

Senator Karen W. Morgan proposes the following substitute bill:

SCHOOL PROPERTY TAX EQUALIZATION

AMENDMENTS

2009 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Karen W. Morgan

House Sponsor: _____

LONG TITLE

General Description:

This bill amends provisions related to certain school property tax equalization programs.

Highlighted Provisions:

This bill:

► requires a school district in a county of the first class that receives property tax revenue from certain equalization programs to:

• separately account for and budget monies received from the equalization program;

• conduct a public hearing to adopt a budget for the expenditure of the monies received from the equalization program;

• notify citizens of the public hearing;

• expend the monies received for certain uses;

► defines terms; and

► makes technical changes.

Monies Appropriated in this Bill:

None



26 **Other Special Clauses:**

27 This bill has retrospective operation for a taxable year beginning on or after January 1,
28 2009.

29 **Utah Code Sections Affected:**

30 AMENDS:

31 **53A-16-107.1**, as enacted by Laws of Utah 2008, Chapter 236

32 **59-2-924.3**, as enacted by Laws of Utah 2008, Chapter 236

33

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

35 Section 1. Section **53A-16-107.1** is amended to read:

36 **53A-16-107.1. School capital outlay in counties of the first class -- Allocation --**
37 **Use of funds -- Accounting and creation of a separate fund -- Public hearing and notice**
38 **requirements.**

39 (1) For purposes of this section:

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

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

44 (ii) the amount of revenue the receiving school district received during the same fiscal
45 year from the distribution described in Subsection (2).

46 (b) "Receiving school district" means a school district in a county of the first class that
47 in a fiscal year receives more revenue from the distribution described in Subsection (2) than it
48 would have received during the same fiscal year from a levy imposed within the school district
49 of .0006 per dollar of taxable value.

50 [~~(1)~~] (2) The county treasurer of a county of the first class shall distribute revenues
51 generated by the .0006 portion of the capital outlay levy required in Subsection 53A-16-107(3)
52 to school districts located within the county of the first class as follows:

53 (a) 25% of the revenues shall be distributed in proportion to a school district's
54 percentage of the total enrollment growth in all of the school districts within the county that
55 have an increase in enrollment, calculated on the basis of the average annual enrollment growth
56 over the prior three years in all of the school districts within the county that have an increase in

57 enrollment over the prior three years, as of the October 1 enrollment counts; and

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

61 ~~[(2)]~~ (3) If a new school district is created or school district boundaries are adjusted,
62 the enrollment and average annual enrollment growth for each affected school district shall be
63 calculated on the basis of enrollment in school district schools located within that school
64 district's newly created or adjusted boundaries, as of October 1 enrollment counts.

65 ~~[(3)]~~ (4) On or before December 31 of each year, the State Board of Education shall
66 provide a county treasurer with audited enrollment information from the fall enrollment audit
67 necessary to distribute revenues as required by this section.

68 ~~[(4)]~~ (5) On or before March 31 of each year, a county treasurer in a county of the first
69 class shall distribute the revenue generated within the county of the first class during the prior
70 calendar year from the capital outlay levy described in Section 53A-16-107.

71 (6) A receiving school district shall:

72 (a) deposit the receiving school district's capital outlay increment monies into a
73 separate fund; and

74 (b) separately budget and account for the receiving school district's use of any capital
75 outlay increment monies.

76 (7) (a) A receiving school district's capital outlay increment monies shall be used for
77 new school building construction.

78 (b) For purposes of Subsection (7)(a), new school building construction does not
79 include renovations or remodeling of existing buildings or facilities.

80 (8) (a) Prior to expending any capital outlay increment monies, a receiving school
81 district shall conduct a public hearing at which the receiving school district adopts a budget for
82 the expenditure of the capital outlay increment monies.

83 (b) The public hearing described in Subsection (8)(a) may be held in conjunction with
84 a public hearing required by Section 59-2-919.

85 (c) A receiving school district may not schedule a public hearing described in this
86 section at the same time as the public hearing of another school district located within the
87 receiving school district's county.

88 (d) A county legislative body shall resolve any conflict in public hearing dates and
89 times after consultation with each affected school district.

90 (e) A receiving school district shall hold a public hearing described in this section
91 beginning at or after 6 p.m.

92 (9) (a) A receiving school district shall provide notice of the public hearing described
93 in Subsection (8) by meeting the advertisement requirements of Subsections (9)(b) and (c).

94 (b) The advertisement described in this section shall be published in a newspaper or
95 combination of newspapers of general circulation in the receiving school district's county.

96 (c) The form of the advertisement shall:

97 (i) be no less than 1/8 page in size;

98 (ii) use type no smaller than 18 point;

99 (iii) be surrounded by a 1/4 inch border;

100 (iv) be run once during the week before the receiving school district conducts the
101 public hearing described in Subsection (8); and

102 (v) be substantially as follows:

103 "NOTICE OF (NAME OF THE RECEIVING SCHOOL DISTRICT)

104 BUDGET FOR EXPENDITURE OF (NAME OF RECEIVING

105 SCHOOL DISTRICT'S COUNTY) FUNDS

106 The (name of the receiving school district) will discuss and adopt its budget for the
107 spending of revenue received from the taxpayers in (name of receiving school district's county).

108 All concerned citizens of (name of receiving school district's county) are invited to a
109 public hearing on (name of the receiving school district) proposed budget.

110 PUBLIC HEARING

111 Date/Time: (date)(time)

112 Location: (name of meeting place and address of meeting place)

113 To obtain more information regarding (name of the receiving school district) budget,
114 citizens may contact (name of the receiving school district) at (phone number of the receiving
115 school district)."

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

117 **59-2-924.3. Adjustment of the calculation of the certified tax rate for a school**
118 **district imposing a capital outlay levy in a county of the first class.**

119 (1) As used in this section:

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

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

124 (ii) the amount of revenue the school district received during the same fiscal year from
125 the distribution described in Subsection 53A-16-107.1~~(1)~~(2).

126 (b) "Contributing school district" means a school district in a county of the first class
127 that in a fiscal year receives less revenue from the distribution described in Subsection
128 53A-16-107.1~~(1)~~(2) than it would have received during the same fiscal year from a levy
129 imposed within the school district of .0006 per dollar of taxable value.

130 (c) "Receiving school district" means a school district in a county of the first class that
131 in a fiscal year receives more revenue from the distribution described in Subsection
132 53A-16-107.1~~(1)~~(2) than it would have received during the same fiscal year from a levy
133 imposed within the school district of .0006 per dollar of taxable value.

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

137 (3) Beginning with fiscal year 2010-11, a receiving school district shall decrease its
138 capital outlay certified tax rate under Subsection 59-2-924(3)(g)(ii) by the amount required to
139 offset the receiving school district's capital outlay increment for the prior fiscal year.

140 (4) For fiscal year 2009-10, a contributing school district is exempt from the public
141 notice and hearing requirements of Sections 59-2-918 and 59-2-919 for the school district's
142 capital outlay levy certified tax rate calculated pursuant to Subsection 59-2-924(3)(g)(ii) if:

143 (a) the contributing school district budgets an increased amount of ad valorem property
144 tax revenue exclusive of new growth as defined in Subsection 59-2-924(4) for the capital
145 outlay levy described in Section 53A-16-107; and

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

149 (5) Beginning with fiscal year 2010-11, a contributing school district is exempt from

150 the public notice and hearing requirements of Sections 59-2-918 and 59-2-919 for the school
151 district's capital outlay levy certified tax rate calculated pursuant to Subsection
152 59-2-924(3)(g)(ii) if:

153 (a) the contributing school district budgets an increased amount of ad valorem property
154 tax revenue exclusive of new growth as defined in Subsection 59-2-924(4) for the capital
155 outlay levy described in Section 53A-16-107; and

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

159 (6) Beginning with fiscal year 2011-12, a contributing school district is exempt from
160 the public notice and hearing requirements of Sections 59-2-918 and 59-2-919 for the school
161 district's capital outlay levy certified tax rate calculated pursuant to Subsection
162 59-2-924(3)(g)(ii) if:

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

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

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

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

172 (7) Regardless of the amount a school district receives from the revenue collected from
173 the .0006 portion of the capital outlay levy required in Subsection 53A-16-107(3), the revenue
174 generated within the school district from the .0006 portion of the capital outlay levy required in
175 Subsection 53A-16-107(3) shall be considered to be budgeted ad valorem property tax
176 revenues of the school district that levies the .0006 portion of the capital outlay levy for
177 purposes of calculating the school district's certified tax rate in accordance with Subsection
178 59-2-924(3)(g)(ii).

179 Section 3. **Retrospective operation.**

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

181 2009.