

Representative Kenneth W. Sumsion proposes the following substitute bill:

EXPANDED USES OF SCHOOL DISTRICT

PROPERTY TAX REVENUE

2010 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Kenneth W. Sumsion

Senate Sponsor: Michael G. Waddoups

7	Cosponsors:	Rebecca P. Edwards	Marie H. Poulson
8	Johnny Anderson	Craig A. Frank	Christine F. Watkins
9	Trisha S. Beck	Don L. Ipson	Ryan D. Wilcox
10	Jim Bird	Brian S. King	Larry B. Wiley
11	Laura Black	Steven R. Mascaro	Carl Wimmer
12	James A. Dunnigan		

LONG TITLE

General Description:

This bill amends provisions related to certain uses of school district property tax revenue.

Highlighted Provisions:

This bill:

- ▶ allows local school boards to use revenue collected from certain capital property tax levies for ~~H~~→ certain ←~~H~~ general fund purposes for fiscal years 2010-11 and 2011-12;
- ▶ requires a local school board to notify taxpayers of certain uses of property tax revenue; and
- ▶ makes technical changes.

Monies Appropriated in this Bill:

None



27 **Other Special Clauses:**

28 None

29 **Utah Code Sections Affected:**

30 AMENDS:

31 **53A-16-107**, as last amended by Laws of Utah 2008, Chapter 236

32 **53A-19-102**, as last amended by Laws of Utah 2009, First Special Session, Chapter 5



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 -- Limited authority to use**
38 **proceeds for general fund purposes -- Notification required when using proceeds for**
39 **general fund purposes.**

40 (1) Subject to Subsection (3) and except as provided in Subsection (5), a local school
41 board may annually impose a capital outlay levy not to exceed .0024 per dollar of taxable value
42 to be used for:

- 43 (a) capital outlay;
- 44 (b) debt service; and
- 45 (c) subject to Subsection (2), school facility maintenance.

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

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

50 (i) maintain the same level of expenditure for maintenance in the current year as it did
51 in the preceding year, plus the annual average percentage increase applied to the maintenance
52 and operation budget for the current year; and

53 (ii) identify the expenditure of capital outlay funds for maintenance by a district project
54 number to ensure that the funds are expended in the manner intended.

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

57 (3) Beginning January 1, 2009, in order to qualify for receipt of the state contribution

58 toward the minimum school program described in Section 53A-17a-104, a local school board
59 in a county of the first class shall impose a capital outlay levy of at least .0006 per dollar of
60 taxable value.

61 (4) (a) The county treasurer of a county of the first class shall distribute revenues
62 generated by the .0006 portion of the capital outlay levy required in Subsection (3) to school
63 districts within the county in accordance with Section 53A-16-107.1.

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

68 (5) (a) Notwithstanding Subsections (1)(a), (b), and (c) and subject to ~~H~~→ **[Subsection]**
68a **Subsections** ←~~H~~

69 (5)(b) ~~H~~→ and (c) ←~~H~~ , for fiscal years 2010-11 and 2011-12, a local school board may use the
69a proceeds of the
70 local school board's capital outlay levy for general fund purposes if the proceeds are not
71 committed or dedicated to pay debt service or bond payments.

72 (b) If a local school board uses the proceeds described in Subsection (5)(a) for general
73 fund purposes, the local school board shall notify the public of the local school board's use of
74 the capital outlay levy proceeds for general fund purposes:

75 (i) prior to the board's budget hearing in accordance with the notification requirements
76 described in Section 53A-19-102; and

77 (ii) at a budget hearing required in Section 53A-19-102.

77a ~~H~~→ **(c) A local school board may not use the proceeds described in Subsection (5)(a) to fund**
77b **the following accounting function classifications as provided in the Financial Accounting for**
77c **Local and State School Systems guidelines developed by the National Center for Education**
77d **Statistics:**

77e **(i) 2300 Support Services - General District Administration; or**

77f **(ii) 2500 Support Services - Central Services.** ←~~H~~

78 Section 2. Section **53A-19-102** is amended to read:

79 **53A-19-102. Local school boards budget procedures.**

80 (1) (a) Prior to June 22 of each year, [~~each~~] a local school board shall adopt a budget
81 and make appropriations for the next fiscal year.

82 (b) If the tax rate in the proposed budget exceeds the certified tax rate defined in
83 Section 59-2-924, the local school board shall comply with Section 59-2-919 in adopting the
84 budget, except as provided by Section 53A-17a-133.

85 (2) (a) Prior to the adoption or amendment of a budget containing a tax rate which does
86 not exceed the certified tax rate, [~~the~~] a local school board shall hold a public hearing, as
87 defined in Section 10-9a-103, on the proposed budget or budget amendment.

88 (b) In addition to complying with Title 52, Chapter 4, Open and Public Meetings Act,

89 in regards to the public hearing described in Subsection (2)(a), the board shall:

90 (i) publish the required newspaper notice at least 10 days before the day on which the
91 hearing is held; and

92 (ii) file a copy of the proposed budget with the local school board's business
93 administrator for public inspection at least 10 days prior to the hearing.

94 (3) [~~The~~] A local school board shall file a copy of the adopted budget with the state
95 auditor and the State Board of Education.

Fiscal Note**H.B. 295 2nd Sub. (Gray) - Expanded Uses of School District Property Tax
Revenue**

2010 General Session

State of Utah

State Impact

Enactment of this bill will not require additional appropriations.

Individual, Business and/or Local Impact

Enactment of this bill likely will not result in direct, measurable costs and/or benefits for individuals or businesses. Local school districts may benefit through increased flexibility in expending local property tax revenues.
