

Representative Sheryl L. Allen 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;
- ▶ each fiscal year starting with fiscal year 2011-12, requires the Legislature to appropriate an amount of revenue equal to the increased revenue generated statewide from the minimum basic levy to the following:
 - first, to charter schools to offset a school district's reduced allocation to a charter school as part of the charter school's local replacement funding;
 - second, to charter schools to offset the Legislature's supplement as part of the charter school's local replacement funding;
 - third, to increase the weighted pupil unit dollar amount;
- ▶ 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;



- 26 ▶ provides procedures for setting the certified tax rate for the board local discretionary
- 27 levy after the first year;
- 28 ▶ adjusts a school district's certified tax rate due to the repeal or amendment of the
- 29 property taxing authority of the school district;
- 30 ▶ amends the provisions relating to the requirement that a school district in a county
- 31 of the first class levy a property tax of at least .0006 per dollar of taxable value;
- 32 ▶ amends the provisions relating to the requirement that a school district in a divided
- 33 school district levy a property tax of at least .0006 per dollar of taxable value;
- 34 ▶ defines terms; and
- 35 ▶ makes technical changes.

36 Monies Appropriated in this Bill:

37 None

38 Other Special Clauses:

39 This bill takes effect on January 1, 2010.

40 Utah Code Sections Affected:

41 AMENDS:

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

- 57 **53A-17a-127**, as last amended by Laws of Utah 2008, Chapter 397
- 58 **53A-17a-133**, as last amended by Laws of Utah 2008, Chapters 61, 231, and 236
- 59 **53A-17a-135**, as last amended by Laws of Utah 2008, Chapter 1
- 60 **53A-17a-143**, as last amended by Laws of Utah 1995, Chapter 271
- 61 **53A-17a-150**, as enacted by Laws of Utah 2004, Chapter 305
- 62 **53A-21-101.5**, as enacted by Laws of Utah 2008, Chapter 236
- 63 **59-2-924**, as last amended by Laws of Utah 2008, Chapters 61, 118, 231, 236, 330, 360,
- 64 and 382
- 65 **59-2-924.3**, as enacted by Laws of Utah 2008, Chapter 236
- 66 **59-2-924.4**, as enacted by Laws of Utah 2008, Chapter 236
- 67 **59-2-926**, as last amended by Laws of Utah 2008, Chapter 330
- 68 **63G-7-704**, as renumbered and amended by Laws of Utah 2008, Chapter 382

69 ENACTS:

- 70 **53A-17a-163**, Utah Code Annotated 1953
- 71 **53A-17a-164**, Utah Code Annotated 1953

72 REPEALS:

- 73 **53A-16-107**, as last amended by Laws of Utah 2008, Chapter 236
- 74 **53A-16-110**, as last amended by Laws of Utah 2008, Chapter 236
- 75 **53A-16-111**, as enacted by Laws of Utah 1988, Chapter 2
- 76 **53A-17a-134**, as last amended by Laws of Utah 2008, Chapter 231
- 77 **53A-17a-145**, as renumbered and amended by Laws of Utah 1991, Chapter 72
- 78 **53A-17a-151**, as enacted by Laws of Utah 2004, Chapter 305

79

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

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

82 **11-2-7. Expenses -- Payment of -- Authority to appropriate and tax -- Licensing**
83 **of television owners and users -- Collection of license fees.**

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

88 such purposes.

89 (2) In areas so remote from regular transmission points of the large television stations
90 that television reception is impossible without special equipment and adequate, economical and
91 proper television is not available to the public by private sources, said local authorities may
92 also, by ordinance, license, for the purpose of raising revenue to equip, operate and maintain
93 television transmission and relay facilities, all users or owners of television sets within the
94 jurisdiction of said local authorities, and may provide for the collection of the license fees by
95 suit or otherwise and may also enforce obedience to such ordinances with such fine and
96 imprisonment as the local authorities [~~deem~~] consider proper; provided that the punishment for
97 any violation of such ordinances shall be by a fine not exceeding \$50.00 or by imprisonment
98 not exceeding one day for each \$5.00 of said fine, if the fine is not paid.

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

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

102 **11-13-302. Payment of fee in lieu of ad valorem property tax by certain energy**
103 **suppliers -- Method of calculating -- Collection -- Extent of tax lien.**

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

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

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

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

119 generating unit providing the additional project capacity occurs; and

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

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

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

129 (i) a levy mandated by the state for the state minimum school program under Section
130 53A-17a-135; and

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

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

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

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

141 (A) an annual fee; or

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

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

149 (b) As used in this section, "tax rate," when applied in respect to a school district,

150 includes any assessment to be made by the school district under Subsection (2) or Section
151 63M-5-302.

152 (c) There is to be credited against the annual fee due a taxing jurisdiction for each year,
153 an amount equal to the debt service, if any, payable in that year by the project entity on bonds,
154 the proceeds of which were used to provide public facilities and services for impact alleviation
155 in the taxing jurisdiction in accordance with Sections 11-13-305 and 11-13-306.

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

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

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

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

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

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

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

169 (A) the project entity; and

170 (B) any county that:

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

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

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

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

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

179 (iii) For purposes of an annual fee imposed by a taxing jurisdiction within a county
180 described in Subsection (4)(b)(i)(B), the fee base determined by the agreement described in

181 Subsection (4)(b)(i) shall be used for purposes of an annual fee imposed by that taxing
182 jurisdiction.

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

186 (I) for that year; and

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

188 (B) The valuation required by Subsection (4)(b)(iv)(A) shall be made by the State Tax
189 Commission in accordance with rules made by the State Tax Commission.

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

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

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

193 (d) (i) The contracts of the project entity with the purchasers of the capacity, service, or
194 other benefits of the project whose tangible property is not exempted by Utah Constitution
195 Article XIII, Section 3, from the payment of ad valorem property tax shall require each
196 purchaser, whether or not located in the state, to pay, to the extent not otherwise provided for,
197 its share, determined in accordance with the terms of the contract, of these fees.

198 (ii) It is the responsibility of the project entity to enforce the obligations of the
199 purchasers.

200 (5) (a) The responsibility of the project entity to make payment of the annual fees is
201 limited to the extent that there is legally available to the project entity, from bond proceeds or
202 revenues, monies to make these payments, and the obligation to make payments of the annual
203 fees is not otherwise a general obligation or liability of the project entity.

204 (b) No tax lien may attach upon any property or money of the project entity by virtue of
205 any failure to pay all or any part of an annual fee.

206 (c) The project entity or any purchaser may contest the validity of an annual fee to the
207 same extent as if the payment was a payment of the ad valorem property tax itself.

208 (d) The payments of an annual fee shall be reduced to the extent that any contest is
209 successful.

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

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

212 (A) is not a project entity; and

213 (B) owns an interest in a facility providing additional project capacity if the interest is
214 otherwise exempt from taxation pursuant to Utah Constitution, Article XIII, Section 3; and

215 (ii) for a public agency described in Subsection (6)(a)(i), shall be calculated in
216 accordance with Subsection (6)(b).

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

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

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

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

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

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

230 **20A-1-203. Calling and purpose of special elections.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

259 (viii) an election of town officers of a newly incorporated town under Subsection
260 10-2-125(9).

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

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

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

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

266 **53A-1a-106. School district and individual school powers.**

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

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

- 274 (i) develop and implement programs integrating technology into the curriculum,
275 instruction, and student assessment;
- 276 (ii) provide for teacher and parent involvement in policymaking at the school site;
- 277 (iii) implement a public school choice program to give parents, students, and teachers
278 greater flexibility in designing and choosing among programs with different focuses through
279 schools within the same district and other districts, subject to space availability, demographics,
280 and legal and performance criteria;
- 281 (iv) establish strategic planning at both the district and school level and site-based
282 decision making programs at the school level;
- 283 (v) provide opportunities for each student to acquire and develop academic and
284 occupational knowledge, skills, and abilities;
- 285 (vi) participate in ongoing research and development projects primarily at the school
286 level aimed at improving the quality of education within the system; and
- 287 (vii) involve business and industry in the education process through the establishment
288 of partnerships with the business community at the district and school level.
- 289 (b) (i) Each local school board, in consultation with school personnel, parents, and
290 school community councils or similar entities shall establish policies to provide for the
291 effective implementation of a personalized student education plan (SEP) or student
292 education/occupation plan (SEOP) for each student at the school site.
- 293 (ii) The policies shall include guidelines and expectations for:
- 294 (A) recognizing the student's accomplishments, strengths, and progress towards
295 meeting student achievement standards as defined in U-PASS;
- 296 (B) planning, monitoring, and managing education and career development; and
- 297 (C) involving students, parents, and school personnel in preparing and implementing
298 SEPs and SEOPs.
- 299 (iii) A parent may request conferences with school personnel in addition to SEP or
300 SEOP conferences established by local school board policy.
- 301 (iv) Time spent during the school day to implement SEPs and SEOPs is considered
302 part of the school term referred to in Subsection 53A-17a-103[(5)](4).
- 303 (3) A school district or public school may submit proposals to modify or waive rules or
304 policies of a supervisory authority within the public education system in order to acquire or

305 develop the characteristics listed in Section 53A-1a-104.

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

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

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

311 **53A-1a-513. Funding for charter schools.**

312 (1) As used in this section:

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

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

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

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

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

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

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

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

327 53A-17a-163; and

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

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

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

331 53A-17a-164; and

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

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

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

335 (B) the average daily membership of a school district's resident students who attend

336 charter schools.

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

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

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

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

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

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

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

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

354 (i) .55 for kindergarten pupils;

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

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

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

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

361 (A) district per pupil local revenues; or

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

363 (ii) For the purpose of allocating school district revenues under Subsection (4)(a)(i), a
364 kindergarten student who is enrolled in less than a full-day kindergarten program is weighted as
365 .55 of a student.

366 (iii) Nothing in this Subsection (4)(a) affects the school bond guarantee program

367 established under Chapter 28, Utah School Bond Guaranty Act.

368 (iv) For a fiscal year beginning on or after fiscal year 2011-12, a school district's
369 allocation to a charter school described in Subsection (4)(a)(i) shall be decreased by an amount
370 equal to the amount of revenue received by the school district from the appropriation described
371 in Subsection 53A-17a-135(4)(b)(i).

372 (b) The State Board of Education shall:

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

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

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

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

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

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

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

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

391 (B) statewide average debt service revenues.

392 (iii) If the total of a school district's allocation for a charter school student under
393 Subsection (4)(a) and the amount provided by the state under Subsection (4)(d)(ii) is less than
394 \$1427, the state shall provide an additional supplement so that a charter school receives at least
395 \$1427 per student under this Subsection (4).

396 (iv) For the purpose of providing state monies for charter school students under this
397 Subsection (4)(d), a kindergarten student who is enrolled in less than a full-day kindergarten

398 program is weighted as .55 of a student.

399 (v) For a fiscal year beginning on or after fiscal year 2011-12, the Legislature's
400 supplemental appropriation for charter schools described in Subsection (4)(d)(i) shall be
401 decreased by an amount equal to the amount of revenue received by the charter schools from
402 the appropriation described in Subsection 53A-17a-135(4)(b)(ii).

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

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

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

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

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

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

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

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

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

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

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

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

429 part.

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

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

435 **53A-2-114. Additional levies -- School board options to abolish or continue after**
436 **consolidation.**

437 (1) If a school district which has approved an additional levy under Section
438 [~~53A-16-110,~~] 53A-17a-133[~~, 53A-17a-134, or 53A-17a-145~~] or 53A-17a-163 is consolidated
439 with a district which does not have such a levy, the board of education of the consolidated
440 district may choose to abolish the levy, or apply it in whole or in part to the entire consolidated
441 district.

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

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

446 **53A-2-115. Additional levies in transferred territory -- Transferee board option**
447 **to abolish or continue.**

448 If two or more districts undergo restructuring that results in a district receiving territory
449 that increases the population of the district by at least 25%, and if the transferred territory was,
450 at the time of transfer, subject to an additional levy under Section [~~53A-16-110,~~]
451 53A-17a-133[~~, 53A-17a-134, or 53A-17a-145~~] or 53A-17a-163, the board of education of the
452 transferee district may abolish the levy or apply the levy in whole or in part to the entire
453 restructured district. Any such levy made applicable to the entire district may continue in force
454 for no more than five years, unless approved by the electors of the restructured district in the
455 manner set forth in Section [~~53A-16-110~~] 53A-17a-133.

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

457 **53A-2-118.2. New school district property tax -- Limitations.**

458 (1) (a) A new school district created under Section 53A-2-118.1 may not impose a
459 property tax prior to the fiscal year in which the new school district assumes responsibility for

460 providing student instruction.

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

464 (2) (a) If at the time a new school district created pursuant to Section 53A-2-118.1
465 assumes responsibility for student instruction any portion of the territory within the new school
466 district was subject to a levy pursuant to Section [~~53A-16-110 or~~] 53A-17a-133 or
467 53A-17a-163, the new school district's board may:

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

469 (ii) impose a levy on the new school district as provided in Section [~~53A-16-110 or~~]
470 53A-17a-133 or 53A-17a-163; or

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

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

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

477 **53A-2-118.3. Imposition of the capital discretionary levy in qualifying divided**
478 **school districts.**

479 (1) For purposes of this section:

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

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

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

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

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

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

495 (a) 25% of the revenues shall be distributed in proportion to a school district's
496 percentage of the total enrollment growth in all of the school districts within the qualifying
497 divided school district that have an increase in enrollment, calculated on the basis of the
498 average annual enrollment growth over the prior three years in all of the school districts within
499 the qualifying divided school district that have an increase in enrollment over the prior three
500 years, as of the October 1 enrollment counts; and

501 (b) 75% of the revenues shall be distributed in proportion to a school district's
502 percentage of the total current year enrollment in all of the school districts within the qualifying
503 divided school district, as of the October 1 enrollment counts.

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

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

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

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

516 **53A-2-206. Interstate compact students -- Inclusion in attendance count --**
517 **Funding for foreign exchange students -- Annual report -- Requirements for exchange**
518 **student agencies.**

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

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

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

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

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

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

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

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

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

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

544 (B) 328 foreign exchange students.

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

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

553 discretionary levy or board local discretionary levy.

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

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

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

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

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

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

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

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

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

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

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

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

583 (v) that the agency will cooperate with school and other public authorities to ensure

584 that no exchange student becomes an unreasonable burden upon the public schools or other
585 public agencies;

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

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

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

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

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

599 **53A-2-214. Online students' participation in extracurricular activities.**

600 (1) As used in this section:

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

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

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

606 (ii) generates funding for the school district or school pursuant to Subsection
607 53A-17a-103[~~(5)~~](4) and rules of the State Board of Education.

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

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

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

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

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

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

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

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

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

626 (b) The rules shall provide that:

627 (i) online school students pay the same fees as other students to participate in
628 extracurricular activities;

629 (ii) online school students are eligible for fee waivers pursuant to Section 53A-12-103;

630 (iii) for each online school student who participates in an extracurricular activity at a
631 school district school, the online school shall pay a share of the school district's costs for the
632 extracurricular activity; and

633 (iv) an online school's share of the costs of an extracurricular activity shall reflect state
634 and local tax revenues expended, except capital facilities expenditures, for an extracurricular
635 activity in a school district or school divided by total student enrollment of the school district
636 or school.

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

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

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

644 **53A-3-415. School board policy on detaining students after school.**

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

646 school hours as a part of the districtwide discipline plan required under Section [~~53A-17a-135~~]
647 53A-11-901.

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

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

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

655 **53A-16-107.1. Capital discretionary levy in counties of the first class --**
656 **Allocation.**

657 (1) The county treasurer of a county of the first class shall distribute revenues
658 generated by the .0006 portion of the capital [~~outlay~~] discretionary levy required in [~~Subsection~~
659 ~~53A-16-107(3)~~] Section 53A-17a-164 to school districts located within the county of the first
660 class as follows:

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

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

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

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

676 (4) On or before March 31 of each year, a county treasurer in a county of the first class

677 shall distribute the revenue generated within the county of the first class during the prior
678 calendar year from the capital ~~[outlay]~~ discretionary levy described in Section ~~[53A-16-107]~~
679 53A-17a-164.

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

681 **53A-17a-103. Definitions.**

682 As used in this chapter:

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

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

689 (i) the amount of ad valorem property tax revenue to be generated statewide in the
690 previous year from imposing a minimum basic tax rate, as specified in Subsection
691 53A-17a-135(1)~~[(a)]~~; and

692 (ii) the product of:

693 (A) new growth, as defined in:

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

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

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

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

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

702 (ii) semiconductor manufacturing equipment.

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

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

707 (ii) the taxable value of real and personal property assessed by the State Tax

708 Commission; and

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

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

713 [~~(4)~~] (3) "Pupil in average daily membership (ADM)" means a full-day equivalent
714 pupil.

715 [~~(5)~~] (4) (a) "State-supported minimum school program" or "minimum school
716 program" means public school programs for kindergarten, elementary, and secondary schools
717 as described in this Subsection [~~(5)~~] (4).

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

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

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

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

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

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

729 [~~(6)~~] (5) "Weighted pupil unit or units or WPU or WPU's" means the unit of measure of
730 factors that is computed in accordance with this chapter for the purpose of determining the
731 costs of a program on a uniform basis for each district.

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

733 **53A-17a-105. Action required for underestimated or overestimated weighted**
734 **pupil units -- Action required for underestimating or overestimating local contributions.**

735 (1) If the number of weighted pupil units in a program is underestimated in Section
736 53A-17a-104, the amount per pupil in that program paid under this chapter must be reduced so
737 that the amount paid does not exceed the estimated amount by program.

738 (2) If the number of weighted pupil units in a program is overestimated in Section

739 53A-17a-104, the state superintendent of public instruction shall either increase the amount
740 paid in that program per weighted pupil unit or transfer the unused amount in that program to
741 another program included in the minimum school program.

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

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

747 (4) The limitation on the proceeds from local tax rates for [~~operation and maintenance~~]
748 all programs under this chapter is subject to modification by local school boards under Sections
749 53A-17a-133 and [~~53A-17a-134~~] 53A-17a-163 and to special tax rates authorized by this
750 chapter, and shall be adjusted accordingly.

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

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

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

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

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

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

769 (7) As an exception to Section 63J-1-401, the state fiscal officer may not close out

770 appropriations from the Uniform School Fund at the end of a fiscal year.

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

772 **53A-17a-127. Eligibility for state-supported transportation -- Approved bus**
773 **routes -- Additional local tax.**

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

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

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

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

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

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

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

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

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

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

795 (b) The State Board of Education shall distribute appropriated transportation funds
796 based on the prior year's eligible transportation costs as legally reported under Subsection
797 53A-17a-126(3).

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

800 (d) The State Board of Education shall annually review the allowance per mile, the

801 allowance per hour, and the annual equipment and overhead allowance and adjust the
802 allowance to reflect current economic conditions.

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

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

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

811 (6) (a) A local school board may provide for the transportation of students who are not
812 eligible under Subsection (1), regardless of the distance from school, from [~~+~~(+)] general funds
813 of the district[~~;~~and].

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

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

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

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

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

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

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

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

831 **53A-17a-133. Voted local discretionary levy -- Election requirements -- State**

832 **guarantee -- Reconsideration of levy authorization.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

925 imposed a tax in accordance with this section at any time during the taxable year beginning on
 926 January 1, 2009 and ending on December 31, 2009.

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

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

931 **53A-17a-135. Minimum basic tax rate.**

932 (1) (a) ~~It~~ Except as provided in Subsection (1)(b), in order to qualify for receipt of
 933 the state contribution toward the basic program and as its contribution toward its costs of the
 934 basic program, each school district shall impose a minimum basic tax rate per dollar of taxable
 935 value [that generates \$260,731,750 in revenues statewide] that is equal to the tax rate that, in
 936 calendar year 2010, generates an amount of revenue equal to the certified revenue levy.

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

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

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

942 (b) Notwithstanding Subsection (1)(a), for a calendar year beginning on or after
 943 January 1, 2011, the minimum basic tax rate per dollar of taxable value shall be the greater of:

944 (i) the tax rate described in Subsection (1)(a); or

945 (ii) the certified revenue levy for that calendar year as defined in Section 53A-17a-103.

946 (2) (a) The state shall contribute to each district toward the cost of the basic program in
 947 the district that portion which exceeds the proceeds of the levy authorized under Subsection
 948 (1).

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

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

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

958 (4) (a) For purposes of this Subsection (4), "increased revenue generated statewide
959 from the minimum basic levy" means an amount equal to the difference of:

960 (i) the estimated amount of revenue to be generated statewide by the imposition of the
961 minimum basic tax rate described in Subsection (1) during the current calendar year; and

962 (ii) the amount of revenue that would be generated statewide by the imposition of the
963 certified revenue levy defined in Section 53A-17a-103 during the same calendar year described
964 in Subsection (4)(a)(i).

965 (b) For a fiscal year beginning on or after fiscal year 2011-12, the Legislature shall
966 appropriate an amount of revenue equal to the increased revenue generated statewide from the
967 minimum basic levy to the following:

968 (i) first, to charter schools to offset a school district's reduced allocation to a charter
969 school described in Subsection 53A-1a-513(4)(a)(iv);

970 (ii) second, to charter schools to offset the Legislature's supplement described in
971 Subsection 53A-1a-513(4)(d)(v); and

972 (iii) third, to increase the weighted pupil unit dollar amount described in Subsection
973 53A-17a-103(1).

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

975 **53A-17a-143. Federal Impact Aid Program -- Offset for underestimated**
976 **allocations from the Federal Impact Aid Program.**

977 (1) In addition to the revenues received from the levy imposed by each school district
978 and authorized by the Legislature under Section 53A-17a-135, ~~[a local school board may~~
979 ~~increase its tax rate to]~~ the Legislature shall provide an amount equal to the difference between
980 the district's anticipated receipts under the entitlement for the fiscal year from ~~[Public Law~~
981 ~~81-874]~~ the Federal Impact Aid Program and the amount the district actually received from this
982 source for the next preceding fiscal year.

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

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

987 ~~[(4)]~~ (2) If at the end of a fiscal year the sum of the receipts of a school district from
 988 ~~[this special tax rate plus allocation from Public Law 81-874]~~ a distribution from the
 989 Legislature pursuant to Subsection (1) plus the school district's allocations from the Federal
 990 Impact Aid Program for that fiscal year exceeds the amount allocated to the district from
 991 ~~[Public Law 81-874]~~ the Federal Impact Aid Program for the next preceding fiscal year, the
 992 excess funds are carried into the next succeeding fiscal year and become in that year a part of
 993 the district's contribution to its basic program for operation and maintenance under the state
 994 minimum school finance law.

995 ~~[(5)]~~ (3) During that year the district's required tax rate for the basic program shall be
 996 reduced so that the yield from the reduced tax rate plus the carryover funds equal the district's
 997 required contribution to its basic program.

998 ~~[(6)]~~ (4) A district that reduces its basic tax rate under this section shall receive state
 999 minimum school program funds as though the reduction in the tax rate had not been made.

1000 Section 20. Section **53A-17a-150** is amended to read:

1001 **53A-17a-150. K-3 Reading Improvement Program.**

1002 (1) As used in this section:

1003 (a) "Program" means the K-3 Reading Improvement Program~~;~~ and.

1004 (b) "Program monies" means:

1005 ~~[(i) school district revenue from the levy authorized under Section 53A-17a-151;]~~

1006 ~~[(ii)]~~ (i) school district revenue allocated to the program from other monies available to
 1007 the school district, except monies provided by the state, for the purpose of receiving state funds
 1008 under this section; and

1009 ~~[(iii)]~~ (ii) monies appropriated by the Legislature to the program.

1010 (2) The K-3 Reading Improvement Program consists of program monies and is created
 1011 to achieve the state's goal of having third graders reading at or above grade level.

1012 (3) Subject to future budget constraints, the Legislature may annually appropriate
 1013 money to the K-3 Reading Improvement Program.

1014 (4) (a) Prior to using program monies, a school district or charter school shall submit a
 1015 plan to the State Board of Education for reading proficiency improvement that incorporates the
 1016 following components:

1017 (i) assessment;

- 1018 (ii) intervention strategies;
- 1019 (iii) professional development;
- 1020 (iv) reading performance standards; and
- 1021 (v) specific measurable goals that are based upon gain scores.
- 1022 (b) The State Board of Education shall provide model plans which a school district or
- 1023 charter school may use, or the district or school may develop its own plan.
- 1024 (c) Plans developed by a school district or charter school shall be approved by the State
- 1025 Board of Education.
- 1026 (5) There is created within the K-3 Reading Achievement Program three funding
- 1027 programs:
- 1028 (a) the Base Level Program;
- 1029 (b) the Guarantee Program; and
- 1030 (c) the Low Income Students Program.
- 1031 (6) Monies appropriated to the State Board of Education for the K-3 Reading
- 1032 Improvement Program shall be allocated to the three funding programs as follows:
- 1033 (a) 8% to the Base Level Program;
- 1034 (b) 46% to the Guarantee Program; and
- 1035 (c) 46% to the Low Income Students Program.
- 1036 (7) (a) To participate in the Base Level Program, a school district or charter school
- 1037 shall submit a reading proficiency improvement plan to the State Board of Education as
- 1038 provided in Subsection (4) and must receive approval of the plan from the board.
- 1039 (b) (i) Each school district qualifying for Base Level Program funds and the qualifying
- 1040 elementary charter schools combined shall receive a base amount.
- 1041 (ii) The base amount for the qualifying elementary charter schools combined shall be
- 1042 allocated among each school in an amount proportionate to:
- 1043 (A) each existing charter school's prior year fall enrollment in grades kindergarten
- 1044 through grade 3; and
- 1045 (B) each new charter school's estimated fall enrollment in grades kindergarten through
- 1046 grade 3.
- 1047 (8) (a) A school district that applies for program monies in excess of the Base Level
- 1048 Program funds shall choose to first participate in either the Guarantee Program or the Low

1049 Income Students Program.

1050 (b) A school district must fully participate in either the Guarantee Program or the Low
1051 Income Students Program before it may elect to either fully or partially participate in the other
1052 program.

1053 (c) To fully participate in the Guarantee Program, a school district shall~~[(i) levy a tax~~
1054 ~~rate of .000056 under Section 53A-17a-151; (ii)]~~ allocate to the program other monies
1055 available to the school district, except monies provided by the state, equal to the amount of
1056 revenue that would be generated by a tax rate of .000056~~[; or].~~

1057 ~~[(iii) levy a tax under Section 53A-17a-151 and allocate to the program other monies~~
1058 ~~available to the school district, except monies provided by the state, so that the total revenue~~
1059 ~~from the combined revenue sources equals the amount of revenue that would be generated by a~~
1060 ~~tax rate of .000056.]~~

1061 (d) To fully participate in the Low Income Students Program, a school district shall~~[(i)~~
1062 ~~(i) levy a tax rate of .000065 under Section 53A-17a-151; (ii)]~~ allocate to the program other
1063 monies available to the school district, except monies provided by the state, equal to the
1064 amount of revenue that would be generated by a tax rate of .000065~~[; or].~~

1065 ~~[(iii) levy a tax under Section 53A-17a-151 and allocate to the program other monies~~
1066 ~~available to the school district, except monies provided by the state, so that the total revenue~~
1067 ~~from the combined revenue sources equals the amount of revenue that would be generated by a~~
1068 ~~tax rate of .000065.]~~

1069 (e) (i) The State Board of Education shall verify that a school district allocates the
1070 monies required in accordance with Subsections (8)(c) and (d) before it distributes funds in
1071 accordance with this section.

1072 (ii) The State Tax Commission will provide the State Board of Education the
1073 information the State Board of Education needs to comply with Subsection (8)(e)(i).

1074 (9) (a) A school district that fully participates in the Guarantee Program shall receive
1075 state funds in an amount that is:

1076 (i) equal to the difference between \$21 times the district's total WPU's and the revenue
1077 the school district is required to generate or allocate under Subsection (8)(c) to fully participate
1078 in the Guarantee Program; and

1079 (ii) not less than \$0.

1080 (b) An elementary charter school shall receive under the Guarantee Program an amount
1081 equal to \$21 times the school's total WPUs.

1082 (10) The State Board of Education shall distribute Low Income Students Program
1083 funds in an amount proportionate to the number of students in each school district or charter
1084 school who qualify for free or reduced price school lunch multiplied by two.

1085 (11) A school district that partially participates in the Guarantee Program or Low
1086 Income Students Program shall receive program funds based on the amount of district revenue
1087 generated for or allocated to the program as a percentage of the amount of revenue that could
1088 have been generated or allocated if the district had fully participated in the program.

1089 (12) (a) Each school district and charter school shall use program monies for reading
1090 proficiency improvement in grades kindergarten through grade three.

1091 (b) Program monies may not be used to supplant funds for existing programs, but may
1092 be used to augment existing programs.

1093 (13) (a) Each school district and charter school shall annually submit a report to the
1094 State Board of Education accounting for the expenditure of program monies in accordance with
1095 its plan for reading proficiency improvement.

1096 (b) If a school district or charter school uses program monies in a manner that is
1097 inconsistent with Subsection (12), the school district or charter school is liable for reimbursing
1098 the State Board of Education for the amount of program monies improperly used, up to the
1099 amount of program monies received from the State Board of Education.

1100 (14) (a) The State Board of Education shall make rules to implement the program.

1101 (b) (i) The rules under Subsection (14)(a) shall require each school district or charter
1102 school to annually report progress in meeting goals stated in the district's or charter school's
1103 plan for student reading proficiency as measured by gain scores.

1104 (ii) If a school district or charter school does not meet or exceed the goals, the school
1105 district or charter school shall prepare a new plan which corrects deficiencies. The new plan
1106 must be approved by the State Board of Education before the school district or charter school
1107 receives an allocation for the next year.

1108 ~~[(15) If after 36 months of program operation, a school district fails to meet goals~~
1109 ~~stated in the district's plan for student reading proficiency as measured by gain scores, the~~
1110 ~~school district shall terminate any levy imposed under Section 53A-17a-151.]~~

1111 Section 21. Section **53A-17a-163** is enacted to read:
1112 **53A-17a-163. Board local discretionary levy.**
1113 (1) As used in this section:
1114 (a) "Basic levy increment" means an amount equal to the difference of:
1115 (i) an amount equal to the difference of:
1116 (A) the amount of revenue that would be generated within a school district by the
1117 imposition of the certified revenue levy described in Section 53A-17a-103 for the current
1118 calendar year; and
1119 (B) the estimated amount of revenue to be generated within the school district by the
1120 imposition of the minimum basic tax rate levied in accordance with Section 53A-17a-135
1121 during the current calendar year; and
1122 (ii) the school district's estimated WPU distribution from the basic levy increase
1123 described in Subsection (1)(i) during the current taxable year.
1124 (b) "Board local discretionary levy" means, for the taxable year beginning on January
1125 1, 2010, a tax rate equal to the sum of the tax rates imposed by a school district from the
1126 following levies:
1127 (i) Section 11-2-7;
1128 (ii) Section 53A-17a-127;
1129 (iii) Section 53A-17a-134;
1130 (iv) Section 53A-17a-143;
1131 (v) the portion of the 10% of basic levy described in Section 53A-17a-145 that is
1132 budgeted for textbooks, supplies, maintenance, and operations;
1133 (vi) Section 53A-17a-151; and
1134 (vii) Section 63G-7-704.
1135 (c) "Board property tax revenue" means an amount equal to the difference of the
1136 following:
1137 (i) an amount of revenue equal to the sum of:
1138 (A) the amount of revenue generated during the taxable year beginning on January 1,
1139 2009, from the sum of the following levies of a school district:
1140 (I) Section 11-2-7;
1141 (II) Section 53A-17a-127;

- 1142 (III) Section 53A-17a-134;
- 1143 (IV) Section 53A-17a-143;
- 1144 (V) the portion of the 10% of basic levy described in Section 53A-17a-145 that is
- 1145 budgeted for textbooks, supplies, maintenance, and operations;
- 1146 (VI) Section 53A-17a-151; and
- 1147 (VII) Section 63G-7-704; and
- 1148 (B) new growth as defined in Subsection 59-2-924(4)(c); minus
- 1149 (ii) the school district's estimated WPU distribution from the basic levy increase
- 1150 described in Subsection (1)(i) during the current calendar year.
- 1151 (d) "Certified tax rate" means a school district's certified tax rate calculated in
- 1152 accordance with Section 59-2-924.
- 1153 (e) "Contributing school district" means a school district that in a fiscal year receives
- 1154 less revenue from its WPU distribution from the basic levy increase than the amount of revenue
- 1155 generated within its school district during the same fiscal year from the imposition of the
- 1156 minimum basic levy rate increase.
- 1157 (f) "Increased revenue generated statewide from the minimum basic levy" means an
- 1158 amount equal to the difference of:
- 1159 (i) the estimated amount of revenue generated statewide by the imposition of the
- 1160 minimum basic tax rate levied in accordance with Section 53A-17a-135 during the current
- 1161 calendar year; and
- 1162 (ii) the amount of revenue that would be generated statewide by the imposition of the
- 1163 certified revenue levy during the current calendar year.
- 1164 (g) "Minimum basic levy rate increase" means the rate equal to the difference of:
- 1165 (i) the minimum basic tax rate levied during the current year; and
- 1166 (ii) the certified revenue levy tax rate for the current year.
- 1167 (h) "Receiving school district" means a school district that in a fiscal year receives
- 1168 more revenue from its WPU distribution from the basic levy increase than the amount of
- 1169 revenue generated within its school district during the same fiscal year from the imposition of
- 1170 the minimum basic levy rate increase.
- 1171 (i) "WPU distribution from the basic levy increase" means the revenue distributed to a
- 1172 school district from the minimum school program under Title 53A, Chapter 17a, Part 1,

1173 Minimum School Program, as a result of an increased appropriation described in Subsection
1174 53A-17a-135(4)(b)(iii).

1175 (2) (a) Subject to the other requirements of this section, for a taxable year beginning on
1176 or after January 1, 2010, a local school board may levy a tax to fund the school district's
1177 general fund.

1178 (b) A tax rate imposed by a school district pursuant to this section may not exceed
1179 .0012 per dollar of taxable value in any fiscal year.

1180 (3) For a fiscal year beginning on or after fiscal year 2010-11, a school district is
1181 exempt from the public notice and hearing requirements of Sections 59-2-918 and 59-2-919 for
1182 the school district's board local discretionary levy if the school district budgets an amount of ad
1183 valorem property tax revenue equal to or less than the school district's board property tax
1184 revenue.

1185 Section 22. Section **53A-17a-164** is enacted to read:

1186 **53A-17a-164. Capital discretionary levy -- First class county required levy.**

1187 (1) As used in this section:

1188 (a) "Capital aggregate tax rate" means a tax rate equal to the sum of the tax rates
1189 imposed by a school district from the following levies:

1190 (i) Section 53A-16-107; and

1191 (ii) the portion of the 10% of basic levy described in Section 53A-17a-145 that is
1192 budgeted for debt service or capital outlay.

1193 (b) "Capital property tax revenue" means an amount equal to an amount equal to the
1194 sum of the following:

1195 (i) the amount of revenue generated during the taxable year beginning on January 1,
1196 2009, from the sum of the following levies of a school district:

1197 (A) Section 53A-16-107; and

1198 (B) the portion of the 10% of basic levy described in Section 53A-17a-145 that is
1199 budgeted for debt service or capital outlay; and

1200 (ii) new growth as defined in Subsection 59-2-924(4)(c).

1201 (c) "Certified tax rate" means a school district's certified tax rate calculated in
1202 accordance with Section 59-2-924.

1203 (2) (a) Subject to the other requirements of this section, for taxable years beginning on

1204 or after January 1, 2010, a local school board may levy a tax to fund the school district's capital
1205 projects.

1206 (b) A tax rate imposed by a school district pursuant to this section may not exceed
1207 .0030 per dollar of taxable value in any fiscal year.

1208 (3) For fiscal year 2010-11, a school district is exempt from the public notice and
1209 hearing requirements of Sections 59-2-918 and 59-2-919 for the school district's board local
1210 discretionary levy if the school district budgets an amount of ad valorem property tax revenue
1211 equal to or less than the school district's capital property tax revenue.

1212 (4) Beginning January 1, 2010, in order to qualify for receipt of the state contribution
1213 toward the minimum school program described in Section 53A-17a-104, a local school board
1214 in a county of the first class shall impose a capital discretionary levy of at least .0006 per dollar
1215 of taxable value.

1216 (5) (a) The county treasurer of a county of the first class shall distribute revenues
1217 generated by the .0006 portion of the capital discretionary levy required in Subsection (4) to
1218 school districts within the county in accordance with Section 53A-16-107.1.

1219 (b) If a school district in a county of the first class imposes a capital discretionary levy
1220 pursuant to this section which exceeds .0006 per dollar of taxable value, the county treasurer of
1221 a county of the first class shall distribute revenues generated by the portion of the capital
1222 discretionary levy which exceeds .0006 to the school district imposing the levy.

1223 Section 23. Section **53A-21-101.5** is amended to read:

1224 **53A-21-101.5. Definitions.**

1225 As used in this chapter:

1226 (1) "ADM" or "pupil in average daily membership" is as defined in Section
1227 53A-17a-103.

1228 (2) "Combined capital levy rate" means a rate that includes the sum of the following
1229 property tax levies:

1230 (a) the capital ~~[outlay]~~ discretionary levy authorized in Section ~~[53A-16-107]~~
1231 53A-17a-164; and

1232 ~~[(b) the portion of the 10% of basic levy described in Section 53A-17a-145 that is~~
1233 ~~budgeted for debt service or capital outlay;]~~

1234 ~~[(c)]~~ (b) the debt service levy authorized in Section 11-14-310~~[-and]~~.

1235 [~~(d) the voted capital outlay leeway authorized in Section 53A-16-110.]~~

1236 (3) "Derived net taxable value" means the quotient of:

1237 (a) the total current property tax collections from April 1 through the following March
1238 31 for a school district; divided by

1239 (b) the school district's total tax rate for the calendar year preceding the March 31
1240 referenced in Subsection (3)(a).

1241 (4) "Highest combined capital levy rate" means the highest combined capital levy rate
1242 imposed by any school district within the state for a fiscal year.

1243 (5) "Property tax base per ADM" means the quotient of:

1244 (a) a school district's derived net taxable value; divided by

1245 (b) the school district's ADM for the same year.

1246 (6) "Property tax yield per ADM" means:

1247 (a) the product of:

1248 (i) a school district's derived net taxable value; and

1249 (ii) the highest combined capital levy rate for the fiscal year of the March 31 referenced
1250 in Subsection (3)(a); divided by

1251 (b) the school district's ADM for the same fiscal year.

1252 (7) "Statewide average property tax base per ADM" means the quotient of:

1253 (a) the sum of all school districts' derived net taxable value; divided by

1254 (b) the sum of all school districts' ADM statewide for the same year.

1255 Section 24. Section **59-2-924** is amended to read:

1256 **59-2-924. Report of valuation of property to county auditor and commission --**

1257 **Transmittal by auditor to governing bodies -- Certified tax rate -- Calculation of certified**
1258 **tax rate -- Rulemaking authority -- Adoption of tentative budget.**

1259 (1) Before June 1 of each year, the county assessor of each county shall deliver to the
1260 county auditor and the commission the following statements:

1261 (a) a statement containing the aggregate valuation of all taxable real property assessed
1262 by a county assessor in accordance with Part 3, County Assessment, for each taxing entity; and

1263 (b) a statement containing the taxable value of all personal property assessed by a
1264 county assessor in accordance with Part 3, County Assessment, from the prior year end values.

1265 (2) The county auditor shall, on or before June 8, transmit to the governing body of

1266 each taxing entity:

1267 (a) the statements described in Subsections (1)(a) and (b);

1268 (b) an estimate of the revenue from personal property;

1269 (c) the certified tax rate; and

1270 (d) all forms necessary to submit a tax levy request.

1271 (3) (a) The "certified tax rate" means a tax rate that will provide the same ad valorem
1272 property tax revenues for a taxing entity as were budgeted by that taxing entity for the prior
1273 year.

1274 (b) For purposes of this Subsection (3):

1275 (i) "Ad valorem property tax revenues" do not include:

1276 (A) collections from redemptions;

1277 (B) interest;

1278 (C) penalties; and

1279 (D) revenue received by a taxing entity from personal property that is:

1280 (I) assessed by a county assessor in accordance with Part 3, County Assessment; and

1281 (II) semiconductor manufacturing equipment.

1282 (ii) "Aggregate taxable value of all property taxed" means:

1283 (A) the aggregate taxable value of all real property assessed by a county assessor in
1284 accordance with Part 3, County Assessment, for the current year;

1285 (B) the aggregate taxable year end value of all personal property assessed by a county
1286 assessor in accordance with Part 3, County Assessment, for the prior year; and

1287 (C) the aggregate taxable value of all real and personal property assessed by the
1288 commission in accordance with Part 2, Assessment of Property, for the current year.

1289 (c) (i) Except as otherwise provided in this section, the certified tax rate shall be
1290 calculated by dividing the ad valorem property tax revenues budgeted for the prior year by the
1291 taxing entity by the amount calculated under Subsection (3)(c)(ii).

1292 (ii) For purposes of Subsection (3)(c)(i), the legislative body of a taxing entity shall
1293 calculate an amount as follows:

1294 (A) calculate for the taxing entity the difference between:

1295 (I) the aggregate taxable value of all property taxed; and

1296 (II) any redevelopment adjustments for the current calendar year;

1297 (B) after making the calculation required by Subsection (3)(c)(ii)(A), calculate an
1298 amount determined by increasing or decreasing the amount calculated under Subsection
1299 (3)(c)(ii)(A) by the average of the percentage net change in the value of taxable property for the
1300 equalization period for the three calendar years immediately preceding the current calendar
1301 year;

1302 (C) after making the calculation required by Subsection (3)(c)(ii)(B), calculate the
1303 product of:

1304 (I) the amount calculated under Subsection (3)(c)(ii)(B); and

1305 (II) the percentage of property taxes collected for the five calendar years immediately
1306 preceding the current calendar year; and

1307 (D) after making the calculation required by Subsection (3)(c)(ii)(C), calculate an
1308 amount determined by subtracting from the amount calculated under Subsection (3)(c)(ii)(C)
1309 any new growth as defined in this section:

1310 (I) within the taxing entity; and

1311 (II) for the following calendar year:

1312 (Aa) for new growth from real property assessed by a county assessor in accordance
1313 with Part 3, County Assessment and all property assessed by the commission in accordance
1314 with Section 59-2-201, the current calendar year; and

1315 (Bb) for new growth from personal property assessed by a county assessor in
1316 accordance with Part 3, County Assessment, the prior calendar year.

1317 (iii) For purposes of Subsection (3)(c)(ii)(A), the aggregate taxable value of all
1318 property taxed:

1319 (A) except as provided in Subsection (3)(c)(iii)(B) or (3)(c)(ii)(C), is as defined in
1320 Subsection (3)(b)(ii);

1321 (B) does not include the total taxable value of personal property contained on the tax
1322 rolls of the taxing entity that is:

1323 (I) assessed by a county assessor in accordance with Part 3, County Assessment; and

1324 (II) semiconductor manufacturing equipment; and

1325 (C) for personal property assessed by a county assessor in accordance with Part 3,
1326 County Assessment, the taxable value of personal property is the year end value of the personal
1327 property contained on the prior year's tax rolls of the entity.

1328 (iv) For purposes of Subsection (3)(c)(ii)(B), for calendar years beginning on or after
1329 January 1, 2007, the value of taxable property does not include the value of personal property
1330 that is:

1331 (A) within the taxing entity assessed by a county assessor in accordance with Part 3,
1332 County Assessment; and

1333 (B) semiconductor manufacturing equipment.

1334 (v) For purposes of Subsection (3)(c)(ii)(C)(II), for calendar years beginning on or after
1335 January 1, 2007, the percentage of property taxes collected does not include property taxes
1336 collected from personal property that is:

1337 (A) within the taxing entity assessed by a county assessor in accordance with Part 3,
1338 County Assessment; and

1339 (B) semiconductor manufacturing equipment.

1340 (vi) For purposes of Subsection (3)(c)(ii)(B), for calendar years beginning on or after
1341 January 1, 2009, the value of taxable property does not include the value of personal property
1342 that is within the taxing entity assessed by a county assessor in accordance with Part 3, County
1343 Assessment.

1344 (vii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
1345 the commission may prescribe rules for calculating redevelopment adjustments for a calendar
1346 year.

1347 (d) (i) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
1348 the commission shall make rules determining the calculation of ad valorem property tax
1349 revenues budgeted by a taxing entity.

1350 (ii) For purposes of Subsection (3)(d)(i), ad valorem property tax revenues budgeted by
1351 a taxing entity shall be calculated in the same manner as budgeted property tax revenues are
1352 calculated for purposes of Section 59-2-913.

1353 (e) The certified tax rates for the taxing entities described in this Subsection (3)(e) shall
1354 be calculated as follows:

1355 (i) except as provided in Subsection (3)(e)(ii), for new taxing entities the certified tax
1356 rate is zero;

1357 (ii) for each municipality incorporated on or after July 1, 1996, the certified tax rate is:

1358 (A) in a county of the first, second, or third class, the levy imposed for municipal-type

1359 services under Sections 17-34-1 and 17-36-9; and

1360 (B) in a county of the fourth, fifth, or sixth class, the levy imposed for general county
1361 purposes and such other levies imposed solely for the municipal-type services identified in
1362 Section 17-34-1 and Subsection 17-36-3(22); and

1363 (iii) for debt service voted on by the public, the certified tax rate shall be the actual
1364 levy imposed by that section, except that the certified tax rates for the following levies shall be
1365 calculated in accordance with Section 59-2-913 and this section:

1366 (A) school [~~leeways~~] levies provided for under Sections [~~11-2-7, 53A-16-110,~~
1367 ~~53A-17a-125, 53A-17a-127,~~] 53A-17a-133[~~, 53A-17a-134, 53A-17a-143, 53A-17a-145, and~~
1368 ~~53A-21-103~~], 53A-17a-163, and 53A-17a-164; and

1369 (B) levies to pay for the costs of state legislative mandates or judicial or administrative
1370 orders under Section 59-2-1604.

1371 (f) (i) A judgment levy imposed under Section [~~59-2-1328 or~~] 59-2-1330 shall be
1372 established at that rate which is sufficient to generate only the revenue required to satisfy one
1373 or more eligible judgments, as defined in Section 59-2-102.

1374 (ii) The ad valorem property tax revenue generated by the judgment levy shall not be
1375 considered in establishing the taxing entity's aggregate certified tax rate.

1376 (g) The ad valorem property tax revenue generated by the capital [~~outlay~~] discretionary
1377 levy described in Section [~~53A-16-107~~] 53A-17a-164 within a taxing entity in a county of the
1378 first class:

1379 (i) may not be considered in establishing the school district's aggregate certified tax
1380 rate; and

1381 (ii) shall be included by the commission in establishing a certified tax rate for that
1382 capital [~~outlay~~] discretionary levy determined in accordance with the calculation described in
1383 Subsection 59-2-913(3).

1384 (4) (a) For the purpose of calculating the certified tax rate, the county auditor shall use:

1385 (i) the taxable value of real property assessed by a county assessor contained on the
1386 assessment roll;

1387 (ii) the taxable value of real and personal property assessed by the commission; and

1388 (iii) the taxable year end value of personal property assessed by a county assessor
1389 contained on the prior year's assessment roll.

1390 (b) For purposes of Subsection (4)(a)(i), the taxable value of real property on the
1391 assessment roll does not include new growth as defined in Subsection (4)(c).

1392 (c) "New growth" means:

1393 (i) the difference between the increase in taxable value of the following property of the
1394 taxing entity from the previous calendar year to the current year:

1395 (A) real property assessed by a county assessor in accordance with Part 3, County
1396 Assessment; and

1397 (B) property assessed by the commission under Section 59-2-201; plus

1398 (ii) the difference between the increase in taxable year end value of personal property
1399 of the taxing entity from the year prior to the previous calendar year to the previous calendar
1400 year; minus

1401 (iii) the amount of an increase in taxable value described in Subsection (4)(e).

1402 (d) For purposes of Subsection (4)(c)(ii), the taxable value of personal property of the
1403 taxing entity does not include the taxable value of personal property that is:

1404 (i) contained on the tax rolls of the taxing entity if that property is assessed by a county
1405 assessor in accordance with Part 3, County Assessment; and

1406 (ii) semiconductor manufacturing equipment.

1407 (e) Subsection (4)(c)(iii) applies to the following increases in taxable value:

1408 (i) the amount of increase to locally assessed real property taxable values resulting
1409 from factoring, reappraisal, or any other adjustments; or

1410 (ii) the amount of an increase in the taxable value of property assessed by the
1411 commission under Section 59-2-201 resulting from a change in the method of apportioning the
1412 taxable value prescribed by:

1413 (A) the Legislature;

1414 (B) a court;

1415 (C) the commission in an administrative rule; or

1416 (D) the commission in an administrative order.

1417 (f) For purposes of Subsection (4)(a)(ii), the taxable year end value of personal
1418 property on the prior year's assessment roll does not include:

1419 (i) new growth as defined in Subsection (4)(c); or

1420 (ii) the total taxable year end value of personal property contained on the prior year's

1421 tax rolls of the taxing entity that is:

1422 (A) assessed by a county assessor in accordance with Part 3, County Assessment; and

1423 (B) semiconductor manufacturing equipment.

1424 (5) (a) On or before June 22, each taxing entity shall annually adopt a tentative budget.

1425 (b) If the taxing entity intends to exceed the certified tax rate, it shall notify the county
1426 auditor of:

1427 (i) its intent to exceed the certified tax rate; and

1428 (ii) the amount by which it proposes to exceed the certified tax rate.

1429 (c) The county auditor shall notify all property owners of any intent to exceed the
1430 certified tax rate in accordance with Subsection 59-2-919(3).

1431 Section 25. Section **59-2-924.3** is amended to read:

1432 **59-2-924.3. Adjustment of the calculation of the certified tax rate for a school**
1433 **district imposing a capital discretionary levy in a county of the first class.**

1434 (1) As used in this section:

1435 (a) "Capital [~~outlay~~] discretionary levy increment" means the amount of revenue equal
1436 to the difference between:

1437 (i) the amount of revenue generated by a levy of .0006 per dollar of taxable value
1438 within a school district during a fiscal year; and

1439 (ii) the amount of revenue the school district received during the same fiscal year from
1440 the distribution described in Subsection 53A-16-107.1(1).

1441 (b) "Contributing school district" means a school district in a county of the first class
1442 that in a fiscal year receives less revenue from the distribution described in Subsection
1443 53A-16-107.1(1) than it would have received during the same fiscal year from a levy imposed
1444 within the school district of .0006 per dollar of taxable value.

1445 (c) "Receiving school district" means a school district in a county of the first class that
1446 in a fiscal year receives more revenue from the distribution described in Subsection
1447 53A-16-107.1(1) than it would have received during the same fiscal year from a levy imposed
1448 within the school district of .0006 per dollar of taxable value.

1449 [~~(2) For fiscal year 2009-10, a receiving school district shall decrease its capital outlay~~
1450 ~~certified tax rate under Subsection 59-2-924(3)(g)(ii) by an amount required to offset the~~
1451 ~~receiving school district's estimated capital outlay increment for the current fiscal year.~~]

1452 [~~(3)~~] (2) Beginning with fiscal year 2010-11, a receiving school district shall decrease
1453 its capital [~~outlay~~] discretionary levy certified tax rate under Subsection 59-2-924(3)(g)(ii) by
1454 the amount required to offset the receiving school district's [~~capital outlay~~] estimated capital
1455 discretionary levy increment for the prior fiscal year.

1456 [~~(4)~~] (3) For fiscal year [~~2009-10~~] 2010-11, a contributing school district is exempt
1457 from the public notice and hearing requirements of Sections 59-2-918 and 59-2-919 for the
1458 school district's capital [~~outlay~~] discretionary levy certified tax rate calculated pursuant to
1459 Subsection 59-2-924(3)(g)(ii) if:

1460 (a) the contributing school district budgets an increased amount of ad valorem property
1461 tax revenue exclusive of new growth as defined in Subsection 59-2-924(4) for the capital
1462 [~~outlay~~] discretionary levy described in Section [~~53A-16-107~~] 53A-17a-164; and

1463 (b) the increased amount of ad valorem property tax revenue described in Subsection
1464 [~~(4)~~] (3)(a) is less than or equal to that contributing school district's estimated capital [~~outlay~~]
1465 discretionary increment for the current fiscal year.

1466 [~~(5)~~] (4) Beginning with fiscal year [~~2010-11~~] 2011-12, a contributing school district is
1467 exempt from the public notice and hearing requirements of Sections 59-2-918 and 59-2-919 for
1468 the school district's capital [~~outlay~~] discretionary levy certified tax rate calculated pursuant to
1469 Subsection 59-2-924(3)(g)(ii) if:

1470 (a) the contributing school district budgets an increased amount of ad valorem property
1471 tax revenue exclusive of new growth as defined in Subsection 59-2-924(4) for the capital
1472 [~~outlay~~] discretionary levy described in Section [~~53A-16-107~~] 53A-17a-164; and

1473 (b) the increased amount of ad valorem property tax revenue described in Subsection
1474 [~~(5)~~] (4)(a) is less than or equal to that contributing school district's capital [~~outlay~~]
1475 discretionary levy increment for the prior year.

1476 [~~(6)~~] (5) Beginning with fiscal year 2011-12, a contributing school district is exempt
1477 from the public notice and hearing requirements of Sections 59-2-918 and 59-2-919 for the
1478 school district's capital [~~outlay~~] discretionary levy certified tax rate calculated pursuant to
1479 Subsection 59-2-924(3)(g)(ii) if:

1480 (a) the contributing school district budgets an increased amount of ad valorem property
1481 tax revenue exclusive of new growth as defined in Subsection 59-2-924(4) for the capital
1482 [~~outlay~~] discretionary levy described in Section [~~53A-16-107~~] 53A-17a-164; and

1483 (b) the increased amount of ad valorem property tax revenue described in Subsection
1484 [~~(6)~~] (5)(a) is less than or equal to the difference between:

1485 (i) the amount of revenue generated by a levy of .0006 per dollar of taxable value
1486 imposed within the contributing school district during the current taxable year; and

1487 (ii) the amount of revenue generated by a levy of .0006 per dollar of taxable value
1488 imposed within the contributing school district during the prior taxable year.

1489 [~~(7)~~] (6) Regardless of the amount a school district receives from the revenue collected
1490 from the .0006 portion of the capital [~~outlay~~] discretionary levy required in Subsection
1491 [~~53A-16-107(3)~~] 53A-17a-164(4), the revenue generated within the school district from the
1492 .0006 portion of the capital [~~outlay~~] discretionary levy required in Subsection [~~53A-16-107(3)~~]
1493 53A-17a-164(4) shall be considered to be budgeted ad valorem property tax revenues of the
1494 school district that levies the .0006 portion of the capital [~~outlay~~] discretionary levy for
1495 purposes of calculating the school district's certified tax rate in accordance with Subsection
1496 59-2-924(3)(g)(ii).

1497 Section 26. Section **59-2-924.4** is amended to read:

1498 **59-2-924.4. Adjustment of the calculation of the certified tax rate for certain**
1499 **divided school districts.**

1500 (1) As used in this section:

1501 (a) "Capital [~~outlay~~] discretionary levy increment" means the amount of revenue equal
1502 to the difference between:

1503 (i) the amount of revenue generated by a levy of .0006 per dollar of taxable value
1504 within a qualifying divided school district during a fiscal year; and

1505 (ii) the amount of revenue the qualifying divided school district received during the
1506 same fiscal year from the distribution described in Section 53A-2-118.3.

1507 (b) "Contributing divided school district" means a school district located within a
1508 qualifying divided school district that in a fiscal year receives less revenue from the distribution
1509 described in Section 53A-2-118.3 than it would have received during the same fiscal year from
1510 a levy imposed within the school district of .0006 per dollar of taxable value.

1511 (c) "Divided school district" means a school district from which a new school district is
1512 created.

1513 (d) "New school district" means a school district:

- 1514 (i) created under Section 53A-2-118.1;
- 1515 (ii) that begins to provide educational services after July 1, 2008; and
- 1516 (iii) located in a qualifying divided school district.
- 1517 (e) "Qualifying divided school district" means a divided school district:
- 1518 (i) located within a county of the second through sixth class; and
- 1519 (ii) with a new school district created under Section 53A-2-118.1 that begins to provide
- 1520 educational services after July 1, 2008.
- 1521 (f) "Qualifying fiscal year" means the first fiscal year that a new school district begins
- 1522 to provide educational services.
- 1523 (g) "Receiving divided school district" means a school district located within a
- 1524 qualifying divided school district that in a fiscal year receives more revenue from the
- 1525 distribution described in Section 53A-2-118.3 than it would have received during the same
- 1526 fiscal year from a levy imposed within the school district of .0006 per dollar of taxable value.
- 1527 (2) A receiving divided school district shall decrease its certified tax rate calculated in
- 1528 accordance with Section 59-2-924 by the amount required to offset the receiving divided
- 1529 school district's capital ~~outlay~~ discretionary levy increment for the prior fiscal year.
- 1530 (3) Beginning with the fiscal year after the qualifying fiscal year, a contributing divided
- 1531 school district is exempt from the public notice and hearing requirements of Sections 59-2-918
- 1532 and 59-2-919 for the contributing divided school district's certified tax rate calculated pursuant
- 1533 to Section 59-2-924 if:
- 1534 (a) the contributing divided school district budgets an increased amount of ad valorem
- 1535 property tax revenue exclusive of new growth as defined in Subsection 59-2-924(4) for the
- 1536 capital ~~outlay~~ discretionary levy required in Section 53A-2-118.3; and
- 1537 (b) the increased amount of ad valorem property tax revenue described in Subsection
- 1538 (3)(a) is less than or equal to that contributing divided school district's capital ~~outlay~~
- 1539 discretionary levy increment for the prior year.
- 1540 (4) Beginning with the fiscal year after the qualifying fiscal year, a contributing divided
- 1541 school district is exempt from the public notice and hearing requirements of Sections 59-2-918
- 1542 and 59-2-919 for the contributing divided school district's certified tax rate calculated pursuant
- 1543 to Section 59-2-924 if:
- 1544 (a) the contributing divided school district budgets an increased amount of ad valorem

1545 property tax revenue exclusive of new growth as defined in Subsection 59-2-924(4) for the
1546 capital ~~[outlay]~~ discretionary levy described in Section 53A-2-118.3; and

1547 (b) the increased amount of ad valorem property tax revenue described in Subsection
1548 (4)(a) is less than or equal to the difference between:

1549 (i) the amount of revenue generated by a levy of .0006 per dollar of taxable value
1550 imposed within the contributing divided school district during the current taxable year; and

1551 (ii) the amount of revenue generated by a levy of .0006 per dollar of taxable value
1552 imposed within the contributing divided school district during the prior taxable year.

1553 (5) Regardless of the amount a school district receives from the revenue collected from
1554 the .0006 portion of the capital ~~[outlay]~~ discretionary levy described in Section 53A-2-118.3,
1555 the revenue generated within the school district from the .0006 portion of the capital ~~[outlay]~~
1556 discretionary levy described in Section 53A-2-118.3 shall be considered to be budgeted ad
1557 valorem property tax revenues of the school district that levies the .0006 portion of the capital
1558 ~~[outlay]~~ discretionary levy for purposes of calculating the school district's certified tax rate in
1559 accordance with Section 59-2-924.

1560 Section 27. Section **59-2-926** is amended to read:

1561 **59-2-926. Proposed tax increase by state -- Notice -- Contents -- Dates.**

1562 If the state authorizes a levy ~~[pursuant to Section 53A-17a-135 that exceeds the~~
1563 ~~certified revenue levy as defined in Section 53A-17a-103 or authorizes a levy]~~ pursuant to
1564 Section 59-2-1602 that exceeds the certified revenue levy as defined in Section 59-2-102, the
1565 state shall publish a notice no later than ten days after the last day of the annual legislative
1566 general session that meets the following requirements:

1567 (1) The Office of the Legislative Fiscal Analyst shall advertise that the state authorized
1568 a levy that generates revenue in excess of the previous year's ad valorem tax revenue, plus new
1569 growth, but exclusive of revenue from collections from redemptions, interest, and penalties in a
1570 newspaper of general circulation in the state. The advertisement shall be no less than 1/4 page
1571 in size and the type used shall be no smaller than 18 point, and surrounded by a 1/4-inch
1572 border. The advertisement may not be placed in that portion of the newspaper where legal
1573 notices and classified advertisements appear. The advertisement shall be run once.

1574 (2) The form and content of the notice shall be substantially as follows:

1575 "NOTICE OF TAX INCREASE

1576 The state has budgeted an increase in its property tax revenue from \$_____ to
1577 \$_____ or ____%. The increase in property tax revenues will come from the following
1578 sources (include all of the following provisions):

1579 (a) \$_____ of the increase will come from (provide an explanation of the cause
1580 of adjustment or increased revenues, such as reappraisals or factoring orders);

1581 (b) \$_____ of the increase will come from natural increases in the value of the
1582 tax base due to (explain cause of new growth, such as new building activity, annexation, etc.);
1583 and

1584 (c) a home valued at \$100,000 in the state of Utah which based on last year's (~~levy for~~
1585 ~~the basic state-supported school program,~~] levy for the Property Tax Valuation Agency Fund,
1586 or both) paid \$_____ in property taxes would pay the following:

1587 (i) \$_____ if the state of Utah did not budget an increase in property tax revenue
1588 exclusive of new growth; and

1589 (ii) \$_____ under the increased property tax revenues exclusive of new growth
1590 budgeted by the state of Utah."

1591 Section 28. Section **63G-7-704** is amended to read:

1592 **63G-7-704. Tax levy by political subdivisions for payment of claims, judgments,**
1593 **or insurance premiums.**

1594 (1) For purposes of this section, "political subdivision" does not include a school
1595 district.

1596 ~~(1)~~ (2) Notwithstanding any provision of law to the contrary, a political subdivision
1597 may levy an annual property tax sufficient to pay:

1598 (a) any claim, settlement, or judgment;

1599 (b) the costs to defend against any claim, settlement, or judgment; or

1600 (c) for the establishment and maintenance of a reserve fund for the payment of claims,
1601 settlements, or judgments that may be reasonably anticipated.

1602 ~~(2)~~ (3) (a) The payments authorized to pay for punitive damages or to pay the
1603 premium for authorized insurance is money spent for a public purpose within the meaning of
1604 this section and Article XIII, Sec. 5, Utah Constitution, even though, as a result of the levy, the
1605 maximum levy as otherwise restricted by law is exceeded.

1606 (b) No levy under this section may exceed .0001 per dollar of taxable value of taxable

1607 property.

1608 (c) The revenues derived from this levy may not be used for any purpose other than
1609 those specified in this section.

1610 Section 29. **Repealer.**

1611 This bill repeals:

1612 Section **53A-16-107, Capital outlay levy -- Maintenance of school facilities --**
1613 **Authority to use proceeds of .0002 tax rate -- Restrictions and procedure.**

1614 Section **53A-16-110, Special tax to buy school building sites, build and furnish**
1615 **schoolhouses, or improve school property.**

1616 Section **53A-16-111, Payment of judgments and warrants -- Special tax.**

1617 Section **53A-17a-134, Board-approved leeway -- Purpose -- State support --**
1618 **Disapproval.**

1619 Section **53A-17a-145, Additional levy by district for debt service, school sites,**
1620 **buildings, buses, textbooks, and supplies.**

1621 Section **53A-17a-151, Board leeway for reading improvement.**

1622 Section 30. **Effective date.**

1623 This bill takes effect on January 1, 2010.

H.B. 66 9th Sub. (Pumpkin) - Property Tax Amendments

Fiscal Note

2009 General Session

State of Utah

State Impact

Enactment of this bill freezes the minimum basic state rate and guarantees a minimum amount of property tax revenue from the basic rate. The freezing of the basic rate will reduce the state's Uniform School Fund obligation to the basic school program. This increases the local portion of the minimum school program by \$9,000,000 in FY 2011. Because of the basic rate freeze, other local property tax could decrease by \$9,000,000. Due to recapture, revenue to the Uniform School Fund could increase by \$2,700,000.

	<u>2009</u> <u>Approp.</u>	<u>2010</u> <u>Approp.</u>	<u>2011</u> <u>Approp.</u>	<u>2009</u> <u>Revenue</u>	<u>2010</u> <u>Revenue</u>	<u>2011</u> <u>Revenue</u>
General Fund	\$0	\$0	\$0	\$0	\$0	\$11,700,000
Property Tax	\$0	\$0	\$0	\$0	\$0	(\$9,000,000)
Total	\$0	\$0	\$0	\$0	\$0	\$2,700,000

Individual, Business and/or Local Impact

Enactment of this bill could increase revenue to school districts to offset the costs of charter school replacement funding by \$3.5 million in FY 2011. If a school district that experiences a decrease in revenue decides to go through truth in taxation to make up the lost revenue, there will be an increase in property tax on individuals and businesses. Some school districts will likely experience an increase in revenue. If a school district that receives an increase in revenue decides to decrease other property taxes, there will be a decrease in local property tax on certain individuals and businesses. There will likely be recapture of \$2,700,000 from school districts to the Uniform School Fund.