

CAPITAL OUTLAY FUNDING MODIFICATIONS

2011 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Christine F. Watkins

Senate Sponsor: Ralph Okerlund

LONG TITLE

General Description:

This bill expands the permitted uses of proceeds from a capital outlay levy imposed by a local school board.

Highlighted Provisions:

This bill:

- ▶ allows a local school board of a school district with an enrollment of fewer than 2,500 students to use the proceeds of a capital outlay levy for certain maintenance and operations functions, in addition to capital outlay or debt service; and
- ▶ makes technical amendments.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

53A-16-107, as last amended by Laws of Utah 2010, Chapters 3, 135, and 160

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 -- Authority to use proceeds of .0002 tax rate for



28 **maintenance of school facilities -- Restrictions and procedure -- Limited authority to use**
29 **proceeds for general fund purposes -- Notification required when using proceeds for**
30 **general fund purposes -- Authority for small school districts to use levy proceeds for**
31 **operation and maintenance of plant services.**

32 (1) Subject to Subsection (3) and except as provided in [~~Subsection (5)~~] Subsections
33 (2), (5), and (6), a local school board may annually impose a capital outlay levy not to exceed
34 .0024 per dollar of taxable value to be used for:

35 (a) capital outlay; or

36 (b) debt service[~~, and~~].

37 [~~(c) subject to Subsection (2), school facility maintenance.~~]

38 (2) (a) A local school board with an enrollment of 2,500 students or more may utilize
39 the proceeds of a maximum of .0002 per dollar of taxable value of the local school board's
40 annual capital outlay levy for the maintenance of school facilities in the school district.

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

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

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

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

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

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

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

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

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

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

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

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

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

74 (ii) 2500 Support Services - Central Services.

75 (d) A local school board may not use the proceeds from a distribution described in
 76 Section 53A-16-107.1 for general fund purposes.

77 (6) ~~H→~~ (a) ~~←H~~ In addition to the uses described in Subsection (1), a local school board
 77a of a school
 78 district with an enrollment of fewer than 2,500 students, may use the proceeds of the local
 79 school board's capital outlay levy ~~H→~~ , in fiscal years 2011-12, 2012-13, and 2013-14, ~~←H~~ for
 79a expenditures made within the accounting function
 80 classification ~~H→~~ [;] ~~←H~~ 2600 ~~H→~~ , ~~←H~~ Operation and Maintenance of Plant Services,
 80a of the Financial Accounting
 81 for Local and State School Systems guidelines developed by the National Center for Education
 82 Statistics, excluding expenditures for mobile phone service and vehicle operation and
 83 maintenance.

83a **~~H→~~ (b) If a local school board of a school district with an enrollment of fewer than 2,500**
 83b **students uses the proceeds of a capital outlay levy for the operation and maintenance of plant**
 83c **services as described in Subsection (6)(a), the local school board shall notify the public of the**
 83d **local school board's use of the capital outlay levy proceeds for operation and maintenance of**
 83e **plant services:**

83f **(i) prior to the board's budget hearing in accordance with the notification**

83g **requirements described in Section 53A-19-102; and**

83h **(ii) at a budget hearing required in Section 53A-19-102.** ←H

Legislative Review Note
as of 1-28-11 5:32 PM

Office of Legislative Research and General Counsel

FISCAL NOTE

H.B. 98

SHORT TITLE: **Capital Outlay Funding Modifications**

SPONSOR: **Watkins, C.**

2011 GENERAL SESSION, STATE OF UTAH

STATE GOVERNMENT (UCA 36-12-13(2)(b))

Enactment of this bill likely will not materially impact the state budget.

LOCAL GOVERNMENTS (UCA 36-12-13(2)(c))

Enactment of this bill will allow some school districts to redirect revenues from their capital outlay property tax levies to certain maintenance and operations functions as outlined in the bill.

DIRECT EXPENDITURES BY UTAH RESIDENTS AND BUSINESSES (UCA 36-12-13(2)(d))

Enactment of this bill likely will not result in direct, measurable expenditures by Utah residents or businesses.