

STATEWIDE EQUALIZATION OF SCHOOL**FUNDING**

2009 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Wayne A. Harper

Senate Sponsor: _____

LONG TITLE**General Description:**

This bill amends the Public Education Capital Outlay Act and the Property Tax Act to modify school funding.

Highlighted Provisions:

This bill:

- defines terms;
- creates the Capital Outlay Equalization Fund;
- requires school districts to impose a basic capital outlay levy;
- deposits revenues from the basic capital outlay levy into the Capital Outlay Equalization Fund;
- makes allocations from the Capital Outlay Equalization Fund using certain criteria;
- creates a method for the calculation of a certified tax rate for a school district's combined capital levy for purposes of truth in taxation; and
- makes technical corrections.

Monies Appropriated in this Bill:

None

Other Special Clauses:

This bill takes effect on January 1, 2010.

Utah Code Sections Affected:

AMENDS:

53A-21-101.5, as enacted by Laws of Utah 2008, Chapter 236

59-2-924, as last amended by Laws of Utah 2008, Chapters 61, 118, 231, 236, 330, 360,
and 382

ENACTS:

53A-21-502, Utah Code Annotated 1953

53A-21-601, Utah Code Annotated 1953

53A-21-602, Utah Code Annotated 1953

53A-21-603, Utah Code Annotated 1953

53A-21-604, Utah Code Annotated 1953

59-2-924.5, Utah Code Annotated 1953

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

Section 1. Section **53A-21-101.5** is amended to read:

53A-21-101.5. Definitions.

As used in this chapter:

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

(2) "Capital Outlay Equalization Fund" or "Fund" means the fund created in Section
53A-21-502.

~~[(2)]~~ (3) "Combined capital levy rate" means a rate that includes the sum of the
following property tax levies:

(a) the capital outlay levy authorized in Section 53A-16-107;

(b) the portion of the 10% of basic levy described in Section 53A-17a-145 that is
budgeted for debt service or capital outlay;

(c) the debt service levy authorized in Section 11-14-310; ~~[and]~~

(d) the voted capital outlay leeway authorized in Section 53A-16-110~~[-]~~; and

(e) the basic capital outlay levy imposed under Section 53A-21-603.

~~[(3)]~~ (4) "Derived net taxable value" means the quotient of:

(a) the total current property tax collections from April 1 through the following March
31 for a school district; divided by

(b) the school district's total tax rate for the calendar year preceding the March 31 referenced in Subsection ~~[(3)]~~ (4)(a).

~~[(4)]~~ (5) "Highest combined capital levy rate" means the highest combined capital levy rate imposed by any school district within the state for a fiscal year.

(6) "Inflation index" means the annual producer price index for new school building construction published by the Bureau of Labor Statistics of the United States Department of Labor.

~~[(5)]~~ (7) "Property tax base per ADM" means the quotient of:

- (a) a school district's derived net taxable value; divided by
- (b) the school district's ADM for the same year.

~~[(6)]~~ (8) "Property tax yield per ADM" means:

- (a) the product of:
 - (i) a school district's derived net taxable value; and
 - (ii) the highest combined capital levy rate for the fiscal year of the March 31 referenced in Subsection ~~[(3)]~~ (4)(a); divided by

- (b) the school district's ADM for the same fiscal year.

(9) "School district property tax base per enrolled student" means:

- (a) the derived net taxable value in a school district; divided by
- (b) the student enrollment in the district as of the same year's October 1 enrollment counts.

~~[(7)]~~ (10) "Statewide average property tax base per ADM" means the quotient of:

- (a) the sum of all school districts' derived net taxable value; divided by
- (b) the sum of all school districts' ADM statewide for the same year.

(11) "Statewide average property tax base per enrolled student" means the quotient of:

- (a) the sum of all school districts' derived net taxable value; divided by
- (b) the sum of all school districts' enrollment statewide as of the same year's October 1 enrollment counts.

Section 2. Section **53A-21-502** is enacted to read:

53A-21-502. Capital Outlay Equalization Fund -- Source of revenues -- Interest.

(1) There is created a restricted special revenue fund known as the "Capital Outlay Equalization Fund."

(2) (a) The fund shall be funded by:

(i) revenues from the basic capital outlay levy deposited under Subsection

53A-21-602(4);

(ii) revenues from the rate reduction limitation increment deposited under Subsection

53A-21-602(5)(b); and

(iii) legislative appropriations.

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

(3) The State Board of Education shall distribute revenues collected from the basic capital outlay levy imposed pursuant to Section 53A-21-603 for the Capital Outlay Equalization Program, in accordance with Section 53A-21-602.

(4) A school district that receives an allocation from the Capital Outlay Equalization Fund may only use the allocation for school capital outlay or debt service.

Section 3. Section **53A-21-601** is enacted to read:

Part 6. ~~H~~→ [Capitol] Capital ←~~H~~ Outlay Equalization Program

53A-21-601. Capital Outlay Equalization Program -- Definitions.

(1) There is created the "Capital Outlay Equalization Program."

(2) As used in this part:

(a) "Adjusted allocation amount per student" means the product of:

(i) the base allocation amount per growth student; and

(ii) the quotient of:

(A) the prior year statewide average property tax base per enrolled student; divided by

(B) the prior year school district property tax base per enrolled student.

(b) "Adjusted basic capital outlay increment" means:

(i) for a receiving district, the basic capital outlay increment less the amount of any rate reduction limitation increment remitted to the State Board of Education; and

(ii) for a contributing district, the basic capital outlay increment plus any allocations received pursuant to Section 53A-21-602.

(c) "Base allocation amount per growth student" means \$10,000 in fiscal year 2010-11, adjusted in future years by the percentage difference between the inflation index for the calendar year preceding the calendar year in which the fiscal year begins and the inflation index for calendar year 2009.

(d) "Basic capital outlay increment" means an amount of revenue equal to the difference between:

(i) the allocations made to a participating school district pursuant to Section 53A-21-602; and

(ii) the revenue generated from the levy imposed under Section 53A-21-603.

(e) "Contributing district" or "contributing school district" means a ~~H~~→ participating ←~~H~~ school district that in a fiscal year receives less revenue from the allocations made under Section 53A-21-602 than it generates from the basic capital outlay levy imposed within the school district under Section 53A-21-603.

(f) "Neutral school district" means a ~~H~~→ participating ←~~H~~ school district that in a fiscal year receives the same amount of revenue from the allocations made under Section 53A-21-602 as it generates from the basic capital outlay levy imposed within the school district under Section 53A-21-603.

(g) ~~H~~→ "Participating school district" or "participating district" means a school district that:

(i) is located in a county of the first, second, or third class; or

(ii) is located in a county of the fourth, fifth, or sixth class and notifies the State Board of Education of its intent to participate in the Capital Outlay Equalization Program.

(h) ~~←H~~ "Rate reduction limitation increment" means, for a receiving district whose combined capital levy certified tax rate would be less than .0024 were it not for the rate reduction limitation under Subsection 53A-21-602(5), the amount of revenue equal to the difference between the following:

(i) the amount of revenue that would have been generated by the combined capital levy certified tax rate in absence of the requirement under Subsection 53A-21-602(5)(a); and

(ii) the amount of revenue generated by a property tax rate of .0024 per dollar of taxable value.

~~H~~→ ~~(h)~~ (i) ~~←H~~ "Receiving district" or "receiving school district" means a ~~H~~→ participating ←~~H~~ school district that in a

fiscal year receives more revenue from the allocations made under Subsection 53A-21-602(1) than it generates from the basic capital outlay levy it imposes within the school district under Section 53A-21-603.

Section 4. Section **53A-21-602** is enacted to read:

147 **53A-21-602.** Capital Outlay Equalization Program -- Distribution of funds.
148 (1) (a) Except as provided in Subsections (2) and (3), beginning with fiscal year
149 2010-11, the State Board of Education shall allocate funding from the Capital Outlay
150 Equalization Fund to a ~~H~~→ **participating** ←~~H~~ school district in an amount equal to the product of:
151 (i) the adjusted allocation amount per student; and

(ii) the average net enrollment increase in the school district over the prior three years, based on the October 1 enrollment counts.

(b) When a new school district is created or school district boundaries are adjusted:

(i) the three-year average net enrollment increase for each affected school district shall be based on school district enrollment over the prior three years in non-charter schools located within that school district's newly created or adjusted boundaries, based on October 1 enrollment counts; and

(ii) the school district net taxable value per enrolled student for each affected school district shall be based upon:

(A) the prior year derived net taxable value within each school district's newly created or adjusted boundaries; and

(B) the prior year total enrollment in non-charter schools located within the school district's newly created or adjusted boundaries.

(c) The State Board of Education may not provide an allocation under this Subsection (1) to a school district that does not have an average net enrollment increase over the prior three years.

(2) The State Board of Education shall allocate to a ~~H→~~ **participating** ~~←H~~ school district the greater of an

amount equal to ~~H→~~ [a] the participating ~~←H~~ school district's allocation pursuant to Subsection (1) or an amount equal to

the revenue generated within the ~~H→~~ **participating** ~~←H~~ school district by the imposition of the basic capital outlay

levy required under Section 53A-21-603 if ~~H→~~ [;

~~—— (a) the school district is in a county of the fourth through sixth class; or~~

~~—— (b)] ~~←H~~ the ~~H→~~ **participating** ~~←H~~ school district:~~

~~H→~~ [(fi)] (a) ~~←H~~ has a school district property tax base per enrolled student less than 70% of the

statewide average property tax base per enrolled student; and

~~H→~~ [(fii)] (b) ~~←H~~ a combined capital levy rate greater than 70% of the highest combined capital levy rate.

(3) If revenues deposited into the Capital Outlay Equalization Fund are insufficient to fully fund the allocations under Subsection (1) for a fiscal year, the State Board of Education shall reduce each district's allocation by an equal percentage.

(4) A ~~H→~~ **participating** ~~←H~~ school district shall remit to the State Board of Education an amount equal to the revenue generated from the basic capital outlay tax rate imposed under Section 53A-21-603 on

or before the June 30 immediately following the end of the taxable year in which the

H→ participating ←H school

district imposes the basic capital outlay tax rate.

(5) (a) A receiving school district shall impose a combined capital levy rate of at least .0024 per dollar of taxable value.

(b) A receiving school district with a combined capital levy certified tax rate that would be less than .0024 per dollar of taxable value were it not for the requirement of Subsection (5)(a) shall remit the district's rate reduction limitation increment to the State Board of Education.

(6) The State Board of Education shall deposit revenues received pursuant to Subsections (4) and (5)(b) into the Capital Outlay Equalization Fund.

(7) The State Board of Education shall allocate the rate reduction limitation increment funds deposited into the Capital Outlay Equalization Fund pursuant to Subsection (5)(b) to contributing districts by allocating an amount that reduces each contributing district's basic capital outlay increment by the same percentage.

(8) In lieu of making transfers of actual funds pursuant to this section, the State Board of Education and the Division of Finance may implement accounting procedures to increase or decrease other allocations that would otherwise be made to a **H→ participating ←H** school district, if the accounting procedures properly account for the flow of funds to and from:

(a) the Capital Outlay Equalization Fund, consistent with this section; and

(b) the revenue source of any allocations adjusted pursuant to this Subsection (8).

Section 5. Section **53A-21-603** is enacted to read:

53A-21-603. Basic capital outlay tax rate.

For taxable years beginning on or after January 1, 2010, in order to qualify for receipt of state funds pursuant to Title 53A, Chapter 17a, Minimum School Program Act, a

H→ participating ←H school district

shall impose a basic capital outlay tax rate of **H→** ~~[:000727]~~ **.000584 ←H** per dollar of taxable value.

Section 6. Section **53A-21-604** is enacted to read:

53A-21-604. Calculation of the combined capital outlay certified tax rate.

(1) For purposes of this section:

(a) "Ad valorem property tax revenues" is as defined in Section 59-2-924.

(b) "Combined capital outlay certified tax rate" means a combined capital levy tax rate that will provide the same ad valorem property tax revenues for a **H→ participating ←H** school district as were

214 budgeted by that ~~H~~→ participating ~~←H~~ school district for the prior year for the
 214a ~~H~~→ participating ~~←H~~ school district's combined capital levy
 215 rate.

216 (2) The combined capital outlay certified tax rate shall be calculated in the same
 217 manner and with the same exceptions and adjustments as the calculation of a taxing entity's
 218 certified tax rate, in accordance with the provisions of Section 59-2-924.

219 (3) The calculation of a ~~H~~→ participating ~~←H~~ school district's combined capital outlay
 219a certified tax rate shall
 220 be used:

221 (a) by the State Board of Education to determine the allocation of funds from the
 222 Capital Outlay Equalization Fund in accordance with Section 53A-21-602; and

223 (b) to offset ~~H~~→ [a] the participating ~~←H~~ school district's aggregate certified tax rate as
 223a provided in Section
 224 59-2-924.5.

225 Section 7. Section **59-2-924** is amended to read:

226 **59-2-924. Report of valuation of property to county auditor and commission --**
 227 **Transmittal by auditor to governing bodies -- Certified tax rate -- Calculation of certified**
 228 **tax rate -- Rulemaking authority -- Adoption of tentative budget.**

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

231 (a) a statement containing the aggregate valuation of all taxable real property assessed
 232 by a county assessor in accordance with Part 3, County Assessment, for each taxing entity; and

233 (b) a statement containing the taxable value of all personal property assessed by a
 234 county assessor in accordance with Part 3, County Assessment, from the prior year end values.

235 (2) The county auditor shall, on or before June 8, transmit to the governing body of
 236 each taxing entity:

237 (a) the statements described in Subsections (1)(a) and (b);

238 (b) an estimate of the revenue from personal property;

239 (c) the certified tax rate; and

240 (d) all forms necessary to submit a tax levy request.

241 (3) (a) The "certified tax rate" means a tax rate that will provide the same ad valorem
 242 property tax revenues for a taxing entity as were budgeted by that taxing entity for the prior
 243 year.

244 (b) For purposes of this Subsection (3):

(i) "Ad valorem property tax revenues" do not include:

(A) collections from redemptions;

(B) interest;

(C) penalties; and

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

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

(II) semiconductor manufacturing equipment.

(ii) "Aggregate taxable value of all property taxed" means:

(A) the aggregate taxable value of all real property assessed by a county assessor in accordance with Part 3, County Assessment, for the current year;

(B) the aggregate taxable year end value of all personal property assessed by a county assessor in accordance with Part 3, County Assessment, for the prior year; and

(C) the aggregate taxable value of all real and personal property assessed by the commission in accordance with Part 2, Assessment of Property, for the current year.

(c) (i) Except as otherwise provided in this section, the certified tax rate shall be calculated by dividing the ad valorem property tax revenues budgeted for the prior year by the taxing entity by the amount calculated under Subsection (3)(c)(ii).

(ii) For purposes of Subsection (3)(c)(i), the legislative body of a taxing entity shall calculate an amount as follows:

(A) calculate for the taxing entity the difference between:

(I) the aggregate taxable value of all property taxed; and

(II) any redevelopment adjustments for the current calendar year;

(B) after making the calculation required by Subsection (3)(c)(ii)(A), calculate an amount determined by increasing or decreasing the amount calculated under Subsection (3)(c)(ii)(A) by the average of the percentage net change in the value of taxable property for the equalization period for the three calendar years immediately preceding the current calendar year;

(C) after making the calculation required by Subsection (3)(c)(ii)(B), calculate the product of:

(I) the amount calculated under Subsection (3)(c)(ii)(B); and

(II) the percentage of property taxes collected for the five calendar years immediately

preceding the current calendar year; and

(D) after making the calculation required by Subsection (3)(c)(ii)(C), calculate an amount determined by subtracting from the amount calculated under Subsection (3)(c)(ii)(C) any new growth as defined in this section:

(I) within the taxing entity; and

(II) for the following calendar year:

(Aa) for new growth from real property assessed by a county assessor in accordance with Part 3, County Assessment and all property assessed by the commission in accordance with Section 59-2-201, the current calendar year; and

(Bb) for new growth from personal property assessed by a county assessor in accordance with Part 3, County Assessment, the prior calendar year.

(iii) For purposes of Subsection (3)(c)(ii)(A), the aggregate taxable value of all property taxed:

(A) except as provided in Subsection (3)(c)(iii)(B) or (3)(c)(ii)(C), is as defined in Subsection (3)(b)(ii);

(B) does not include the total taxable value of personal property contained on the tax rolls of the taxing entity that is:

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

(II) semiconductor manufacturing equipment; and

(C) for personal property assessed by a county assessor in accordance with Part 3, County Assessment, the taxable value of personal property is the year end value of the personal property contained on the prior year's tax rolls of the entity.

(iv) For purposes of Subsection (3)(c)(ii)(B), for calendar years beginning on or after January 1, 2007, the value of taxable property does not include the value of personal property that is:

(A) within the taxing entity assessed by a county assessor in accordance with Part 3, County Assessment; and

(B) semiconductor manufacturing equipment.

(v) For purposes of Subsection (3)(c)(ii)(C)(II), for calendar years beginning on or after January 1, 2007, the percentage of property taxes collected does not include property taxes collected from personal property that is:

(A) within the taxing entity assessed by a county assessor in accordance with Part 3, County Assessment; and

(B) semiconductor manufacturing equipment.

(vi) For purposes of Subsection (3)(c)(ii)(B), for calendar years beginning on or after January 1, 2009, the value of taxable property does not include the value of personal property that is within the taxing entity assessed by a county assessor in accordance with Part 3, County Assessment.

(vii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may prescribe rules for calculating redevelopment adjustments for a calendar year.

(d) (i) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission shall make rules determining the calculation of ad valorem property tax revenues budgeted by a taxing entity.

(ii) For purposes of Subsection (3)(d)(i), ad valorem property tax revenues budgeted by a taxing entity shall be calculated in the same manner as budgeted property tax revenues are calculated for purposes of Section 59-2-913.

(e) The certified tax rates for the taxing entities described in this Subsection (3)(e) shall be calculated as follows:

(i) except as provided in Subsection (3)(e)(ii), for new taxing entities the certified tax rate is zero;

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

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

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

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

(A) school leeways or appropriations provided for under Sections 11-2-7, 53A-16-110, 53A-17a-125, 53A-17a-127, 53A-17a-133, 53A-17a-134, 53A-17a-143, and 53A-17a-145 [~~and~~

53A-21-103]; and

(B) levies to pay for the costs of state legislative mandates or judicial or administrative orders under Section 59-2-1604.

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

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

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

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

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

(h) The ad valorem property tax revenue generated by the basic capital levy in accordance with Section 53A-21-603 within a school district:

(i) may not be considered in establishing the school district's aggregate certified tax rate calculated in accordance with this section; and

(ii) shall be included by the commission in establishing a combined capital outlay certified tax rate as determined in accordance with Sections 53A-21-604 and 59-2-913.

(4) (a) For the purpose of calculating the certified tax rate, the county auditor shall use:

(i) the taxable value of real property assessed by a county assessor contained on the assessment roll;

(ii) the taxable value of real and personal property assessed by the commission; and

(iii) the taxable year end value of personal property assessed by a county assessor contained on the prior year's assessment roll.

(b) For purposes of Subsection (4)(a)(i), the taxable value of real property on the assessment roll does not include new growth as defined in Subsection (4)(c).

(c) "New growth" means:

(i) the difference between the increase in taxable value of the following property of the

369 taxing entity from the previous calendar year to the current year:

370 (A) real property assessed by a county assessor in accordance with Part 3, County

371 Assessment; and

372 (B) property assessed by the commission under Section 59-2-201; plus

373 (ii) the difference between the increase in taxable year end value of personal property

374 of the taxing entity from the year prior to the previous calendar year to the previous calendar

375 year; minus

376 (iii) the amount of an increase in taxable value described in Subsection (4)(e).

377 (d) For purposes of Subsection (4)(c)(ii), the taxable value of personal property of the

378 taxing entity does not include the taxable value of personal property that is:

379 (i) contained on the tax rolls of the taxing entity if that property is assessed by a county

380 assessor in accordance with Part 3, County Assessment; and

381 (ii) semiconductor manufacturing equipment.

382 (e) Subsection (4)(c)(iii) applies to the following increases in taxable value:

383 (i) the amount of increase to locally assessed real property taxable values resulting

384 from factoring, reappraisal, or any other adjustments; or

385 (ii) the amount of an increase in the taxable value of property assessed by the

386 commission under Section 59-2-201 resulting from a change in the method of apportioning the

387 taxable value prescribed by:

388 (A) the Legislature;

389 (B) a court;

390 (C) the commission in an administrative rule; or

391 (D) the commission in an administrative order.

392 (f) For purposes of Subsection (4)(a)(ii), the taxable year end value of personal

393 property on the prior year's assessment roll does not include:

394 (i) new growth as defined in Subsection (4)(c); or

395 (ii) the total taxable year end value of personal property contained on the prior year's

396 tax rolls of the taxing entity that is:

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

398 (B) semiconductor manufacturing equipment.

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

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

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

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

(c) The county auditor shall notify all property owners of any intent to exceed the certified tax rate in accordance with ~~[Subsection]~~ Section 59-2-919~~(3)~~.

Section 8. Section **59-2-924.5** is enacted to read:

59-2-924.5. Adjustment of the calculation of the certified tax rate for a school district imposing a basic capital outlay levy.

(1) As used in this section:

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

(i) the amount of revenue generated in a school district by the basic capital outlay levy imposed under Section 53A-21-603 during a fiscal year; and

(ii) the amount of revenue the school district received during the same fiscal year from the distribution described in Section 53A-21-602.

(b) "Combined capital levy rate" is as defined in Section 53A-21-101.5.

(c) "Contributing school district" means a school district that in a fiscal year receives less revenue from the distributions described in Section 53A-21-602 than it would have received during the same fiscal year from the basic capital outlay levy imposed under Section 53A-21-603.

(d) "Receiving school district" means a school district that in a fiscal year receives more revenue from the distribution described in Section 53A-21-602 than it would have received during the same fiscal year from the basic capital outlay levy imposed under Section 53A-21-603.

(2) For fiscal year 2010-11, a receiving school district shall decrease its combined capital outlay certified tax rate calculated in accordance with Section 53A-21-604 by an amount required to offset the receiving school district's estimated capital outlay increment for the current fiscal year.

(3) Beginning with fiscal year 2011-12, a receiving school district shall decrease its combined capital outlay certified tax rate under Section 53A-21-604 by the amount required to

offset the receiving school district's capital outlay increment for the prior fiscal year.

(4) For fiscal year 2010-11, a contributing school district is exempt from the public notice and hearing requirements of Sections 59-2-918 and 59-2-919 for the school district's combined capital outlay levy certified tax rate calculated under Section 53A-21-604 if:

(a) the contributing school district budgets an increased amount of ad valorem property tax revenue exclusive of new growth as defined in Subsection 59-2-924(4) for the combined capital outlay levy described in Section 53A-21-603; and

(b) the increased amount of ad valorem property tax revenue described in Subsection (4)(a) is less than or equal to that contributing school district's estimated capital outlay increment for the current fiscal year.

(5) Beginning with fiscal year 2011-12, a contributing school district is exempt from the public notice and hearing requirements of Sections 59-2-918 and 59-2-919 for the school district's combined capital outlay levy certified tax rate calculated pursuant to Section 53A-21-604 if:

(a) the contributing school district budgets an increased amount of ad valorem property tax revenue exclusive of new growth as defined in Subsection 59-2-924(4) for the combined capital outlay levy described in Section 53A-21-603; and

(b) the increased amount of ad valorem property tax revenue described in Subsection (5)(a) is less than or equal to that contributing school district's capital outlay increment for the prior year.

(6) Beginning with fiscal year 2011-12, a contributing school district is exempt from the public notice and hearing requirements of Sections 59-2-918 and 59-2-919 for the school district's combined capital levy certified tax rate calculated under Section 53A-21-604 if:

(a) the contributing school district budgets an increased amount of ad valorem property tax revenue exclusive of new growth as defined in Subsection 59-2-924(4) for the capital outlay levy described in Section 53A-21-603; and

(b) the increased amount of ad valorem property tax revenue described in Subsection (6)(a) is less than or equal to the difference between:

(i) the amount of revenue generated by the basic capital outlay levy of .000727 per dollar of taxable value imposed within the contributing school district during the current taxable year; and

462 (ii) the amount of revenue generated by the basic capital outlay levy of .000727 per
463 dollar of taxable value imposed within the contributing school district during the prior taxable
464 year.

465 Section 9. **Effective date.**

466 This bill takes effect on January 1, 2010.

Legislative Review Note

as of 2-5-09 11:03 AM

Office of Legislative Research and General Counsel

H.B. 199 - Statewide Equalization of School Funding

Fiscal Note

2009 General Session

State of Utah

State Impact

Enactment of this bill will not require additional appropriations.

Individual, Business and/or Local Impact

Enactment of this bill could result in a property tax shift of \$55,000,000 in FY 2011 between individuals and businesses depending upon geographic location. Districts experiencing decreased revenue due to the shift will either reduce budgets or increase property tax assessments.
