

**SCHOOL PROPERTY TAX EQUALIZATION**

**AMENDMENTS**

2009 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Karen W. Morgan**

House Sponsor: \_\_\_\_\_

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**LONG TITLE**

**General Description:**

This bill amends the Property Tax Act and provisions related to public education financing to repeal certain school property tax equalization provisions.

**Highlighted Provisions:**

This bill:

▶ repeals the requirement to impose and distribute certain school capital outlay property tax revenues in school districts located within a first class county or divided school district; and

▶ makes technical changes.

**Monies Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill has retrospective operation for a taxable year beginning on or after January 1, 2009.

**Utah Code Sections Affected:**

AMENDS:

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

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



28 REPEALS:

29 53A-2-118.3, as enacted by Laws of Utah 2008, Chapter 236

30 53A-16-107.1, as enacted by Laws of Utah 2008, Chapter 236

31 59-2-924.3, as enacted by Laws of Utah 2008, Chapter 236

32 59-2-924.4, as enacted by Laws of Utah 2008, Chapter 236



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

35 Section 1. Section 53A-16-107 is amended to read:

36 **53A-16-107. Capital outlay levy -- Maintenance of school facilities -- Authority to**  
37 **use proceeds of .0002 tax rate -- Restrictions and procedure.**

38 (1) ~~[Subject to Subsection (3), a]~~ A local school board may annually impose a capital  
39 outlay levy not to exceed .0024 per dollar of taxable value to be used for:

- 40 (a) capital outlay;
- 41 (b) debt service; and
- 42 (c) subject to Subsection (2), school facility maintenance.

43 (2) (a) A local school board may utilize the proceeds of a maximum of .0002 per dollar  
44 of taxable value of the local school board's annual capital outlay levy for the maintenance of  
45 school facilities in the school district.

46 (b) A local school board that uses the option provided under Subsection (2)(a) shall:

- 47 (i) maintain the same level of expenditure for maintenance in the current year as it did  
48 in the preceding year, plus the annual average percentage increase applied to the maintenance  
49 and operation budget for the current year; and
- 50 (ii) identify the expenditure of capital outlay funds for maintenance by a district project  
51 number to ensure that the funds are expended in the manner intended.

52 (c) The State Board of Education shall establish by rule the expenditure classification  
53 for maintenance under this program using a standard classification system.

54 ~~[(3) Beginning January 1, 2009, in order to qualify for receipt of the state contribution~~  
55 ~~toward the minimum school program described in Section 53A-17a-104, a local school board~~  
56 ~~in a county of the first class shall impose a capital outlay levy of at least .0006 per dollar of~~  
57 ~~taxable value.]~~

58 ~~[(4) (a) The county treasurer of a county of the first class shall distribute revenues~~

59 generated by the .0006 portion of the capital outlay levy required in Subsection (3) to school  
60 districts within the county in accordance with Section 53A-16-107.1.]

61 [~~(b) If a school district in a county of the first class imposes a capital outlay levy  
62 pursuant to this section which exceeds .0006 per dollar of taxable value, the county treasurer of  
63 a county of the first class shall distribute revenues generated by the portion of the capital outlay  
64 levy which exceeds .0006 to the school district imposing the levy.]~~

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

66 **59-2-924. Report of valuation of property to county auditor and commission --**  
67 **Transmittal by auditor to governing bodies -- Certified tax rate -- Calculation of certified**  
68 **tax rate -- Rulemaking authority -- Adoption of tentative budget.**

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

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

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

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

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

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

79 (c) the certified tax rate; and

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

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

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

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

86 (A) collections from redemptions;

87 (B) interest;

88 (C) penalties; and

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

90 (I) assessed by a county assessor in accordance with Part 3, County Assessment; and  
91 (II) semiconductor manufacturing equipment.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

120 (I) within the taxing entity; and

121 (II) for the following calendar year:

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

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

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

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

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

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

134 (II) semiconductor manufacturing equipment; and

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

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

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

143 (B) semiconductor manufacturing equipment.

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

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

149 (B) semiconductor manufacturing equipment.

150 (vi) For purposes of Subsection (3)(c)(ii)(B), for calendar years beginning on or after  
151 January 1, 2009, the value of taxable property does not include the value of personal property

152 that is within the taxing entity assessed by a county assessor in accordance with Part 3, County  
153 Assessment.

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

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

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

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

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

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

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

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

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

176 (A) school leeways provided for under Sections 11-2-7, 53A-16-110, 53A-17a-125,  
177 53A-17a-127, 53A-17a-133, 53A-17a-134, 53A-17a-143, 53A-17a-145, and 53A-21-103; and

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

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

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

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

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

189 ~~[(ii) shall be included by the commission in establishing a certified tax rate for that~~  
190 ~~capital outlay levy determined in accordance with the calculation described in Subsection~~  
191 ~~59-2-913(3).]~~

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

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

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

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

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

200 (c) "New growth" means:

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

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

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

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

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

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

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

- 214 (ii) semiconductor manufacturing equipment.
- 215 (e) Subsection (4)(c)(iii) applies to the following increases in taxable value:
- 216 (i) the amount of increase to locally assessed real property taxable values resulting
- 217 from factoring, reappraisal, or any other adjustments; or
- 218 (ii) the amount of an increase in the taxable value of property assessed by the
- 219 commission under Section 59-2-201 resulting from a change in the method of apportioning the
- 220 taxable value prescribed by:
  - 221 (A) the Legislature;
  - 222 (B) a court;
  - 223 (C) the commission in an administrative rule; or
  - 224 (D) the commission in an administrative order.
- 225 (f) For purposes of Subsection (4)(a)(ii), the taxable year end value of personal
- 226 property on the prior year's assessment roll does not include:
  - 227 (i) new growth as defined in Subsection (4)(c); or
  - 228 (ii) the total taxable year end value of personal property contained on the prior year's
  - 229 tax rolls of the taxing entity that is:
    - 230 (A) assessed by a county assessor in accordance with Part 3, County Assessment; and
    - 231 (B) semiconductor manufacturing equipment.
- 232 (5) (a) On or before June 22, each taxing entity shall annually adopt a tentative budget.
- 233 (b) If the taxing entity intends to exceed the certified tax rate, it shall notify the county
- 234 auditor of:
  - 235 (i) its intent to exceed the certified tax rate; and
  - 236 (ii) the amount by which it proposes to exceed the certified tax rate.
- 237 (c) The county auditor shall notify all property owners of any intent to exceed the
- 238 certified tax rate in accordance with Subsection 59-2-919 (3).

239 **Section 3. Repealer.**

240 This bill repeals:

241 **Section 53A-2-118.3, Imposition of the capital outlay levy in qualifying divided**

242 **school districts.**

243 **Section 53A-16-107.1, School capital outlay in counties of the first class --**

244 **Allocation.**



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

247 Section 59-2-924.4, Adjustment of the calculation of the certified tax rate for  
248 certain divided school districts.

249 Section 4. Retrospective operation.

250 This bill has retrospective operation for a taxable year beginning on or after January 1,  
251 2009.

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Legislative Review Note  
as of 1-12-09 6:58 AM

Office of Legislative Research and General Counsel

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**S.B. 46 - School Property Tax Equalization Amendments**

**Fiscal Note**

2009 General Session

State of Utah

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**State Impact**

Enactment of this bill will not require additional appropriations.

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

By eliminating provisions for a county-wide pool of capital outlay property tax revenues, enactment of this bill may increase or decrease the amount of capital outlay property tax revenues a school district in a county of the first class receives. The total increase or decrease is dependent on a district's allocation of property tax revenues from the county-wide pool in relation to the amount of property tax revenue a school district can generate based on the value of property within its jurisdiction.

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