

**CAPITAL OUTLAY FUNDING MODIFICATIONS**

2011 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Christine F. Watkins**

Senate Sponsor: Ralph Okerlund

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**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

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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 -- 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) In addition to the uses described in Subsection (1), a local school board 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 for expenditures made within the accounting function  
80 classification, 2600 Operation and Maintenance of Plant Services, 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.

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**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.