

**EXPANDED USES OF SCHOOL DISTRICT  
PROPERTY TAX REVENUE**

2010 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Kenneth W. Sumsion**

Senate Sponsor: Michael G. Waddoups

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12	James A. Dunnigan	Steven R. Mascaro	

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**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 certain 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

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

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

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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**  
37 **to use proceeds of .0002 tax rate -- Restrictions and procedure -- Limited authority to**  
38 **use 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  
42 value 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  
47 dollar of taxable value of the local school board's annual capital outlay levy for the  
48 maintenance of 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  
54 project 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  
66 of a county of the first class shall distribute revenues generated by the portion of the capital  
67 outlay levy which exceeds .0006 to the school district imposing the levy.

68 (5) (a) Notwithstanding Subsections (1)(a), (b), and (c) and subject to Subsections  
69 (5)(b) and (c), for fiscal years 2010-11 and 2011-12, a local school board may use the  
70 proceeds of the local school board's capital outlay levy for general fund purposes if the  
71 proceeds are not 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.

78 (c) A local school board may not use the proceeds described in Subsection (5)(a) to  
79 fund the following accounting function classifications as provided in the Financial Accounting  
80 for Local and State School Systems guidelines developed by the National Center for Education  
81 Statistics:

82 (i) 2300 Support Services - General District Administration; or

83 (ii) 2500 Support Services - Central Services.

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

85 **53A-19-102. Local school board's budget procedures.**

86 (1) (a) Prior to June 22 of each year, ~~each~~ a local school board shall adopt a budget

87 and make appropriations for the next fiscal year.

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

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

94 (b) In addition to complying with Title 52, Chapter 4, Open and Public Meetings Act,  
95 in regards to the public hearing described in Subsection (2)(a), the board shall:

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

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

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