

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; and

• expend the monies received for certain uses;

► defines terms; 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.



26 **Utah Code Sections Affected:**

27 AMENDS:

28 **53A-16-107.1**, as enacted by Laws of Utah 2008, Chapter 236

29 **59-2-924.3**, as enacted by Laws of Utah 2008, Chapter 236

30

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

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

33 **53A-16-107.1. School capital outlay in counties of the first class -- Allocation --**
34 **Accounting and creation of a separate fund -- Use of funds -- Requirement to use school**
35 **buildings to full capacity -- Public hearing and notice requirements.**

36 (1) For purposes of this section:

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

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

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

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

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

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

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

57 over the prior three years in all of the school districts within the county that have an increase in
58 enrollment over the prior three years, as of the October 1 enrollment counts; and

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

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

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

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

72 (6) A receiving school district shall:

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

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

77 (c) submit copies of an audit of the receiving school district's use of the capital outlay
78 increment monies to:

79 (i) the county treasurer;

80 (ii) the state Office of Education; and

81 (iii) the superintendents of each of the contributing school districts within the receiving
82 school district's county.

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

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

87 (c) If a receiving school district does not fulfill the requirements of this Subsection (7)

88 during a fiscal year:

89 (i) at the direction of the State Office of Education, the receiving school district shall
90 return to the county treasurer an amount of revenue equal to the receiving school district's
91 capital outlay increment monies for that fiscal year; and

92 (ii) the county treasurer shall refund the receiving school district's capital outlay
93 increment monies described in Subsections (7)(c)(i) to each contributing school district in the
94 same proportion as each contributing school district's contribution to the receiving school
95 district's capital outlay increment monies.

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

97 **59-2-924.3. Adjustment of the calculation of the certified tax rate for a school**
98 **district imposing a capital outlay levy in a county of the first class.**

99 (1) As used in this section:

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

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

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

106 (b) "Contributing school district" means a school district in a county of the first class
107 that in a fiscal year receives less revenue from the distribution described in Subsection
108 53A-16-107.1~~(1)~~(2) than it would have received during the same fiscal year from a levy
109 imposed within the school district of .0006 per dollar of taxable value.

110 (c) "Receiving school district" means a school district in a county of the first class that
111 in a fiscal year receives more revenue from the distribution described in Subsection
112 53A-16-107.1~~(1)~~(2) than it would have received during the same fiscal year from a levy
113 imposed within the school district of .0006 per dollar of taxable value.

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

117 (3) Beginning with fiscal year 2010-11, a receiving school district shall decrease its
118 capital outlay certified tax rate under Subsection 59-2-924(3)(g)(ii) by the amount required to

119 offset the receiving school district's capital outlay increment for the prior fiscal year.

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

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

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

129 (5) Beginning with fiscal year 2010-11, a contributing school district is exempt from
130 the public notice and hearing requirements of Sections 59-2-918 and 59-2-919 for the school
131 district's capital outlay levy certified tax rate calculated pursuant to Subsection
132 59-2-924(3)(g)(ii) if:

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

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

139 (6) Beginning with fiscal year 2011-12, a contributing school district is exempt from
140 the public notice and hearing requirements of Sections 59-2-918 and 59-2-919 for the school
141 district's capital outlay levy certified tax rate calculated pursuant to Subsection
142 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 (6)(a) is less than or equal to the difference between:

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

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

152 (7) Regardless of the amount a school district receives from the revenue collected from
153 the .0006 portion of the capital outlay levy required in Subsection 53A-16-107(3), the revenue
154 generated within the school district from the .0006 portion of the capital outlay levy required in
155 Subsection 53A-16-107(3) shall be considered to be budgeted ad valorem property tax
156 revenues of the school district that levies the .0006 portion of the capital outlay levy for
157 purposes of calculating the school district's certified tax rate in accordance with Subsection
158 59-2-924(3)(g)(ii).

159 Section 3. **Retrospective operation.**

160 This bill has retrospective operation for a taxable year beginning on or after January 1,
161 2009.