

Senator Michael G. Waddoups proposes the following substitute bill:

SCHOOL DISTRICT DIVISION FUNDING

2008 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Michael G. Waddoups

House Sponsor: _____

LONG TITLE

General Description:

This bill allocates funding for school capital outlay under certain circumstances.

Highlighted Provisions:

This bill:

- ▶ creates a School District Division Capital Equalization Account;
- ▶ transfers General Fund monies to the account; 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:

This bill transfers \$5,000,000 annually from the General Fund, under certain circumstances.

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:

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 Account

53A-21-601. School District Division Capital Equalization Account -- General Fund transfer -- 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 with new boundaries created due to a school district division that occurred in the previous ten years pursuant to Section 53A-2-118.1.

(2) (a) There is created a restricted account within the Uniform School Fund known as the School District Division Capital Equalization Account.

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

(3) (a) 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:

(i) the Division of Finance shall transfer \$5,000,000 from the General Fund by March 31 of each of the ten years into the School District Division Capital Equalization Account; and

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

(b) The \$5,000,000 transferred under Subsection (3)(a)(i) is the total amount to be transferred, even if more than one school district division has occurred.

(4) (a) The State Board of Education shall allocate funds deposited into the School District Division Capital Equalization Account 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:

(A) student enrollment growth and new building needs;

(B) the extent to which the district division has reduced the property tax base available to fund facilities in the qualifying school district;

(C) property tax taxable base per student;

(D) property tax effort; and

(E) capacity and renovation needs in existing facilities.

(c) The State Board of Education may only allocate funds pursuant to this section to a qualifying school district for ten years following the school district division pursuant to Section 53A-2-118.1.

(5) When a district division pursuant to Section 53A-2-118.1 is approved by voters, the state superintendent shall notify the Division of Finance, the Governor's Office of Planning and Budget, and the Legislative Fiscal Analyst of the date the new school district will assume responsibility for providing educational services.

Section 2. Effective date.

This bill takes effect on July 1, 2008.

Section 3. Coordinating S.B. 219 with S.B. 104 -- Substantive changes.

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

S.B. 219 1st Sub. (Green) - School District Division Funding

Fiscal Note

2008 General Session

State of Utah

State Impact

Enactment of this bill will require an transfer of \$5,000,000 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. If more school districts split, then ten year process begins again.

	<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	\$0	\$0	\$0	\$0	\$0	(\$5,000,000)
Total	\$0	\$0	\$0	\$0	\$0	(\$5,000,000)

Individual, Business and/or Local Impact

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