

**Representative Merlynn T. Newbold** proposes the following substitute bill:

**PROPERTY TAX AMENDMENTS**

2009 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Merlynn T. Newbold**

Senate Sponsor: \_\_\_\_\_

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**LONG TITLE**

**General Description:**

This bill amends provisions in the Minimum School Program Act and the Property Tax Act relating to certain property tax levies and the funding of public school programs.

**Highlighted Provisions:**

This bill:

- ▶ repeals the authority of school districts to levy certain property taxes;
- ▶ increases the statewide minimum basic tax rate;
- ▶ requires the Legislature to increase the value of the weighted pupil unit for purposes of determining school districts' income tax funding by an amount equal to the amount of revenue generated statewide by the increase in the minimum basic levy rate;
- ▶ creates a local school district discretionary levy and a capital discretionary levy;
- ▶ sets the tax rates for the local school district discretionary levy and the capital discretionary levy for the first taxable year;
- ▶ provides procedures for setting the certified tax rates for the levies after the first taxable year;
- ▶ adjusts a school district's certified tax rate due to the repeal or amendment of the property taxing authority of the school district;



- 26 ▶ amends the provisions relating to the requirement that a school district in a county
- 27 of the first class levy a property tax of at least .0006 per dollar of taxable value;
- 28 ▶ amends the provisions relating to the requirement that a school district in a divided
- 29 school district levy a property tax of at least .0006 per dollar of taxable value;
- 30 ▶ defines terms; and
- 31 ▶ makes technical changes.

32 **Monies Appropriated in this Bill:**

33 None

34 **Other Special Clauses:**

35 This bill takes effect on January 1, 2010.

36 **Utah Code Sections Affected:**

37 AMENDS:

- 38 **11-2-7**, as last amended by Laws of Utah 1961, Chapters 25 and 30
- 39 **11-13-302**, as last amended by Laws of Utah 2008, Chapters 236 and 382
- 40 **20A-1-203**, as last amended by Laws of Utah 2008, Chapter 16
- 41 **53A-1a-106**, as last amended by Laws of Utah 2003, Chapter 221
- 42 **53A-1a-513**, as last amended by Laws of Utah 2008, Chapters 382 and 397
- 43 **53A-2-114**, as last amended by Laws of Utah 2008, Chapter 236
- 44 **53A-2-115**, as last amended by Laws of Utah 2008, Chapter 236
- 45 **53A-2-118.2**, as enacted by Laws of Utah 2007, Chapter 297
- 46 **53A-2-118.3**, as enacted by Laws of Utah 2008, Chapter 236
- 47 **53A-2-206**, as last amended by Laws of Utah 2008, Chapter 382
- 48 **53A-2-214**, as enacted by Laws of Utah 2008, Chapter 233
- 49 **53A-3-415**, as last amended by Laws of Utah 1991, Chapter 72
- 50 **53A-16-107.1**, as enacted by Laws of Utah 2008, Chapter 236
- 51 **53A-17a-103**, as last amended by Laws of Utah 2008, Chapters 61 and 397
- 52 **53A-17a-105**, as last amended by Laws of Utah 2008, Chapter 382
- 53 **53A-17a-127**, as last amended by Laws of Utah 2008, Chapter 397
- 54 **53A-17a-133**, as last amended by Laws of Utah 2008, Chapters 61, 231, and 236
- 55 **53A-17a-135**, as last amended by Laws of Utah 2008, Chapter 1
- 56 **53A-17a-143**, as last amended by Laws of Utah 1995, Chapter 271

- 57           **53A-17a-150**, as enacted by Laws of Utah 2004, Chapter 305
- 58           **53A-21-101.5**, as enacted by Laws of Utah 2008, Chapter 236
- 59           **59-2-924**, as last amended by Laws of Utah 2008, Chapters 61, 118, 231, 236, 330, 360,
- 60 and 382
- 61           **59-2-924.3**, as enacted by Laws of Utah 2008, Chapter 236
- 62           **59-2-924.4**, as enacted by Laws of Utah 2008, Chapter 236
- 63           **59-2-926**, as last amended by Laws of Utah 2008, Chapter 330
- 64           **63G-7-704**, as renumbered and amended by Laws of Utah 2008, Chapter 382

65 ENACTS:

- 66           **53A-17a-163**, Utah Code Annotated 1953
- 67           **53A-17a-164**, Utah Code Annotated 1953

68 REPEALS:

- 69           **53A-16-107**, as last amended by Laws of Utah 2008, Chapter 236
- 70           **53A-16-110**, as last amended by Laws of Utah 2008, Chapter 236
- 71           **53A-16-111**, as enacted by Laws of Utah 1988, Chapter 2
- 72           **53A-17a-134**, as last amended by Laws of Utah 2008, Chapter 231
- 73           **53A-17a-145**, as renumbered and amended by Laws of Utah 1991, Chapter 72
- 74           **53A-17a-151**, as enacted by Laws of Utah 2004, Chapter 305

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

77           Section 1. Section **11-2-7** is amended to read:

78           **11-2-7. Expenses -- Payment of -- Authority to appropriate and tax -- Licensing**  
79 **of television owners and users -- Collection of license fees.**

80           (1) All expenses incurred in the equipment, operation and maintenance of such  
81 recreational facilities and activities shall be paid from the treasuries of the respective cities,  
82 towns, counties, or school districts, and, except as provided in Subsection (3), the governing  
83 bodies of the same may annually appropriate, and cause to be raised by taxation, money for  
84 such purposes.

85           (2) In areas so remote from regular transmission points of the large television stations  
86 that television reception is impossible without special equipment and adequate, economical and  
87 proper television is not available to the public by private sources, said local authorities may

88 also, by ordinance, license, for the purpose of raising revenue to equip, operate and maintain  
 89 television transmission and relay facilities, all users or owners of television sets within the  
 90 jurisdiction of said local authorities, and may provide for the collection of the license fees by  
 91 suit or otherwise and may also enforce obedience to such ordinances with such fine and  
 92 imprisonment as the local authorities [~~deem~~] consider proper; provided that the punishment for  
 93 any violation of such ordinances shall be by a fine not exceeding \$50.00 or by imprisonment  
 94 not exceeding one day for each \$5.00 of said fine, if the fine is not paid.

95 (3) A governing body that is a school district may not levy a tax in accordance with this  
 96 section.

97 Section 2. Section **11-13-302** is amended to read:

98 **11-13-302. Payment of fee in lieu of ad valorem property tax by certain energy**  
 99 **suppliers -- Method of calculating -- Collection -- Extent of tax lien.**

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

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

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

108 (i) with respect to each taxing jurisdiction that is a candidate receiving the benefit of  
 109 impact alleviation payments under contracts or determination orders provided for in Sections  
 110 11-13-305 and 11-13-306, with the fiscal year of the candidate following the fiscal year of the  
 111 candidate in which the date of commercial operation of the last generating unit, other than any  
 112 generating unit providing additional project capacity, of the project occurs, or, in the case of  
 113 any facilities providing additional project capacity, with the fiscal year of the candidate  
 114 following the fiscal year of the candidate in which the date of commercial operation of the  
 115 generating unit providing the additional project capacity occurs; and

116 (ii) with respect to any taxing jurisdiction other than a taxing jurisdiction described in  
 117 Subsection (1)(c)(i), with the fiscal year of the taxing jurisdiction in which construction of the  
 118 project commences, or, in the case of facilities providing additional project capacity, with the

119 fiscal year of the taxing jurisdiction in which construction of those facilities commences.

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

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

125 (i) a levy mandated by the state for the state minimum school program under Section  
126 53A-17a-135; and

127 (ii) local levies for capital outlay, maintenance, transportation, and other purposes  
128 under Sections [~~11-2-7, 53A-16-107, 53A-16-110, 53A-17a-126, 53A-17a-127,~~  
129 ~~53A-17a-133~~], ~~53A-17a-134, 53A-17a-143, and 53A-17a-145~~], 53A-17a-163, and  
130 53A-17a-164.

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

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

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

137 (A) an annual fee; or

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

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

145 (b) As used in this section, "tax rate," when applied in respect to a school district,  
146 includes any assessment to be made by the school district under Subsection (2) or Section  
147 63M-5-302.

148 (c) There is to be credited against the annual fee due a taxing jurisdiction for each year,  
149 an amount equal to the debt service, if any, payable in that year by the project entity on bonds,

150 the proceeds of which were used to provide public facilities and services for impact alleviation  
151 in the taxing jurisdiction in accordance with Sections 11-13-305 and 11-13-306.

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

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

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

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

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

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

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

165 (A) the project entity; and

166 (B) any county that:

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

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

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

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

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

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

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

181 portion of the project for which there is not an agreement:

182 (I) for that year; and

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

184 (B) The valuation required by Subsection (4)(b)(iv)(A) shall be made by the State Tax

185 Commission in accordance with rules made by the State Tax Commission.

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

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

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

189 (d) (i) The contracts of the project entity with the purchasers of the capacity, service, or

190 other benefits of the project whose tangible property is not exempted by Utah Constitution

191 Article XIII, Section 3, from the payment of ad valorem property tax shall require each

192 purchaser, whether or not located in the state, to pay, to the extent not otherwise provided for,

193 its share, determined in accordance with the terms of the contract, of these fees.

194 (ii) It is the responsibility of the project entity to enforce the obligations of the

195 purchasers.

196 (5) (a) The responsibility of the project entity to make payment of the annual fees is

197 limited to the extent that there is legally available to the project entity, from bond proceeds or

198 revenues, monies to make these payments, and the obligation to make payments of the annual

199 fees is not otherwise a general obligation or liability of the project entity.

200 (b) No tax lien may attach upon any property or money of the project entity by virtue of

201 any failure to pay all or any part of an annual fee.

202 (c) The project entity or any purchaser may contest the validity of an annual fee to the

203 same extent as if the payment was a payment of the ad valorem property tax itself.

204 (d) The payments of an annual fee shall be reduced to the extent that any contest is

205 successful.

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

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

208 (A) is not a project entity; and

209 (B) owns an interest in a facility providing additional project capacity if the interest is

210 otherwise exempt from taxation pursuant to Utah Constitution, Article XIII, Section 3; and

211 (ii) for a public agency described in Subsection (6)(a)(i), shall be calculated in

212 accordance with Subsection (6)(b).

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

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

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

218 (iii) the portion, expressed as a percentage, of the public agency's ownership interest  
219 that is attributable to the capacity, service, or other benefit from the facility that is sold by the  
220 public agency to an energy supplier or suppliers whose tangible property is not exempted by  
221 Utah Constitution, Article XIII, Section 3, from the payment of ad valorem property tax.

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

225 Section 3. Section **20A-1-203** is amended to read:

226 **20A-1-203. Calling and purpose of special elections.**

227 (1) Statewide and local special elections may be held for any purpose authorized by  
228 law.

229 (2) (a) Statewide special elections shall be conducted using the procedure for regular  
230 general elections.

231 (b) Except as otherwise provided in this title, local special elections shall be conducted  
232 using the procedures for regular municipal elections.

233 (3) The governor may call a statewide special election by issuing an executive order  
234 that designates:

235 (a) the date for the statewide special election; and

236 (b) the purpose for the statewide special election.

237 (4) The Legislature may call a statewide special election by passing a joint or  
238 concurrent resolution that designates:

239 (a) the date for the statewide special election; and

240 (b) the purpose for the statewide special election.

241 (5) (a) The legislative body of a local political subdivision may call a local special  
242 election only for:



- 243 (i) a vote on a bond or debt issue;
- 244 (ii) a vote on a [~~voted highway program~~] voted local discretionary levy authorized by  
 245 Section 53A-17a-133 [~~or 53A-17a-134~~];
- 246 (iii) an initiative authorized by Chapter 7, Part 5, Local Initiatives - [~~Procedure~~]  
 247 Procedures;
- 248 (iv) a referendum authorized by Chapter 7, Part 6, Local Referenda - Procedures;
- 249 (v) if required or authorized by federal law, a vote to determine whether or not Utah's  
 250 legal boundaries should be changed;
- 251 (vi) a vote authorized or required by Title 59, Chapter 12, Sales and Use Tax Act;
- 252 (vii) a vote to elect members to school district boards for a new school district and a  
 253 remaining school district, as defined in Section 53A-2-117, following the creation of a new  
 254 school district under Section 53A-2-118.1; or
- 255 (viii) an election of town officers of a newly incorporated town under Subsection  
 256 10-2-125(9).

257 (b) The legislative body of a local political subdivision may call a local special election  
 258 by adopting an ordinance or resolution that designates:

- 259 (i) the date for the local special election; and
- 260 (ii) the purpose for the local special election.

261 Section 4. Section **53A-1a-106** is amended to read:

262 **53A-1a-106. School district and individual school powers.**

263 (1) In order to acquire and develop the characteristics listed in Section 53A-1a-104,  
 264 each school district and each public school within its respective district shall implement a  
 265 comprehensive system of accountability in which students advance through public schools by  
 266 demonstrating competency in required skills and mastery of required knowledge through the  
 267 use of diverse assessment instruments such as authentic and criterion referenced tests, projects,  
 268 and portfolios.

269 (2) (a) Each school district and public school shall:

- 270 (i) develop and implement programs integrating technology into the curriculum,  
 271 instruction, and student assessment;
- 272 (ii) provide for teacher and parent involvement in policymaking at the school site;
- 273 (iii) implement a public school choice program to give parents, students, and teachers

274 greater flexibility in designing and choosing among programs with different focuses through  
275 schools within the same district and other districts, subject to space availability, demographics,  
276 and legal and performance criteria;

277 (iv) establish strategic planning at both the district and school level and site-based  
278 decision making programs at the school level;

279 (v) provide opportunities for each student to acquire and develop academic and  
280 occupational knowledge, skills, and abilities;

281 (vi) participate in ongoing research and development projects primarily at the school  
282 level aimed at improving the quality of education within the system; and

283 (vii) involve business and industry in the education process through the establishment  
284 of partnerships with the business community at the district and school level.

285 (b) (i) Each local school board, in consultation with school personnel, parents, and  
286 school community councils or similar entities shall establish policies to provide for the  
287 effective implementation of a personalized student education plan (SEP) or student  
288 education/occupation plan (SEOP) for each student at the school site.

289 (ii) The policies shall include guidelines and expectations for:

290 (A) recognizing the student's accomplishments, strengths, and progress towards  
291 meeting student achievement standards as defined in U-PASS;

292 (B) planning, monitoring, and managing education and career development; and

293 (C) involving students, parents, and school personnel in preparing and implementing  
294 SEPs and SEOPs.

295 (iii) A parent may request conferences with school personnel in addition to SEP or  
296 SEOP conferences established by local school board policy.

297 (iv) Time spent during the school day to implement SEPs and SEOPs is considered  
298 part of the school term referred to in Subsection 53A-17a-103~~(5)~~(4).

299 (3) A school district or public school may submit proposals to modify or waive rules or  
300 policies of a supervisory authority within the public education system in order to acquire or  
301 develop the characteristics listed in Section 53A-1a-104.

302 (4) (a) Each school district and public school shall make an annual report to its patrons  
303 on its activities under this section.

304 (b) The reporting process shall involve participation from teachers, parents, and the

305 community at large in determining how well the district or school is performing.

306 Section 5. Section **53A-1a-513** is amended to read:

307 **53A-1a-513. Funding for charter schools.**

308 (1) As used in this section:

309 (a) "Charter school students' average local revenues" means the amount determined as  
310 follows:

311 (i) for each student enrolled in a charter school on the previous October 1, calculate the  
312 district per pupil local revenues of the school district in which the student resides;

313 (ii) sum the district per pupil local revenues for each student enrolled in a charter  
314 school on the previous October 1; and

315 (iii) divide the sum calculated under Subsection (1)(a)(ii) by the number of students  
316 enrolled in charter schools on the previous October 1.

317 (b) "District per pupil local revenues" means the amount determined as follows, using  
318 data from the most recently published school district annual financial reports and state  
319 superintendent's annual report:

320 (i) calculate the sum of a school district's revenue received from:

321 (A) a voted local discretionary levy imposed under Section 53A-17a-133;

322 (B) a board local discretionary levy imposed under Section [~~53A-17a-134;~~]

323 53A-17a-163; and

324 [~~(C) 10% of the cost of the basic program levy imposed under Section 53A-17a-145;~~]

325 [~~(D) a tort liability levy imposed under Section 63G-7-704;~~]

326 [~~(E)~~] (C) a capital [~~outlay~~] discretionary levy imposed under Section [~~53A-16-107]~~

327 53A-17a-164; and

328 [~~(F) a voted capital outlay levy imposed under Section 53A-16-110; and]~~

329 (ii) divide the sum calculated under Subsection (1)(b)(i) by the sum of:

330 (A) a school district's average daily membership; and

331 (B) the average daily membership of a school district's resident students who attend  
332 charter schools.

333 (c) "Resident student" means a student who is considered a resident of the school  
334 district under Title 53A, Chapter 2, Part 2, District of Residency.

335 (d) "Statewide average debt service revenues" means the amount determined as

336 follows, using data from the most recently published state superintendent's annual report:

337 (i) sum the revenues of each school district from the debt service levy imposed under  
338 Section 11-14-310; and

339 (ii) divide the sum calculated under Subsection (1)(d)(i) by statewide school district  
340 average daily membership.

341 (2) (a) Charter schools shall receive funding as described in this section, except  
342 Subsections (3) through (8) do not apply to charter schools described in Subsection (2)(b).

343 (b) Charter schools authorized by local school boards that are converted from district  
344 schools or operate in district facilities without paying reasonable rent shall receive funding as  
345 prescribed in Section 53A-1a-515.

346 (3) (a) Except as provided in Subsection (3)(b), a charter school shall receive state  
347 funds, as applicable, on the same basis as a school district receives funds.

348 (b) In distributing funds under Title 53A, Chapter 17a, Minimum School Program Act,  
349 to charter schools, charter school pupils shall be weighted, where applicable, as follows:

350 (i) .55 for kindergarten pupils;

351 (ii) .9 for pupils in grades 1-6;

352 (iii) .99 for pupils in grades 7-8; and

353 (iv) 1.2 for pupils in grades 9-12.

354 (4) (a) (i) Except as provided in Subsection (4)(a)(ii), a school district shall allocate a  
355 portion of school district revenues for each resident student of the school district who is  
356 enrolled in a charter school on October 1 equal to 25% of the lesser of:

357 (A) district per pupil local revenues; or

358 (B) charter school students' average local revenues.

359 (ii) For the purpose of allocating school district revenues under Subsection (4)(a)(i), a  
360 kindergarten student who is enrolled in less than a full-day kindergarten program is weighted as  
361 .55 of a student.

362 (iii) Nothing in this Subsection (4)(a) affects the school bond guarantee program  
363 established under Chapter 28, Utah School Bond Guaranty Act.

364 (b) The State Board of Education shall:

365 (i) deduct an amount equal to the allocation provided under Subsection (4)(a) from  
366 state funds the school district is authorized to receive under Title 53A, Chapter 17a, Minimum

367 School Program Act; and

368 (ii) remit the money to the student's charter school.

369 (c) Notwithstanding the method used to transfer school district revenues to charter  
370 schools as provided in Subsection (4)(b), a school district may deduct the allocations to charter  
371 schools under this section from:

372 (i) unrestricted revenues available to the school district; or

373 (ii) the revenue sources listed in Subsections (1)(b)(i)(A) [~~through (F)~~] and (B) based  
374 on the portion of the allocations to charter schools attributed to each of the revenue sources  
375 listed in Subsections (1)(b)(i)(A) [~~through (F)~~] and (B).

376 (d) (i) Subject to future budget constraints, the Legislature shall provide an  
377 appropriation for charter schools for each student enrolled on October 1 to supplement the  
378 allocation of school district revenues under Subsection (4)(a).

379 (ii) Except as provided in Subsections (4)(d)(iii) and (iv), the amount of money  
380 provided by the state for a charter school student shall be the sum of:

381 (A) charter school students' average local revenues minus the allocation of school  
382 district revenues under Subsection (4)(a); and

383 (B) statewide average debt service revenues.

384 (iii) If the total of a school district's allocation for a charter school student under  
385 Subsection (4)(a) and the amount provided by the state under Subsection (4)(d)(ii) is less than  
386 \$1427, the state shall provide an additional supplement so that a charter school receives at least  
387 \$1427 per student under this Subsection (4).

388 (iv) For the purpose of providing state monies for charter school students under this  
389 Subsection (4)(d), a kindergarten student who is enrolled in less than a full-day kindergarten  
390 program is weighted as .55 of a student.

391 (e) Of the monies provided to a charter school under this Subsection (4), 10% shall be  
392 expended for funding school facilities only.

393 (5) Charter schools are eligible to receive federal funds if they meet all applicable  
394 federal requirements and comply with relevant federal regulations.

395 (6) The State Board of Education shall distribute funds for charter school students  
396 directly to the charter school.

397 (7) (a) Notwithstanding Subsection (3), a charter school is not eligible to receive state

398 transportation funding.

399 (b) The board shall also adopt rules relating to the transportation of students to and  
400 from charter schools, taking into account Sections 53A-2-210 and 53A-17a-127.

401 (c) The governing body of the charter school may provide transportation through an  
402 agreement or contract with the local school board, a private provider, or with parents.

403 (8) (a) (i) The state superintendent of public instruction may allocate grants for both  
404 start-up and ongoing costs to eligible charter school applicants from monies appropriated for  
405 the implementation of this part.

406 (ii) Applications for the grants shall be filed on a form determined by the state  
407 superintendent and in conjunction with the application for a charter.

408 (iii) The amount of a grant may vary based upon the size, scope, and special  
409 circumstances of the charter school.

410 (iv) The governing board of the charter school shall use the grant to meet the expenses  
411 of the school as established in the school's charter.

412 (b) The State Board of Education shall coordinate the distribution of federal monies  
413 appropriated to help fund costs for establishing and maintaining charter schools within the  
414 state.

415 (9) (a) A charter school may receive, hold, manage and use any devise, bequest, grant,  
416 endowment, gift, or donation of any property made to the school for any of the purposes of this  
417 part.

418 (b) It is unlawful for any person affiliated with a charter school to demand or request  
419 any gift, donation, or contribution from a parent, teacher, employee, or other person affiliated  
420 with the charter school as a condition for employment or enrollment at the school or continued  
421 attendance at the school.

422 Section 6. Section **53A-2-114** is amended to read:

423 **53A-2-114. Additional levies -- School board options to abolish or continue after**  
424 **consolidation.**

425 (1) If a school district which has approved an additional levy under Section  
426 [~~53A-16-110,~~] 53A-17a-133[~~, 53A-17a-134, or 53A-17a-145~~] or 53A-17a-163 is consolidated  
427 with a district which does not have such a levy, the board of education of the consolidated  
428 district may choose to abolish the levy, or apply it in whole or in part to the entire consolidated

429 district.

430 (2) If the board chooses to apply any part of the levy to the entire district, the levy may  
431 continue in force for no more than three years, unless approved by the electors of the  
432 consolidated district in the manner set forth in Section [~~53A-16-110~~] 53A-17a-133.

433 Section 7. Section **53A-2-115** is amended to read:

434 **53A-2-115. Additional levies in transferred territory -- Transferee board option**  
435 **to abolish or continue.**

436 If two or more districts undergo restructuring that results in a district receiving territory  
437 that increases the population of the district by at least 25%, and if the transferred territory was,  
438 at the time of transfer, subject to an additional levy under Section [~~53A-16-110~~;  
439 53A-17a-133[, ~~53A-17a-134~~, or ~~53A-17a-145~~] or 53A-17a-163, the board of education of the  
440 transferee district may abolish the levy or apply the levy in whole or in part to the entire  
441 restructured district. Any such levy made applicable to the entire district may continue in force  
442 for no more than five years, unless approved by the electors of the restructured district in the  
443 manner set forth in Section [~~53A-16-110~~] 53A-17a-133.

444 Section 8. Section **53A-2-118.2** is amended to read:

445 **53A-2-118.2. New school district property tax -- Limitations.**

446 (1) (a) A new school district created under Section 53A-2-118.1 may not impose a  
447 property tax prior to the fiscal year in which the new school district assumes responsibility for  
448 providing student instruction.

449 (b) The remaining school district retains authority to impose property taxes on the  
450 existing school district, including the territory of the new school district, until the fiscal year in  
451 which the new school district assumes responsibility for providing student instruction.

452 (2) (a) If at the time a new school district created pursuant to Section 53A-2-118.1  
453 assumes responsibility for student instruction any portion of the territory within the new school  
454 district was subject to a levy pursuant to Section [~~53A-16-110 or~~] 53A-17a-133 or  
455 53A-17a-163, the new school district's board may:

456 (i) discontinue the levy for the new school district;

457 (ii) impose a levy on the new school district as provided in Section [~~53A-16-110 or~~]  
458 53A-17a-133 or 53A-17a-163; or

459 (iii) impose the levy on the new school district, subject to Subsection (2)(b).

460 (b) If the new school district's board applies a levy to the new school district pursuant  
461 to Subsection (2)(a)(iii), the levy may not exceed the maximum duration or rate authorized by  
462 the voters of the existing district or districts at the time of the vote to create the new school  
463 district.

464 Section 9. Section **53A-2-118.3** is amended to read:

465 **53A-2-118.3. Imposition of the capital discretionary levy in qualifying divided**  
466 **school districts.**

467 (1) For purposes of this section:

468 (a) "Qualifying divided school district" means a divided school district:

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

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

472 (b) "Qualifying taxable year" means the calendar year in which a new school district  
473 begins to provide educational services.

474 (2) Beginning with the qualifying taxable year, in order to qualify for receipt of the  
475 state contribution toward the minimum school program described in Section 53A-17a-104, a  
476 school district within a qualifying divided school district shall impose a capital [outlay]  
477 discretionary levy described in Section [~~53A-16-107~~] 53A-17a-164 of at least .0006 per dollar  
478 of taxable value.

479 (3) The county treasurer of a county with a qualifying divided school district shall  
480 distribute revenues generated by the .0006 portion of the capital [outlay] discretionary levy  
481 required in Subsection (2) to the school districts located within the boundaries of the qualifying  
482 divided school district as follows:

483 (a) 25% of the revenues shall be distributed in proportion to a school district's  
484 percentage of the total enrollment growth in all of the school districts within the qualifying  
485 divided school district that have an increase in enrollment, calculated on the basis of the  
486 average annual enrollment growth over the prior three years in all of the school districts within  
487 the qualifying divided school district that have an increase in enrollment over the prior three  
488 years, as of the October 1 enrollment counts; and

489 (b) 75% of the revenues shall be distributed in proportion to a school district's  
490 percentage of the total current year enrollment in all of the school districts within the qualifying



491 divided school district, as of the October 1 enrollment counts.

492 (4) If a new school district is created or school district boundaries are adjusted, the  
493 enrollment and average annual enrollment growth for each affected school district shall be  
494 calculated on the basis of enrollment in school district schools located within that school  
495 district's newly created or adjusted boundaries, as of October 1 enrollment counts.

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

499 (6) On or before March 31 of each year, a county treasurer in a county with a  
500 qualifying divided school district shall distribute, in accordance with Subsection (3), the  
501 revenue generated within the qualifying divided school district during the prior calendar year  
502 from the capital [outlay] discretionary levy required in Subsection (2).

503 Section 10. Section **53A-2-206** is amended to read:

504 **53A-2-206. Interstate compact students -- Inclusion in attendance count --**  
505 **Funding for foreign exchange students -- Annual report -- Requirements for exchange**  
506 **student agencies.**

507 (1) A school district or charter school may include the following students in the  
508 district's or school's membership and attendance count for the purpose of apportionment of  
509 state monies:

510 (a) a student enrolled under an interstate compact, established between the State Board  
511 of Education and the state education authority of another state, under which a student from one  
512 compact state would be permitted to enroll in a public school in the other compact state on the  
513 same basis as a resident student of the receiving state; or

514 (b) a student receiving services under the Compact on Placement of Children.

515 (2) (a) A school district or charter school may include foreign exchange students in the  
516 district's or school's membership and attendance count for the purpose of apportionment of  
517 state monies, except as provided in Subsections (2)(b) through (e).

518 (b) (i) Notwithstanding Section 53A-17a-106, foreign exchange students may not be  
519 included in average daily membership for the purpose of determining the number of weighted  
520 pupil units in the grades 1-12 basic program.

521 (ii) Subject to the limitation in Subsection (2)(c), the number of weighted pupil units in

522 the grades 1-12 basic program attributed to foreign exchange students shall be equal to the  
523 number of foreign exchange students who were:

524 (A) enrolled in a school district or charter school on October 1 of the previous fiscal  
525 year; and

526 (B) sponsored by an agency approved by the district's local school board or charter  
527 school's governing board.

528 (c) (i) The total number of foreign exchange students in the state that may be counted  
529 for the purpose of apportioning state monies under Subsection (2)(b) shall be the lesser of:

530 (A) the number of foreign exchange students enrolled in public schools in the state on  
531 October 1 of the previous fiscal year; or

532 (B) 328 foreign exchange students.

533 (ii) The State Board of Education shall make rules in accordance with Title 63G,  
534 Chapter 3, Utah Administrative Rulemaking Act, to administer the cap on the number of  
535 foreign exchange students that may be counted for the purpose of apportioning state monies  
536 under Subsection (2)(b).

537 (d) Notwithstanding Sections 53A-17a-133 [~~and 53A-17a-134~~] or 53A-17a-163,  
538 weighted pupil units in the grades 1-12 basic program for foreign exchange students, as  
539 determined by Subsections (2)(b) and (c), may not be included for the purposes of determining  
540 a school district's state guarantee money under the voted [~~or board leeway programs~~] local  
541 discretionary levy or board local discretionary levy.

542 (e) Notwithstanding Section 53A-17a-125, foreign exchange students may not be  
543 included in enrollment when calculating student growth for the purpose of adjusting the annual  
544 appropriation for retirement and Social Security.

545 (3) A school district or charter school may:

546 (a) enroll foreign exchange students that do not qualify for state monies; and

547 (b) pay for the costs of those students with other funds available to the school district  
548 or charter school.

549 (4) Due to the benefits to all students of having the opportunity to become familiar  
550 with individuals from diverse backgrounds and cultures, school districts are encouraged to  
551 enroll foreign exchange students, as provided in Subsection (3), particularly in schools with  
552 declining or stable enrollments where the incremental cost of enrolling the foreign exchange

553 student may be minimal.

554 (5) The board shall make an annual report to the Legislature on the number of  
555 exchange students and the number of interstate compact students sent to or received from  
556 public schools outside the state.

557 (6) (a) A local school board or charter school governing board shall require each  
558 approved exchange student agency to provide it with a sworn affidavit of compliance prior to  
559 the beginning of each school year.

560 (b) The affidavit shall include the following assurances:

561 (i) that the agency has complied with all applicable policies of the board;

562 (ii) that a household study, including a background check of all adult residents, has  
563 been made of each household where an exchange student is to reside, and that the study was of  
564 sufficient scope to provide reasonable assurance that the exchange student will receive proper  
565 care and supervision in a safe environment;

566 (iii) that host parents have received training appropriate to their positions, including  
567 information about enhanced criminal penalties under Subsection 76-5-406(10) for persons who  
568 are in a position of special trust;

569 (iv) that a representative of the exchange student agency shall visit each student's place  
570 of residence at least once each month during the student's stay in Utah;

571 (v) that the agency will cooperate with school and other public authorities to ensure  
572 that no exchange student becomes an unreasonable burden upon the public schools or other  
573 public agencies;

574 (vi) that each exchange student will be given in the exchange student's native language  
575 names and telephone numbers of agency representatives and others who could be called at any  
576 time if a serious problem occurs; and

577 (vii) that alternate placements are readily available so that no student is required to  
578 remain in a household if conditions appear to exist which unreasonably endanger the student's  
579 welfare.

580 (7) (a) A local school board or charter school governing board shall provide each  
581 approved exchange student agency with a list of names and telephone numbers of individuals  
582 not associated with the agency who could be called by an exchange student in the event of a  
583 serious problem.

584 (b) The agency shall make a copy of the list available to each of its exchange students  
585 in the exchange student's native language.

586 Section 11. Section **53A-2-214** is amended to read:

587 **53A-2-214. Online students' participation in extracurricular activities.**

588 (1) As used in this section:

589 (a) "Online education" means the use of information and communication technologies  
590 to deliver educational opportunities to a student in a location other than a school.

591 (b) "Online student" means a student who:

592 (i) participates in an online education program sponsored or supported by the State  
593 Board of Education, a school district, or charter school; and

594 (ii) generates funding for the school district or school pursuant to Subsection  
595 53A-17a-103~~(5)~~(4) and rules of the State Board of Education.

596 (2) An online student is eligible to participate in extracurricular activities at:

597 (a) the school within whose attendance boundaries the student's custodial parent or  
598 legal guardian resides; or

599 (b) the public school from which the student withdrew for the purpose of participating  
600 in an online education program.

601 (3) A school other than a school described in Subsection (2)(a) or (b) may allow an  
602 online student to participate in extracurricular activities other than:

603 (a) interschool competitions of athletic teams sponsored and supported by a public  
604 school; or

605 (b) interschool contests or competitions for music, drama, or forensic groups or teams  
606 sponsored and supported by a public school.

607 (4) An online student is eligible for extracurricular activities at a public school  
608 consistent with eligibility standards as applied to full-time students of the public school.

609 (5) A school district or public school may not impose additional requirements on an  
610 online school student to participate in extracurricular activities that are not imposed on  
611 full-time students of the public school.

612 (6) (a) The State Board of Education shall make rules establishing fees for an online  
613 school student's participation in extracurricular activities at school district schools.

614 (b) The rules shall provide that:

- 615 (i) online school students pay the same fees as other students to participate in
- 616 extracurricular activities;
- 617 (ii) online school students are eligible for fee waivers pursuant to Section 53A-12-103;
- 618 (iii) for each online school student who participates in an extracurricular activity at a
- 619 school district school, the online school shall pay a share of the school district's costs for the
- 620 extracurricular activity; and
- 621 (iv) an online school's share of the costs of an extracurricular activity shall reflect state
- 622 and local tax revenues expended, except capital facilities expenditures, for an extracurricular
- 623 activity in a school district or school divided by total student enrollment of the school district
- 624 or school.

625 (c) In determining an online school's share of the costs of an extracurricular activity

626 under Subsections (6)(b)(iii) and (iv), the State Board of Education may establish uniform fees

627 statewide based on average costs statewide or average costs within a sample of school districts.

628 (7) When selection to participate in an extracurricular activity at a public school is

629 made on a competitive basis, an online student is eligible to try out for and participate in the

630 activity as provided in this section.

631 Section 12. Section **53A-3-415** is amended to read:

632 **53A-3-415. School board policy on detaining students after school.**

633 (1) Each local school board shall establish a policy on detaining students after regular

634 school hours as a part of the districtwide discipline plan required under Section [~~53A-17a-135~~]

635 53A-11-901.

636 (2) The policy shall apply to elementary school students, grades kindergarten through

637 six. The board shall receive input from teachers, school administrators, and parents and

638 guardians of the affected students before adopting the policy.

639 (3) The policy shall provide for notice to the parent or guardian of a student prior to

640 holding the student after school on a particular day. The policy shall also provide for

641 exceptions to the notice provision if detention is necessary for the student's health or safety.

642 Section 13. Section **53A-16-107.1** is amended to read:

643 **53A-16-107.1. Capital discretionary levy in counties of the first class --**

644 **Allocation.**

645 (1) The county treasurer of a county of the first class shall distribute revenues

646 generated by the .0006 portion of the capital [~~outlay~~] discretionary levy required in Subsection  
647 [~~53A-16-107(3)~~] 53A-17a-164(4) to school districts located within the county of the first class  
648 as follows:

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

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

657 (2) If a new school district is created or school district boundaries are adjusted, the  
658 enrollment and average annual enrollment growth for each affected school district shall be  
659 calculated on the basis of enrollment in school district schools located within that school  
660 district's newly created or adjusted boundaries, as of October 1 enrollment counts.

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

664 (4) On or before March 31 of each year, a county treasurer in a county of the first class  
665 shall distribute the revenue generated within the county of the first class during the prior  
666 calendar year from the capital [~~outlay~~] discretionary levy described in Section [~~53A-16-107~~]  
667 53A-17a-164.

668 Section 14. Section **53A-17a-103** is amended to read:

669 **53A-17a-103. Definitions.**

670 As used in this chapter:

671 (1) "Basic state-supported school program" or "basic program" means public education  
672 programs for kindergarten, elementary, and secondary school students that are operated and  
673 maintained for the amount derived by multiplying the number of weighted pupil units for each  
674 district by \$2,577, except as otherwise provided in this chapter.

675 (2) (a) "Certified revenue levy" means a property tax levy that provides an amount of  
676 ad valorem property tax revenue equal to the sum of:

677 (i) the amount of ad valorem property tax revenue to be generated statewide in the  
678 previous year from imposing a minimum basic tax rate, as specified in Subsection  
679 53A-17a-135(1)[~~(a)~~]; and

680 (ii) the product of:

681 (A) new growth, as defined in:

682 (I) Section 59-2-924; and

683 (II) rules of the State Tax Commission; and

684 (B) the minimum basic tax rate certified by the State Tax Commission for the previous  
685 year.

686 (b) For purposes of this Subsection (2), "ad valorem property tax revenue" does not  
687 include property tax revenue received statewide from personal property that is:

688 (i) assessed by a county assessor in accordance with Title 59, Chapter 2, Part 3, County  
689 Assessment; and

690 (ii) semiconductor manufacturing equipment.

691 (c) For purposes of calculating the certified revenue levy described in this Subsection  
692 (2), the State Tax Commission shall use:

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

695 (ii) the taxable value of real and personal property assessed by the State Tax  
696 Commission; and

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

699 [~~(3)~~ "~~Leeway program~~" or "~~leeway~~" means a state-supported voted leeway program or  
700 board leeway program authorized under Section 53A-17a-133 or 53A-17a-134.]

701 [~~(4)~~ (3) "Pupil in average daily membership (ADM)" means a full-day equivalent  
702 pupil.

703 [~~(5)~~ (4) (a) "State-supported minimum school program" or "minimum school  
704 program" means public school programs for kindergarten, elementary, and secondary schools  
705 as described in this Subsection [~~(5)~~ (4).

706 (b) The minimum school program established in the districts shall include the  
707 equivalent of a school term of nine months as determined by the State Board of Education.

708 (c) (i) The board shall establish the number of days or equivalent instructional hours  
709 that school is held for an academic school year.

710 (ii) Education, enhanced by utilization of technologically enriched delivery systems,  
711 when approved by local school boards, shall receive full support by the State Board of  
712 Education as it pertains to fulfilling the attendance requirements, excluding time spent viewing  
713 commercial advertising.

714 (d) The program includes the total of the following annual costs:

715 (i) the cost of a basic state-supported school program; and

716 (ii) other amounts appropriated in this chapter in addition to the basic program.

717 [(6)] (5) "Weighted pupil unit or units or WPU or WPUs" means the unit of measure of  
718 factors that is computed in accordance with this chapter for the purpose of determining the  
719 costs of a program on a uniform basis for each district.

720 Section 15. Section **53A-17a-105** is amended to read:

721 **53A-17a-105. Action required for underestimated or overestimated weighted**  
722 **pupil units -- Action required for underestimating or overestimating local contributions.**

723 (1) If the number of weighted pupil units in a program is underestimated in Section  
724 53A-17a-104, the amount per pupil in that program paid under this chapter must be reduced so  
725 that the amount paid does not exceed the estimated amount by program.

726 (2) If the number of weighted pupil units in a program is overestimated in Section  
727 53A-17a-104, the state superintendent of public instruction shall either increase the amount  
728 paid in that program per weighted pupil unit or transfer the unused amount in that program to  
729 another program included in the minimum school program.

730 (3) (a) If surplus funds are transferred to another program, the state superintendent, if  
731 the state superintendent determines certain districts have greater need for additional funds, may  
732 designate the districts as well as the programs to which the transferred funds will be allocated.

733 (b) Any amounts transferred under Subsection (3)(a) may be spent in addition to the  
734 amounts listed in Section 53A-17a-104.

735 (4) The limitation on the proceeds from local tax rates for [~~operation and maintenance~~]  
736 all programs under this chapter is subject to modification by local school boards under Sections  
737 53A-17a-133 and [~~53A-17a-134~~] 53A-17a-163 and to special tax rates authorized by this  
738 chapter, and shall be adjusted accordingly.



739 (5) If local contributions are overestimated, the guarantee per weighted pupil unit is  
740 reduced for all programs so the total state contribution [~~for operation and maintenance~~  
741 ~~programs~~] does not exceed the amount authorized in Subsection 53A-17a-104(1).

742 (6) (a) If local contributions from the basic tax rate [~~for operation and maintenance~~  
743 ~~programs~~] are underestimated, the excess is applied:

744 (i) first, to support the value of the weighted pupil unit as set by the Legislature for  
745 total weighted pupil units generated by the districts and those costs of Social Security and  
746 retirement[;];

747 (ii) second, to transportation[;]; and

748 (iii) third, to board and voted [~~leeway~~] local discretionary levy guarantees that occur as  
749 a result of the additional generated weighted pupil units, following internal adjustments by the  
750 state superintendent as provided in this section.

751 (b) The state contribution is decreased so the total school program cost [~~for operation~~  
752 ~~and maintenance programs~~] does not exceed the total estimated contributions to school districts  
753 for all programs under Subsection 53A-17a-104(2) plus the amount of local revenue necessary  
754 to support the value of the weighted pupil unit for weighted pupil units generated and those  
755 costs of Social Security and retirement, transportation, and board and voted leeway that occur  
756 as a result of the additional generated weighted pupil units.

757 (7) As an exception to Section 63J-1-401, the state fiscal officer may not close out  
758 appropriations from the Uniform School Fund at the end of a fiscal year.

759 Section 16. Section **53A-17a-127** is amended to read:

760 **53A-17a-127. Eligibility for state-supported transportation -- Approved bus**  
761 **routes -- Additional local tax.**

762 (1) A student eligible for state-supported transportation means:

763 (a) a student enrolled in kindergarten through grade six who lives at least 1-1/2 miles  
764 from school;

765 (b) a student enrolled in grades seven through 12 who lives at least two miles from  
766 school; and

767 (c) a student enrolled in a special program offered by a school district and approved by  
768 the State Board of Education for trainable, motor, multiple-disabled, or other students with  
769 severe disabilities who are incapable of walking to school or where it is unsafe for students to

770 walk because of their disabling condition, without reference to distance from school.

771 (2) If a school district implements double sessions as an alternative to new building  
772 construction, with the approval of the State Board of Education, those affected elementary  
773 school students residing less than 1-1/2 miles from school may be transported one way to or  
774 from school because of safety factors relating to darkness or other hazardous conditions as  
775 determined by the local school board.

776 (3) (a) The State Board of Education shall distribute transportation monies to school  
777 districts based on:

- 778 (i) an allowance per mile for approved bus routes;
- 779 (ii) an allowance per hour for approved bus routes;
- 780 (iii) an annual allowance for equipment and overhead costs based on approved bus  
781 routes and the age of the equipment; and
- 782 (iv) a minimum allocation for each school district eligible for transportation funding.

783 (b) The State Board of Education shall distribute appropriated transportation funds  
784 based on the prior year's eligible transportation costs as legally reported under Subsection  
785 53A-17a-126(3).

786 (c) In order for a bus to be considered for the equipment allowance under Subsection  
787 (3)(a)(iii), it must meet federal and state regulations and standards for school buses.

788 (d) The State Board of Education shall annually review the allowance per mile, the  
789 allowance per hour, and the annual equipment and overhead allowance and adjust the  
790 allowance to reflect current economic conditions.

791 (4) (a) Approved bus routes for funding purposes shall be determined on fall data  
792 collected by October 1.

793 (b) Approved route funding shall be determined on the basis of the most efficient and  
794 economic routes.

795 (5) A Transportation Advisory Committee with representation from local school  
796 superintendents, business officials, school district transportation supervisors, and the state  
797 superintendent's staff shall serve as a review committee for addressing school transportation  
798 needs, including recommended approved bus routes.

799 (6) (a) A local school board may provide for the transportation of students who are not  
800 eligible under Subsection (1), regardless of the distance from school, from [:(i)] general funds

801 of the district[; and].

802 [~~(ii) a tax rate not to exceed .0003 per dollar of taxable value imposed on the district.~~]

803 [~~(b) A local school board may use revenue from the tax to pay for transporting~~  
804 ~~participating students to interscholastic activities, night activities, and educational field trips~~  
805 ~~approved by the board and for the replacement of school buses.~~]

806 [~~(c) (i) If a local school board levies a tax under Subsection (6)(a)(ii) of at least .0002,~~  
807 ~~the]~~

808 (b) (i) The state may contribute an amount not to exceed 85% of the state average cost  
809 per mile, contingent upon the Legislature appropriating funds for a state contribution.

810 (ii) The state superintendent's staff shall distribute the state contribution according to  
811 rules enacted by the State Board of Education.

812 [~~(d)~~] (c) (i) The amount of state guarantee money which a school district would  
813 otherwise be entitled to receive under Subsection (6)[~~(c)~~](b)(i) may not be reduced for the sole  
814 reason that the district's levy is reduced as a consequence of changes in the certified tax rate  
815 under Section 59-2-924 due to changes in property valuation.

816 (ii) Subsection (6)[~~(d)~~](c)(i) applies for a period of two years following the change in  
817 the certified tax rate.

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

819 **53A-17a-133. Voted local discretionary levy -- Election requirements -- State**  
820 **guarantee -- Reconsideration of levy authorization.**

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

824 (2) (a) (i) To [~~establish a voted leeway program~~] impose a voted local discretionary  
825 levy, a majority of the electors of a district voting at an election in the manner set forth in  
826 [~~Section 53A-16-110~~] Subsections (8) and (9) must vote in favor of a special tax.

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

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

830 [~~(c)~~] (b) In order to receive state support the first year, a district must receive voter  
831 approval no later than December 1 of the year prior to implementation.

832 (3) (a) [~~Under the voted leeway program~~] In addition to the revenue a school district  
833 collects from the imposition of a levy pursuant to this section, the state shall contribute an  
834 amount sufficient to guarantee \$17.54 per weighted pupil unit for each .0001 of the first .0016  
835 per dollar of taxable value.

836 (b) The same dollar amount guarantee per weighted pupil unit for the .0016 per dollar  
837 of taxable value under Subsection (3)(a) shall apply to [~~the board-approved leeway~~] a portion  
838 of the board local discretionary levy authorized in Section [~~53A-17a-134~~] 53A-17a-163, so that  
839 the guarantee shall apply up to a total of .002 per dollar of taxable value if a school district  
840 levies a tax rate under both programs.

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

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

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

851 (ii) Subsection (3)(d)(i) applies for a period of five years following any such change in  
852 the certified tax rate.

853 (4) (a) An election to modify [~~an~~] existing [~~voted leeway program~~] authority to impose  
854 a voted local discretionary levy is not a reconsideration of the existing [~~program~~] authority  
855 unless the proposition submitted to the electors expressly so states.

856 (b) A majority vote opposing a modification does not deprive the district of authority to  
857 continue [~~an~~] the existing [~~program~~] levy.

858 (c) If adoption of a [~~leeway program~~] voted local discretionary levy is contingent upon  
859 an offset reducing other local school board levies, the board must allow the electors, in an  
860 election, to consider modifying or discontinuing the [~~program~~] imposition of the levy prior to a  
861 subsequent increase in other levies that would increase the total local school board levy.

862 (d) Nothing contained in this section terminates, without an election, the authority of a

863 school district to continue ~~[an existing voted leeway program]~~ imposing an existing voted local  
864 discretionary levy previously authorized by the voters as a voted leeway program.

865 (5) Notwithstanding Section 59-2-918, a school district may budget an increased  
866 amount of ad valorem property tax revenue derived from a voted ~~[leeway]~~ local discretionary  
867 levy imposed under this section in addition to revenue from new growth as defined in  
868 Subsection 59-2-924(4), without having to comply with the advertisement requirements of  
869 Section 59-2-918, if:

870 (a) the voted ~~[leeway]~~ local discretionary levy is approved:

871 (i) in accordance with ~~[Section 53A-16-110]~~ Subsections (8) and (9) on or after  
872 January 1, 2003; and

873 (ii) within the four-year period immediately preceding the year in which the school  
874 district seeks to budget an increased amount of ad valorem property tax revenue derived from  
875 the voted ~~[leeway]~~ local discretionary levy; and

876 (b) for a voted ~~[leeway]~~ local discretionary levy approved or modified in accordance  
877 with this section on or after January 1, 2009, the school district complies with the requirements  
878 of Subsection (7).

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

882 (a) the levy exceeds the certified tax rate as the result of a school district budgeting an  
883 increased amount of ad valorem property tax revenue derived from a voted ~~[leeway]~~ local  
884 discretionary levy imposed under this section;

885 (b) if the voted ~~[leeway]~~ local discretionary levy was approved:

886 (i) in accordance with ~~[Section 53A-16-110]~~ Subsections (8) and (9) on or after  
887 January 1, 2003; and

888 (ii) within the four-year period immediately preceding the year in which the school  
889 district seeks to budget an increased amount of ad valorem property tax revenue derived from  
890 the voted ~~[leeway]~~ local discretionary levy; and

891 (c) for a voted ~~[leeway]~~ local discretionary levy approved or modified in accordance  
892 with this section on or after January 1, 2009, the school district complies with requirements of  
893 Subsection (7).

894 (7) For purposes of Subsection (5)(b) or (6)(c), the proposition submitted to the  
895 electors regarding the adoption or modification of [~~a voted leeway program~~] the authority to  
896 impose a voted local discretionary levy shall contain the following statement:

897 "A vote in favor of this tax means that (name of the school district) may increase  
898 revenue from this property tax without advertising the increase for the next five years."

899 (8) (a) Before imposing a property tax levy pursuant to this section, a school district  
900 shall submit an opinion question to the school district's registered voters voting on the  
901 imposition of the tax rate so that each registered voter has the opportunity to express the  
902 registered voter's opinion on whether the tax rate should be imposed.

903 (b) The election required by this Subsection (8) shall be held:

904 (i) at a regular general election conducted in accordance with the procedures and  
905 requirements of Title 20A, Election Code, governing regular elections;

906 (ii) at a municipal general election conducted in accordance with the procedures and  
907 requirements of Section 20A-1-202; or

908 (iii) at a local special election conducted in accordance with the procedures and  
909 requirements of Section 20A-1-203.

910 (c) Notwithstanding the requirements of Subsections (8)(a) and (b), beginning on or  
911 after January 1, 2010, a school district may levy a tax rate in accordance with this section  
912 without complying with the requirements of Subsections (8)(a) and (b) if:

913 (i) the school district imposed a tax in accordance with this section at any time during  
914 the taxable year beginning on January 1, 2009 and ending on December 31, 2009; and

915 (ii) the authorization to impose the voted local discretionary levy was approved in  
916 accordance with former Section 53A-16-110 on or after January 1, 2003.

917 (9) If a school district determines that a majority of the school district's registered  
918 voters voting on the imposition of the tax rate have voted in favor of the imposition of the tax  
919 rate in accordance with Subsection (8), the school district may impose the tax rate.

920 Section 18. Section **53A-17a-135** is amended to read:

921 **53A-17a-135. Minimum basic tax rate.**

922 (1) [~~(a)~~] In order to qualify for receipt of the state contribution toward the basic  
923 program and as its contribution toward its costs of the basic program, each school district shall  
924 impose a minimum basic tax rate of .00200 per dollar of taxable value [~~that generates~~

925 ~~§260,731,750 in revenues statewide].~~

926 ~~[(b) The preliminary estimate for the 2008-09 minimum basic tax rate is .00125.]~~

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

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

931 (2) (a) The state shall contribute to each district toward the cost of the basic program in  
932 the district that portion which exceeds the proceeds of the levy authorized under Subsection  
933 (1).

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

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

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

943 (4) For fiscal year 2010-11, the Legislature shall increase the dollar amount described  
944 in Subsection 53A-17a-103(1) by an amount equal to the difference between:

945 (a) the amount of revenue generated statewide from the imposition of the minimum  
946 basic tax rate of .00200 per dollar of taxable value during calendar year 2010; and

947 (b) the amount of revenue that would have been generated from the imposition of the  
948 certified revenue levy statewide for the same calendar year.

949 Section 19. Section **53A-17a-143** is amended to read:

950 **53A-17a-143. Federal Impact Aid Program -- Offset for underestimated**  
951 **allocations from the Federal Impact Aid Program.**

952 (1) In addition to the revenues received from the levy imposed by each school district  
953 and authorized by the Legislature under Section 53A-17a-135, ~~[a local school board may~~  
954 ~~increase its tax rate to]~~ the Legislature shall provide an amount equal to the difference between  
955 the district's anticipated receipts under the entitlement for the fiscal year from ~~[Public Law~~

956 81-874] the Federal Impact Aid Program and the amount the district actually received from this  
957 source for the next preceding fiscal year.

958 ~~[(2) The tax rate for this purpose may not exceed .0008 per dollar of taxable value in~~  
959 ~~any fiscal year.]~~

960 ~~[(3) This authorization terminates for each district at the end of the third year it is~~  
961 ~~used.]~~

962 [(4)] (2) If at the end of a fiscal year the sum of the receipts of a school district from  
963 ~~[this special tax rate plus allocation from Public Law 81-874]~~ a distribution from the  
964 Legislature pursuant to Subsection (1) plus the school district's allocations from the Federal  
965 Impact Aid Program for that fiscal year exceeds the amount allocated to the district from  
966 ~~[Public Law 81-874]~~ the Federal Impact Aid Program for the next preceding fiscal year, the  
967 excess funds are carried into the next succeeding fiscal year and become in that year a part of  
968 the district's contribution to its basic program for operation and maintenance under the state  
969 minimum school finance law.

970 [(5)] (3) During that year the district's required tax rate for the basic program shall be  
971 reduced so that the yield from the reduced tax rate plus the carryover funds equal the district's  
972 required contribution to its basic program.

973 [(6)] (4) A district that reduces its basic tax rate under this section shall receive state  
974 minimum school program funds as though the reduction in the tax rate had not been made.

975 Section 20. Section **53A-17a-150** is amended to read:

976 **53A-17a-150. K-3 Reading Improvement Program.**

977 (1) As used in this section:

978 (a) "Program" means the K-3 Reading Improvement Program~~;~~ ~~and~~.

979 (b) "Program monies" means:

980 ~~[(i) school district revenue from the levy authorized under Section 53A-17a-151;]~~

981 [(ii)] (i) school district revenue allocated to the program from other monies available to  
982 the school district, except monies provided by the state, for the purpose of receiving state funds  
983 under this section; and

984 ~~[(iii)]~~ (ii) monies appropriated by the Legislature to the program.

985 (2) The K-3 Reading Improvement Program consists of program monies and is created  
986 to achieve the state's goal of having third graders reading at or above grade level.



987 (3) Subject to future budget constraints, the Legislature may annually appropriate  
988 money to the K-3 Reading Improvement Program.

989 (4) (a) Prior to using program monies, a school district or charter school shall submit a  
990 plan to the State Board of Education for reading proficiency improvement that incorporates the  
991 following components:

- 992 (i) assessment;
- 993 (ii) intervention strategies;
- 994 (iii) professional development;
- 995 (iv) reading performance standards; and
- 996 (v) specific measurable goals that are based upon gain scores.

997 (b) The State Board of Education shall provide model plans which a school district or  
998 charter school may use, or the district or school may develop its own plan.

999 (c) Plans developed by a school district or charter school shall be approved by the State  
1000 Board of Education.

1001 (5) There is created within the K-3 Reading Achievement Program three funding  
1002 programs:

- 1003 (a) the Base Level Program;
- 1004 (b) the Guarantee Program; and
- 1005 (c) the Low Income Students Program.

1006 (6) Monies appropriated to the State Board of Education for the K-3 Reading  
1007 Improvement Program shall be allocated to the three funding programs as follows:

- 1008 (a) 8% to the Base Level Program;
- 1009 (b) 46% to the Guarantee Program; and
- 1010 (c) 46% to the Low Income Students Program.

1011 (7) (a) To participate in the Base Level Program, a school district or charter school  
1012 shall submit a reading proficiency improvement plan to the State Board of Education as  
1013 provided in Subsection (4) and must receive approval of the plan from the board.

1014 (b) (i) Each school district qualifying for Base Level Program funds and the qualifying  
1015 elementary charter schools combined shall receive a base amount.

1016 (ii) The base amount for the qualifying elementary charter schools combined shall be  
1017 allocated among each school in an amount proportionate to:

1018 (A) each existing charter school's prior year fall enrollment in grades kindergarten  
1019 through grade 3; and

1020 (B) each new charter school's estimated fall enrollment in grades kindergarten through  
1021 grade 3.

1022 (8) (a) A school district that applies for program monies in excess of the Base Level  
1023 Program funds shall choose to first participate in either the Guarantee Program or the Low  
1024 Income Students Program.

1025 (b) A school district must fully participate in either the Guarantee Program or the Low  
1026 Income Students Program before it may elect to either fully or partially participate in the other  
1027 program.

1028 (c) To fully participate in the Guarantee Program, a school district shall~~[(i) levy a tax~~  
1029 ~~rate of .000056 under Section 53A-17a-151; (ii)]~~ allocate to the program other monies  
1030 available to the school district, except monies provided by the state, equal to the amount of  
1031 revenue that would be generated by a tax rate of .000056~~[; or].~~

1032 ~~[(iii) levy a tax under Section 53A-17a-151 and allocate to the program other monies~~  
1033 ~~available to the school district, except monies provided by the state, so that the total revenue~~  
1034 ~~from the combined revenue sources equals the amount of revenue that would be generated by a~~  
1035 ~~tax rate of .000056.]~~

1036 (d) To fully participate in the Low Income Students Program, a school district shall~~[(i)~~  
1037 ~~levy a tax rate of .000065 under Section 53A-17a-151; (ii)]~~ allocate to the program other  
1038 monies available to the school district, except monies provided by the state, equal to the  
1039 amount of revenue that would be generated by a tax rate of .000065~~[; or].~~

1040 ~~[(iii) levy a tax under Section 53A-17a-151 and allocate to the program other monies~~  
1041 ~~available to the school district, except monies provided by the state, so that the total revenue~~  
1042 ~~from the combined revenue sources equals the amount of revenue that would be generated by a~~  
1043 ~~tax rate of .000065.]~~

1044 (e) (i) The State Board of Education shall verify that a school district allocates the  
1045 monies required in accordance with Subsections (8)(c) and (d) before it distributes funds in  
1046 accordance with this section.

1047 (ii) The State Tax Commission will provide the State Board of Education the  
1048 information the State Board of Education needs to comply with Subsection (8)(e)(i).

1049 (9) (a) A school district that fully participates in the Guarantee Program shall receive  
1050 state funds in an amount that is:

1051 (i) equal to the difference between \$21 times the district's total WPUs and the revenue  
1052 the school district is required to generate or allocate under Subsection (8)(c) to fully participate  
1053 in the Guarantee Program; and

1054 (ii) not less than \$0.

1055 (b) An elementary charter school shall receive under the Guarantee Program an amount  
1056 equal to \$21 times the school's total WPUs.

1057 (10) The State Board of Education shall distribute Low Income Students Program  
1058 funds in an amount proportionate to the number of students in each school district or charter  
1059 school who qualify for free or reduced price school lunch multiplied by two.

1060 (11) A school district that partially participates in the Guarantee Program or Low  
1061 Income Students Program shall receive program funds based on the amount of district revenue  
1062 generated for or allocated to the program as a percentage of the amount of revenue that could  
1063 have been generated or allocated if the district had fully participated in the program.

1064 (12) (a) Each school district and charter school shall use program monies for reading  
1065 proficiency improvement in grades kindergarten through grade three.

1066 (b) Program monies may not be used to supplant funds for existing programs, but may  
1067 be used to augment existing programs.

1068 (13) (a) Each school district and charter school shall annually submit a report to the  
1069 State Board of Education accounting for the expenditure of program monies in accordance with  
1070 its plan for reading proficiency improvement.

1071 (b) If a school district or charter school uses program monies in a manner that is  
1072 inconsistent with Subsection (12), the school district or charter school is liable for reimbursing  
1073 the State Board of Education for the amount of program monies improperly used, up to the  
1074 amount of program monies received from the State Board of Education.

1075 (14) (a) The State Board of Education shall make rules to implement the program.

1076 (b) (i) The rules under Subsection (14)(a) shall require each school district or charter  
1077 school to annually report progress in meeting goals stated in the district's or charter school's  
1078 plan for student reading proficiency as measured by gain scores.

1079 (ii) If a school district or charter school does not meet or exceed the goals, the school

1080 district or charter school shall prepare a new plan which corrects deficiencies. The new plan  
1081 must be approved by the State Board of Education before the school district or charter school  
1082 receives an allocation for the next year.

1083 ~~[(15) If after 36 months of program operation, a school district fails to meet goals~~  
1084 ~~stated in the district's plan for student reading proficiency as measured by gain scores, the~~  
1085 ~~school district shall terminate any levy imposed under Section 53A-17a-151.]~~

1086 Section 21. Section **53A-17a-163** is enacted to read:

1087 **53A-17a-163. Board local discretionary levy.**

1088 (1) As used in this section:

1089 (a) "Basic levy increment" means an amount equal to the difference of:

1090 (i) an amount equal to the difference of:

1091 (A) the amount of revenue that would be generated within a school district by the  
1092 imposition of the certified revenue levy described in Section 53A-17a-103 for the current  
1093 calendar year; and

1094 (B) the estimated amount of revenue to be generated within the school district by the  
1095 imposition of the minimum basic tax rate levied in accordance with Section 53A-17a-135  
1096 during the current calendar year; and

1097 (ii) the school district's estimated WPU distribution from the basic levy increase  
1098 described in Subsection (1)(h) during the current taxable year.

1099 (b) "Board local discretionary levy" means, for the taxable year beginning on January  
1100 1, 2010, a tax rate equal to the sum of the tax rates imposed by a school district from the  
1101 following levies:

1102 (i) Section 11-2-7;

1103 (ii) Section 53A-17a-127;

1104 (iii) Section 53A-17a-134;

1105 (iv) Section 53A-17a-143;

1106 (v) the portion of the 10% of basic levy described in Section 53A-17a-145 that is  
1107 budgeted for textbooks, supplies, maintenance, and operations;

1108 (vi) Section 53A-17a-151; and

1109 (vii) Section 63G-7-704.

1110 (c) "Board property tax revenue" means an amount equal to the sum of the following:

- 1111 (i) the amount of revenue generated during the taxable year beginning on January 1,  
1112 2009, from the sum of the following levies of a school district:
- 1113 (A) Section 11-2-7;  
1114 (B) Section 53A-17a-127;  
1115 (C) Section 53A-17a-134;  
1116 (D) Section 53A-17a-143;  
1117 (E) the portion of the 10% of basic levy described in Section 53A-17a-145 that is  
1118 budgeted for textbooks, supplies, maintenance, and operations;
- 1119 (F) Section 53A-17a-151; and  
1120 (G) Section 63G-7-704; and
- 1121 (ii) new growth as defined in Subsection 59-2-924(4)(c).
- 1122 (d) "Certified tax rate" means a school district's certified tax rate calculated in  
1123 accordance with Section 59-2-924.
- 1124 (e) "Contributing school district" means a school district that in a fiscal year receives  
1125 less revenue from its WPU distribution from the basic levy increase than the amount of revenue  
1126 generated within its school district during the same fiscal year from the imposition of the  
1127 minimum basic levy rate increase.
- 1128 (f) "Increased revenue generated statewide from the minimum basic levy" means an  
1129 amount equal to the difference of:
- 1130 (i) the estimated amount of revenue generated statewide by the imposition of the  
1131 minimum basic tax rate levied in accordance with Section 53A-17a-135 during the current  
1132 calendar year; and
- 1133 (ii) the amount of revenue that would be generated statewide by the imposition of the  
1134 certified revenue levy during the current calendar year.
- 1135 (g) "Minimum basic levy rate increase" means the rate equal to the difference of:
- 1136 (i) the minimum basic tax rate levied during the current year; and  
1137 (ii) the certified revenue levy tax rate for the current year.
- 1138 (h) "Receiving school district" means a school district that in a fiscal year receives  
1139 more revenue from its WPU distribution from the basic levy increase than the amount of  
1140 revenue generated within its school district during the same fiscal year from the imposition of  
1141 the minimum basic levy rate increase.

1142 (i) "WPU distribution from the basic levy increase" means the revenue distributed to a  
1143 school district from the minimum school program under Title 53A, Chapter 17a, Part 1,  
1144 Minimum School Program, as a result of the increased revenue generated statewide from the  
1145 minimum basic levy rate increase.

1146 (2) (a) Subject to the other requirements of this section, for a taxable year beginning on  
1147 or after January 1, 2010, a local school board may levy a tax to fund the school district's  
1148 general fund.

1149 (b) A tax rate imposed by a school district pursuant to this section may not exceed  
1150 .0012 per dollar of taxable value in any fiscal year.

1151 (3) (a) For fiscal year 2010-11, a contributing school district is exempt from the public  
1152 notice and hearing requirements of Sections 59-2-918 and 59-2-919 for the contributing school  
1153 district's board local discretionary levy if the contributing school district budgets an amount of  
1154 ad valorem property tax revenue equal to or less than the contributing school district's board  
1155 property tax revenue.

1156 (b) For fiscal year 2010-11, a receiving school district is exempt from the public notice  
1157 and hearing requirements of Sections 59-2-918 and 59-2-919 for the school district's board  
1158 local discretionary levy if the receiving school district budgets an amount of ad valorem  
1159 property tax revenue equal to or less than an amount equal to:

1160 (i) the receiving school district's board property tax revenue; minus

1161 (ii) the receiving school district's basic levy increment.

1162 (4) For a fiscal year beginning on or after fiscal year 2011-12, a school district is  
1163 exempt from the public notice and hearing requirements of Sections 59-2-918 and 59-2-919 for  
1164 the school district's board local discretionary levy if the school district budgets an amount of ad  
1165 valorem property tax revenue equal to or less than:

1166 (a) the school district's board property tax revenue; minus

1167 (b) the school district's basic levy increment.

1168 Section 22. Section **53A-17a-164** is enacted to read:

1169 **53A-17a-164. Capital discretionary levy -- First class county required levy.**

1170 (1) As used in this section:

1171 (a) "Capital aggregate tax rate" means a tax rate equal to the sum of the tax rates  
1172 imposed by a school district from the following levies:

- 1173 (i) Section 53A-16-107; and  
1174 (ii) the portion of the 10% of basic levy described in Section 53A-17a-145 that is  
1175 budgeted for debt service or capital outlay.
- 1176 (b) "Capital property tax revenue" means an amount equal to an amount equal to the  
1177 sum of the following:
- 1178 (i) the amount of revenue generated during the taxable year beginning on January 1,  
1179 2009, from the sum of the following levies of a school district:
- 1180 (A) Section 53A-16-107; and  
1181 (B) the portion of the 10% of basic levy described in Section 53A-17a-145 that is  
1182 budgeted for debt service or capital outlay; and
- 1183 (ii) new growth as defined in Subsection 59-2-924(4)(c).
- 1184 (c) "Certified tax rate" means a school district's certified tax rate calculated in  
1185 accordance with Section 59-2-924.
- 1186 (2) (a) Subject to the other requirements of this section, for taxable years beginning on  
1187 or after January 1, 2010, a local school board may levy a tax to fund the school district's capital  
1188 projects.
- 1189 (b) A tax rate imposed by a school district pursuant to this section may not exceed  
1190 .0030 per dollar of taxable value in any fiscal year.
- 1191 (3) For fiscal year 2010-11, a school district is exempt from the public notice and  
1192 hearing requirements of Sections 59-2-918 and 59-2-919 for the school district's board local  
1193 discretionary levy if the school district budgets an amount of ad valorem property tax revenue  
1194 equal to or less than the school district's capital property tax revenue.
- 1195 (4) Beginning January 1, 2010, in order to qualify for receipt of the state contribution  
1196 toward the minimum school program described in Section 53A-17a-104, a local school board  
1197 in a county of the first class shall impose a capital discretionary levy of at least .0006 per dollar  
1198 of taxable value.
- 1199 (5) (a) The county treasurer of a county of the first class shall distribute revenues  
1200 generated by the .0006 portion of the capital discretionary levy required in Subsection (4) to  
1201 school districts within the county in accordance with Section 53A-16-107.1.
- 1202 (b) If a school district in a county of the first class imposes a capital discretionary levy  
1203 pursuant to this section which exceeds .0006 per dollar of taxable value, the county treasurer of

1204 a county of the first class shall distribute revenues generated by the portion of the capital  
1205 discretionary levy which exceeds .0006 to the school district imposing the levy.

1206 Section 23. Section **53A-21-101.5** is amended to read:

1207 **53A-21-101.5. Definitions.**

1208 As used in this chapter:

1209 (1) "ADM" or "pupil in average daily membership" is as defined in Section  
1210 53A-17a-103.

1211 (2) "Combined capital levy rate" means a rate that includes the sum of the following  
1212 property tax levies:

1213 (a) the capital ~~[outlay]~~ discretionary levy authorized in Section ~~[53A-16-107]~~  
1214 53A-17a-164; and

1215 ~~[(b) the portion of the 10% of basic levy described in Section 53A-17a-145 that is~~  
1216 ~~budgeted for debt service or capital outlay;]~~

1217 ~~[(c)]~~ (b) the debt service levy authorized in Section 11-14-310~~[-; and]~~.

1218 ~~[(d) the voted capital outlay leeway authorized in Section 53A-16-110.]~~

1219 (3) "Derived net taxable value" means the quotient of:

1220 (a) the total current property tax collections from April 1 through the following March  
1221 31 for a school district; divided by

1222 (b) the school district's total tax rate for the calendar year preceding the March 31  
1223 referenced in Subsection (3)(a).

1224 (4) "Highest combined capital levy rate" means the highest combined capital levy rate  
1225 imposed by any school district within the state for a fiscal year.

1226 (5) "Property tax base per ADM" means the quotient of:

1227 (a) a school district's derived net taxable value; divided by

1228 (b) the school district's ADM for the same year.

1229 (6) "Property tax yield per ADM" means:

1230 (a) the product of:

1231 (i) a school district's derived net taxable value; and

1232 (ii) the highest combined capital levy rate for the fiscal year of the March 31 referenced  
1233 in Subsection (3)(a); divided by

1234 (b) the school district's ADM for the same fiscal year.



1235 (7) "Statewide average property tax base per ADM" means the quotient of:

1236 (a) the sum of all school districts' derived net taxable value; divided by

1237 (b) the sum of all school districts' ADM statewide for the same year.

1238 Section 24. Section **59-2-924** is amended to read:

1239 **59-2-924. Report of valuation of property to county auditor and commission --**

1240 **Transmittal by auditor to governing bodies -- Certified tax rate -- Calculation of certified**

1241 **tax rate -- Rulemaking authority -- Adoption of tentative budget.**

1242 (1) Before June 1 of each year, the county assessor of each county shall deliver to the  
1243 county auditor and the commission the following statements:

1244 (a) a statement containing the aggregate valuation of all taxable real property assessed  
1245 by a county assessor in accordance with Part 3, County Assessment, for each taxing entity; and

1246 (b) a statement containing the taxable value of all personal property assessed by a  
1247 county assessor in accordance with Part 3, County Assessment, from the prior year end values.

1248 (2) The county auditor shall, on or before June 8, transmit to the governing body of  
1249 each taxing entity:

1250 (a) the statements described in Subsections (1)(a) and (b);

1251 (b) an estimate of the revenue from personal property;

1252 (c) the certified tax rate; and

1253 (d) all forms necessary to submit a tax levy request.

1254 (3) (a) The "certified tax rate" means a tax rate that will provide the same ad valorem  
1255 property tax revenues for a taxing entity as were budgeted by that taxing entity for the prior  
1256 year.

1257 (b) For purposes of this Subsection (3):

1258 (i) "Ad valorem property tax revenues" do not include:

1259 (A) collections from redemptions;

1260 (B) interest;

1261 (C) penalties; and

1262 (D) revenue received by a taxing entity from personal property that is:

1263 (I) assessed by a county assessor in accordance with Part 3, County Assessment; and

1264 (II) semiconductor manufacturing equipment.

1265 (ii) "Aggregate taxable value of all property taxed" means:

1266 (A) the aggregate taxable value of all real property assessed by a county assessor in  
1267 accordance with Part 3, County Assessment, for the current year;

1268 (B) the aggregate taxable year end value of all personal property assessed by a county  
1269 assessor in accordance with Part 3, County Assessment, for the prior year; and

1270 (C) the aggregate taxable value of all real and personal property assessed by the  
1271 commission in accordance with Part 2, Assessment of Property, for the current year.

1272 (c) (i) Except as otherwise provided in this section, the certified tax rate shall be  
1273 calculated by dividing the ad valorem property tax revenues budgeted for the prior year by the  
1274 taxing entity by the amount calculated under Subsection (3)(c)(ii).

1275 (ii) For purposes of Subsection (3)(c)(i), the legislative body of a taxing entity shall  
1276 calculate an amount as follows:

1277 (A) calculate for the taxing entity the difference between:

1278 (I) the aggregate taxable value of all property taxed; and

1279 (II) any redevelopment adjustments for the current calendar year;

1280 (B) after making the calculation required by Subsection (3)(c)(ii)(A), calculate an  
1281 amount determined by increasing or decreasing the amount calculated under Subsection  
1282 (3)(c)(ii)(A) by the average of the percentage net change in the value of taxable property for the  
1283 equalization period for the three calendar years immediately preceding the current calendar  
1284 year;

1285 (C) after making the calculation required by Subsection (3)(c)(ii)(B), calculate the  
1286 product of:

1287 (I) the amount calculated under Subsection (3)(c)(ii)(B); and

1288 (II) the percentage of property taxes collected for the five calendar years immediately  
1289 preceding the current calendar year; and

1290 (D) after making the calculation required by Subsection (3)(c)(ii)(C), calculate an  
1291 amount determined by subtracting from the amount calculated under Subsection (3)(c)(ii)(C)  
1292 any new growth as defined in this section:

1293 (I) within the taxing entity; and

1294 (II) for the following calendar year:

1295 (Aa) for new growth from real property assessed by a county assessor in accordance  
1296 with Part 3, County Assessment and all property assessed by the commission in accordance

1297 with Section 59-2-201, the current calendar year; and

1298 (Bb) for new growth from personal property assessed by a county assessor in  
1299 accordance with Part 3, County Assessment, the prior calendar year.

1300 (iii) For purposes of Subsection (3)(c)(ii)(A), the aggregate taxable value of all  
1301 property taxed:

1302 (A) except as provided in Subsection (3)(c)(iii)(B) or (3)(c)(ii)(C), is as defined in  
1303 Subsection (3)(b)(ii);

1304 (B) does not include the total taxable value of personal property contained on the tax  
1305 rolls of the taxing entity that is:

1306 (I) assessed by a county assessor in accordance with Part 3, County Assessment; and

1307 (II) semiconductor manufacturing equipment; and

1308 (C) for personal property assessed by a county assessor in accordance with Part 3,  
1309 County Assessment, the taxable value of personal property is the year end value of the personal  
1310 property contained on the prior year's tax rolls of the entity.

1311 (iv) For purposes of Subsection (3)(c)(ii)(B), for calendar years beginning on or after  
1312 January 1, 2007, the value of taxable property does not include the value of personal property  
1313 that is:

1314 (A) within the taxing entity assessed by a county assessor in accordance with Part 3,  
1315 County Assessment; and

1316 (B) semiconductor manufacturing equipment.

1317 (v) For purposes of Subsection (3)(c)(ii)(C)(II), for calendar years beginning on or after  
1318 January 1, 2007, the percentage of property taxes collected does not include property taxes  
1319 collected from personal property that is:

1320 (A) within the taxing entity assessed by a county assessor in accordance with Part 3,  
1321 County Assessment; and

1322 (B) semiconductor manufacturing equipment.

1323 (vi) For purposes of Subsection (3)(c)(ii)(B), for calendar years beginning on or after  
1324 January 1, 2009, the value of taxable property does not include the value of personal property  
1325 that is within the taxing entity assessed by a county assessor in accordance with Part 3, County  
1326 Assessment.

1327 (vii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,

1328 the commission may prescribe rules for calculating redevelopment adjustments for a calendar  
1329 year.

1330 (d) (i) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,  
1331 the commission shall make rules determining the calculation of ad valorem property tax  
1332 revenues budgeted by a taxing entity.

1333 (ii) For purposes of Subsection (3)(d)(i), ad valorem property tax revenues budgeted by  
1334 a taxing entity shall be calculated in the same manner as budgeted property tax revenues are  
1335 calculated for purposes of Section 59-2-913.

1336 (e) The certified tax rates for the taxing entities described in this Subsection (3)(e) shall  
1337 be calculated as follows:

1338 (i) except as provided in Subsection (3)(e)(ii), for new taxing entities the certified tax  
1339 rate is zero;

1340 (ii) for each municipality incorporated on or after July 1, 1996, the certified tax rate is:

1341 (A) in a county of the first, second, or third class, the levy imposed for municipal-type  
1342 services under Sections 17-34-1 and 17-36-9; and

1343 (B) in a county of the fourth, fifth, or sixth class, the levy imposed for general county  
1344 purposes and such other levies imposed solely for the municipal-type services identified in  
1345 Section 17-34-1 and Subsection 17-36-3(22); and

1346 (iii) for debt service voted on by the public, the certified tax rate shall be the actual  
1347 levy imposed by that section, except that the certified tax rates for the following levies shall be  
1348 calculated in accordance with Section 59-2-913 and this section:

1349 (A) school [~~levies~~] levies provided for under Sections [~~11-2-7, 53A-16-110,~~  
1350 ~~53A-17a-125, 53A-17a-127,~~] 53A-17a-133[, ~~53A-17a-134, 53A-17a-143, 53A-17a-145, and~~  
1351 ~~53A-21-103~~], 53A-17a-163, and 53A-17a-164; and

1352 (B) levies to pay for the costs of state legislative mandates or judicial or administrative  
1353 orders under Section 59-2-1604.

1354 (f) (i) A judgment levy imposed under Section 59-2-1328 or 59-2-1330 shall be  
1355 established at that rate which is sufficient to generate only the revenue required to satisfy one  
1356 or more eligible judgments, as defined in Section 59-2-102.

1357 (ii) The ad valorem property tax revenue generated by the judgment levy shall not be  
1358 considered in establishing the taxing entity's aggregate certified tax rate.

1359 (g) The ad valorem property tax revenue generated by the capital [outlay] discretionary  
1360 levy described in Section [~~53A-16-107~~] 53A-17a-164 within a taxing entity in a county of the  
1361 first class:

1362 (i) may not be considered in establishing the school district's aggregate certified tax  
1363 rate; and

1364 (ii) shall be included by the commission in establishing a certified tax rate for that  
1365 capital [outlay] discretionary levy determined in accordance with the calculation described in  
1366 Subsection 59-2-913(3).

1367 (4) (a) For the purpose of calculating the certified tax rate, the county auditor shall use:

1368 (i) the taxable value of real property assessed by a county assessor contained on the  
1369 assessment roll;

1370 (ii) the taxable value of real and personal property assessed by the commission; and

1371 (iii) the taxable year end value of personal property assessed by a county assessor  
1372 contained on the prior year's assessment roll.

1373 (b) For purposes of Subsection (4)(a)(i), the taxable value of real property on the  
1374 assessment roll does not include new growth as defined in Subsection (4)(c).

1375 (c) "New growth" means:

1376 (i) the difference between the increase in taxable value of the following property of the  
1377 taxing entity from the previous calendar year to the current year:

1378 (A) real property assessed by a county assessor in accordance with Part 3, County  
1379 Assessment; and

1380 (B) property assessed by the commission under Section 59-2-201; plus

1381 (ii) the difference between the increase in taxable year end value of personal property  
1382 of the taxing entity from the year prior to the previous calendar year to the previous calendar  
1383 year; minus

1384 (iii) the amount of an increase in taxable value described in Subsection (4)(e).

1385 (d) For purposes of Subsection (4)(c)(ii), the taxable value of personal property of the  
1386 taxing entity does not include the taxable value of personal property that is:

1387 (i) contained on the tax rolls of the taxing entity if that property is assessed by a county  
1388 assessor in accordance with Part 3, County Assessment; and

1389 (ii) semiconductor manufacturing equipment.

- 1390 (e) Subsection (4)(c)(iii) applies to the following increases in taxable value:
- 1391 (i) the amount of increase to locally assessed real property taxable values resulting
- 1392 from factoring, reappraisal, or any other adjustments; or
- 1393 (ii) the amount of an increase in the taxable value of property assessed by the
- 1394 commission under Section 59-2-201 resulting from a change in the method of apportioning the
- 1395 taxable value prescribed by:
- 1396 (A) the Legislature;
- 1397 (B) a court;
- 1398 (C) the commission in an administrative rule; or
- 1399 (D) the commission in an administrative order.
- 1400 (f) For purposes of Subsection (4)(a)(ii), the taxable year end value of personal
- 1401 property on the prior year's assessment roll does not include:
- 1402 (i) new growth as defined in Subsection (4)(c); or
- 1403 (ii) the total taxable year end value of personal property contained on the prior year's
- 1404 tax rolls of the taxing entity that is:
- 1405 (A) assessed by a county assessor in accordance with Part 3, County Assessment; and
- 1406 (B) semiconductor manufacturing equipment.
- 1407 (5) (a) On or before June 22, each taxing entity shall annually adopt a tentative budget.
- 1408 (b) If the taxing entity intends to exceed the certified tax rate, it shall notify the county
- 1409 auditor of:
- 1410 (i) its intent to exceed the certified tax rate; and
- 1411 (ii) the amount by which it proposes to exceed the certified tax rate.
- 1412 (c) The county auditor shall notify all property owners of any intent to exceed the
- 1413 certified tax rate in accordance with Subsection 59-2-919(3).
- 1414 Section 25. Section **59-2-924.3** is amended to read:
- 1415 **59-2-924.3. Adjustment of the calculation of the certified tax rate for a school**
- 1416 **district imposing a capital discretionary levy in a county of the first class.**
- 1417 (1) As used in this section:
- 1418 (a) "Capital [~~outlay~~] discretionary levy increment" means the amount of revenue equal
- 1419 to the difference between:
- 1420 (i) the amount of revenue generated by a levy of .0006 per dollar of taxable value

1421 within a school district during a fiscal year; and

1422 (ii) the amount of revenue the school district received during the same fiscal year from  
1423 the distribution described in Subsection 53A-16-107.1(1).

1424 (b) "Contributing school district" means a school district in a county of the first class  
1425 that in a fiscal year receives less revenue from the distribution described in Subsection  
1426 53A-16-107.1(1) than it would have received during the same fiscal year from a levy imposed  
1427 within the school district of .0006 per dollar of taxable value.

1428 (c) "Receiving school district" means a school district in a county of the first class that  
1429 in a fiscal year receives more revenue from the distribution described in Subsection  
1430 53A-16-107.1(1) than it would have received during the same fiscal year from a levy imposed  
1431 within the school district of .0006 per dollar of taxable value.

1432 [~~(2)~~] For fiscal year 2009-10, a receiving school district shall decrease its capital outlay  
1433 certified tax rate under Subsection 59-2-924(3)(g)(ii) by an amount required to offset the  
1434 receiving school district's estimated capital outlay increment for the current fiscal year.]

1435 [~~(3)~~] (2) Beginning with fiscal year 2010-11, a receiving school district shall decrease  
1436 its capital [~~outlay~~] discretionary levy certified tax rate under Subsection 59-2-924(3)(g)(ii) by  
1437 the amount required to offset the receiving school district's [~~capital outlay~~] estimated capital  
1438 discretionary levy increment for the prior fiscal year.

1439 [~~(4)~~] (3) For fiscal year [~~2009-10~~] 2010-11, a contributing school district is exempt  
1440 from the public notice and hearing requirements of Sections 59-2-918 and 59-2-919 for the  
1441 school district's capital [~~outlay~~] discretionary levy certified tax rate calculated pursuant to  
1442 Subsection 59-2-924(3)(g)(ii) if:

1443 (a) the contributing school district budgets an increased amount of ad valorem property  
1444 tax revenue exclusive of new growth as defined in Subsection 59-2-924(4) for the capital  
1445 [~~outlay~~] discretionary levy described in Section [~~53A-16-107~~] 53A-17a-164; and

1446 (b) the increased amount of ad valorem property tax revenue described in Subsection  
1447 [~~(4)~~] (3)(a) is less than or equal to that contributing school district's estimated capital [~~outlay~~]  
1448 discretionary increment for the current fiscal year.

1449 [~~(5)~~] (4) Beginning with fiscal year [~~2010-11~~] 2011-12, a contributing school district is  
1450 exempt from the public notice and hearing requirements of Sections 59-2-918 and 59-2-919 for  
1451 the school district's capital [~~outlay~~] discretionary levy certified tax rate calculated pursuant to

1452 Subsection 59-2-924(3)(g)(ii) if:

1453 (a) the contributing school district budgets an increased amount of ad valorem property  
1454 tax revenue exclusive of new growth as defined in Subsection 59-2-924(4) for the capital  
1455 ~~[outlay]~~ discretionary levy described in Section ~~[53A-16-107]~~ 53A-17a-164; and

1456 (b) the increased amount of ad valorem property tax revenue described in Subsection  
1457 ~~[(5)]~~ (4)(a) is less than or equal to that contributing school district's capital ~~[outlay]~~  
1458 discretionary levy increment for the prior year.

1459 ~~[(6)]~~ (5) Beginning with fiscal year 2011-12, a contributing school district is exempt  
1460 from the public notice and hearing requirements of Sections 59-2-918 and 59-2-919 for the  
1461 school district's capital ~~[outlay]~~ discretionary levy certified tax rate calculated pursuant to  
1462 Subsection 59-2-924(3)(g)(ii) if:

1463 (a) the contributing school district budgets an increased amount of ad valorem property  
1464 tax revenue exclusive of new growth as defined in Subsection 59-2-924(4) for the capital  
1465 ~~[outlay]~~ discretionary levy described in Section ~~[53A-16-107]~~ 53A-17a-164; and

1466 (b) the increased amount of ad valorem property tax revenue described in Subsection  
1467 ~~[(6)]~~ (5)(a) is less than or equal to the difference between:

1468 (i) the amount of revenue generated by a levy of .0006 per dollar of taxable value  
1469 imposed within the contributing school district during the current taxable year; and

1470 (ii) the amount of revenue generated by a levy of .0006 per dollar of taxable value  
1471 imposed within the contributing school district during the prior taxable year.

1472 ~~[(7)]~~ (6) Regardless of the amount a school district receives from the revenue collected  
1473 from the .0006 portion of the capital ~~[outlay]~~ discretionary levy required in Subsection  
1474 ~~[53A-16-107(3)]~~ 53A-17a-164(4), the revenue generated within the school district from the  
1475 .0006 portion of the capital ~~[outlay]~~ discretionary levy required in Subsection ~~[53A-16-107(3)]~~  
1476 53A-17a-164(4) shall be considered to be budgeted ad valorem property tax revenues of the  
1477 school district that levies the .0006 portion of the capital ~~[outlay]~~ discretionary levy for  
1478 purposes of calculating the school district's certified tax rate in accordance with Subsection  
1479 59-2-924(3)(g)(ii).

1480 Section 26. Section **59-2-924.4** is amended to read:

1481 **59-2-924.4. Adjustment of the calculation of the certified tax rate for certain**  
1482 **divided school districts.**



1483 (1) As used in this section:

1484 (a) "Capital [~~outlay~~] discretionary levy increment" means the amount of revenue equal  
1485 to the difference between:

1486 (i) the amount of revenue generated by a levy of .0006 per dollar of taxable value  
1487 within a qualifying divided school district during a fiscal year; and

1488 (ii) the amount of revenue the qualifying divided school district received during the  
1489 same fiscal year from the distribution described in Section 53A-2-118.3.

1490 (b) "Contributing divided school district" means a school district located within a  
1491 qualifying divided school district that in a fiscal year receives less revenue from the distribution  
1492 described in Section 53A-2-118.3 than it would have received during the same fiscal year from  
1493 a levy imposed within the school district of .0006 per dollar of taxable value.

1494 (c) "Divided school district" means a school district from which a new school district is  
1495 created.

1496 (d) "New school district" means a school district:

1497 (i) created under Section 53A-2-118.1;

1498 (ii) that begins to provide educational services after July 1, 2008; and

1499 (iii) located in a qualifying divided school district.

1500 (e) "Qualifying divided school district" means a divided school district:

1501 (i) located within a county of the second through sixth class; and

1502 (ii) with a new school district created under Section 53A-2-118.1 that begins to provide  
1503 educational services after July 1, 2008.

1504 (f) "Qualifying fiscal year" means the first fiscal year that a new school district begins  
1505 to provide educational services.

1506 (g) "Receiving divided school district" means a school district located within a  
1507 qualifying divided school district that in a fiscal year receives more revenue from the  
1508 distribution described in Section 53A-2-118.3 than it would have received during the same  
1509 fiscal year from a levy imposed within the school district of .0006 per dollar of taxable value.

1510 (2) A receiving divided school district shall decrease its certified tax rate calculated in  
1511 accordance with Section 59-2-924 by the amount required to offset the receiving divided  
1512 school district's capital [~~outlay~~] discretionary levy increment for the prior fiscal year.

1513 (3) Beginning with the fiscal year after the qualifying fiscal year, a contributing divided

1514 school district is exempt from the public notice and hearing requirements of Sections 59-2-918  
1515 and 59-2-919 for the contributing divided school district's certified tax rate calculated pursuant  
1516 to Section 59-2-924 if:

1517 (a) the contributing divided school district budgets an increased amount of ad valorem  
1518 property tax revenue exclusive of new growth as defined in Subsection 59-2-924(4) for the  
1519 capital ~~outlay~~ discretionary levy required in Section 53A-2-118.3; and

1520 (b) the increased amount of ad valorem property tax revenue described in Subsection  
1521 (3)(a) is less than or equal to that contributing divided school district's capital ~~outlay~~  
1522 discretionary levy increment for the prior year.

1523 (4) Beginning with the fiscal year after the qualifying fiscal year, a contributing divided  
1524 school district is exempt from the public notice and hearing requirements of Sections 59-2-918  
1525 and 59-2-919 for the contributing divided school district's certified tax rate calculated pursuant  
1526 to Section 59-2-924 if:

1527 (a) the contributing divided school district budgets an increased amount of ad valorem  
1528 property tax revenue exclusive of new growth as defined in Subsection 59-2-924(4) for the  
1529 capital ~~outlay~~ discretionary levy described in Section 53A-2-118.3; and

1530 (b) the increased amount of ad valorem property tax revenue described in Subsection  
1531 (4)(a) is less than or equal to the difference between:

1532 (i) the amount of revenue generated by a levy of .0006 per dollar of taxable value  
1533 imposed within the contributing divided school district during the current taxable year; and

1534 (ii) the amount of revenue generated by a levy of .0006 per dollar of taxable value  
1535 imposed within the contributing divided school district during the prior taxable year.

1536 (5) Regardless of the amount a school district receives from the revenue collected from  
1537 the .0006 portion of the capital ~~outlay~~ discretionary levy described in Section 53A-2-118.3,  
1538 the revenue generated within the school district from the .0006 portion of the capital ~~outlay~~  
1539 discretionary levy described in Section 53A-2-118.3 shall be considered to be budgeted ad  
1540 valorem property tax revenues of the school district that levies the .0006 portion of the capital  
1541 ~~outlay~~ discretionary levy for purposes of calculating the school district's certified tax rate in  
1542 accordance with Section 59-2-924.

1543 Section 27. Section **59-2-926** is amended to read:

1544 **59-2-926. Proposed tax increase by state -- Notice -- Contents -- Dates.**

1545 If the state authorizes a levy [~~pursuant to Section 53A-17a-135 that exceeds the~~  
1546 ~~certified revenue levy as defined in Section 53A-17a-103 or authorizes a levy]~~ pursuant to  
1547 Section 59-2-1602 that exceeds the certified revenue levy as defined in Section 59-2-102, the  
1548 state shall publish a notice no later than ten days after the last day of the annual legislative  
1549 general session that meets the following requirements:

1550 (1) The Office of the Legislative Fiscal Analyst shall advertise that the state authorized  
1551 a levy that generates revenue in excess of the previous year's ad valorem tax revenue, plus new  
1552 growth, but exclusive of revenue from collections from redemptions, interest, and penalties in a  
1553 newspaper of general circulation in the state. The advertisement shall be no less than 1/4 page  
1554 in size and the type used shall be no smaller than 18 point, and surrounded by a 1/4-inch  
1555 border. The advertisement may not be placed in that portion of the newspaper where legal  
1556 notices and classified advertisements appear. The advertisement shall be run once.

1557 (2) The form and content of the notice shall be substantially as follows:

1558 "NOTICE OF TAX INCREASE

1559 The state has budgeted an increase in its property tax revenue from \$\_\_\_\_\_ to  
1560 \$\_\_\_\_\_ or \_\_\_\_%. The increase in property tax revenues will come from the following  
1561 sources (include all of the following provisions):

1562 (a) \$\_\_\_\_\_ of the increase will come from (provide an explanation of the cause  
1563 of adjustment or increased revenues, such as reappraisals or factoring orders);

1564 (b) \$\_\_\_\_\_ of the increase will come from natural increases in the value of the  
1565 tax base due to (explain cause of new growth, such as new building activity, annexation, etc.);  
1566 and

1567 (c) a home valued at \$100,000 in the state of Utah which based on last year's (~~[levy for~~  
1568 ~~the basic state-supported school program,]~~ levy for the Property Tax Valuation Agency Fund,  
1569 or both) paid \$\_\_\_\_\_ in property taxes would pay the following:

1570 (i) \$\_\_\_\_\_ if the state of Utah did not budget an increase in property tax revenue  
1571 exclusive of new growth; and

1572 (ii) \$\_\_\_\_\_ under the increased property tax revenues exclusive of new growth  
1573 budgeted by the state of Utah."

1574 Section 28. Section **63G-7-704** is amended to read:

1575 **63G-7-704. Tax levy by political subdivisions for payment of claims, judgments,**

1576 or insurance premiums.

1577 (1) For purposes of this section, "political subdivision" does not include a school  
1578 district.

1579 [~~(1)~~] (2) Notwithstanding any provision of law to the contrary, a political subdivision  
1580 may levy an annual property tax sufficient to pay:

1581 (a) any claim, settlement, or judgment;

1582 (b) the costs to defend against any claim, settlement, or judgment; or

1583 (c) for the establishment and maintenance of a reserve fund for the payment of claims,  
1584 settlements, or judgments that may be reasonably anticipated.

1585 [~~(2)~~] (3) (a) The payments authorized to pay for punitive damages or to pay the  
1586 premium for authorized insurance is money spent for a public purpose within the meaning of  
1587 this section and Article XIII, Sec. 5, Utah Constitution, even though, as a result of the levy, the  
1588 maximum levy as otherwise restricted by law is exceeded.

1589 (b) No levy under this section may exceed .0001 per dollar of taxable value of taxable  
1590 property.

1591 (c) The revenues derived from this levy may not be used for any purpose other than  
1592 those specified in this section.

1593 Section 29. **Repealer.**

1594 This bill repeals:

1595 Section 53A-16-107, **Capital outlay levy -- Maintenance of school facilities --**

1596 **Authority to use proceeds of .0002 tax rate -- Restrictions and procedure.**

1597 Section 53A-16-110, **Special tax to buy school building sites, build and furnish**  
1598 **schoolhouses, or improve school property.**

1599 Section 53A-16-111, **Payment of judgments and warrants -- Special tax.**

1600 Section 53A-17a-134, **Board-approved leeway -- Purpose -- State support --**

1601 **Disapproval.**

1602 Section 53A-17a-145, **Additional levy by district for debt service, school sites,**  
1603 **buildings, buses, textbooks, and supplies.**

1604 Section 53A-17a-151, **Board leeway for reading improvement.**

1605 Section 30. **Effective date.**

1606 This bill takes effect on January 1, 2010.

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**H.B. 66 2nd Sub. (Gray) - Property Tax Amendments**

**Fiscal Note**

2009 General Session

State of Utah

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**State Impact**

Enactment of this bill raises the minimum basic state rate. This increases the local portion of the minimum school program by \$155,000,000 in FY 2011. Because of the basic rate increase, other local property tax will decrease by \$155,000,000. The property tax portion of school funding that is provided by the locals to the state may increase from about 20% to 35% in FY 2020. Due to recapture, revenue to the Uniform School Fund could increase by \$9,800,000.

	<u>2009</u> <u>Approp.</u>	<u>2010</u> <u>Approp.</u>	<u>2011</u> <u>Approp.</u>	<u>2009</u> <u>Revenue</u>	<u>2010</u> <u>Revenue</u>	<u>2011</u> <u>Revenue</u>
Uniform School Fund	\$0	\$0	\$0	\$0	\$0	\$164,800,000
Property Tax	\$0	\$0	\$0	\$0	\$0	(\$155,000,000)
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$9,800,000</b>

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

Enactment of this bill will shift \$32,000,000 between school districts. If a school district that experiences a decrease in revenue decides to go through truth in taxation to make up the lost revenue, there will be an increase in property tax on individuals and businesses. Some school districts will likely experience an increase in revenue. If a school district that receives an increase in revenue decides to decrease other property taxes, there will be a decrease in local property tax on certain individuals and businesses. There will likely be recapture of \$9,800,000 from school districts to the Uniform School Fund.