

1 **FINANCE AMENDMENTS FOR FINANCIALLY DISTRESSED**
2 **SCHOOL DISTRICTS**
3 2010 GENERAL SESSION
4 STATE OF UTAH

5 **Chief Sponsor: Christine F. Watkins**

6 Senate Sponsor: _____

8 **LONG TITLE**

9 **General Description:**

10 This bill amends provisions relating to certain uses of school district property tax
11 revenue.

12 **Highlighted Provisions:**

13 This bill:

- 14 ▶ allows a financially distressed school district to use revenue collected from the
- 15 school district's capital outlay levy for general fund purposes for three years; and
- 16 ▶ makes technical changes.

17 **Monies Appropriated in this Bill:**

18 None

19 **Other Special Clauses:**

20 None

21 **Utah Code Sections Affected:**

22 AMENDS:

23 **53A-16-107**, as last amended by Laws of Utah 2008, Chapter 236

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

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

27 **53A-16-107. Capital outlay levy -- Maintenance of school facilities -- Authority to**



28 **use proceeds of .0002 tax rate -- Restrictions and procedure -- Limited authority to use**
29 **proceeds for general fund purposes.**

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

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

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

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

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

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

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

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

51 (4) (a) 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 (3) to school
53 districts within the county in accordance with Section 53A-16-107.1.

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

58 (5) (a) Notwithstanding Subsection (1), for fiscal years 2010-11, 2011-12, and

59 2012-13, a local school board of a financially distressed school district may use the proceeds of
60 the local school board's capital outlay levy for general fund purposes.

61 (b) The State Board of Education shall develop standards for defining a financially
62 distressed school district under this section in accordance with Title 63G, Chapter 3, Utah
63 Administrative Rulemaking Act.

Legislative Review Note
as of **2-25-10 6:30 PM**

Office of Legislative Research and General Counsel

H.B. 354 - Finance Amendments for Financially Distressed School Districts

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 may result in more flexibility for local school districts in the use of property tax funds.
