

PUBLIC EDUCATION CAPITAL OUTLAY ACT

2010 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Melvin R. Brown

Senate Sponsor: John L. Valentine

LONG TITLE

General Description:

This bill modifies programs that provide state aid to school districts for school buildings.

Highlighted Provisions:

This bill:

- ▶ modifies the Capital Outlay Foundation Program by:
 - eliminating base funding except for school districts with fewer than 1,000 pupils in average daily membership;
 - setting the base tax effort rate at the average of the highest school district's capital and debt service levies and the statewide average of school districts' capital and debt service levies; and
 - directing the State Board of Education to determine a school district's allocation of funds under the program using data from the fiscal year two years prior to the fiscal year the school district receives the allocation;
- ▶ modifies the fiscal year of the data that is used to determine a school district's allocation of funds under the Enrollment Growth Program; and
- ▶ makes technical amendments.

Monies Appropriated in this Bill:

None

Other Special Clauses:



28 This bill takes effect on July 1, 2010.

29 **Utah Code Sections Affected:**

30 AMENDS:

31 **53A-21-101.5**, as enacted by Laws of Utah 2008, Chapter 236

32 **53A-21-201**, as enacted by Laws of Utah 2008, Chapter 236

33 **53A-21-202**, as enacted by Laws of Utah 2008, Chapter 236

34 **53A-21-301**, as enacted by Laws of Utah 2008, Chapter 236

35

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

37 Section 1. Section **53A-21-101.5** is amended to read:

38 **53A-21-101.5. Definitions.**

39 As used in this chapter:

40 (1) "ADM" or "pupil in average daily membership" is as defined in Section
41 53A-17a-103.

42 (2) "Base tax effort rate" means the average of:

43 (a) the highest combined capital levy rate; and

44 (b) the average combined capital levy rate for the school districts statewide.

45 [~~2~~] (3) "Combined capital levy rate" means a rate that includes the sum of the
46 following property tax levies:

47 (a) the capital outlay levy authorized in Section 53A-16-107;

48 (b) the portion of the 10% of basic levy described in Section 53A-17a-145 that is
49 budgeted for debt service or capital outlay;

50 (c) the debt service levy authorized in Section 11-14-310; and

51 (d) the voted capital outlay leeway authorized in Section 53A-16-110.

52 [~~3~~] (4) "Derived net taxable value" means the quotient of:

53 (a) the total [~~current~~] property tax collections from April 1 through the following
54 March 31 for a school district for the calendar year preceding the March 31 date; divided by

55 (b) the school district's total tax rate for the calendar year preceding the March 31
56 referenced in Subsection [~~3~~] (4)(a).

57 [~~4~~] (5) "Highest combined capital levy rate" means the highest combined capital levy
58 rate imposed by [~~any~~] a school district within the state for a fiscal year.

59 ~~[(5)]~~ (6) "Property tax base per ADM" means the quotient of:

60 (a) a school district's derived net taxable value; divided by

61 (b) the school district's ADM ~~[for the same year]~~.

62 ~~[(6)]~~ (7) "Property tax yield per ADM" means:

63 (a) the product of:

64 (i) a school district's derived net taxable value; and

65 (ii) ~~[the highest combined capital levy rate for the fiscal year of the March 31~~

66 ~~referenced in Subsection (3)(a)]~~ the base tax effort rate; divided by

67 (b) the school district's ADM ~~[for the same fiscal year]~~.

68 ~~[(7)]~~ (8) "Statewide average property tax base per ADM" means the quotient of:

69 (a) the sum of all school districts' derived net taxable value; divided by

70 (b) the sum of all school districts' ADM ~~[statewide for the same year]~~.

71 Section 2. Section **53A-21-201** is amended to read:

72 **53A-21-201. Capital Outlay Foundation Program -- Creation -- Definitions.**

73 (1) There is created the Capital Outlay Foundation Program to provide capital outlay
74 funding to a school district based on a district's local property tax effort and property tax yield
75 per student compared to a foundation guarantee funding level.

76 (2) As used in this part:

77 (a) "Foundation guarantee level per ADM" means a minimum revenue amount per
78 ADM generated by the ~~[highest combined capital levy]~~ base tax effort rate, including the
79 following:

80 (i) the revenue generated locally from a school district's combined capital levy rate; and

81 (ii) the revenue allocated to a school district by the State Board of Education in
82 accordance with Section 53A-21-202.

83 (b) "Qualifying school district" means a school district with a property tax yield per
84 ADM less than the foundation guarantee level per ADM.

85 (3) "Small school district" means a school district that has fewer than 1,000 pupils in
86 average daily membership.

87 Section 3. Section **53A-21-202** is amended to read:

88 **53A-21-202. Capital Outlay Foundation Program -- Distribution formulas --**
89 **Allocations.**

90 (1) ~~(a) [For fiscal years beginning on or after July 1, 2008, the]~~ The State Board of
 91 Education shall determine the foundation guarantee level per ADM that fully allocates the
 92 funds appropriated to the State Board of Education for distribution under this section.

93 (b) In determining the foundation guarantee level per ADM and a school district's
 94 allocation of funds under this part, the State Board of Education shall use data from the fiscal
 95 year that is two years prior to the fiscal year the school district receives the allocation,
 96 including the:

97 (i) number of pupils in average daily membership;

98 (ii) tax rates; and

99 (iii) derived net taxable value.

100 (2) By June 1, a county treasurer shall report to the State Board of Education the actual
 101 collections of property taxes in the school districts located within the county treasurer's county
 102 for the period beginning April 1 through the following March 31 immediately preceding that
 103 June 1.

104 (3) If a qualifying school district imposes ~~[the highest]~~ a combined capital levy rate ~~[in~~
 105 ~~the prior year]~~ that is greater than or equal to the base tax effort rate, the State Board of
 106 Education shall allocate to the qualifying school district an amount equal to the product of the
 107 following:

108 (a) the qualifying school district's ~~[prior year]~~ ADM; and

109 (b) an amount equal to the difference between the following:

110 (i) the foundation guarantee level per ADM ~~[for that fiscal year]~~, as determined in
 111 accordance with Subsection (1); and

112 (ii) the qualifying school district's ~~[prior year]~~ property tax yield per ADM.

113 (4) If a qualifying school district imposes a ~~[prior year]~~ combined capital levy rate less
 114 than the ~~[highest combined capital levy]~~ base tax effort rate, the State Board of Education shall
 115 allocate to the qualifying school district an amount equal to the product of the following:

116 (a) the qualifying school district's ~~[prior year]~~ ADM;

117 (b) an amount equal to the difference between the following:

118 (i) the foundation guarantee level per ADM ~~[for that fiscal year, as determined in~~
 119 ~~accordance with Subsection (1)]~~; and

120 (ii) the qualifying school district's ~~[prior year]~~ property tax yield per ADM; and

- 121 (c) a percentage equal to:
- 122 (i) the qualifying school district's [~~prior year~~] combined capital levy rate; divided by
- 123 (ii) the [~~highest combined capital levy~~] base tax effort rate.
- 124 (5) (a) The State Board of Education shall allocate:
- 125 (i) a minimum of \$200,000 to each small school district with a property tax base per
- 126 ADM less than or equal to the statewide average property tax base per ADM;
- 127 (ii) a minimum of \$100,000 to each small school district with a property tax base per
- 128 ADM that is:
- 129 (A) greater than the statewide average property tax base per ADM; and
- 130 (B) less than or equal to two times the statewide average property tax base per ADM;
- 131 and
- 132 (iii) a minimum of \$50,000 to each small school district with a property tax base per
- 133 ADM that is:
- 134 (A) greater than two times the statewide average property tax base per ADM; and
- 135 (B) less than or equal to five times the statewide average property tax base per ADM.
- 136 (b) The State Board of Education shall incorporate the minimum allocations described
- 137 in Subsection (5)(a) in its calculation of the foundation guarantee level per ADM determined in
- 138 accordance with Subsection (1).
- 139 Section 4. Section **53A-21-301** is amended to read:
- 140 **53A-21-301. Capital Outlay Enrollment Growth Program -- Definitions.**
- 141 (1) There is created the Capital Outlay Enrollment Growth Program to provide capital
- 142 outlay funding to school districts experiencing net enrollment increases.
- 143 (2) As used in this part:
- 144 (a) "Average annual net enrollment increase" means the quotient of:
- 145 (i) (A) enrollment in the [~~current~~] prior fiscal year, based on October 1 enrollment
- 146 counts; minus
- 147 (B) enrollment in the year [~~three~~] four years prior, based on October 1 enrollment
- 148 counts; divided by
- 149 (ii) three.
- 150 (b) "Eligible district" or "eligible school district" means a school district that:
- 151 (i) has an average annual net enrollment increase; and

152 (ii) has a [~~prior year~~] property tax base per [~~student~~] ADM in the year two years prior
153 that is less than two times the [~~prior year~~] statewide average property tax base per [~~student~~]
154 ADM in the year two years prior.

155 Section 5. **Effective date.**

156 This bill takes effect on July 1, 2010.

Legislative Review Note
as of 1-5-10 1:52 PM

Office of Legislative Research and General Counsel

H.B. 117 - Public Education Capital Outlay Act

Fiscal Note

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 changes the distribution formula for the Capital Outlay Foundation Program and the Capital Outlay Enrollment Growth Program. School districts may see an increase, or decrease, in state funds received through the program depending on their qualification under the new formula compared to the formula currently in statute.
