

**USE OF SEVERANCE TAX REVENUES WHEN
A SCHOOL DISTRICT DIVISION OCCURS**

2008 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Michael G. Waddoups

House Sponsor: _____

LONG TITLE

General Description:

This bill allocates severance taxes for school capital outlay under certain circumstances.

Highlighted Provisions:

This bill:

- ▶ creates a School District Division Capital Equalization Fund;
- ▶ allocates a portion of mining severance tax revenues to the fund; and
- ▶ requires the State Board of Education to make allocations, for a certain period of time, to the remaining portion of a school district that has been divided.

Monies Appropriated in this Bill:

None

Other Special Clauses:

This bill takes effect on July 1, 2008.

This bill coordinates with S.B. 104, State Capital Facility Board - Creation and Oversight, by substantively modifying language.

Utah Code Sections Affected:

AMENDS:

59-5-215, as enacted by Laws of Utah 1988, Chapter 4

ENACTS:

53A-21-601, Utah Code Annotated 1953



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

Section 1. Section **53A-21-601** is enacted to read:

Part 6. School District Division Capital Equalization Fund

53A-21-601. School District Division Capital Equalization Fund -- Severance tax
-- Allocations.

(1) As used in this section:

(a) "New school district" and "remaining school district" are as defined in Section 53A-2-117.

(b) "Qualifying school district" means a remaining school district whose school district division occurred in the previous ten years.

(2) (a) There is created a restricted special revenue fund known as the School District Division Capital Equalization Fund.

(b) Any interest earned on the fund shall be deposited into the General Fund.

(3) When a school district division occurs pursuant to Section 53A-2-118.1, for the fiscal year in which the new school district assumes responsibility for providing educational services and the following nine years:

(a) 25% of the average annual revenues generated under Section 59-5-202 over the prior three years, not to exceed the amount of current fiscal year revenues, shall be deposited into the School District Division Capital Equalization Fund; and

(b) the State Board of Education shall allocate the funds deposited under Subsection (3)(a) in accordance with Subsection (4).

(4) (a) The State Board of Education shall allocate funds deposited into the School District Division Capital Equalization Fund to a qualifying school district or qualifying school districts, to be used only for capital outlay purposes.

(b) If more than one qualifying school district is affected by one or more school district divisions that occur pursuant to Section 53A-2-118.1, the State Board of Education shall allocate funds deposited into the fund pursuant to Subsection (3)(a) by:

(i) equally dividing 10% of available funds among each qualifying school district; and

(ii) allocating the remaining 90% to the qualifying school district or qualifying school districts most in need, after considering the following factors:

59 (A) student enrollment growth and new building needs;
60 (B) the extent to which the district division has reduced the property tax base available
61 to fund facilities in the qualifying school district;
62 (C) property tax taxable base per student;
63 (D) property tax effort; and
64 (E) capacity and renovation needs in existing facilities.
65 (c) The State Board of Education may only allocate funds pursuant to this section to a
66 qualifying school district for ten years following the school district division pursuant to Section
67 53A-2-118.1.

68 Section 2. Section **59-5-215** is amended to read:

69 **59-5-215. Disposition of taxes collected -- Credit to General Fund.**

70 All taxes imposed and collected under Section 59-5-202 shall be:

71 (1) paid to the commission[~~;~~and];
72 (2) promptly remitted to the state treasurer[~~, to be~~]; and
73 (3) except those taxes otherwise allocated under Section 53A-21-601, credited to the
74 General Fund.

75 Section 3. **Effective date.**

76 This bill takes effect on July 1, 2008.

77 Section 4. **Coordinating S.B. 219 with S.B. 104 -- Substantive changes.**

78 If this S.B. 219 and S.B. 104, State Capital Facility Board - Creation and Oversight,
79 both pass, it is the intent of the Legislature that the Office of Legislative Research and General
80 Counsel, in preparing the Utah Code database for publication, replace the references in Section
81 53A-21-601 to "State Board of Education" with "Utah School Facilities Board".

Legislative Review Note
as of 2-6-08 3:58 PM

Office of Legislative Research and General Counsel

Fiscal Note

S.B. 219 - Use of Severance Tax Revenues When a School District Division Occurs

2008 General Session

State of Utah

State Impact

Enactment of this bill will require an appropriation of \$6,700,000 in FY 2010 and each year thereafter for a total of ten years from the General Fund to the newly created School District Division Capital Equalization Fund. It is not known how many school districts will split in the future. If more school districts split, the ten year process begins again, and the annual appropriation from the General Fund would be split among the qualifying school districts.

	<u>FY 2008 Approp.</u>	<u>FY 2009 Approp.</u>	<u>FY 2010 Approp.</u>	<u>FY 2008 Revenue</u>	<u>FY 2009 Revenue</u>	<u>FY 2010 Revenue</u>
General Fund, One-Time	\$0	\$0	\$6,700,000	\$0	\$0	\$0
Total	\$0	\$0	\$6,700,000	\$0	\$0	\$0

Individual, Business and/or Local Impact

Qualifying school districts will experience increased revenue for capital outlay. Individuals or businesses residing within the boundaries of the qualifying school districts may see a decrease in capital outlay property tax.
