district under Section 53A-18-102, the special tax shall be  
311 discontinued and the bonded indebtedness paid as any other bonded indebtedness of the new  
312 district.

313 (5) Bonded indebtedness of a former district which has been refunded shall be paid in  
314 the same manner as that which the new district assumes under Section 53A-18-101.

315 (6) State funds received by the new district under Section [~~53A-21-103~~] 53A-21-202  
316 may be applied toward the payment of outstanding bonded indebtedness of a former district in  
317 the same proportion as the bonded indebtedness of the territory within the former district bears  
318 to the total bonded indebtedness of the districts combined.

319 Section 5. Section **53A-2-114** is amended to read:

320 **53A-2-114. Additional levies -- School board options to abolish or continue after**  
321 **consolidation.**

322 (1) If a school district which has approved an additional levy under Section  
323 53A-16-110, 53A-17a-133, 53A-17a-134, or 53A-17a-145[~~, or 53A-21-103~~] is consolidated  
324 with a district which does not have such a levy, the board of education of the consolidated  
325 district may choose to abolish the levy, or apply it in whole or in part to the entire consolidated  
326 district.

327 (2) If the board chooses to apply any part of the levy to the entire district, the levy may  
328 continue in force for no more than three years, unless approved by the electors of the  
329 consolidated district in the manner set forth in Section 53A-16-110.

330 Section 6. Section **53A-2-115** is amended to read:

331 **53A-2-115. Additional levies in transferred territory -- Transferee board option**  
332 **to abolish or continue.**

333 If two or more districts undergo restructuring that results in a district receiving territory  
334 that increases the population of the district by at least 25%, and if the transferred territory was,  
335 at the time of transfer, subject to an additional levy under Section 53A-16-110, 53A-17a-133,

336 53A-17a-134, or 53A-17a-145~~[, or 53A-21-103]~~, the board of education of the transferee  
337 district may abolish the levy or apply the levy in whole or in part to the entire restructured  
338 district. Any such levy made applicable to the entire district may continue in force for no more  
339 than five years, unless approved by the electors of the restructured district in the manner set  
340 forth in Section 53A-16-110.

341 Section 7. Section **53A-2-117** is amended to read:

342 **53A-2-117. Definitions.**

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

344 (1) "Divided school district," "existing district," or "existing school district" means a  
345 school district from which a new district is created.

346 (2) "New district" or "new school district" means a school district created under  
347 Section 53A-2-118 or 53A-2-118.1.

348 (3) "Remaining district" or "remaining school district" means an existing district after  
349 the creation of a new district.

350 Section 8. Section **53A-2-118.3** is enacted to read:

351 **53A-2-118.3. Imposition of the capital outlay levy in qualifying divided school**  
352 **districts.**

353 (1) For purposes of this section, "qualifying divided school district" means a divided  
354 school district:

355 (a) located within a county of the second through sixth class; and

356 (b) with a new school district created under Section 53A-2-118.1 that begins to provide  
357 educational services after July 1, 2008.

358 (2) A school district within a qualifying divided school district shall impose a capital  
359 outlay levy described in Section 53A-16-107 of at least .0006 per dollar of taxable value.

360 (3) The county treasurer of a county with a qualifying divided school district shall  
361 distribute revenues generated by the .0006 portion of the capital outlay levy required in  
362 Subsection (2) to the school districts located within the boundaries of the qualifying divided  
363 school district as follows:

364 (a) 25% of the revenues shall be distributed in proportion to a school district's  
365 percentage of the total enrollment growth in all of the school districts within the qualifying  
366 divided school district that have an increase in enrollment, calculated on the basis of the

367 average annual enrollment growth over the prior three years in all of the school districts within  
368 the qualifying divided school district that have an increase in enrollment during the prior three  
369 years, as of the October 1 enrollment counts; and

370 (b) 75% of the revenues shall be distributed in proportion to a school district's  
371 percentage of the total current year enrollment in all of the school districts within the qualifying  
372 divided school district, as of the October 1 enrollment counts.

373 (4) If a new school district is created or school district boundaries are adjusted, the  
374 enrollment for each affected school district shall be calculated on the basis of enrollment in  
375 school district schools located within that school district's newly created or adjusted  
376 boundaries, as of October 1 enrollment counts.

377 (5) On or before December 31 of each year, the State Board of Education shall provide  
378 a county treasurer with audited enrollment information from the fall enrollment audit necessary  
379 to distribute revenues as required by this section.

380 (6) On or before March 31 of each year, a county treasurer in a county with a  
381 qualifying divided school district shall distribute the revenue generated within the qualifying  
382 divided school district during the prior calendar year from the capital outlay levy described in  
383 this section.

384 Section 9. Section **53A-16-106** is amended to read:

385 **53A-16-106. Annual certification of tax rate proposed by local school board --**  
386 **Inclusion of school district budget -- Modified filing date.**

387 (1) Prior to June 22 of each year, each local school board shall certify to the county  
388 legislative body in which the district is located, on forms prescribed by the State Tax  
389 Commission, the proposed tax rate approved by the local school board.

390 (2) A copy of the district's budget, including items under Section 53A-19-101, and a  
391 certified copy of the local school board's resolution which approved the budget and set the tax  
392 rate for the subsequent school year beginning July 1 shall accompany the tax rate.

393 (3) If the tax rate approved by the board is in excess of the "certified tax rate" as  
394 defined under Subsection 59-2-924[~~(2)~~] (3)(a), the date for filing the tax rate and budget  
395 adopted by the board shall be that established under Section 59-2-919.

396 Section 10. Section **53A-16-107** is amended to read:

397 **53A-16-107. Capital outlay levy -- Maintenance of school facilities -- Authority to**

398 use proceeds of .0002 tax rate -- Restrictions and procedure.

399 (1) ~~[(a) A]~~ Subject to Subsection (3), a local school board may annually impose a  
400 capital outlay levy ~~[a tax not to exceed .0024 per dollar of taxable value for debt service and~~  
401 ~~capital outlay.]~~ not to exceed .0024 per dollar of taxable value to be used for:

402 (a) capital outlay;

403 (b) debt service; and

404 (c) subject to Subsection (2), school facility maintenance.

405 ~~[(b) Each]~~ (2) (a) A local school board may utilize the proceeds of a maximum of  
406 .0002 per dollar of taxable value of ~~[its]~~ the local school board's annual capital outlay levy for  
407 the maintenance of school ~~[plants]~~ facilities in ~~[its]~~ the school district.

408 ~~[(2)]~~ (b) A local school board that uses the option provided under Subsection ~~[(1)(b)]~~  
409 ~~must do the following]~~ (2)(a) shall:

410 ~~[(a)]~~ (i) maintain the same level of expenditure for maintenance in the current year as it  
411 did in the preceding year, plus the annual average percentage increase applied to the  
412 maintenance and operation budget for the current year; and

413 ~~[(b)]~~ (ii) identify the expenditure of capital outlay funds for maintenance by a district  
414 project number to ensure that the funds ~~[were]~~ are expended in the manner intended.

415 ~~[(3)]~~ (c) The State Board of Education shall establish by rule the expenditure  
416 classification for maintenance under this program using a standard classification system.

417 (3) In order to qualify for receipt of the state contribution toward the basic program  
418 described in Section 53A-17a-135, a local school board in a county of the first class shall  
419 impose a capital outlay levy of at least .0006 per dollar of taxable value.

420 (4) (a) The county treasurer of a county of the first class shall distribute revenues  
421 generated by the .0006 portion of the capital outlay levy required in Subsection (3) to school  
422 districts within the county in accordance with Section 53A-16-107.1.

423 (b) If a school district in a county of the first class imposes a capital outlay levy  
424 pursuant to this section which exceeds .0006 per dollar of taxable value, the county treasurer of  
425 a county of the first class shall distribute revenues generated by the portion of the capital outlay  
426 levy which exceeds .0006 to the school district imposing the levy.

427 Section 11. Section **53A-16-107.1** is enacted to read:

428 **53A-16-107.1. School capital outlay in counties of the first class -- Allocation.**

429 (1) The county treasurer of a county of the first class shall distribute revenues  
430 generated by the .0006 portion of the capital outlay levy required in Subsection 53A-16-107(3)  
431 to school districts located within the county of the first class as follows:

432 (a) 25% of the revenues shall be distributed in proportion to a school district's  
433 percentage of the total enrollment growth in all of the school districts within the county that  
434 have an increase in enrollment, calculated on the basis of the average annual enrollment growth  
435 over the prior three years in all of the school districts within the county that have an increase in  
436 enrollment during the prior three years, as of the October 1 enrollment counts; and

437 (b) 75% of the revenues shall be distributed in proportion to a school district's  
438 percentage of the total current year enrollment in all of the school districts within the county, as  
439 of the October 1 enrollment counts.

440 (2) If a new school district is created or school district boundaries are adjusted, the  
441 enrollment for each affected school district shall be calculated on the basis of enrollment in  
442 school district schools located within that school district's newly created or adjusted  
443 boundaries, as of October 1 enrollment counts.

444 (3) On or before December 31 of each year, the State Board of Education shall provide  
445 a county treasurer with audited enrollment information from the fall enrollment audit necessary  
446 to distribute revenues as required by this section.

447 (4) On or before March 31 of each year, a county treasurer in a county of the first class  
448 shall distribute the revenue generated within the county of the first class during the prior  
449 calendar year from the capital outlay levy described in Section 53A-16-107.

450 Section 12. Section **53A-16-110** is amended to read:

451 **53A-16-110. Special tax to buy school building sites, build and furnish**  
452 **schoolhouses, or improve school property.**

453 (1) (a) A local school board may, by following the process for special elections  
454 established in Sections 20A-1-203 and 20A-1-204, call a special election to determine whether  
455 a special property tax should be levied for one or more years to buy building sites, build and  
456 furnish schoolhouses, or improve the school property under its control.

457 (b) The tax may not exceed .2% of the taxable value of all taxable property in the  
458 district in any one year.

459 (2) The board shall give reasonable notice of the election and follow the same

460 procedure used in elections for the issuance of bonds.

461 (3) If a majority of those voting on the proposition vote in favor of the tax, it is levied  
462 in addition to [~~those~~] a levy authorized under [~~Sections~~] Section 53A-17a-145 [~~and~~  
463 ~~53A-21-103~~] and computed on the valuation of the county assessment roll for that year.

464 (4) (a) Within 20 days after the election, the board shall certify the amount of the  
465 approved tax to the governing body of the county in which the school district is located.

466 (b) The governing body shall acknowledge receipt of the certification and levy and  
467 collect the special tax.

468 (c) It shall then distribute the collected taxes to the business administrator of the school  
469 district at the end of each calendar month.

470 (5) The special tax becomes due and delinquent and attaches to and becomes a lien on  
471 real and personal property at the same time as state and county taxes.

472 Section 13. Section **53A-17a-133** is amended to read:

473 **53A-17a-133. State-supported voted leeway program authorized -- Election**  
474 **requirements -- State guarantee -- Reconsideration of the program.**

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

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

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

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

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

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

489 (b) The same dollar amount guarantee per weighted pupil unit for the .0016 per dollar  
490 of taxable value under Subsection (3)(a) shall apply to the board-approved leeway authorized



491 in Section 53A-17a-134, so that the guarantee shall apply up to a total of .002 per dollar of  
492 taxable value if a school district levies a tax rate under both programs.

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

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

499 (d) (i) The amount of state guarantee money to which a school district would otherwise  
500 be entitled to under this Subsection (3) may not be reduced for the sole reason that the district's  
501 levy is reduced as a consequence of changes in the certified tax rate under Section 59-2-924  
502 pursuant to changes in property valuation.

503 (ii) Subsection (3)(d)(i) applies for a period of two years following any such change in  
504 the certified tax rate.

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

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

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

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

516 (5) Notwithstanding Section 59-2-918, a school district may budget an increased  
517 amount of ad valorem property tax revenue derived from a voted leeway imposed under this  
518 section in addition to revenue from new growth as defined in Subsection 59-2-924[~~(2)~~] (4),  
519 without having to comply with the advertisement requirements of Section 59-2-918, if the  
520 voted leeway is approved:

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

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

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

528 (a) the levy exceeds the certified tax rate as the result of a school district budgeting an  
529 increased amount of ad valorem property tax revenue derived from a voted leeway imposed  
530 under this section; and

531 (b) if the voted leeway was approved:

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

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

536 Section 14. Section **53A-17a-135** is amended to read:

537 **53A-17a-135. Minimum basic tax rate -- Certified revenue levy.**

538 (1) (a) In order to qualify for receipt of the state contribution toward the basic program  
539 and as its contribution toward its costs of the basic program[-];

540 (i) each school district shall impose a minimum basic tax rate per dollar of taxable  
541 value that generates [~~\$245,254,790~~] \$260,731,750 in revenues statewide[-]; and

542 (ii) a local school board in a county of the first class shall impose the capital outlay  
543 levy described in Subsection 53A-16-107(3) for distribution pursuant to Section 53A-16-107.1.

544 (b) The preliminary estimate for the [~~2007-08~~] 2008-09 minimum basic tax rate is  
545 [~~.001474~~] .00125.

546 (c) The State Tax Commission shall certify on or before June 22 the rate that generates  
547 [~~\$245,254,790~~] \$260,731,750 in revenues statewide.

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

550 (2) (a) The state shall contribute to each district toward the cost of the basic program in  
551 the district that portion which exceeds the proceeds of the levy authorized under Subsection  
552 (1).

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

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

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

562 Section 15. Section **53A-19-102** is amended to read:

563 **53A-19-102. Local school boards budget procedures.**

564 (1) Prior to June 22 of each year, each local school board shall adopt a budget and  
565 make appropriations for the next fiscal year. If the tax rate in the proposed budget exceeds the  
566 certified tax rate defined in [~~Subsection~~] Section 59-2-924~~[(2)]~~, the board shall comply with  
567 Sections 59-2-918 and 59-2-919 in adopting the budget, except as provided by Section  
568 53A-17a-133.

569 (2) Prior to the adoption of a budget containing a tax rate which does not exceed the  
570 certified tax rate, the board shall hold a public hearing, as defined in Section 10-9a-103, on the  
571 proposed budget. In addition to complying with Title 52, Chapter 4, Open and Public Meetings  
572 Act, in regards to the hearing, the board shall do the following:

573 (a) publish the required newspaper notice at least ten days prior to the hearing; and

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

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

578 Section 16. Section **53A-19-105** is amended to read:

579 **53A-19-105. School district interfund transfers.**

580 (1) A school district shall spend revenues only within the fund for which they were  
581 originally authorized, levied, collected, or appropriated.

582 (2) Except as otherwise provided in this section, school district interfund transfers of  
583 residual equity are prohibited.

584 (3) The State Board of Education may authorize school district interfund transfers of  
585 residual equity when a district states its intent to create a new fund or expand, contract, or  
586 liquidate an existing fund.

587 (4) The State Board of Education may also authorize school district interfund transfers  
588 of residual equity for a financially distressed district if the board determines the following:

589 (a) the district has a significant deficit in its maintenance and operations fund caused  
590 by circumstances not subject to the administrative decisions of the district;

591 (b) the deficit cannot be reasonably reduced under Section 53A-19-104; and

592 (c) without the transfer, the school district will not be capable of meeting statewide  
593 educational standards adopted by the State Board of Education.

594 (5) The board shall develop standards for defining and aiding financially distressed  
595 school districts under this section in accordance with Title 63, Chapter 46a, Utah  
596 Administrative Rulemaking Act.

597 (6) (a) All debt service levies not subject to certified tax rate hearings shall be recorded  
598 and reported in the debt service fund.

599 (b) Debt service levies under Subsection 59-2-924~~[(2)(a)(v)(C)]~~ (3)(e)(iii) that are not  
600 subject to the certified tax rate hearing requirements of Sections 59-2-918 and 59-2-919 may  
601 not be used for any purpose other than retiring general obligation debt.

602 (c) Amounts from these levies remaining in the debt service fund at the end of a fiscal  
603 year shall be used in subsequent years for general obligation debt retirement.

604 (d) Any amounts left in the debt service fund after all general obligation debt has been  
605 retired may be transferred to the capital projects fund upon completion of the budgetary hearing  
606 process required under Section 53A-19-102.

607 Section 17. Section **53A-21-101.5** is enacted to read:

608 **Part 1. General Provisions**

609 **53A-21-101.5. Definitions.**

610 As used in this chapter:

611 (1) "ADM" or "pupil in average daily membership" is as defined in Section  
612 53A-17a-103.

613 (2) "Combined capital levy rate" means a rate that includes the sum of the following  
614 property tax levies:

- 615 (a) the capital outlay levy authorized in Section 53A-16-107;
- 616 (b) the portion of the 10% of basic levy described in Section 53A-17a-145 that is
- 617 budgeted for debt service or capital outlay;
- 618 (c) the debt service levy authorized in Section 11-14-310; and
- 619 (d) the voted capital outlay leeway authorized in Section 53A-16-110.
- 620 (3) "Derived net taxable value" means the total current property tax collections from
- 621 April 1 through the following March 31 for a school district, divided by the school district's
- 622 total tax rate for the same year.

- 623 (4) "Property tax yield per ADM" means:
- 624 (a) the product of:
- 625 (i) a school district's derived net taxable value; and
- 626 (ii) .0030; divided by
- 627 (b) the school district's ADM for the school year beginning after the April 1 referenced
- 628 in Subsection (3).

629 Section 18. Section **53A-21-102** is amended to read:

630 **53A-21-102. Capital outlay programs -- Use of funds.**

631 [~~(1) The Capital Outlay Foundation Program and the Enrollment Growth Program are~~  
632 ~~established to provide revenues to school districts for the purposes of capital outlay bonding,~~  
633 ~~construction, and renovation.]~~

634 [~~(2) The Capital Outlay Loan Program is established to provide:]~~

635 [~~(a) short-term help to school districts to meet district needs for school building~~  
636 ~~construction and renovation; and]~~

637 [~~(b) assistance to charter schools to meet school building construction and renovation~~  
638 ~~needs:]~~

639 [~~(3) School districts shall~~] A school district may only use the monies provided [to  
640 them] under [the programs established by this section solely] this chapter for school district  
641 capital outlay and debt service purposes.

642 Section 19. Section **53A-21-201** is enacted to read:

643 **Part 2. Capital Outlay Foundation Program**

644 **53A-21-201. Capital Outlay Foundation Program -- Creation -- Definitions.**

645 (1) There is created the Capital Outlay Foundation Program to guarantee a certain

646 amount of capital outlay funding to a school district that makes a sufficient local tax effort and  
647 generates local property tax revenues below a foundation guarantee funding level.

648 (2) As used in this part:

649 (a) "Foundation guarantee level per ADM" means a minimum revenue amount per  
650 ADM generated by a combined capital levy rate of .0030 per dollar of taxable value, including  
651 the following:

652 (i) the revenue generated locally from a school district's combined capital levy rate; and

653 (ii) the revenue allocated to a school district by the State Board of Education in  
654 accordance with Section 53A-21-202.

655 (b) "Qualifying school district" means a school district with a property tax yield per  
656 ADM less than the foundation guarantee level per ADM.

657 Section 20. Section **53A-21-202** is enacted to read:

658 **53A-21-202. Capital Outlay Foundation Program -- Distribution formulas --**  
659 **Allocations.**

660 (1) For fiscal years beginning on or after July 1, 2008, the State Board of Education  
661 shall determine the foundation guarantee level per ADM that fully allocates the funds  
662 appropriated to the State Board of Education for distribution under this section.

663 (2) If a qualifying school district imposes a current year combined capital levy rate of  
664 at least .0030 per dollar of taxable value, the State Board of Education shall allocate to the  
665 qualifying school district an amount equal to the product of the following:

666 (a) the qualifying school district's prior year ADM; and

667 (b) an amount equal to the difference between the following:

668 (i) the foundation guarantee level per ADM for that fiscal year, as determined in  
669 accordance with Subsection (1); and

670 (ii) the qualifying school district's prior year property tax yield per ADM.

671 (3) Except as provided in Subsection (4), if a qualifying school district imposes a  
672 current year combined capital levy rate less than .0030 per dollar of taxable value, the State  
673 Board of Education shall allocate to the qualifying school district an amount equal to the  
674 product of the following:

675 (a) the qualifying school district's prior year ADM;

676 (b) an amount equal to the difference between the following:

677 (i) the foundation guarantee level per ADM for that fiscal year, as determined in  
 678 accordance with Subsection (1); and

679 (ii) the qualifying school district's prior year property tax yield per ADM; and

680 (c) a percentage equal to the qualifying school district's current year combined capital  
 681 levy rate divided by .0030.

682 (4) Notwithstanding Subsection (3), if a qualifying school district imposes a combined  
 683 capital levy rate less than .0030 per dollar of taxable value, the State Board of Education shall  
 684 allocate funds to the qualifying school district in accordance with the allocation methodology  
 685 under Subsection (2) if:

686 (a) the qualifying school district imposed a combined capital levy rate of at least .0030  
 687 in either of the prior two years; and

688 (b) the qualifying school district imposes a combined capital levy rate less than .0030  
 689 solely due to a decrease in the qualifying school district's certified tax rate, calculated pursuant  
 690 to Section 59-2-924, due to increases in the value of taxable property located within the  
 691 qualifying school district.

692 (5) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the  
 693 State Board of Education shall make rules to administer this section.

694 Section 21. Section **53A-21-301** is enacted to read:

### 695 **Part 3. Capital Outlay Enrollment Growth Program**

#### 696 **53A-21-301. Capital Outlay Enrollment Growth Program - Definitions.**

697 (1) There is created the Capital Outlay Enrollment Growth Program to provide capital  
 698 outlay funding to school districts experiencing net enrollment increases.

699 (2) As used in this part:

700 (a) "Average net enrollment increase" means the quotient of:

701 (i) (A) enrollment in the current year, based on October 1 enrollment counts; minus

702 (B) enrollment in the year three years prior, based on October 1 enrollment counts;

703 divided by

704 (ii) three.

705 (b) "Eligible district" or "eligible school district" means a school district that:

706 (i) has an average net enrollment increase; and

707 (ii) a prior year property tax yield per ADM that is less than two times the prior year

708 statewide average property tax yield per ADM.

709 (c) "Funding level per growth student" means the funding level per average net  
710 enrollment increase student which fully allocates appropriated funds.

711 (d) "Statewide average property tax yield per ADM" means the quotient of:

712 (i) the sum of all school districts' derived net taxable value multiplied by .0030;  
713 divided by

714 (ii) the sum of total school district ADM statewide for the same year.

715 Section 22. Section **53A-21-302** is enacted to read:

716 **53A-21-302. Capital Outlay Enrollment Growth Program -- Distribution**  
717 **formulas -- Allocations.**

718 (1) The State Board of Education shall annually:

719 (a) determine the funding level per growth student which fully allocates appropriated  
720 funds; and

721 (b) allocate appropriated funds to eligible school districts in accordance with this  
722 section.

723 (2) If an eligible school district imposes a current year combined capital levy rate of at  
724 least .0030 per dollar of taxable value, the State Board of Education shall allocate to the  
725 eligible school district an amount equal to the product of the following:

726 (a) the eligible school district's average net enrollment increase; multiplied by

727 (b) the funding level per growth student.

728 (3) Except as provided in Subsection (4), if an eligible school district imposes a current  
729 year combined capital levy rate less than .0030 per dollar of taxable value, the State Board of  
730 Education shall allocate to the eligible school district an amount equal to the product of the  
731 following:

732 (a) the eligible school district's average net enrollment increase; multiplied by

733 (b) the funding level per growth student; multiplied by

734 (c) a percentage equal to the eligible school district's current year combined capital  
735 levy rate divided by .0030.

736 (4) Notwithstanding Subsection (3), if an eligible school district imposes a combined  
737 capital levy rate less than .0030 per dollar of taxable value, the State Board of Education shall  
738 allocate funds to the eligible school district in accordance with the allocation methodology



739 under Subsection (2) if:

740 (a) the eligible school district imposed a combined capital levy rate of at least .0030 in  
741 either of the two prior years; and

742 (b) the eligible school district imposes a combined capital levy rate less than .0030  
743 solely due to a decrease in the eligible school district's certified tax rate, calculated pursuant to  
744 Section 59-2-924, due to increases in the value of taxable property located within the eligible  
745 school district.

746 (5) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the  
747 State Board of Education shall make rules to administer this section.

748 Section 23. Section **53A-21-401**, which is renumbered from Section 53A-21-104 is  
749 renumbered and amended to read:

750 **Part 4. Capital Outlay Loan Program**

751 ~~[53A-21-104].~~ **53A-21-401. School Building Revolving Account -- Access to**  
752 **the account.**

753 (1) There is created;

754 (a) the "Capital Outlay Loan Program" to provide:

755 (i) short-term help to school districts to meet district needs for school building  
756 construction and renovation; and

757 (ii) assistance to charter schools to meet school building construction and renovation  
758 needs; and

759 (b) a nonlapsing "School Building Revolving Account" administered within the  
760 Uniform School Fund by the state superintendent of public instruction in accordance with rules  
761 adopted by the State Board of Education.

762 (2) ~~[Monies received by a school district]~~ The State Board of Education may not  
763 allocate funds from the School Building Revolving Account [may not] that exceed [the] a  
764 school district's bonding limit minus its outstanding bonds.

765 (3) In order to receive monies from the account, a school district ~~[must do the~~  
766 ~~following]~~ shall:

767 (a) levy a ~~[tax of]~~ combined capital levy rate of at least .0024 ~~[for capital outlay and~~  
768 ~~debt service];~~

769 (b) contract with the state superintendent of public instruction to repay the monies,

770 with interest at a rate established by the state superintendent, within five years of [their] receipt,  
771 using future state [~~building monies or~~] capital outlay allocations, local revenues, or both;

772 (c) levy sufficient ad valorem taxes under Section 11-14-310 to guarantee annual loan  
773 repayments, unless the state superintendent of public instruction alters the payment schedule to  
774 improve a hardship situation; and

775 (d) meet any other condition established by the State Board of Education pertinent to  
776 the loan.

777 (4) (a) The state superintendent shall establish a committee, including representatives  
778 from state and local education entities, to:

779 (i) review requests by school districts for loans under this section; and

780 (ii) make recommendations regarding approval or disapproval of the loan applications  
781 to the state superintendent.

782 (b) If the committee recommends approval of a loan application under Subsection  
783 (4)(a)(ii), the committee's recommendation shall include:

784 (i) the recommended amount of the loan;

785 (ii) the payback schedule; and

786 (iii) the interest rate to be charged.

787 (5) (a) There is established within the School Building Revolving Account the Charter  
788 School Building Subaccount administered by the State Board of Education, in consultation  
789 with the State Charter School Board, in accordance with rules adopted by the State Board of  
790 Education.

791 (b) The Charter School Building Subaccount shall consist of:

792 (i) money appropriated to the subaccount by the Legislature;

793 (ii) money received from the repayment of loans made from the subaccount; and

794 (iii) interest earned on monies in the subaccount.

795 (c) The state superintendent of public instruction shall make loans to charter schools  
796 from the Charter School Building Subaccount to pay for the costs of:

797 (i) planning expenses;

798 (ii) constructing or renovating charter school buildings;

799 (iii) equipment and supplies; or

800 (iv) other start-up or expansion expenses.

801 (d) Loans to new charter schools or charter schools with urgent facility needs may be  
802 given priority.

803 (6) (a) The State Board of Education shall establish a committee, which shall include  
804 individuals who have expertise or experience in finance, real estate, and charter school  
805 administration, one of whom shall be nominated by the governor to:

- 806 (i) review requests by charter schools for loans under this section; and
- 807 (ii) make recommendations regarding approval or disapproval of the loan applications  
808 to the State Charter School Board and the State Board of Education.

809 (b) If the committee recommends approval of a loan application under Subsection  
810 (6)(a)(ii), the committee's recommendation shall include:

- 811 (i) the recommended amount of the loan;
- 812 (ii) the payback schedule; and
- 813 (iii) the interest rate to be charged.

814 (c) The committee members may not:

- 815 (i) be a relative, as defined in Section 53A-1a-518, of a loan applicant; or
- 816 (ii) have a pecuniary interest, directly or indirectly, with a loan applicant or any person  
817 or entity that contracts with a loan applicant.

818 (7) The State Board of Education, in consultation with the State Charter School Board,  
819 shall approve all loans to a charter ~~[schools]~~ school under this section.

820 (8) ~~[Loans]~~ The term of a loan to a charter [schools] school under this section may not  
821 exceed ~~[a term of]~~ five years.

822 (9) The State Board of Education may not approve loans to charter schools under this  
823 section that exceed a total of \$2,000,000 in any year.

824 Section 24. Section **53A-21-501**, which is renumbered from Section 53A-21-105 is  
825 renumbered and amended to read:

826 **Part 5. Fiscal Matters**

827 ~~[53A-21-105].~~ **53A-21-501. State contribution to capital outlay programs.**

828 (1) As an ongoing appropriation subject to future budget constraints, there is  
829 appropriated from the Uniform School Fund for fiscal year ~~[2007-08, \$27,288,900]~~ 2008-09,  
830 \$56,000,000 to the State Board of Education for the capital outlay programs created in ~~[Section~~  
831 53A-21-102] this chapter.

832 (2) Of the monies appropriated in Subsection (1), the State Board of Education shall  
833 distribute:

834 (a) [~~\$24,358,000~~] \$33,000,000 in accordance with the Capital Outlay Foundation  
835 Program [~~described in Section 53A-21-103~~] pursuant to Section 53A-21-202; and

836 (b) [~~\$2,930,900~~] \$23,000,000 in accordance with the Capital Outlay Enrollment  
837 Growth Program [~~described in Section 53A-21-103.5~~] pursuant to Section 53A-21-302.

838 Section 25. Section **59-2-908** is amended to read:

839 **59-2-908. Single aggregate limitation -- Maximum levy.**

840 (1) Except as provided in Subsection (2), each county shall have a single aggregate  
841 limitation on the property tax levied for all purposes by the county. Except as provided in  
842 Section 59-2-911, this limitation may not exceed the maximum set forth in this section. The  
843 maximum is:

844 (a) .0032 per dollar of taxable value in all counties with a total taxable value of more  
845 than \$100,000,000; and

846 (b) .0036 per dollar of taxable value in all counties with a total taxable value of less  
847 than \$100,000,000.

848 (2) (a) Beginning January 1, 1995, a county may impose a tax rate in excess of the  
849 limitation provided in Subsection (1) if the rate established under Subsection (1)(a) or (b)  
850 generates revenues for the county in an amount that is less than the revenues that would be  
851 generated by the county under the certified tax rate established in [~~Subsection~~] Section  
852 59-2-924[~~(2)~~].

853 (b) A county meeting the requirements of Subsection (2)(a) may impose a tax rate that  
854 does not exceed the certified tax rate established in [~~Subsection~~] Section 59-2-924[~~(2)~~].

855 Section 26. Section **59-2-913** is amended to read:

856 **59-2-913. Definitions -- Statement of amount and purpose of levy -- Contents of**  
857 **statement -- Filing with county auditor -- Transmittal to commission -- Calculations for**  
858 **establishing tax levies -- Format of statement.**

859 (1) As used in this section, "budgeted property tax revenues" does not include property  
860 tax revenue received by a taxing entity from personal property that is:

861 (a) assessed by a county assessor in accordance with Part 3, County Assessment; and

862 (b) semiconductor manufacturing equipment.

863 (2) (a) The legislative body of each taxing entity shall file a statement as provided in  
864 this section with the county auditor of the county in which the taxing entity is located.

865 (b) The auditor shall annually transmit the statement to the commission:

866 (i) before June 22; or

867 (ii) with the approval of the commission, on a subsequent date prior to the date  
868 established under Section 59-2-1317 for mailing tax notices.

869 (c) The statement shall contain the amount and purpose of each levy fixed by the  
870 legislative body of the taxing entity.

871 (3) For purposes of establishing the levy set for each of a taxing entity's applicable  
872 funds, the legislative body of the taxing entity shall calculate an amount determined by dividing  
873 the budgeted property tax revenues, specified in a budget which has been adopted and  
874 approved prior to setting the levy, by the amount calculated under Subsections

875 ~~59-2-924[(2)(a)(iii)(B)(I) through (H)]~~ (3)(c)(ii)(A) through (C).

876 (4) The format of the statement under this section shall:

877 (a) be determined by the commission; and

878 (b) cite any applicable statutory provisions that:

879 (i) require a specific levy; or

880 (ii) limit the property tax levy for any taxing entity.

881 (5) The commission may require certification that the information submitted on a  
882 statement under this section is true and correct.

883 Section 27. Section **59-2-914** is amended to read:

884 **59-2-914. Excess levies -- Commission to recalculate levy -- Notice to implement**  
885 **adjusted levies to county auditor.**

886 (1) If the commission determines that a levy established for a taxing entity set under  
887 Section 59-2-913 is in excess of the maximum levy permitted by law, the commission shall:

888 (a) lower the levy so that it is set at the maximum level permitted by law;

889 (b) notify the taxing entity which set the excessive rate that the rate has been lowered;  
890 and

891 (c) notify the county auditor of the county or counties in which the taxing entity is  
892 located to implement the rate established by the commission.

893 (2) A levy set for a taxing entity by the commission under this section shall be the

894 official levy for that taxing entity unless:

895 (a) the taxing entity lowers the levy established by the commission; or

896 (b) the levy is subsequently modified by a court order.

897 (3) (a) Subject to the provisions of Subsections (1) and (2), beginning January 1, 1995,  
898 a taxing entity may impose a tax rate in excess of the maximum levy permitted by law if the  
899 rate established by the taxing entity for the current year generates revenues for the taxing entity  
900 in an amount that is less than the revenues that would be generated by the taxing entity under  
901 the certified tax rate established in [~~Subsection~~] Section 59-2-924[~~(2)~~].

902 (b) A taxing entity meeting the requirements of Subsection (3)(a) may impose a tax  
903 rate that does not exceed the certified rate established in [~~Subsection~~] Section 59-2-924[~~(2)~~].

904 Section 28. Section **59-2-918** is amended to read:

905 **59-2-918. Advertisement of proposed tax increase -- Notice -- Contents.**

906 (1) (a) Except as provided in Subsection (1)(b), a taxing entity may not budget an  
907 increased amount of ad valorem tax revenue exclusive of revenue from new growth as defined  
908 in Subsection 59-2-924[~~(2)~~] (4) unless it advertises its intention to do so at the same time that it  
909 advertises its intention to fix its budget for the forthcoming fiscal year.

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

912 (A) the taxing entity:

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

914 or

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

917 (B) the increased amount of ad valorem tax revenue results from a tax rate increase that  
918 is exempted under Subsection 59-2-919(1)(a)(ii)(B) from the advertisement and hearing  
919 requirements of Section 59-2-919.

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

924 (2) (a) For taxing entities operating under a July 1 through June 30 fiscal year, the

925 advertisement required by this section may be combined with the advertisement required by  
926 Section 59-2-919.

927 (b) For taxing entities operating under a January 1 through December 31 fiscal year,  
928 the advertisement required by this section shall meet the size, type, placement, and frequency  
929 requirements established under Section 59-2-919.

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

933 "NOTICE OF PROPOSED TAX INCREASE  
934 (NAME OF TAXING ENTITY)

935 The (name of the taxing entity) is proposing to increase its property tax revenue.

936 ● If the proposed budget is approved, this would be an increase of \_\_\_\_% above  
937 the (name of the taxing entity) property tax budgeted revenue for the prior year.

938 ● The (name of the taxing entity) tax on a (insert the average value of a residence  
939 in the taxing entity rounded to the nearest thousand dollars) residence would  
940 increase from \$\_\_\_\_\_ to \$\_\_\_\_\_, which is \$\_\_\_\_\_ per year.

941 ● The (name of the taxing entity) tax on a (insert the value of a business having  
942 the same value as the average value of a residence in the taxing entity) business  
943 would increase from \$\_\_\_\_\_ to \$\_\_\_\_\_, which is \$\_\_\_\_\_ per year.

944 All concerned citizens are invited to a public hearing on the tax increase.

945 PUBLIC HEARING

946 Date/Time: (date) (time)

947 Location: (name of meeting place and address of meeting place)

948 To obtain more information regarding the tax increase, citizens may contact the (name  
949 of the taxing entity) at (phone number of taxing entity)."

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

954 (5) (a) Each taxing entity operating under the January 1 through December 31 fiscal  
955 year shall by March 1 notify the county of the date, time, and place of the public hearing at

956 which the budget for the following fiscal year will be considered.

957 (b) The county shall include the information described in Subsection (5)(a) with the tax  
958 notice.

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

961 Section 29. Section **59-2-924** is amended to read:

962 **59-2-924. Report of valuation of property to county auditor and commission --**  
963 **Transmittal by auditor to governing bodies -- Certified tax rate -- Calculation of certified**  
964 **tax rate -- Rulemaking authority -- Adoption of tentative budget.**

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

967 ~~(i)~~ (a) a statement containing the aggregate valuation of all taxable property in each  
968 taxing entity; and

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

971 ~~(b)~~ (2) The county auditor shall, on or before June 8, transmit to the governing body  
972 of each taxing entity:

973 ~~(i)~~ (a) the statements described in Subsections (1)(a)~~(i)~~ and ~~(ii)~~ (b);

974 ~~(ii)~~ (b) an estimate of the revenue from personal property;

975 ~~(iii)~~ (c) the certified tax rate; and

976 ~~(iv)~~ (d) all forms necessary to submit a tax levy request.

977 ~~(2)~~ (3) (a) ~~(i)~~ The "certified tax rate" means a tax rate that will provide the same ad  
978 valorem property tax revenues for a taxing entity as were budgeted by that taxing entity for the  
979 prior year.

980 ~~(ii)~~ (b) For purposes of this Subsection ~~(2)~~(3), "ad valorem property tax revenues"  
981 do not include:

982 ~~(A)~~ (i) collections from redemptions;

983 ~~(B)~~ (ii) interest;

984 ~~(C)~~ (iii) penalties; and

985 ~~(D)~~ (iv) revenue received by a taxing entity from personal property that is:

986 ~~(F)~~ (A) assessed by a county assessor in accordance with Part 3, County Assessment;



987 and

988 ~~[(H)]~~ (B) semiconductor manufacturing equipment.

989 ~~[(iii)(A)]~~ (c) (i) Except as otherwise provided in this section, the certified tax rate shall  
990 be calculated by dividing the ad valorem property tax revenues budgeted for the prior year by  
991 the taxing entity by the amount calculated under Subsection ~~[(2)(a)(iii)(B)]~~ (3)(c)(ii).

992 ~~[(B)]~~ (ii) For purposes of Subsection ~~[(2)(a)(iii)(A)]~~ (3)(c)(i), the legislative body of a  
993 taxing entity shall calculate an amount as follows:

994 ~~[(F)]~~ (A) calculate for the taxing entity the difference between:

995 ~~[(Aa)]~~ (I) the aggregate taxable value of all property taxed; and

996 ~~[(Bb)]~~ (II) any redevelopment adjustments for the current calendar year;

997 ~~[(H)]~~ (B) after making the calculation required by Subsection ~~[(2)(a)(iii)(B)(F)]~~  
998 (3)(c)(ii)(A), calculate an amount determined by increasing or decreasing the amount  
999 calculated under Subsection ~~[(2)(a)(iii)(B)(F)]~~ (3)(c)(ii)(A) by the average of the percentage net  
1000 change in the value of taxable property for the equalization period for the three calendar years  
1001 immediately preceding the current calendar year;

1002 ~~[(HH)]~~ (C) after making the calculation required by Subsection ~~[(2)(a)(iii)(B)(H)]~~  
1003 (3)(c)(ii)(B), calculate the product of:

1004 ~~[(Aa)]~~ (I) the amount calculated under Subsection ~~[(2)(a)(iii)(B)(H)]~~ (3)(c)(ii)(B); and

1005 ~~[(Bb)]~~ (II) the percentage of property taxes collected for the five calendar years  
1006 immediately preceding the current calendar year; and

1007 ~~[(IV)]~~ (D) after making the calculation required by Subsection ~~[(2)(a)(iii)(B)(H)]~~  
1008 (3)(c)(ii)(C), calculate an amount determined by subtracting from the amount calculated under  
1009 Subsection ~~[(2)(a)(iii)(B)(H)]~~ (3)(c)(ii)(C) any new growth as defined in this section:

1010 ~~[(Aa)]~~ (I) within the taxing entity; and

1011 ~~[(Bb)]~~ (II) for the current calendar year.

1012 ~~[(C)]~~ (iii) For purposes of Subsection ~~[(2)(a)(iii)(B)(F)]~~ (3)(c)(ii)(A), the aggregate  
1013 taxable value of all property taxed:

1014 ~~[(F)]~~ (A) except as provided in Subsection ~~[(2)(a)(iii)(C)(H)]~~ (3)(c)(iii)(B), includes the  
1015 total taxable value of the real and personal property contained on the tax rolls of the taxing  
1016 entity; and

1017 ~~[(H)]~~ (B) does not include the total taxable value of personal property contained on the

1018 tax rolls of the taxing entity that is:

1019 ~~[(Aa)]~~ (I) assessed by a county assessor in accordance with Part 3, County Assessment;

1020 and

1021 ~~[(Bb)]~~ (II) semiconductor manufacturing equipment.

1022 ~~[(D)]~~ (iv) For purposes of Subsection ~~[(2)(a)(iii)(B)(H)]~~ (3)(c)(ii)(B), for calendar years

1023 beginning on or after January 1, 2007, the value of taxable property does not include the value

1024 of personal property that is:

1025 ~~[(F)]~~ (A) within the taxing entity assessed by a county assessor in accordance with Part

1026 3, County Assessment; and

1027 ~~[(H)]~~ (B) semiconductor manufacturing equipment.

1028 ~~[(E)]~~ (v) For purposes of Subsection ~~[(2)(a)(iii)(B)(H)(Bb)]~~ (3)(c)(ii)(C)(II), for

1029 calendar years beginning on or after January 1, 2007, the percentage of property taxes collected

1030 does not include property taxes collected from personal property that is:

1031 ~~[(F)]~~ (A) within the taxing entity assessed by a county assessor in accordance with Part

1032 3, County Assessment; and

1033 ~~[(H)]~~ (B) semiconductor manufacturing equipment.

1034 ~~[(F)]~~ (vi) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking

1035 Act, the commission may prescribe rules for calculating redevelopment adjustments for a

1036 calendar year.

1037 ~~[(iv)(A)]~~ (d)(i) In accordance with Title 63, Chapter 46a, Utah Administrative

1038 Rulemaking Act, the commission shall make rules determining the calculation of ad valorem

1039 property tax revenues budgeted by a taxing entity.

1040 ~~[(B)]~~ (ii) For purposes of Subsection ~~[(2)(a)(iv)(A)]~~ (3)(d)(i), ad valorem property tax

1041 revenues budgeted by a taxing entity shall be calculated in the same manner as budgeted

1042 property tax revenues are calculated for purposes of Section 59-2-913.

1043 ~~[(v)]~~ (e) The certified tax rates for the taxing entities described in this Subsection

1044 ~~[(2)(a)(v)]~~ (3)(e) shall be calculated as follows:

1045 ~~[(A)]~~ (i) except as provided in Subsection ~~[(2)(a)(v)(B)]~~ (3)(e)(ii), for new taxing

1046 entities the certified tax rate is zero;

1047 ~~[(B)]~~ (ii) for each municipality incorporated on or after July 1, 1996, the certified tax

1048 rate is:

1049           ~~[(F)]~~ (A) in a county of the first, second, or third class, the levy imposed for  
1050 municipal-type services under Sections 17-34-1 and 17-36-9; and

1051           ~~[(H)]~~ (B) in a county of the fourth, fifth, or sixth class, the levy imposed for general  
1052 county purposes and such other levies imposed solely for the municipal-type services identified  
1053 in Section 17-34-1 and Subsection 17-36-3(22); and

1054           ~~[(C)]~~ (iii) for debt service voted on by the public, the certified tax rate shall be the  
1055 actual levy imposed by that section, except that the certified tax rates for the following levies  
1056 shall be calculated in accordance with Section 59-2-913 and this section:

1057           ~~[(F)]~~ (A) school leeways provided for under Sections 11-2-7, 53A-16-110,  
1058 ~~[53A-17a-125;]~~ 53A-17a-127, 53A-17a-133, 53A-17a-134, 53A-17a-143, and 53A-17a-145[-  
1059 and 53A-21-103]; and

1060           ~~[(H)]~~ (B) levies to pay for the costs of state legislative mandates or judicial or  
1061 administrative orders under Section 59-2-906.3.

1062           ~~[(vi)-(A)]~~ (f)(i) A judgment levy imposed under Section 59-2-1328 or 59-2-1330 shall  
1063 be established at that rate which is sufficient to generate only the revenue required to satisfy  
1064 one or more eligible judgments, as defined in Section 59-2-102.

1065           ~~[(B)]~~ (ii) The ad valorem property tax revenue generated by the judgment levy shall not  
1066 be considered in establishing the taxing entity's aggregate certified tax rate.

1067           (g) The ad valorem property tax revenue generated by the capital outlay levy described  
1068 in Section 53A-16-107 within a taxing entity in a county of the first class:

1069           (i) may not be considered in establishing the school district's aggregate certified tax  
1070 rate; and

1071           (ii) shall be included by the commission in establishing a certified tax rate for that  
1072 capital outlay levy determined in accordance with the calculation described in Subsection  
1073 59-2-913(3).

1074           ~~[(b)-(i)]~~ (4)(a) For the purpose of calculating the certified tax rate, the county auditor  
1075 shall use the taxable value of property on the assessment roll.

1076           ~~[(i)]~~ (b) For purposes of Subsection ~~[(2)(b)(i)]~~ (4)(a)(i), the taxable value of real  
1077 property on the assessment roll does not include:

1078           ~~[(A)]~~ (i) new growth as defined in Subsection ~~[(2)(b)(iii); or]~~ (4)(c); or

1079           ~~[(B)]~~ (ii) the total taxable value of personal property contained on the tax rolls of the

1080 taxing entity that is:

1081 ~~[(F)]~~ (A) assessed by a county assessor in accordance with Part 3, County Assessment;

1082 and

1083 ~~[(H)]~~ (B) semiconductor manufacturing equipment.

1084 ~~[(iii)]~~ (c) "New growth" means:

1085 ~~[(A)]~~ (i) the difference between the increase in taxable value of the taxing entity from  
1086 the previous calendar year to the current year; minus

1087 ~~[(B)]~~ (ii) the amount of an increase in taxable value described in Subsection ~~[(2)(b)(v)]~~

1088 ~~(4)(e)~~.

1089 ~~[(iv)]~~ (d) For purposes of Subsection ~~[(2)(b)(iii)]~~ ~~(4)(c)(ii)~~, the taxable value of the  
1090 taxing entity does not include the taxable value of personal property that is:

1091 ~~[(A)]~~ (i) contained on the tax rolls of the taxing entity if that property is assessed by a  
1092 county assessor in accordance with Part 3, County Assessment; and

1093 ~~[(B)]~~ (ii) semiconductor manufacturing equipment.

1094 ~~[(v)]~~ (e) Subsection ~~[(2)(b)(iii)(B)]~~ ~~(4)(c)(ii)~~ applies to the following increases in  
1095 taxable value:

1096 ~~[(A)]~~ (i) the amount of increase to locally assessed real property taxable values  
1097 resulting from factoring, reappraisal, or any other adjustments; or

1098 ~~[(B)]~~ (ii) the amount of an increase in the taxable value of property assessed by the  
1099 commission under Section 59-2-201 resulting from a change in the method of apportioning the  
1100 taxable value prescribed by:

1101 ~~[(F)]~~ (A) the Legislature;

1102 ~~[(H)]~~ (B) a court;

1103 ~~[(HH)]~~ (C) the commission in an administrative rule; or

1104 ~~[(IV)]~~ (D) the commission in an administrative order.

1105 ~~[(c) Beginning January 1, 1997, if a taxing entity receives increased revenues from~~  
1106 ~~uniform fees on tangible personal property under Section 59-2-404, 59-2-405, 59-2-405.1,~~  
1107 ~~59-2-405.2, or 59-2-405.3 as a result of any county imposing a sales and use tax under Chapter~~  
1108 ~~12, Part 11, County Option Sales and Use Tax, the taxing entity shall decrease its certified tax~~  
1109 ~~rate to offset the increased revenues.]~~

1110 ~~[(d) (i) Beginning July 1, 1997, if a county has imposed a sales and use tax under~~

1111 Chapter 12, Part 11, County Option Sales and Use Tax, the county's certified tax rate shall be:]

1112 [~~(A) decreased on a one-time basis by the amount of the estimated sales and use tax~~  
1113 ~~revenue to be distributed to the county under Subsection 59-12-1102(3); and]~~

1114 [~~(B) increased by the amount necessary to offset the county's reduction in revenue~~  
1115 ~~from uniform fees on tangible personal property under Section 59-2-404, 59-2-405, 59-2-405.1,~~  
1116 ~~59-2-405.2, or 59-2-405.3 as a result of the decrease in the certified tax rate under Subsection~~  
1117 ~~(2)(d)(i)(A).]~~

1118 [~~(ii) The commission shall determine estimates of sales and use tax distributions for~~  
1119 ~~purposes of Subsection (2)(d)(i).]~~

1120 [~~(e) Beginning January 1, 1998, if a municipality has imposed an additional resort~~  
1121 ~~communities sales tax under Section 59-12-402, the municipality's certified tax rate shall be~~  
1122 ~~decreased on a one-time basis by the amount necessary to offset the first 12 months of~~  
1123 ~~estimated revenue from the additional resort communities sales and use tax imposed under~~  
1124 ~~Section 59-12-402.]~~

1125 [~~(f) (i) (A) For fiscal year 2000, the certified tax rate of each county required under~~  
1126 ~~Subsection 17-34-1(4)(a) to provide advanced life support and paramedic services to the~~  
1127 ~~unincorporated area of the county shall be decreased by the amount necessary to reduce~~  
1128 ~~revenues in that fiscal year by an amount equal to the difference between the amount the county~~  
1129 ~~budgeted in its 2000 fiscal year budget for advanced life support and paramedic services~~  
1130 ~~countywide and the amount the county spent during fiscal year 2000 for those services,~~  
1131 ~~excluding amounts spent from a municipal services fund for those services.]~~

1132 [~~(B) For fiscal year 2001, the certified tax rate of each county to which Subsection~~  
1133 ~~(2)(f)(i)(A) applies shall be decreased by the amount necessary to reduce revenues in that fiscal~~  
1134 ~~year by the amount that the county spent during fiscal year 2000 for advanced life support and~~  
1135 ~~paramedic services countywide, excluding amounts spent from a municipal services fund for~~  
1136 ~~those services.]~~

1137 [~~(ii) (A) A city or town located within a county of the first class to which Subsection~~  
1138 ~~(2)(f)(i) applies may increase its certified tax rate by the amount necessary to generate within~~  
1139 ~~the city or town the same amount of revenues as the county would collect from that city or~~  
1140 ~~town if the decrease under Subsection (2)(f)(i) did not occur.]~~

1141 [~~(B) An increase under Subsection (2)(f)(ii)(A), whether occurring in a single fiscal~~

1142 year or spread over multiple fiscal years, is not subject to the notice and hearing requirements  
1143 of Sections 59-2-918 and 59-2-919.]

1144 [~~(g) (i) The certified tax rate of each county required under Subsection 17-34-1(4)(b) to  
1145 provide detective investigative services to the unincorporated area of the county shall be  
1146 decreased:~~]

1147 [~~(A) in fiscal year 2001 by the amount necessary to reduce revenues in that fiscal year  
1148 by at least \$4,400,000; and]~~

1149 [~~(B) in fiscal year 2002 by the amount necessary to reduce revenues in that fiscal year  
1150 by an amount equal to the difference between \$9,258,412 and the amount of the reduction in  
1151 revenues under Subsection (2)(g)(i)(A).]~~

1152 [~~(ii) (A) (I) Beginning with municipal fiscal year 2002, a city or town located within a  
1153 county to which Subsection (2)(g)(i) applies may increase its certified tax rate to generate  
1154 within the city or town the same amount of revenue as the county would have collected during  
1155 county fiscal year 2001 from within the city or town except for Subsection (2)(g)(i)(A).]~~

1156 [~~(H) Beginning with municipal fiscal year 2003, a city or town located within a county  
1157 to which Subsection (2)(g)(i) applies may increase its certified tax rate to generate within the  
1158 city or town the same amount of revenue as the county would have collected during county  
1159 fiscal year 2002 from within the city or town except for Subsection (2)(g)(i)(B).]~~

1160 [~~(B) (I) Except as provided in Subsection (2)(g)(ii)(B)(H), an increase in the city or  
1161 town's certified tax rate under Subsection (2)(g)(ii)(A), whether occurring in a single fiscal year  
1162 or spread over multiple fiscal years, is subject to the notice and hearing requirements of  
1163 Sections 59-2-918 and 59-2-919.]~~

1164 [~~(H) For an increase under this Subsection (2)(g)(ii) that generates revenue that does  
1165 not exceed the same amount of revenue as the county would have collected except for  
1166 Subsection (2)(g)(i), the requirements of Sections 59-2-918 and 59-2-919 do not apply if the  
1167 city or town:]~~

1168 [~~(Aa) publishes a notice that meets the size, type, placement, and frequency  
1169 requirements of Section 59-2-919, reflects that the increase is a shift of a tax from one imposed  
1170 by the county to one imposed by the city or town, and explains how the revenues from the tax  
1171 increase will be used; and]~~

1172 [~~(Bb) holds a public hearing on the tax shift that may be held in conjunction with the~~

1173 city or town's regular budget hearing.]

1174 [~~(h) (i) This Subsection (2)(h) applies to each county that:~~]

1175 [~~(A) establishes a countywide special service district under Title 17A, Chapter 2, Part~~

1176 ~~13, Utah Special Service District Act, to provide jail service, as provided in Subsection~~

1177 ~~17A-2-1304(1)(a)(x); and]~~

1178 [~~(B) levies a property tax on behalf of the special service district under Section~~

1179 ~~17A-2-1322.;~~]

1180 [~~(ii) (A) The certified tax rate of each county to which this Subsection (2)(h) applies~~

1181 ~~shall be decreased by the amount necessary to reduce county revenues by the same amount of~~

1182 ~~revenues that will be generated by the property tax imposed on behalf of the special service~~

1183 ~~district.;~~]

1184 [~~(B) Each decrease under Subsection (2)(h)(ii)(A) shall occur contemporaneously with~~

1185 ~~the levy on behalf of the special service district under Section 17A-2-1322.;~~]

1186 [~~(i) (i) As used in this Subsection (2)(i):~~]

1187 [~~(A) "Annexing county" means a county whose unincorporated area is included within~~

1188 ~~a fire district by annexation.;~~]

1189 [~~(B) "Annexing municipality" means a municipality whose area is included within a~~

1190 ~~fire district by annexation.;~~]

1191 [~~(C) "Equalized fire protection tax rate" means the tax rate that results from:~~]

1192 [~~(f) calculating, for each participating county and each participating municipality, the~~

1193 ~~property tax revenue necessary to cover all of the costs associated with providing fire~~

1194 ~~protection, paramedic, and emergency services.;~~]

1195 [~~(Aa) for a participating county, in the unincorporated area of the county; and]~~

1196 [~~(Bb) for a participating municipality, in the municipality; and]~~

1197 [~~(H) adding all the amounts calculated under Subsection (2)(i)(i)(C)(f) for all~~

1198 ~~participating counties and all participating municipalities and then dividing that sum by the~~

1199 ~~aggregate taxable value of the property, as adjusted in accordance with Section 59-2-913.;~~]

1200 [~~(Aa) for participating counties, in the unincorporated area of all participating counties;~~

1201 ~~and]~~

1202 [~~(Bb) for participating municipalities, in all the participating municipalities.;~~]

1203 [~~(D) "Fire district" means a service area under Title 17B, Chapter 2a, Part 9, Service~~

1204 Area Act, in the creation of which an election was not required under Subsection  
1205 17B-1-214(3)(c).]

1206 [(E) "Fire protection tax rate" means:]

1207 [(F) for an annexing county, the property tax rate that, when applied to taxable property  
1208 in the unincorporated area of the county, generates enough property tax revenue to cover all the  
1209 costs associated with providing fire protection, paramedic, and emergency services in the  
1210 unincorporated area of the county; and]

1211 [(H) for an annexing municipality, the property tax rate that generates enough property  
1212 tax revenue in the municipality to cover all the costs associated with providing fire protection,  
1213 paramedic, and emergency services in the municipality.]

1214 [(F) "Participating county" means a county whose unincorporated area is included  
1215 within a fire district at the time of the creation of the fire district.]

1216 [(G) "Participating municipality" means a municipality whose area is included within a  
1217 fire district at the time of the creation of the fire district.]

1218 [(ii) In the first year following creation of a fire district, the certified tax rate of each  
1219 participating county and each participating municipality shall be decreased by the amount of  
1220 the equalized fire protection tax rate.]

1221 [(iii) In the first year following annexation to a fire district, the certified tax rate of each  
1222 annexing county and each annexing municipality shall be decreased by the fire protection tax  
1223 rate.]

1224 [(iv) Each tax levied under this section by a fire district shall be considered to be levied  
1225 by:]

1226 [(A) each participating county and each annexing county for purposes of the county's  
1227 tax limitation under Section 59-2-908; and]

1228 [(B) each participating municipality and each annexing municipality for purposes of  
1229 the municipality's tax limitation under Section 10-5-112, for a town, or Section 10-6-133, for a  
1230 city.]

1231 [(j) For the calendar year beginning on January 1, 2007, the calculation of a taxing  
1232 entity's certified tax rate shall be adjusted by the amount necessary to offset any change in the  
1233 certified tax rate that may result from excluding the following from the certified tax rate under  
1234 Subsection (2)(a) enacted by the Legislature during the 2007 General Session:]



1235 ~~[(i) personal property tax revenue:]~~  
 1236 ~~[(A) received by a taxing entity;]~~  
 1237 ~~[(B) assessed by a county assessor in accordance with Part 3, County Assessment; and]~~  
 1238 ~~[(C) for personal property that is semiconductor manufacturing equipment; or]~~  
 1239 ~~[(ii) the taxable value of personal property:]~~  
 1240 ~~[(A) contained on the tax rolls of a taxing entity;]~~  
 1241 ~~[(B) assessed by a county assessor in accordance with Part 3, County Assessment; and]~~  
 1242 ~~[(C) that is semiconductor manufacturing equipment.]~~  
 1243 ~~[(3)]~~ (5) (a) On or before June 22, each taxing entity shall annually adopt a tentative  
 1244 budget.  
 1245 (b) If the taxing entity intends to exceed the certified tax rate, it shall notify the county  
 1246 auditor of:  
 1247 (i) its intent to exceed the certified tax rate; and  
 1248 (ii) the amount by which it proposes to exceed the certified tax rate.  
 1249 (c) The county auditor shall notify all property owners of any intent to exceed the  
 1250 certified tax rate in accordance with Subsection 59-2-919~~[(2)]~~ (3).  
 1251 ~~[(4) (a) The taxable value for the base year under Subsection 17C-1-102(6) shall be~~  
 1252 ~~reduced for any year to the extent necessary to provide a community development and renewal~~  
 1253 ~~agency established under Title 17C, Limited Purpose Local Government Entities - Community~~  
 1254 ~~Development and Renewal Agencies, with approximately the same amount of money the~~  
 1255 ~~agency would have received without a reduction in the county's certified tax rate if:]~~  
 1256 ~~[(i) in that year there is a decrease in the certified tax rate under Subsection (2)(c) or~~  
 1257 ~~(2)(d)(i);]~~  
 1258 ~~[(ii) the amount of the decrease is more than 20% of the county's certified tax rate of~~  
 1259 ~~the previous year; and]~~  
 1260 ~~[(iii) the decrease results in a reduction of the amount to be paid to the agency under~~  
 1261 ~~Section 17C-1-403 or 17C-1-404.]~~  
 1262 ~~[(b) The base taxable value under Subsection 17C-1-102(6) shall be increased in any~~  
 1263 ~~year to the extent necessary to provide a community development and renewal agency with~~  
 1264 ~~approximately the same amount of money as the agency would have received without an~~  
 1265 ~~increase in the certified tax rate that year if:]~~

1266 ~~[(i) in that year the base taxable value under Subsection 17C-1-102(6) is reduced due to~~  
1267 ~~a decrease in the certified tax rate under Subsection (2)(c) or (2)(d)(i); and]~~

1268 ~~[(ii) The certified tax rate of a city, school district, local district, or special service~~  
1269 ~~district increases independent of the adjustment to the taxable value of the base year.]~~

1270 ~~[(c) Notwithstanding a decrease in the certified tax rate under Subsection (2)(c) or~~  
1271 ~~(2)(d)(i), the amount of money allocated and, when collected, paid each year to a community~~  
1272 ~~development and renewal agency established under Title 17C, Limited Purpose Local~~  
1273 ~~Government Entities - Community Development and Renewal Agencies, for the payment of~~  
1274 ~~bonds or other contract indebtedness, but not for administrative costs, may not be less than that~~  
1275 ~~amount would have been without a decrease in the certified tax rate under Subsection (2)(c) or~~  
1276 ~~(2)(d)(i).]~~

1277 Section 30. Section **59-2-924.2** is enacted to read:

1278 **59-2-924.2. Adjustments to the calculation of a taxing entity's certified tax rate.**

1279 (1) For purposes of this section, "certified tax rate" means a certified tax rate calculated  
1280 in accordance with Section 59-2-924.

1281 (2) Beginning January 1, 1997, if a taxing entity receives increased revenues from  
1282 uniform fees on tangible personal property under Section 59-2-404, 59-2-405, 59-2-405.1,  
1283 59-2-405.2, or 59-2-405.3 as a result of any county imposing a sales and use tax under Chapter  
1284 12, Part 11, County Option Sales and Use Tax, the taxing entity shall decrease its certified tax  
1285 rate to offset the increased revenues.

1286 (3) (a) Beginning July 1, 1997, if a county has imposed a sales and use tax under  
1287 Chapter 12, Part 11, County Option Sales and Use Tax, the county's certified tax rate shall be:

1288 (i) decreased on a one-time basis by the amount of the estimated sales and use tax  
1289 revenue to be distributed to the county under Subsection 59-12-1102(3); and

1290 (ii) increased by the amount necessary to offset the county's reduction in revenue from  
1291 uniform fees on tangible personal property under Section 59-2-404, 59-2-405, 59-2-405.1,  
1292 59-2-405.2, or 59-2-405.3 as a result of the decrease in the certified tax rate under Subsection  
1293 (3)(a)(i).

1294 (b) The commission shall determine estimates of sales and use tax distributions for  
1295 purposes of Subsection (3)(a).

1296 (4) Beginning January 1, 1998, if a municipality has imposed an additional resort

1297 communities sales tax under Section 59-12-402, the municipality's certified tax rate shall be  
1298 decreased on a one-time basis by the amount necessary to offset the first 12 months of  
1299 estimated revenue from the additional resort communities sales and use tax imposed under  
1300 Section 59-12-402.

1301 (5) (a) This Subsection (5) applies to each county that:

1302 (i) establishes a countywide special service district under Title 17A, Chapter 2, Part 13,  
1303 Utah Special Service District Act, to provide jail service, as provided in Subsection  
1304 17A-2-1304(1)(a)(x); and

1305 (ii) levies a property tax on behalf of the special service district under Section  
1306 17A-2-1322.

1307 (b) (i) The certified tax rate of each county to which this Subsection (5) applies shall be  
1308 decreased by the amount necessary to reduce county revenues by the same amount of revenues  
1309 that will be generated by the property tax imposed on behalf of the special service district.

1310 (ii) Each decrease under Subsection (5)(b)(i) shall occur contemporaneously with the  
1311 levy on behalf of the special service district under Section 17A-2-1322.

1312 (6) (a) As used in this Subsection (6):

1313 (i) "Annexing county" means a county whose unincorporated area is included within a  
1314 fire district by annexation.

1315 (ii) "Annexing municipality" means a municipality whose area is included within a fire  
1316 district by annexation.

1317 (iii) "Equalized fire protection tax rate" means the tax rate that results from:

1318 (A) calculating, for each participating county and each participating municipality, the  
1319 property tax revenue necessary to cover all of the costs associated with providing fire  
1320 protection, paramedic, and emergency services:

1321 (I) for a participating county, in the unincorporated area of the county; and

1322 (II) for a participating municipality, in the municipality; and

1323 (B) adding all the amounts calculated under Subsection (6)(a)(iii)(A) for all  
1324 participating counties and all participating municipalities and then dividing that sum by the  
1325 aggregate taxable value of the property, as adjusted in accordance with Section 59-2-913:

1326 (I) for participating counties, in the unincorporated area of all participating counties;  
1327 and

1328 (II) for participating municipalities, in all the participating municipalities.  
1329 (iv) "Fire district" means a service area under Title 17B, Chapter 2a, Part 9, Service  
1330 Area Act, in the creation of which an election was not required under Subsection  
1331 17B-1-214(3)(c).  
1332 (v) "Fire protection tax rate" means:  
1333 (A) for an annexing county, the property tax rate that, when applied to taxable property  
1334 in the unincorporated area of the county, generates enough property tax revenue to cover all the  
1335 costs associated with providing fire protection, paramedic, and emergency services in the  
1336 unincorporated area of the county; and  
1337 (B) for an annexing municipality, the property tax rate that generates enough property  
1338 tax revenue in the municipality to cover all the costs associated with providing fire protection,  
1339 paramedic, and emergency services in the municipality.  
1340 (vi) "Participating county" means a county whose unincorporated area is included  
1341 within a fire district at the time of the creation of the fire district.  
1342 (vii) "Participating municipality" means a municipality whose area is included within a  
1343 fire district at the time of the creation of the fire district.  
1344 (b) In the first year following creation of a fire district, the certified tax rate of each  
1345 participating county and each participating municipality shall be decreased by the amount of  
1346 the equalized fire protection tax rate.  
1347 (c) In the first year following annexation to a fire district, the certified tax rate of each  
1348 annexing county and each annexing municipality shall be decreased by the fire protection tax  
1349 rate.  
1350 (d) Each tax levied under this section by a fire district shall be considered to be levied  
1351 by:  
1352 (i) each participating county and each annexing county for purposes of the county's tax  
1353 limitation under Section 59-2-908; and  
1354 (ii) each participating municipality and each annexing municipality for purposes of the  
1355 municipality's tax limitation under Section 10-5-112, for a town, or Section 10-6-133, for a  
1356 city.  
1357 (7) For the calendar year beginning on January 1, 2007, the calculation of a taxing  
1358 entity's certified tax rate, calculated in accordance with Section 59-2-924, shall be adjusted by

1359 the amount necessary to offset any change in the certified tax rate that may result from  
1360 excluding the following from the certified tax rate under Subsection 59-2-924(3) enacted by the  
1361 Legislature during the 2007 General Session:

1362 (a) personal property tax revenue:

1363 (i) received by a taxing entity;

1364 (ii) assessed by a county assessor in accordance with Part 3, County Assessment; and

1365 (iii) for personal property that is semiconductor manufacturing equipment; or

1366 (b) the taxable value of personal property:

1367 (i) contained on the tax rolls of a taxing entity;

1368 (ii) assessed by a county assessor in accordance with Part 3, County Assessment; and

1369 (iii) that is semiconductor manufacturing equipment.

1370 (8) (a) The taxable value for the base year under Subsection 17C-1-102(6) shall be  
1371 reduced for any year to the extent necessary to provide a community development and renewal  
1372 agency established under Title 17C, Limited Purpose Local Government Entities - Community  
1373 Development and Renewal Agencies, with approximately the same amount of money the  
1374 agency would have received without a reduction in the county's certified tax rate, calculated in  
1375 accordance with Section 59-2-924, if:

1376 (i) in that year there is a decrease in the certified tax rate under Subsection (2) or (3)(a);

1377 (ii) the amount of the decrease is more than 20% of the county's certified tax rate of the  
1378 previous year; and

1379 (iii) the decrease results in a reduction of the amount to be paid to the agency under  
1380 Section 17C-1-403 or 17C-1-404.

1381 (b) The base taxable value under Subsection 17C-1-102(6) shall be increased in any  
1382 year to the extent necessary to provide a community development and renewal agency with  
1383 approximately the same amount of money as the agency would have received without an  
1384 increase in the certified tax rate that year if:

1385 (i) in that year the base taxable value under Subsection 17C-1-102(6) is reduced due to  
1386 a decrease in the certified tax rate under Subsection (2) or (3)(a); and

1387 (ii) the certified tax rate of a city, school district, local district, or special service  
1388 district increases independent of the adjustment to the taxable value of the base year.

1389 (c) Notwithstanding a decrease in the certified tax rate under Subsection (2) or (3)(a),

1390 the amount of money allocated and, when collected, paid each year to a community  
1391 development and renewal agency established under Title 17C, Limited Purpose Local  
1392 Government Entities - Community Development and Renewal Agencies, for the payment of  
1393 bonds or other contract indebtedness, but not for administrative costs, may not be less than that  
1394 amount would have been without a decrease in the certified tax rate under Subsection (2) or  
1395 (3)(a).

1396 Section 31. Section **59-2-924.3** is enacted to read:

1397 **59-2-924.3. Adjustment of the calculation of the certified tax rate for a school**  
1398 **district imposing a capital outlay levy in a county of the first class.**

1399 (1) As used in this section:

1400 (a) "Capital outlay increment" means the amount of revenue equal to the difference  
1401 between:

1402 (i) the amount of revenue generated by a levy of .0006 per dollar of taxable value  
1403 within a school district during a fiscal year; and

1404 (ii) the amount of revenue the school district received during the same fiscal year from  
1405 the distribution described in Subsection 53A-16-107.1(1).

1406 (b) "Contributing school district" means a school district in a county of the first class  
1407 that in a fiscal year receives less revenue from the distribution described in Subsection  
1408 53A-16-107.1(1) than it would have received during the same fiscal year from a levy imposed  
1409 within the school district of .0006 per dollar of taxable value.

1410 (c) "Receiving school district" means a school district in a county of the first class that  
1411 in a fiscal year receives more revenue from the distribution described in Subsection  
1412 53A-16-107.1(1) than it would have received during the same fiscal year from a levy imposed  
1413 within the school district of .0006 per dollar of taxable value.

1414 (2) A receiving school district shall decrease its capital outlay certified tax rate under  
1415 Subsection 59-2-924(3)(g)(ii) by the amount required to offset the receiving school district's  
1416 capital outlay increment for the prior fiscal year.

1417 (3) Beginning with fiscal year 2009-10, a contributing school district is exempt from  
1418 the public notice and hearing requirements of Sections 59-2-918 and 59-2-919 for the school  
1419 district's capital outlay levy certified tax rate calculated pursuant to Subsection  
1420 59-2-924(3)(g)(ii) if:

1421 (a) the contributing school district budgets an increased amount of ad valorem property  
1422 tax revenue exclusive of new growth as defined in Subsection 59-2-924(4) for the capital  
1423 outlay levy described in Section 53A-16-107; and

1424 (b) the increased amount of ad valorem property tax revenue described in Subsection  
1425 (3)(a) is less than or equal to that contributing school district's capital outlay increment for the  
1426 prior year.

1427 (4) Beginning with fiscal year 2010-11, a contributing school district is exempt from  
1428 the public notice and hearing requirements of Sections 59-2-918 and 59-2-919 for the school  
1429 district's capital outlay levy certified tax rate calculated pursuant to Subsection  
1430 59-2-924(3)(g)(ii) if:

1431 (a) the contributing school district budgets an increased amount of ad valorem property  
1432 tax revenue exclusive of new growth as defined in Subsection 59-2-924(4) for the capital  
1433 outlay levy described in Section 53A-16-107; and

1434 (b) the increased amount of ad valorem property tax revenue described in Subsection  
1435 (4)(a) is less than or equal to the difference between:

1436 (i) the amount of revenue generated by a levy of .0006 per dollar of taxable value  
1437 imposed within the contributing school district during the current taxable year; and

1438 (ii) the amount of revenue generated by a levy of .0006 per dollar of taxable value  
1439 imposed within the contributing school district during the prior taxable year.

1440 (5) Regardless of the amount a school district receives from the revenue collected from  
1441 the .0006 portion of the capital outlay levy described in Subsection 53A-16-107(3), the revenue  
1442 generated within the school district from the .0006 portion of the capital outlay levy described  
1443 in Subsection 53A-16-107(3) shall be considered to be budgeted ad valorem property tax  
1444 revenues of the school district that levies the .0006 portion of the capital outlay levy for  
1445 purposes of calculating the school district's certified tax rate in accordance with Subsection  
1446 59-2-924(3)(g)(ii).

1447 Section 32. Section **59-2-924.4** is enacted to read:

1448 **59-2-924.4. Adjustment to certified tax rate of school districts receiving funds**  
1449 **from capital outlay programs.**

1450 (1) For purposes of this section:

1451 (a) "New ongoing funding increment" means an amount equal to the difference

1452 between the following:

1453 (i) the ongoing appropriation for a program for fiscal year 2007-08 as provided in  
1454 Section 53A-21-105; and

1455 (ii) the ongoing appropriation for the program for fiscal year 2008-09 as provided in  
1456 Section 53A-21-501.

1457 (b) "Receiving school district" means a school district that in fiscal year 2008-09  
1458 receives a distribution from the funds appropriated in Section 53A-21-501.

1459 (2) For the taxable year beginning January 1, 2008, a receiving school district shall  
1460 decrease its certified tax rate calculated in accordance with Section 59-2-924 by an amount  
1461 equal to the amount of revenue the receiving school district receives from the new ongoing  
1462 funding increment of:

1463 (a) the Capital Outlay Foundation Program in accordance with Section 53A-21-202;  
1464 and

1465 (b) the Capital Outlay Enrollment Growth Program in accordance with Section  
1466 53A-21-302.

1467 Section 33. Section **59-2-924.5** is enacted to read:

1468 **59-2-924.5. Adjustment of the calculation of the certified tax rate for certain**  
1469 **divided school districts.**

1470 (1) As used in this section:

1471 (a) "Capital outlay increment" means the amount of revenue equal to the difference  
1472 between:

1473 (i) the amount of revenue generated by a levy of .0006 per dollar of taxable value  
1474 within a qualifying divided school district during a fiscal year; and

1475 (ii) the amount of revenue the qualifying divided school district received during the  
1476 same fiscal year from the distribution described in Subsection 53A-2-118.3.

1477 (b) "Contributing divided school district" means a school district located within a  
1478 qualifying divided school district that in a fiscal year receives less revenue from the distribution  
1479 described in Subsection 53A-16-107.1(1) than it would have received during the same fiscal  
1480 year from a levy imposed within the school district of .0006 per dollar of taxable value.

1481 (c) "Divided school district" means a school district from which a new school district is  
1482 created.



- 1483 (d) "New school district" means a school district:  
1484 (i) created under 53A-2-118 or 53A-2-118.1;  
1485 (ii) that begins to provide educational services after July 1, 2008; and  
1486 (iii) located in a qualifying divided school district.  
1487 (e) "Qualifying divided school district" means a divided school district:  
1488 (i) located within a county of the second through sixth class; and  
1489 (ii) with a new school district created under Section 53A-2-118.1 that begins to provide  
1490 educational services after July 1, 2008.  
1491 (f) "Qualifying fiscal year" means the first fiscal year that a new school district begins  
1492 to provide educational services.  
1493 (g) "Receiving divided school district" means a school district located within a  
1494 qualifying divided school district that in a fiscal year receives more revenue from the  
1495 distribution described in Subsection 53A-2-118.3 than it would have received during the same  
1496 fiscal year from a levy imposed within the school district of .0006 per dollar of taxable value.  
1497 (2) A receiving divided school district shall decrease its certified tax rate calculated in  
1498 accordance with Subsection 59-2-924 by the amount required to offset the receiving divided  
1499 school district's capital outlay increment for the prior fiscal year.  
1500 (3) Beginning with the qualifying fiscal year, a contributing divided school district is  
1501 exempt from the public notice and hearing requirements of Sections 59-2-918 and 59-2-919 for  
1502 the contributing divided school district's certified tax rate calculated pursuant to Section  
1503 59-2-924 if:  
1504 (a) the contributing divided school district budgets an increased amount of ad valorem  
1505 property tax revenue exclusive of new growth as defined in Subsection 59-2-924(4) for the  
1506 capital outlay levy required in Section 53A-2-118.3; and  
1507 (b) the increased amount of ad valorem property tax revenue described in Subsection  
1508 (3)(a) is less than or equal to that contributing divided school district's capital outlay increment  
1509 for the prior year.  
1510 (4) Beginning with the fiscal year after the qualifying fiscal year, a contributing divided  
1511 school district is exempt from the public notice and hearing requirements of Sections 59-2-918  
1512 and 59-2-919 for the contributing divided school district's certified tax rate calculated pursuant  
1513 to Section 59-2-924 if:

1514 (a) the contributing divided school district budgets an increased amount of ad valorem  
1515 property tax revenue exclusive of new growth as defined in Subsection 59-2-924(4) for the  
1516 capital outlay levy described in Section 53A-2-118.3; and

1517 (b) the increased amount of ad valorem property tax revenue described in Subsection  
1518 (4)(a) is less than or equal to the difference between:

1519 (i) the amount of revenue generated by a levy of .0006 per dollar of taxable value  
1520 imposed within the contributing divided school district during the current taxable year; and

1521 (ii) the amount of revenue generated by a levy of .0006 per dollar of taxable value  
1522 imposed within the contributing divided school district during the prior taxable year.

1523 (5) Regardless of the amount a school district receives from the revenue collected from  
1524 the .0006 portion of the capital outlay levy described in Subsection 53A-2-118.3, the revenue  
1525 generated within the school district from the .0006 portion of the capital outlay levy described  
1526 in Subsection 53A-2-118.3 shall be considered to be budgeted ad valorem property tax  
1527 revenues of the school district that levies the .0006 portion of the capital outlay levy for  
1528 purposes of calculating the school district's certified tax rate in accordance with Section  
1529 59-2-924.

1530 Section 34. Section **59-2-1330** is amended to read:

1531 **59-2-1330. Payment of property taxes -- Payments to taxpayer by state or taxing**  
1532 **entity -- Refund of penalties paid by taxpayer -- Refund of interest paid by taxpayer --**  
1533 **Payment of interest to taxpayer -- Judgment levy -- Objections to assessments by the**  
1534 **commission -- Time periods for making payments to taxpayer.**

1535 (1) Unless otherwise specifically provided by statute, property taxes shall be paid  
1536 directly to the county assessor or the county treasurer:

1537 (a) on the date that the property taxes are due; and

1538 (b) as provided in this chapter.

1539 (2) A taxpayer shall receive payment as provided in this section if a reduction in the  
1540 amount of any tax levied against any property for which the taxpayer paid a tax or any portion  
1541 of a tax under this chapter for a calendar year is required by a final and unappealable judgment  
1542 or order described in Subsection (3) issued by:

1543 (a) a county board of equalization;

1544 (b) the commission; or

1545 (c) a court of competent jurisdiction.

1546 (3) (a) For purposes of Subsection (2), the state or any taxing entity that has received  
1547 property taxes or any portion of property taxes from a taxpayer described in Subsection (2)  
1548 shall pay the taxpayer if:

1549 (i) the taxes the taxpayer paid in accordance with Subsection (2) are collected by an  
1550 authorized officer of the:

1551 (A) county; or

1552 (B) state;

1553 (ii) the taxpayer obtains a final and unappealable judgment or order:

1554 (A) from:

1555 (I) a county board of equalization;

1556 (II) the commission; or

1557 (III) a court of competent jurisdiction;

1558 (B) against:

1559 (I) the taxing entity or an authorized officer of the taxing entity; or

1560 (II) the state or an authorized officer of the state; and

1561 (C) ordering a reduction in the amount of any tax levied against any property for which  
1562 a taxpayer paid a tax or any portion of a tax under this chapter for the calendar year.

1563 (b) The amount that the state or a taxing entity shall pay a taxpayer shall be determined  
1564 in accordance with Subsections (4) through (7).

1565 (4) For purposes of Subsections (2) and (3), the amount the state shall pay to a taxpayer  
1566 is equal to the sum of:

1567 (a) if the difference described in this Subsection (4)(a) is greater than \$0, the difference  
1568 between:

1569 (i) the tax the taxpayer paid to the state in accordance with Subsection (2); and

1570 (ii) the amount of the taxpayer's tax liability to the state after the reduction in the  
1571 amount of tax levied against the property in accordance with the final and unappealable  
1572 judgment or order described in Subsection (3);

1573 (b) if the difference described in this Subsection (4)(b) is greater than \$0, the difference  
1574 between:

1575 (i) any penalties the taxpayer paid to the state in accordance with Section 59-2-1331;

1576 and

1577 (ii) the amount of penalties the taxpayer is liable to pay to the state in accordance with  
1578 Section 59-2-1331 after the reduction in the amount of tax levied against the property in  
1579 accordance with the final and unappealable judgment or order described in Subsection (3);

1580 (c) as provided in Subsection (6)(a), interest the taxpayer paid in accordance with  
1581 Section 59-2-1331 on the amounts described in Subsections (4)(a) and (4)(b); and

1582 (d) as provided in Subsection (6)(b), interest on the sum of the amounts described in:

1583 (i) Subsection (4)(a);

1584 (ii) Subsection (4)(b); and

1585 (iii) Subsection (4)(c).

1586 (5) For purposes of Subsections (2) and (3), the amount a taxing entity shall pay to a  
1587 taxpayer is equal to the sum of:

1588 (a) if the difference described in this Subsection (5)(a) is greater than \$0, the difference  
1589 between:

1590 (i) the tax the taxpayer paid to the taxing entity in accordance with Subsection (2); and

1591 (ii) the amount of the taxpayer's tax liability to the taxing entity after the reduction in  
1592 the amount of tax levied against the property in accordance with the final and unappealable  
1593 judgment or order described in Subsection (3);

1594 (b) if the difference described in this Subsection (5)(b) is greater than \$0, the difference  
1595 between:

1596 (i) any penalties the taxpayer paid to the taxing entity in accordance with Section  
1597 59-2-1331; and

1598 (ii) the amount of penalties the taxpayer is liable to pay to the taxing entity in  
1599 accordance with Section 59-2-1331 after the reduction in the amount of tax levied against the  
1600 property in accordance with the final and unappealable judgment or order described in  
1601 Subsection (3); and

1602 (c) as provided in Subsection (6)(a), interest the taxpayer paid in accordance with  
1603 Section 59-2-1331 on the amounts described in Subsections (5)(a) and (5)(b); and

1604 (d) as provided in Subsection (6)(b), interest on the sum of the amounts described in:

1605 (i) Subsection (5)(a);

1606 (ii) Subsection (5)(b); and

1607 (iii) Subsection (5)(c).  
1608 (6) Except as provided in Subsection (7):  
1609 (a) interest shall be refunded to a taxpayer on the amount described in Subsection  
1610 (4)(c) or (5)(c) in an amount equal to the amount of interest the taxpayer paid in accordance  
1611 with Section 59-2-1331; and  
1612 (b) interest shall be paid to a taxpayer on the amount described in Subsection (4)(d) or  
1613 (5)(d):  
1614 (i) beginning on the later of:  
1615 (A) the day on which the taxpayer paid the tax in accordance with Subsection (2); or  
1616 (B) January 1 of the calendar year immediately following the calendar year for which  
1617 the tax was due;  
1618 (ii) ending on the day on which the state or a taxing entity pays to the taxpayer the  
1619 amount required by Subsection (4) or (5); and  
1620 (iii) at the interest rate earned by the state treasurer on public funds transferred to the  
1621 state treasurer in accordance with Section 51-7-5.  
1622 (7) Notwithstanding Subsection (6):  
1623 (a) the state may not pay or refund interest to a taxpayer under Subsection (6) on any  
1624 tax the taxpayer paid in accordance with Subsection (2) that exceeds the amount of tax levied  
1625 by the state for that calendar year as stated on the notice required by Section 59-2-1317; and  
1626 (b) a taxing entity may not pay or refund interest to a taxpayer under Subsection (6) on  
1627 any tax the taxpayer paid in accordance with Subsection (2) that exceeds the amount of tax  
1628 levied by the taxing entity for that calendar year as stated on the notice required by Section  
1629 59-2-1317.  
1630 (8) (a) Each taxing entity may levy a tax to pay its share of the final and unappealable  
1631 judgment or order described in Subsection (3) if:  
1632 (i) the final and unappealable judgment or order is issued no later than 15 days prior to  
1633 the date the levy is set under Subsection 59-2-924[~~(2)~~] (3)(a);  
1634 (ii) the amount of the judgment levy is included on the notice under Section 59-2-919;  
1635 and  
1636 (iii) the final and unappealable judgment or order is an eligible judgment, as defined in  
1637 Section 59-2-102.

1638 (b) The levy under Subsection (8)(a) is in addition to, and exempt from, the maximum  
1639 levy established for the taxing entity.

1640 (9) (a) A taxpayer that objects to the assessment of property assessed by the  
1641 commission shall pay, on or before the date of delinquency established under Subsection  
1642 59-2-1331(1) or Section 59-2-1332, the full amount of taxes stated on the notice required by  
1643 Section 59-2-1317 if:

1644 (i) the taxpayer has applied to the commission for a hearing in accordance with Section  
1645 59-2-1007 on the objection to the assessment; and

1646 (ii) the commission has not issued a written decision on the objection to the assessment  
1647 in accordance with Section 59-2-1007.

1648 (b) A taxpayer that pays the full amount of taxes due under Subsection (9)(a) is not  
1649 required to pay penalties or interest on an assessment described in Subsection (9)(a) unless:

1650 (i) a final and unappealable judgment or order establishing that the property described  
1651 in Subsection (9)(a) has a value greater than the value stated on the notice required by Section  
1652 59-2-1317 is issued by:

1653 (A) the commission; or

1654 (B) a court of competent jurisdiction; and

1655 (ii) the taxpayer fails to pay the additional tax liability resulting from the final and  
1656 unappealable judgment or order described in Subsection (9)(b)(i) within a 45-day period after  
1657 the county bills the taxpayer for the additional tax liability.

1658 (10) (a) Except as provided in Subsection (10)(b), a payment that is required by this  
1659 section shall be paid to a taxpayer:

1660 (i) within 60 days after the day on which the final and unappealable judgment or order  
1661 is issued in accordance with Subsection (3); or

1662 (ii) if a judgment levy is imposed in accordance with Subsection (8):

1663 (A) if the payment to the taxpayer required by this section is \$5,000 or more, no later  
1664 than December 31 of the year in which the judgment levy is imposed; and

1665 (B) if the payment to the taxpayer required by this section is less than \$5,000, within  
1666 60 days after the date the final and unappealable judgment or order is issued in accordance with  
1667 Subsection (3).

1668 (b) Notwithstanding Subsection (10)(a), a taxpayer may enter into an agreement:

1669 (i) that establishes a time period other than a time period described in Subsection  
1670 (10)(a) for making a payment to the taxpayer that is required by this section; and

1671 (ii) with:

1672 (A) an authorized officer of a taxing entity for a tax imposed by a taxing entity; or

1673 (B) an authorized officer of the state for a tax imposed by the state.

1674 **Section 35. Repealer.**

1675 This bill repeals:

1676 **Section 53A-21-103, Qualifications for participation in the foundation program --**

1677 **Distribution of monies -- Distribution formulas.**

1678 **Section 53A-21-103.5, Qualifications for participation in the Enrollment Growth**

1679 **Program -- State Board of Education rules -- Distribution formula.**

1680 **Section 36. Effective date -- Retrospective operation.**

1681 (1) Except as provided in Subsection (2), this bill takes effect on July 1, 2008.

1682 (2) Sections 59-2-924, 59-2-924.2, 59-2-924.3, and 59-2-924.4 take effect on May 5,

1683 2008 and have retrospective operation to January 1, 2008.

1684 **Section 37. Coordinating H.B. 1 with S.B. 48 -- Superseding amendments.**

1685 If this S.B. 48 and H.B. 1, Minimum School Program Base Budget Amendments, both  
1686 pass, it is the intent of the Legislature that the amendments to Section 53A-21-501, renumbered

1687 from Section 53A-21-105, in this bill supersede the amendments to Section 53A-21-105 in

1688 H.B. 1 when the Office of Legislative Research and General Counsel prepares the Utah Code

1689 database for publication.

**S.B. 48 3rd Sub. (Ivory) - Equalization of School Capital Outlay Funding**

**Fiscal Note**

2008 General Session

State of Utah

**State Impact**

Enactment of this bill appropriates an additional \$28,711,100 in ongoing Uniform School Fund revenue to the State Board of Education to support the Capital Outlay Foundation and Capital Outlay Enrollment Growth Programs. The bill contains a coordinating clause which supercedes the ongoing base budget supporting the Capital Outlay Foundation Program and the Enrollment Growth Program of \$27,288,900 with a total of \$56,000,000 for both programs, of which \$33 million is allocated for the Capital Outlay Foundation Program and \$23 million for the Capital Outlay Enrollment Growth Program.

	<u>FY 2008</u> <u>Approp.</u>	<u>FY 2009</u> <u>Approp.</u>	<u>FY 2010</u> <u>Approp.</u>	<u>FY 2008</u> <u>Revenue</u>	<u>FY 2009</u> <u>Revenue</u>	<u>FY 2010</u> <u>Revenue</u>
Uniform School Fund	\$0	\$28,711,100	\$28,711,100	\$0	\$0	\$0
<b>Total</b>	<b>\$0</b>	<b>\$28,711,100</b>	<b>\$28,711,100</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Individual, Business and/or Local Impact**

Enactment of this bill may result in increased revenue allocations to school districts that qualify to receive Capital Outlay Foundation and Capital Outlay Enrollment Growth revenues. A school district that receives a higher state fund allocation under the capital outlay programs must reduce its certified property tax rate by the increase it received in allocating new ongoing state funding. Enactment of this bill may also result in additional school districts qualifying for program revenues.

Bill provisions increase the property tax threshold rate that school districts may impose to receive a full distribution of state funds supporting the capital outlay programs. Districts that meet or exceed the new rate will receive a full allocation, those districts that do not meet the new rate may see a pro-rata allocation based on their participation level.

Enactment of this bill requires school districts located in counties of the first class to levy a capital outlay property tax rate in order to receive state funding appropriated to the Minimum School Program - Basic School Program. Revenue generated from the required capital outlay property tax rate is combined and allocated by the county treasurer based on the formula outlined in the bill. A school district that receives a greater allocation of combined revenues than their tax rate produces must decrease its certified capital outlay property tax rate by the increased allocation amount. The certified capital outlay property tax rate of a school district that receives a lesser allocation of combined revenues than their tax rate produces may be adjusted to remain revenue neutral without going through truth in taxation.