

Representative Gregory H. Hughes proposes the following substitute bill:

PROPERTY TAX AMENDMENTS

2009 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Merlynn T. Newbold

Senate Sponsor: _____

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

31 Monies Appropriated in this Bill:

32 None

33 Other Special Clauses:

34 This bill takes effect on January 1, 2010.

35 Utah Code Sections Affected:

36 AMENDS:

- 37 **11-2-7**, as last amended by Laws of Utah 1961, Chapters 25 and 30
- 38 **11-13-302**, as last amended by Laws of Utah 2008, Chapters 236 and 382
- 39 **20A-1-203**, as last amended by Laws of Utah 2008, Chapter 16
- 40 **53A-1a-106**, as last amended by Laws of Utah 2003, Chapter 221
- 41 **53A-1a-513**, as last amended by Laws of Utah 2008, Chapters 382 and 397
- 42 **53A-2-114**, as last amended by Laws of Utah 2008, Chapter 236
- 43 **53A-2-115**, as last amended by Laws of Utah 2008, Chapter 236
- 44 **53A-2-118.2**, as enacted by Laws of Utah 2007, Chapter 297
- 45 **53A-2-206**, as last amended by Laws of Utah 2008, Chapter 382
- 46 **53A-2-214**, as enacted by Laws of Utah 2008, Chapter 233
- 47 **53A-3-415**, as last amended by Laws of Utah 1991, Chapter 72
- 48 **53A-17a-103**, as last amended by Laws of Utah 2008, Chapters 61 and 397
- 49 **53A-17a-105**, as last amended by Laws of Utah 2008, Chapter 382
- 50 **53A-17a-127**, as last amended by Laws of Utah 2008, Chapter 397
- 51 **53A-17a-133**, as last amended by Laws of Utah 2008, Chapters 61, 231, and 236
- 52 **53A-17a-135**, as last amended by Laws of Utah 2008, Chapter 1
- 53 **53A-17a-143**, as last amended by Laws of Utah 1995, Chapter 271
- 54 **53A-17a-150**, as enacted by Laws of Utah 2004, Chapter 305
- 55 **53A-21-101.5**, as enacted by Laws of Utah 2008, Chapter 236
- 56 **59-2-924**, as last amended by Laws of Utah 2008, Chapters 61, 118, 231, 236, 330, 360,

57 and 382

58 **59-2-926**, as last amended by Laws of Utah 2008, Chapter 330

59 **63G-7-704**, as renumbered and amended by Laws of Utah 2008, Chapter 382

60 ENACTS:

61 **53A-17a-163**, Utah Code Annotated 1953

62 **53A-17a-164**, Utah Code Annotated 1953

63 REPEALS:

64 **53A-2-118.3**, as enacted by Laws of Utah 2008, Chapter 236

65 **53A-16-107**, as last amended by Laws of Utah 2008, Chapter 236

66 **53A-16-107.1**, as enacted by Laws of Utah 2008, Chapter 236

67 **53A-16-110**, as last amended by Laws of Utah 2008, Chapter 236

68 **53A-16-111**, as enacted by Laws of Utah 1988, Chapter 2

69 **53A-17a-134**, as last amended by Laws of Utah 2008, Chapter 231

70 **53A-17a-145**, as renumbered and amended by Laws of Utah 1991, Chapter 72

71 **53A-17a-151**, as enacted by Laws of Utah 2004, Chapter 305

72 **59-2-924.3**, as enacted by Laws of Utah 2008, Chapter 236

73 **59-2-924.4**, as enacted by Laws of Utah 2008, Chapter 236



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

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

77 **11-2-7. Expenses -- Payment of -- Authority to appropriate and tax -- Licensing**
78 **of television owners and users -- Collection of license fees.**

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

84 (2) In areas so remote from regular transmission points of the large television stations
85 that television reception is impossible without special equipment and adequate, economical and
86 proper television is not available to the public by private sources, said local authorities may
87 also, by ordinance, license, for the purpose of raising revenue to equip, operate and maintain

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

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

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

97 **11-13-302. Payment of fee in lieu of ad valorem property tax by certain energy**
98 **suppliers -- Method of calculating -- Collection -- Extent of tax lien.**

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

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

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

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

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

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

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

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

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

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

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

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

136 (A) an annual fee; or

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

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

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

147 (c) There is to be credited against the annual fee due a taxing jurisdiction for each year,
148 an amount equal to the debt service, if any, payable in that year by the project entity on bonds,
149 the proceeds of which were used to provide public facilities and services for impact alleviation

150 in the taxing jurisdiction in accordance with Sections 11-13-305 and 11-13-306.

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

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

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

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

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

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

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

164 (A) the project entity; and

165 (B) any county that:

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

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

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

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

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

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

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

- 181 (I) for that year; and
- 182 (II) using the same measure of value as is used for taxable property in the state.
- 183 (B) The valuation required by Subsection (4)(b)(iv)(A) shall be made by the State Tax
184 Commission in accordance with rules made by the State Tax Commission.
- 185 (c) Payments of the annual fees shall be made from:
 - 186 (i) the proceeds of bonds issued for the project; and
 - 187 (ii) revenues derived by the project entity from the project.
- 188 (d) (i) The contracts of the project entity with the purchasers of the capacity, service, or
189 other benefits of the project whose tangible property is not exempted by Utah Constitution
190 Article XIII, Section 3, from the payment of ad valorem property tax shall require each
191 purchaser, whether or not located in the state, to pay, to the extent not otherwise provided for,
192 its share, determined in accordance with the terms of the contract, of these fees.
 - 193 (ii) It is the responsibility of the project entity to enforce the obligations of the
194 purchasers.
- 195 (5) (a) The responsibility of the project entity to make payment of the annual fees is
196 limited to the extent that there is legally available to the project entity, from bond proceeds or
197 revenues, monies to make these payments, and the obligation to make payments of the annual
198 fees is not otherwise a general obligation or liability of the project entity.
 - 199 (b) No tax lien may attach upon any property or money of the project entity by virtue of
200 any failure to pay all or any part of an annual fee.
 - 201 (c) The project entity or any purchaser may contest the validity of an annual fee to the
202 same extent as if the payment was a payment of the ad valorem property tax itself.
 - 203 (d) The payments of an annual fee shall be reduced to the extent that any contest is
204 successful.
- 205 (6) (a) The annual fee described in Subsection (1):
 - 206 (i) shall be paid by a public agency that:
 - 207 (A) is not a project entity; and
 - 208 (B) owns an interest in a facility providing additional project capacity if the interest is
209 otherwise exempt from taxation pursuant to Utah Constitution, Article XIII, Section 3; and
 - 210 (ii) for a public agency described in Subsection (6)(a)(i), shall be calculated in
211 accordance with Subsection (6)(b).

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

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

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

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

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

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

225 **20A-1-203. Calling and purpose of special elections.**

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

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

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

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

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

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

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

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

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

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

242 (i) a vote on a bond or debt issue;

243 (ii) a vote on a [~~voted leeway program~~] voted local discretionary levy authorized by
244 Section 53A-17a-133 [~~or 53A-17a-134~~];

245 (iii) an initiative authorized by Chapter 7, Part 5, Local Initiatives - [~~Procedure~~]
246 Procedures;

247 (iv) a referendum authorized by Chapter 7, Part 6, Local Referenda - Procedures;

248 (v) if required or authorized by federal law, a vote to determine whether or not Utah's
249 legal boundaries should be changed;

250 (vi) a vote authorized or required by Title 59, Chapter 12, Sales and Use Tax Act;

251 (vii) a vote to elect members to school district boards for a new school district and a
252 remaining school district, as defined in Section 53A-2-117, following the creation of a new
253 school district under Section 53A-2-118.1; or

254 (viii) an election of town officers of a newly incorporated town under Subsection
255 10-2-125(9).

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

258 (i) the date for the local special election; and

259 (ii) the purpose for the local special election.

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

261 **53A-1a-106. School district and individual school powers.**

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

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

269 (i) develop and implement programs integrating technology into the curriculum,
270 instruction, and student assessment;

271 (ii) provide for teacher and parent involvement in policymaking at the school site;

272 (iii) implement a public school choice program to give parents, students, and teachers
273 greater flexibility in designing and choosing among programs with different focuses through

274 schools within the same district and other districts, subject to space availability, demographics,
275 and legal and performance criteria;

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

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

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

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

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

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

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

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

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

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

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

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

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

303 (b) The reporting process shall involve participation from teachers, parents, and the
304 community at large in determining how well the district or school is performing.

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

306 **53A-1a-513. Funding for charter schools.**

307 (1) As used in this section:

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

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

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

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

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

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

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

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

322 53A-17a-163; and

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

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

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

326 53A-17a-164; and

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

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

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

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

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

334 (d) "Statewide average debt service revenues" means the amount determined as
335 follows, using data from the most recently published state superintendent's annual report:

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

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

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

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

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

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

349 (i) .55 for kindergarten pupils;

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

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

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

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

356 (A) district per pupil local revenues; or

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

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

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

363 (b) The State Board of Education shall:

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

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

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

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

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

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

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

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

382 (B) statewide average debt service revenues.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

422 **53A-2-114. Additional levies -- School board options to abolish or continue after**
423 **consolidation.**

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

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

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

433 **53A-2-115. Additional levies in transferred territory -- Transferee board option**
 434 **to abolish or continue.**

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

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

444 **53A-2-118.2. New school district property tax -- Limitations.**

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

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

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

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

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

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

459 (b) If the new school district's board applies a levy to the new school district pursuant

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

463 Section 9. Section **53A-2-206** is amended to read:

464 **53A-2-206. Interstate compact students -- Inclusion in attendance count --**
465 **Funding for foreign exchange students -- Annual report -- Requirements for exchange**
466 **student agencies.**

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

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

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

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

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

481 (ii) Subject to the limitation in Subsection (2)(c), the number of weighted pupil units in
482 the grades 1-12 basic program attributed to foreign exchange students shall be equal to the
483 number of foreign exchange students who were:

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

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

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

490 (A) the number of foreign exchange students enrolled in public schools in the state on

491 October 1 of the previous fiscal year; or

492 (B) 328 foreign exchange students.

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

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

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

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

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

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

509 (4) Due to the benefits to all students of having the opportunity to become familiar
510 with individuals from diverse backgrounds and cultures, school districts are encouraged to
511 enroll foreign exchange students, as provided in Subsection (3), particularly in schools with
512 declining or stable enrollments where the incremental cost of enrolling the foreign exchange
513 student may be minimal.

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

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

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

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

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

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

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

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

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

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

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

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

546 Section 10. Section **53A-2-214** is amended to read:

547 **53A-2-214. Online students' participation in extracurricular activities.**

548 (1) As used in this section:

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

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

552 (i) participates in an online education program sponsored or supported by the State

553 Board of Education, a school district, or charter school; and
554 (ii) generates funding for the school district or school pursuant to Subsection
555 53A-17a-103[~~(5)~~](4) and rules of the State Board of Education.

556 (2) An online student is eligible to participate in extracurricular activities at:
557 (a) the school within whose attendance boundaries the student's custodial parent or
558 legal guardian resides; or
559 (b) the public school from which the student withdrew for the purpose of participating
560 in an online education program.

561 (3) A school other than a school described in Subsection (2)(a) or (b) may allow an
562 online student to participate in extracurricular activities other than:
563 (a) interschool competitions of athletic teams sponsored and supported by a public
564 school; or
565 (b) interschool contests or competitions for music, drama, or forensic groups or teams
566 sponsored and supported by a public school.

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

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

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

574 (b) The rules shall provide that:
575 (i) online school students pay the same fees as other students to participate in
576 extracurricular activities;
577 (ii) online school students are eligible for fee waivers pursuant to Section 53A-12-103;
578 (iii) for each online school student who participates in an extracurricular activity at a
579 school district school, the online school shall pay a share of the school district's costs for the
580 extracurricular activity; and
581 (iv) an online school's share of the costs of an extracurricular activity shall reflect state
582 and local tax revenues expended, except capital facilities expenditures, for an extracurricular
583 activity in a school district or school divided by total student enrollment of the school district

584 or school.

585 (c) In determining an online school's share of the costs of an extracurricular activity
586 under Subsections (6)(b)(iii) and (iv), the State Board of Education may establish uniform fees
587 statewide based on average costs statewide or average costs within a sample of school districts.

588 (7) When selection to participate in an extracurricular activity at a public school is
589 made on a competitive basis, an online student is eligible to try out for and participate in the
590 activity as provided in this section.

591 Section 11. Section **53A-3-415** is amended to read:

592 **53A-3-415. School board policy on detaining students after school.**

593 (1) Each local school board shall establish a policy on detaining students after regular
594 school hours as a part of the districtwide discipline plan required under Section [~~53A-17a-135~~]
595 53A-11-901.

596 (2) The policy shall apply to elementary school students, grades kindergarten through
597 six. The board shall receive input from teachers, school administrators, and parents and
598 guardians of the affected students before adopting the policy.

599 (3) The policy shall provide for notice to the parent or guardian of a student prior to
600 holding the student after school on a particular day. The policy shall also provide for
601 exceptions to the notice provision if detention is necessary for the student's health or safety.

602 Section 12. Section **53A-17a-103** is amended to read:

603 **53A-17a-103. Definitions.**

604 As used in this chapter:

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

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

611 (i) the amount of ad valorem property tax revenue to be generated statewide in the
612 previous year from imposing a minimum basic tax rate, as specified in Subsection
613 53A-17a-135(1)[~~(a)~~]; and

614 (ii) the product of:

615 (A) new growth, as defined in:
616 (I) Section 59-2-924; and
617 (II) rules of the State Tax Commission; and
618 (B) the minimum basic tax rate certified by the State Tax Commission for the previous
619 year.

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

622 (i) assessed by a county assessor in accordance with Title 59, Chapter 2, Part 3, County
623 Assessment; and
624 (ii) semiconductor manufacturing equipment.

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

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

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

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

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

635 [~~(4)~~ (3) "Pupil in average daily membership (ADM)" means a full-day equivalent
636 pupil.

637 [~~(5)~~ (4) (a) "State-supported minimum school program" or "minimum school
638 program" means public school programs for kindergarten, elementary, and secondary schools
639 as described in this Subsection [~~(5)~~ (4).

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

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

644 (ii) Education, enhanced by utilization of technologically enriched delivery systems,
645 when approved by local school boards, shall receive full support by the State Board of

646 Education as it pertains to fulfilling the attendance requirements, excluding time spent viewing
647 commercial advertising.

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

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

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

651 ~~[(6)]~~ (5) "Weighted pupil unit or units or WPU or WPU's" means the unit of measure of
652 factors that is computed in accordance with this chapter for the purpose of determining the
653 costs of a program on a uniform basis for each district.

654 Section 13. Section **53A-17a-105** is amended to read:

655 **53A-17a-105. Action required for underestimated or overestimated weighted**
656 **pupil units -- Action required for underestimating or overestimating local contributions.**

657 (1) If the number of weighted pupil units in a program is underestimated in Section
658 53A-17a-104, the amount per pupil in that program paid under this chapter must be reduced so
659 that the amount paid does not exceed the estimated amount by program.

660 (2) If the number of weighted pupil units in a program is overestimated in Section
661 53A-17a-104, the state superintendent of public instruction shall either increase the amount
662 paid in that program per weighted pupil unit or transfer the unused amount in that program to
663 another program included in the minimum school program.

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

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

669 (4) The limitation on the proceeds from local tax rates for ~~[operation and maintenance]~~
670 all programs under this chapter is subject to modification by local school boards under Sections
671 53A-17a-133 and ~~[53A-17a-134]~~ 53A-17a-163 and to special tax rates authorized by this
672 chapter, and shall be adjusted accordingly.

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

676 (6) (a) If local contributions from the basic tax rate ~~[for operation and maintenance~~

677 ~~programs]~~ are underestimated, the excess is applied;

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

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

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

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

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

693 Section 14. Section **53A-17a-127** is amended to read:

694 **53A-17a-127. Eligibility for state-supported transportation -- Approved bus**
695 **routes -- Additional local tax.**

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

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

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

701 (c) a student enrolled in a special program offered by a school district and approved by
702 the State Board of Education for trainable, motor, multiple-disabled, or other students with
703 severe disabilities who are incapable of walking to school or where it is unsafe for students to
704 walk because of their disabling condition, without reference to distance from school.

705 (2) If a school district implements double sessions as an alternative to new building
706 construction, with the approval of the State Board of Education, those affected elementary
707 school students residing less than 1-1/2 miles from school may be transported one way to or

708 from school because of safety factors relating to darkness or other hazardous conditions as
709 determined by the local school board.

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

712 (i) an allowance per mile for approved bus routes;

713 (ii) an allowance per hour for approved bus routes;

714 (iii) an annual allowance for equipment and overhead costs based on approved bus
715 routes and the age of the equipment; and

716 (iv) a minimum allocation for each school district eligible for transportation funding.

717 (b) The State Board of Education shall distribute appropriated transportation funds
718 based on the prior year's eligible transportation costs as legally reported under Subsection
719 53A-17a-126(3).

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

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

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

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

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

733 (6) (a) A local school board may provide for the transportation of students who are not
734 eligible under Subsection (1), regardless of the distance from school, from ~~[:(†)]~~ general funds
735 of the district~~[:and]~~.

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

737 ~~[(b) A local school board may use revenue from the tax to pay for transporting~~
738 ~~participating students to interscholastic activities, night activities, and educational field trips~~

739 approved by the board and for the replacement of school buses.]

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

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

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

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

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

752 Section 15. Section **53A-17a-133** is amended to read:

753 **53A-17a-133. Voted local discretionary levy -- Election requirements -- State**
754 **guarantee -- Reconsideration of levy authorization.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

796 (d) Nothing contained in this section terminates, without an election, the authority of a
797 school district to continue ~~[an existing voted leeway program]~~ imposing an existing voted local
798 discretionary levy previously authorized by the voters as a voted leeway program.

799 (5) Notwithstanding Section 59-2-918, a school district may budget an increased
800 amount of ad valorem property tax revenue derived from a voted ~~[leeway]~~ local discretionary

801 levy imposed under this section in addition to revenue from new growth as defined in
802 Subsection 59-2-924(4), without having to comply with the advertisement requirements of
803 Section 59-2-918, if:

804 (a) the voted [~~teeway~~] local discretionary levy is approved:

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

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

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

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

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

819 (b) if the voted [~~teeway~~] local discretionary levy was approved:

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

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

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

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

831 "A vote in favor of this tax means that (name of the school district) may increase

832 revenue from this property tax without advertising the increase for the next five years."

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

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

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

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

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

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

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

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

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

854 Section 16. Section **53A-17a-135** is amended to read:

855 **53A-17a-135. Minimum basic tax rate.**

856 (1) ~~[(a)]~~ In order to qualify for receipt of the state contribution toward the basic
857 program and as its contribution toward its costs of the basic program, each school district shall
858 impose a minimum basic tax rate of .00200 per dollar of taxable value ~~[that generates~~
859 ~~\$260,731,750 in revenues statewide].~~

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

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

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

865 (2) (a) The state shall contribute to each district toward the cost of the basic program in
 866 the district that portion which exceeds the proceeds of the levy authorized under Subsection
 867 (1).

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

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

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

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

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

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

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

884 **53A-17a-143. Federal Impact Aid Program -- Offset for underestimated**
 885 **allocations from the Federal Impact Aid Program.**

886 (1) In addition to the revenues received from the levy imposed by each school district
 887 and authorized by the Legislature under Section 53A-17a-135, ~~[a local school board may~~
 888 ~~increase its tax rate to]~~ the Legislature shall provide an amount equal to the difference between
 889 the district's anticipated receipts under the entitlement for the fiscal year from ~~[Public Law~~
 890 ~~81-874]~~ the Federal Impact Aid Program and the amount the district actually received from this
 891 source for the next preceding fiscal year.

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

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

896 ~~[(4)]~~ (2) If at the end of a fiscal year the sum of the receipts of a school district from
897 ~~[this special tax rate plus allocation from Public Law 81-874]~~ a distribution from the
898 Legislature pursuant to Subsection (1) plus the school district's allocations from the Federal
899 Impact Aid Program for that fiscal year exceeds the amount allocated to the district from
900 ~~[Public Law 81-874]~~ the Federal Impact Aid Program for the next preceding fiscal year, the
901 excess funds are carried into the next succeeding fiscal year and become in that year a part of
902 the district's contribution to its basic program for operation and maintenance under the state
903 minimum school finance law.

904 ~~[(5)]~~ (3) During that year the district's required tax rate for the basic program shall be
905 reduced so that the yield from the reduced tax rate plus the carryover funds equal the district's
906 required contribution to its basic program.

907 ~~[(6)]~~ (4) A district that reduces its basic tax rate under this section shall receive state
908 minimum school program funds as though the reduction in the tax rate had not been made.

909 Section 18. Section **53A-17a-150** is amended to read:

910 **53A-17a-150. K-3 Reading Improvement Program.**

911 (1) As used in this section:

912 (a) "Program" means the K-3 Reading Improvement Program~~[-and]~~.

913 (b) "Program monies" means:

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

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

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

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

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

923 (4) (a) Prior to using program monies, a school district or charter school shall submit a
924 plan to the State Board of Education for reading proficiency improvement that incorporates the

925 following components:

- 926 (i) assessment;
- 927 (ii) intervention strategies;
- 928 (iii) professional development;
- 929 (iv) reading performance standards; and
- 930 (v) specific measurable goals that are based upon gain scores.

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

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

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

- 937 (a) the Base Level Program;
- 938 (b) the Guarantee Program; and
- 939 (c) the Low Income Students Program.

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

- 942 (a) 8% to the Base Level Program;
- 943 (b) 46% to the Guarantee Program; and
- 944 (c) 46% to the Low Income Students Program.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

985 (i) equal to the difference between \$21 times the district's total WPUs and the revenue
986 the school district is required to generate or allocate under Subsection (8)(c) to fully participate

987 in the Guarantee Program; and

988 (ii) not less than \$0.

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

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

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

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

1000 (b) Program monies may not be used to supplant funds for existing programs, but may
1001 be used to augment existing programs.

1002 (13) (a) Each school district and charter school shall annually submit a report to the
1003 State Board of Education accounting for the expenditure of program monies in accordance with
1004 its plan for reading proficiency improvement.

1005 (b) If a school district or charter school uses program monies in a manner that is
1006 inconsistent with Subsection (12), the school district or charter school is liable for reimbursing
1007 the State Board of Education for the amount of program monies improperly used, up to the
1008 amount of program monies received from the State Board of Education.

1009 (14) (a) The State Board of Education shall make rules to implement the program.

1010 (b) (i) The rules under Subsection (14)(a) shall require each school district or charter
1011 school to annually report progress in meeting goals stated in the district's or charter school's
1012 plan for student reading proficiency as measured by gain scores.

1013 (ii) If a school district or charter school does not meet or exceed the goals, the school
1014 district or charter school shall prepare a new plan which corrects deficiencies. The new plan
1015 must be approved by the State Board of Education before the school district or charter school
1016 receives an allocation for the next year.

1017 [~~(15) If after 36 months of program operation, a school district fails to meet goals~~

1018 ~~stated in the district's plan for student reading proficiency as measured by gain scores, the~~
1019 ~~school district shall terminate any levy imposed under Section 53A-17a-151.]~~

1020 Section 19. Section **53A-17a-163** is enacted to read:

1021 **53A-17a-163. Board local discretionary levy.**

1022 (1) As used in this section:

1023 (a) "Basic levy increment" means an amount equal to the difference of:

1024 (i) an amount equal to the difference of:

1025 (A) the amount of revenue that would be generated within a school district by the
1026 imposition of the certified revenue levy described in Section 53A-17a-103 for the current
1027 calendar year; and

1028 (B) the estimated amount of revenue to be generated within the school district by the
1029 imposition of the minimum basic tax rate levied in accordance with Section 53A-17a-135
1030 during the current calendar year; and

1031 (ii) the school district's estimated WPU distribution from the basic levy increase
1032 described in Subsection (1)(h) during the current taxable year.

1033 (b) "Board local discretionary levy" means, for the taxable year beginning on January
1034 1, 2010, a tax rate equal to the sum of the tax rates imposed by a school district from the
1035 following levies:

1036 (i) Section 11-2-7;

1037 (ii) Section 53A-17a-127;

1038 (iii) Section 53A-17a-134;

1039 (iv) Section 53A-17a-143;

1040 (v) the portion of the 10% of basic levy described in Section 53A-17a-145 that is
1041 budgeted for textbooks, supplies, maintenance, and operations;

1042 (vi) Section 53A-17a-151; and

1043 (vii) Section 63G-7-704.

1044 (c) "Board property tax revenue" means an amount equal to the sum of the following:

1045 (i) the amount of revenue generated during the taxable year beginning on January 1,
1046 2009, from the sum of the following levies of a school district:

1047 (A) Section 11-2-7;

1048 (B) Section 53A-17a-127;

- 1049 (C) Section 53A-17a-134;
- 1050 (D) Section 53A-17a-143;
- 1051 (E) the portion of the 10% of basic levy described in Section 53A-17a-145 that is
- 1052 budgeted for textbooks, supplies, maintenance, and operations;
- 1053 (F) Section 53A-17a-151; and
- 1054 (G) Section 63G-7-704; and
- 1055 (ii) new growth as defined in Subsection 59-2-924(4)(c).
- 1056 (d) "Certified tax rate" means a school district's certified tax rate calculated in
- 1057 accordance with Section 59-2-924.
- 1058 (e) "Contributing school district" means a school district that in a fiscal year receives
- 1059 less revenue from its WPU distribution from the basic levy increase than the amount of revenue
- 1060 generated within its school district during the same fiscal year from the imposition of the
- 1061 minimum basic levy rate increase.
- 1062 (f) "Increased revenue generated statewide from the minimum basic levy" means an
- 1063 amount equal to the difference of:
- 1064 (i) the estimated amount of revenue generated statewide by the imposition of the
- 1065 minimum basic tax rate levied in accordance with Section 53A-17a-135 during the current
- 1066 calendar year; and
- 1067 (ii) the amount of revenue that would be generated statewide by the imposition of the
- 1068 certified revenue levy during the current calendar year.
- 1069 (g) "Minimum basic levy rate increase" means the rate equal to the difference of:
- 1070 (i) the minimum basic tax rate levied during the current year; and
- 1071 (ii) the certified revenue levy tax rate for the current year.
- 1072 (h) "Receiving school district" means a school district that in a fiscal year receives
- 1073 more revenue from its WPU distribution from the basic levy increase than the amount of
- 1074 revenue generated within its school district during the same fiscal year from the imposition of
- 1075 the minimum basic levy rate increase.
- 1076 (i) "WPU distribution from the basic levy increase" means the revenue distributed to a
- 1077 school district from the minimum school program under Title 53A, Chapter 17a, Part 1,
- 1078 Minimum School Program, as a result of the increased revenue generated statewide from the
- 1079 minimum basic levy rate increase.

1080 (2) (a) Subject to the other requirements of this section, for a taxable year beginning on
1081 or after January 1, 2010, a local school board may levy a tax to fund the school district's
1082 general fund.

1083 (b) A tax rate imposed by a school district pursuant to this section may not exceed
1084 .0012 per dollar of taxable value in any fiscal year.

1085 (3) (a) For fiscal year 2010-11, a contributing school district is exempt from the public
1086 notice and hearing requirements of Sections 59-2-918 and 59-2-919 for the contributing school
1087 district's board local discretionary levy if the contributing school district budgets an amount of
1088 ad valorem property tax revenue equal to or less than the contributing school district's board
1089 property tax revenue.

1090 (b) For fiscal year 2010-11, a receiving school district is exempt from the public notice
1091 and hearing requirements of Sections 59-2-918 and 59-2-919 for the school district's board
1092 local discretionary levy if the receiving school district budgets an amount of ad valorem
1093 property tax revenue equal to or less than an amount equal to:

1094 (i) the receiving school district's board property tax revenue; minus

1095 (ii) the receiving school district's basic levy increment.

1096 (4) For a fiscal year beginning on or after fiscal year 2011-12, a school district is
1097 exempt from the public notice and hearing requirements of Sections 59-2-918 and 59-2-919 for
1098 the school district's board local discretionary levy if the school district budgets an amount of ad
1099 valorem property tax revenue equal to or less than:

1100 (a) the school district's board property tax revenue; minus

1101 (b) the school district's basic levy increment.

1102 Section 20. Section **53A-17a-164** is enacted to read:

1103 **53A-17a-164. Capital discretionary levy.**

1104 (1) As used in this section:

1105 (a) "Capital aggregate tax rate" means a tax rate equal to the sum of the tax rates
1106 imposed by a school district from the following levies:

1107 (i) Section 53A-16-107; and

1108 (ii) the portion of the 10% of basic levy described in Section 53A-17a-145 that is
1109 budgeted for debt service or capital outlay.

1110 (b) "Capital property tax revenue" means an amount equal to an amount equal to the

1111 sum of the following:

1112 (i) the amount of revenue generated during the taxable year beginning on January 1,
1113 2009, from the sum of the following levies of a school district:

1114 (A) Section 53A-16-107; and

1115 (B) the portion of the 10% of basic levy described in Section 53A-17a-145 that is
1116 budgeted for debt service or capital outlay; and

1117 (ii) new growth as defined in Subsection 59-2-924(4)(c).

1118 (c) "Certified tax rate" means a school district's certified tax rate calculated in
1119 accordance with Section 59-2-924.

1120 (2) (a) Subject to the other requirements of this section, for taxable years beginning on
1121 or after January 1, 2010, a local school board may levy a tax to fund the school district's capital
1122 projects.

1123 (b) A tax rate imposed by a school district pursuant to this section may not exceed
1124 .0030 per dollar of taxable value in any fiscal year.

1125 (3) For fiscal year 2010-11, a school district is exempt from the public notice and
1126 hearing requirements of Sections 59-2-918 and 59-2-919 for the school district's board local
1127 discretionary levy if the school district budgets an amount of ad valorem property tax revenue
1128 equal to or less than the school district's capital property tax revenue.

1129 Section 21. Section **53A-21-101.5** is amended to read:

1130 **53A-21-101.5. Definitions.**

1131 As used in this chapter:

1132 (1) "ADM" or "pupil in average daily membership" is as defined in Section
1133 53A-17a-103.

1134 (2) "Combined capital levy rate" means a rate that includes the sum of the following
1135 property tax levies:

1136 (a) the capital ~~[outlay]~~ discretionary levy authorized in Section ~~[53A-16-107]~~
1137 53A-17a-164; and

1138 ~~[(b) the portion of the 10% of basic levy described in Section 53A-17a-145 that is~~
1139 ~~budgeted for debt service or capital outlay;]~~

1140 ~~[(c)]~~ (b) the debt service levy authorized in Section 11-14-310~~[-and].~~

1141 ~~[(d) the voted capital outlay leeway authorized in Section 53A-16-110.]~~

- 1142 (3) "Derived net taxable value" means the quotient of:
1143 (a) the total current property tax collections from April 1 through the following March
1144 31 for a school district; divided by
1145 (b) the school district's total tax rate for the calendar year preceding the March 31
1146 referenced in Subsection (3)(a).
1147 (4) "Highest combined capital levy rate" means the highest combined capital levy rate
1148 imposed by any school district within the state for a fiscal year.
1149 (5) "Property tax base per ADM" means the quotient of:
1150 (a) a school district's derived net taxable value; divided by
1151 (b) the school district's ADM for the same year.
1152 (6) "Property tax yield per ADM" means:
1153 (a) the product of:
1154 (i) a school district's derived net taxable value; and
1155 (ii) the highest combined capital levy rate for the fiscal year of the March 31 referenced
1156 in Subsection (3)(a); divided by
1157 (b) the school district's ADM for the same fiscal year.
1158 (7) "Statewide average property tax base per ADM" means the quotient of:
1159 (a) the sum of all school districts' derived net taxable value; divided by
1160 (b) the sum of all school districts' ADM statewide for the same year.
1161 Section 22. Section **59-2-924** is amended to read:
1162 **59-2-924. Report of valuation of property to county auditor and commission --**
1163 **Transmittal by auditor to governing bodies -- Certified tax rate -- Calculation of certified**
1164 **tax rate -- Rulemaking authority -- Adoption of tentative budget.**
1165 (1) Before June 1 of each year, the county assessor of each county shall deliver to the
1166 county auditor and the commission the following statements:
1167 (a) a statement containing the aggregate valuation of all taxable real property assessed
1168 by a county assessor in accordance with Part 3, County Assessment, for each taxing entity; and
1169 (b) a statement containing the taxable value of all personal property assessed by a
1170 county assessor in accordance with Part 3, County Assessment, from the prior year end values.
1171 (2) The county auditor shall, on or before June 8, transmit to the governing body of
1172 each taxing entity:

- 1173 (a) the statements described in Subsections (1)(a) and (b);
- 1174 (b) an estimate of the revenue from personal property;
- 1175 (c) the certified tax rate; and
- 1176 (d) all forms necessary to submit a tax levy request.
- 1177 (3) (a) The "certified tax rate" means a tax rate that will provide the same ad valorem
- 1178 property tax revenues for a taxing entity as were budgeted by that taxing entity for the prior
- 1179 year.
- 1180 (b) For purposes of this Subsection (3):
- 1181 (i) "Ad valorem property tax revenues" do not include:
- 1182 (A) collections from redemptions;
- 1183 (B) interest;
- 1184 (C) penalties; and
- 1185 (D) revenue received by a taxing entity from personal property that is:
- 1186 (I) assessed by a county assessor in accordance with Part 3, County Assessment; and
- 1187 (II) semiconductor manufacturing equipment.
- 1188 (ii) "Aggregate taxable value of all property taxed" means:
- 1189 (A) the aggregate taxable value of all real property assessed by a county assessor in
- 1190 accordance with Part 3, County Assessment, for the current year;
- 1191 (B) the aggregate taxable year end value of all personal property assessed by a county
- 1192 assessor in accordance with Part 3, County Assessment, for the prior year; and
- 1193 (C) the aggregate taxable value of all real and personal property assessed by the
- 1194 commission in accordance with Part 2, Assessment of Property, for the current year.
- 1195 (c) (i) Except as otherwise provided in this section, the certified tax rate shall be
- 1196 calculated by dividing the ad valorem property tax revenues budgeted for the prior year by the
- 1197 taxing entity by the amount calculated under Subsection (3)(c)(ii).
- 1198 (ii) For purposes of Subsection (3)(c)(i), the legislative body of a taxing entity shall
- 1199 calculate an amount as follows:
- 1200 (A) calculate for the taxing entity the difference between:
- 1201 (I) the aggregate taxable value of all property taxed; and
- 1202 (II) any redevelopment adjustments for the current calendar year;
- 1203 (B) after making the calculation required by Subsection (3)(c)(ii)(A), calculate an

1204 amount determined by increasing or decreasing the amount calculated under Subsection
1205 (3)(c)(ii)(A) by the average of the percentage net change in the value of taxable property for the
1206 equalization period for the three calendar years immediately preceding the current calendar
1207 year;

1208 (C) after making the calculation required by Subsection (3)(c)(ii)(B), calculate the
1209 product of:

1210 (I) the amount calculated under Subsection (3)(c)(ii)(B); and

1211 (II) the percentage of property taxes collected for the five calendar years immediately
1212 preceding the current calendar year; and

1213 (D) after making the calculation required by Subsection (3)(c)(ii)(C), calculate an
1214 amount determined by subtracting from the amount calculated under Subsection (3)(c)(ii)(C)
1215 any new growth as defined in this section:

1216 (I) within the taxing entity; and

1217 (II) for the following calendar year:

1218 (Aa) for new growth from real property assessed by a county assessor in accordance
1219 with Part 3, County Assessment and all property assessed by the commission in accordance
1220 with Section 59-2-201, the current calendar year; and

1221 (Bb) for new growth from personal property assessed by a county assessor in
1222 accordance with Part 3, County Assessment, the prior calendar year.

1223 (iii) For purposes of Subsection (3)(c)(ii)(A), the aggregate taxable value of all
1224 property taxed:

1225 (A) except as provided in Subsection (3)(c)(iii)(B) or (3)(c)(ii)(C), is as defined in
1226 Subsection (3)(b)(ii);

1227 (B) does not include the total taxable value of personal property contained on the tax
1228 rolls of the taxing entity that is:

1229 (I) assessed by a county assessor in accordance with Part 3, County Assessment; and

1230 (II) semiconductor manufacturing equipment; and

1231 (C) for personal property assessed by a county assessor in accordance with Part 3,
1232 County Assessment, the taxable value of personal property is the year end value of the personal
1233 property contained on the prior year's tax rolls of the entity.

1234 (iv) For purposes of Subsection (3)(c)(ii)(B), for calendar years beginning on or after

1235 January 1, 2007, the value of taxable property does not include the value of personal property
1236 that is:

1237 (A) within the taxing entity assessed by a county assessor in accordance with Part 3,
1238 County Assessment; and

1239 (B) semiconductor manufacturing equipment.

1240 (v) For purposes of Subsection (3)(c)(ii)(C)(II), for calendar years beginning on or after
1241 January 1, 2007, the percentage of property taxes collected does not include property taxes
1242 collected from personal property that is:

1243 (A) within the taxing entity assessed by a county assessor in accordance with Part 3,
1244 County Assessment; and

1245 (B) semiconductor manufacturing equipment.

1246 (vi) For purposes of Subsection (3)(c)(ii)(B), for calendar years beginning on or after
1247 January 1, 2009, the value of taxable property does not include the value of personal property
1248 that is within the taxing entity assessed by a county assessor in accordance with Part 3, County
1249 Assessment.

1250 (vii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
1251 the commission may prescribe rules for calculating redevelopment adjustments for a calendar
1252 year.

1253 (d) (i) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
1254 the commission shall make rules determining the calculation of ad valorem property tax
1255 revenues budgeted by a taxing entity.

1256 (ii) For purposes of Subsection (3)(d)(i), ad valorem property tax revenues budgeted by
1257 a taxing entity shall be calculated in the same manner as budgeted property tax revenues are
1258 calculated for purposes of Section 59-2-913.

1259 (e) The certified tax rates for the taxing entities described in this Subsection (3)(e) shall
1260 be calculated as follows:

1261 (i) except as provided in Subsection (3)(e)(ii), for new taxing entities the certified tax
1262 rate is zero;

1263 (ii) for each municipality incorporated on or after July 1, 1996, the certified tax rate is:

1264 (A) in a county of the first, second, or third class, the levy imposed for municipal-type
1265 services under Sections 17-34-1 and 17-36-9; and

1266 (B) in a county of the fourth, fifth, or sixth class, the levy imposed for general county
1267 purposes and such other levies imposed solely for the municipal-type services identified in
1268 Section 17-34-1 and Subsection 17-36-3(22); and

1269 (iii) for debt service voted on by the public, the certified tax rate shall be the actual
1270 levy imposed by that section, except that the certified tax rates for the following levies shall be
1271 calculated in accordance with Section 59-2-913 and this section:

1272 (A) school ~~[leeways]~~ levies provided for under Sections ~~[11-2-7, 53A-16-110,~~
1273 ~~53A-17a-125, 53A-17a-127,]~~ 53A-17a-133~~[, 53A-17a-134, 53A-17a-143, 53A-17a-145, and~~
1274 ~~53A-21-103], 53A-17a-163, and 53A-17a-164; and~~

1275 (B) levies to pay for the costs of state legislative mandates or judicial or administrative
1276 orders under Section 59-2-1604.

1277 (f) (i) A judgment levy imposed under Section 59-2-1328 or 59-2-1330 shall be
1278 established at that rate which is sufficient to generate only the revenue required to satisfy one
1279 or more eligible judgments, as defined in Section 59-2-102.

1280 (ii) The ad valorem property tax revenue generated by the judgment levy shall not be
1281 considered in establishing the taxing entity's aggregate certified tax rate.

1282 ~~[(g) The ad valorem property tax revenue generated by the capital outlay levy described~~
1283 ~~in Section 53A-16-107 within a taxing entity in a county of the first class:]~~

1284 ~~[(i) may not be considered in establishing the school district's aggregate certified tax~~
1285 ~~rate; and]~~

1286 ~~[(ii) shall be included by the commission in establishing a certified tax rate for that~~
1287 ~~capital outlay levy determined in accordance with the calculation described in Subsection~~
1288 ~~59-2-913(3).]~~

1289 (4) (a) For the purpose of calculating the certified tax rate, the county auditor shall use:

1290 (i) the taxable value of real property assessed by a county assessor contained on the
1291 assessment roll;

1292 (ii) the taxable value of real and personal property assessed by the commission; and

1293 (iii) the taxable year end value of personal property assessed by a county assessor
1294 contained on the prior year's assessment roll.

1295 (b) For purposes of Subsection (4)(a)(i), the taxable value of real property on the
1296 assessment roll does not include new growth as defined in Subsection (4)(c).

- 1297 (c) "New growth" means:
- 1298 (i) the difference between the increase in taxable value of the following property of the
- 1299 taxing entity from the previous calendar year to the current year:
- 1300 (A) real property assessed by a county assessor in accordance with Part 3, County
- 1301 Assessment; and
- 1302 (B) property assessed by the commission under Section 59-2-201; plus
- 1303 (ii) the difference between the increase in taxable year end value of personal property
- 1304 of the taxing entity from the year prior to the previous calendar year to the previous calendar
- 1305 year; minus
- 1306 (iii) the amount of an increase in taxable value described in Subsection (4)(e).
- 1307 (d) For purposes of Subsection (4)(c)(ii), the taxable value of personal property of the
- 1308 taxing entity does not include the taxable value of personal property that is:
- 1309 (i) contained on the tax rolls of the taxing entity if that property is assessed by a county
- 1310 assessor in accordance with Part 3, County Assessment; and
- 1311 (ii) semiconductor manufacturing equipment.
- 1312 (e) Subsection (4)(c)(iii) applies to the following increases in taxable value:
- 1313 (i) the amount of increase to locally assessed real property taxable values resulting
- 1314 from factoring, reappraisal, or any other adjustments; or
- 1315 (ii) the amount of an increase in the taxable value of property assessed by the
- 1316 commission under Section 59-2-201 resulting from a change in the method of apportioning the
- 1317 taxable value prescribed by:
- 1318 (A) the Legislature;
- 1319 (B) a court;
- 1320 (C) the commission in an administrative rule; or
- 1321 (D) the commission in an administrative order.
- 1322 (f) For purposes of Subsection (4)(a)(ii), the taxable year end value of personal
- 1323 property on the prior year's assessment roll does not include:
- 1324 (i) new growth as defined in Subsection (4)(c); or
- 1325 (ii) the total taxable year end value of personal property contained on the prior year's
- 1326 tax rolls of the taxing entity that is:
- 1327 (A) assessed by a county assessor in accordance with Part 3, County Assessment; and

1328 (B) semiconductor manufacturing equipment.

1329 (5) (a) On or before June 22, each taxing entity shall annually adopt a tentative budget.

1330 (b) If the taxing entity intends to exceed the certified tax rate, it shall notify the county
1331 auditor of:

1332 (i) its intent to exceed the certified tax rate; and

1333 (ii) the amount by which it proposes to exceed the certified tax rate.

1334 (c) The county auditor shall notify all property owners of any intent to exceed the
1335 certified tax rate in accordance with Subsection 59-2-919(3).

1336 Section 23. Section **59-2-926** is amended to read:

1337 **59-2-926. Proposed tax increase by state -- Notice -- Contents -- Dates.**

1338 If the state authorizes a levy [~~pursuant to Section 53A-17a-135 that exceeds the~~
1339 ~~certified revenue levy as defined in Section 53A-17a-103 or authorizes a levy]~~ pursuant to
1340 Section 59-2-1602 that exceeds the certified revenue levy as defined in Section 59-2-102, the
1341 state shall publish a notice no later than ten days after the last day of the annual legislative
1342 general session that meets the following requirements:

1343 (1) The Office of the Legislative Fiscal Analyst shall advertise that the state authorized
1344 a levy that generates revenue in excess of the previous year's ad valorem tax revenue, plus new
1345 growth, but exclusive of revenue from collections from redemptions, interest, and penalties in a
1346 newspaper of general circulation in the state. The advertisement shall be no less than 1/4 page
1347 in size and the type used shall be no smaller than 18 point, and surrounded by a 1/4-inch
1348 border. The advertisement may not be placed in that portion of the newspaper where legal
1349 notices and classified advertisements appear. The advertisement shall be run once.

1350 (2) The form and content of the notice shall be substantially as follows:

1351 "NOTICE OF TAX INCREASE

1352 The state has budgeted an increase in its property tax revenue from \$_____ to
1353 \$_____ or ____%. The increase in property tax revenues will come from the following
1354 sources (include all of the following provisions):

1355 (a) \$_____ of the increase will come from (provide an explanation of the cause
1356 of adjustment or increased revenues, such as reappraisals or factoring orders);

1357 (b) \$_____ of the increase will come from natural increases in the value of the
1358 tax base due to (explain cause of new growth, such as new building activity, annexation, etc.);

1359 and

1360 (c) a home valued at \$100,000 in the state of Utah which based on last year's (~~levy for~~
1361 ~~the basic state-supported school program,~~] levy for the Property Tax Valuation Agency Fund,
1362 or both) paid \$_____ in property taxes would pay the following:

1363 (i) \$_____ if the state of Utah did not budget an increase in property tax revenue
1364 exclusive of new growth; and

1365 (ii) \$_____ under the increased property tax revenues exclusive of new growth
1366 budgeted by the state of Utah."

1367 Section 24. Section **63G-7-704** is amended to read:

1368 **63G-7-704. Tax levy by political subdivisions for payment of claims, judgments,**
1369 **or insurance premiums.**

1370 (1) For purposes of this section, "political subdivision" does not include a school
1371 district.

1372 [~~(1)~~] (2) Notwithstanding any provision of law to the contrary, a political subdivision
1373 may levy an annual property tax sufficient to pay:

1374 (a) any claim, settlement, or judgment;

1375 (b) the costs to defend against any claim, settlement, or judgment; or

1376 (c) for the establishment and maintenance of a reserve fund for the payment of claims,
1377 settlements, or judgments that may be reasonably anticipated.

1378 [~~(2)~~] (3) (a) The payments authorized to pay for punitive damages or to pay the
1379 premium for authorized insurance is money spent for a public purpose within the meaning of
1380 this section and Article XIII, Sec. 5, Utah Constitution, even though, as a result of the levy, the
1381 maximum levy as otherwise restricted by law is exceeded.

1382 (b) No levy under this section may exceed .0001 per dollar of taxable value of taxable
1383 property.

1384 (c) The revenues derived from this levy may not be used for any purpose other than
1385 those specified in this section.

1386 Section 25. **Repealer.**

1387 This bill repeals:

1388 Section **53A-2-118.3, Imposition of the capital outlay levy in qualifying divided**
1389 **school districts.**

1390 Section **53A-16-107, Capital outlay levy -- Maintenance of school facilities --**
1391 **Authority to use proceeds of .0002 tax rate -- Restrictions and procedure.**

1392 Section **53A-16-107.1, School capital outlay in counties of the first class --**
1393 **Allocation.**

1394 Section **53A-16-110, Special tax to buy school building sites, build and furnish**
1395 **schoolhouses, or improve school property.**

1396 Section **53A-16-111, Payment of judgments and warrants -- Special tax.**

1397 Section **53A-17a-134, Board-approved leeway -- Purpose -- State support --**
1398 **Disapproval.**

1399 Section **53A-17a-145, Additional levy by district for debt service, school sites,**
1400 **buildings, buses, textbooks, and supplies.**

1401 Section **53A-17a-151, Board leeway for reading improvement.**

1402 Section **59-2-924.3, Adjustment of the calculation of the certified tax rate for a**
1403 **school district imposing a capital outlay levy in a county of the first class.**

1404 Section **59-2-924.4, Adjustment of the calculation of the certified tax rate for**
1405 **certain divided school districts.**

1406 Section 26. **Effective date.**

1407 This bill takes effect on January 1, 2010.