

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: _____

LONG TITLE

General Description:

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

Highlighted Provisions:

This bill:

- ▶ allows a local school board to use revenue collected from certain property tax levies for maintenance and operations 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:

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



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

Section 1. Section **53A-16-107** is amended to read:

53A-16-107. Capital outlay levy -- Maintenance of school facilities -- Authority to use proceeds of .0002 tax rate -- Restrictions and procedure -- Limited authority to use proceeds for general fund purposes -- Notification required when using proceeds for general fund purposes.

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

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

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

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

- (i) maintain the same level of expenditure for maintenance in the current year as it did in the preceding year, plus the annual average percentage increase applied to the maintenance and operation budget for the current year; and
- (ii) identify the expenditure of capital outlay funds for maintenance by a district project number to ensure that the funds are expended in the manner intended.

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

(3) Beginning January 1, 2009, in order to qualify for receipt of the state contribution toward the minimum school program described in Section 53A-17a-104, a local school board in a county of the first class shall impose a capital outlay levy of at least .0006 per dollar of taxable value.

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

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

61 (5) (a) Notwithstanding Subsections (1)(a), (b), and (c) and subject to Subsection
62 (5)(b), for fiscal years 2010-11 and 2011-12, a local school board may use the proceeds of the
63 local school board's capital outlay levy for general fund purposes if the proceeds are not
64 committed or dedicated to pay debt service or bond payments.

65 (b) If a local school board uses the proceeds described in Subsection (5)(a) for general
66 fund purposes the local school board shall:

67 (i) include the amount of the proceeds as general fund proceeds for purposes of
68 itemizing tax information as required in Section 59-2-919.1; and

69 (ii) notify property owners at a budget hearing required in Section 53A-19-102 of the
70 amount of proceeds described in Subsection (5)(a) that the local school board will use for
71 general fund purposes.

Fiscal Note**H.B. 295 1st Sub. (Buff) - 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.
