

Representative Christine F. Watkins proposes the following substitute bill:

CAPITAL OUTLAY FUNDING MODIFICATIONS

2011 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Christine F. Watkins

Senate Sponsor: _____

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 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

59-2-924.3, as last amended by Laws of Utah 2009, Chapter 204

63I-1-253, as last amended by Laws of Utah 2010, Chapters 79, 160, and 319



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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 -- Notification required when using proceeds for General Fund purposes.

(1) Subject to Subsection ~~[(3)]~~ (2) and except as provided in Subsection ~~[(5)]~~ (4), 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~~ or

(c) ~~[subject to Subsection (2), school facility maintenance.]~~ expenditures made within the accounting function classification 2600, Operation and Maintenance of Plant Services, of the Financial Accounting for Local and State Systems guidelines developed by the National Center for Education Statistics, excluding expenditures for mobile phone service and vehicle operation and 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)]~~ (2) Beginning January 1, 2009, in order to qualify for receipt of the state contribution toward the minimum school program, 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)]~~ (3) (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)]~~ (2) to

57 school districts within the county in accordance with Section 53A-16-107.1.

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

62 [~~5~~] (4) (a) Notwithstanding Subsections (1)(a), (b), and (c) and subject to
63 Subsections [~~5~~] (4)(b), (c), and (d), for fiscal years 2010-11 and 2011-12, a local school board
64 may use the proceeds of the local school board's capital outlay levy for general fund purposes if
65 the proceeds are not committed or dedicated to pay debt service or bond payments.

66 (b) If a local school board uses the proceeds described in Subsection [~~5~~] (4)(a) for
67 general fund purposes, the local school board shall notify the public of the local school board's
68 use of the capital outlay levy proceeds for general fund purposes:

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

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

72 (c) A local school board may not use the proceeds described in Subsection [~~5~~] (4)(a)
73 to fund the following accounting function classifications as provided in the Financial
74 Accounting for Local and State School Systems guidelines developed by the National Center
75 for Education Statistics:

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

77 (ii) 2500 Support Services - Central Services.

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

80 Section 2. Section **59-2-924.3** is amended to read:

81 **59-2-924.3. Adjustment of the calculation of the certified tax rate for a school**
82 **district imposing a capital outlay levy in a county of the first class.**

83 (1) As used in this section:

84 (a) "Capital outlay increment" means the amount of revenue equal to the difference
85 between:

86 (i) the amount of revenue generated by a levy of .0006 per dollar of taxable value
87 within a school district during a fiscal year; and

88 (ii) the amount of revenue the school district received during the same fiscal year from
89 the distribution described in Subsection 53A-16-107.1(1).

90 (b) "Contributing school district" means a school district in a county of the first class
91 that in a fiscal year receives less revenue from the distribution described in Subsection
92 53A-16-107.1(1) than it would have received during the same fiscal year from a levy imposed
93 within the school district of .0006 per dollar of taxable value.

94 (c) "Receiving school district" means a school district in a county of the first class that
95 in a fiscal year receives more revenue from the distribution described in Subsection
96 53A-16-107.1(1) than it would have received during the same fiscal year from a levy imposed
97 within the school district of .0006 per dollar of taxable value.

98 (2) For fiscal year 2009-10, a receiving school district shall decrease its capital outlay
99 certified tax rate under Subsection 59-2-924(3)(g)(ii) by an amount required to offset the
100 receiving school district's estimated capital outlay increment for the current fiscal year.

101 (3) Beginning with fiscal year 2010-11, a receiving school district shall decrease its
102 capital outlay certified tax rate under Subsection 59-2-924(3)(g)(ii) by the amount required to
103 offset the receiving school district's capital outlay increment for the prior fiscal year.

104 (4) For fiscal year 2009-10, a contributing school district is exempt from the notice and
105 public hearing provisions of Section 59-2-919 for the school district's capital outlay levy
106 certified tax rate calculated pursuant to Subsection 59-2-924(3)(g)(ii) if:

107 (a) the contributing school district budgets an increased amount of ad valorem property
108 tax revenue exclusive of new growth as defined in Subsection 59-2-924(4) for the capital
109 outlay levy described in Section 53A-16-107; and

110 (b) the increased amount of ad valorem property tax revenue described in Subsection
111 (4)(a) is less than or equal to that contributing school district's estimated capital outlay
112 increment for the current fiscal year.

113 (5) Beginning with fiscal year 2010-11, a contributing school district is exempt from
114 the notice and public hearing provisions of Section 59-2-919 for the school district's capital
115 outlay levy certified tax rate calculated pursuant to Subsection 59-2-924(3)(g)(ii) if:

116 (a) the contributing school district budgets an increased amount of ad valorem property
117 tax revenue exclusive of new growth as defined in Subsection 59-2-924(4) for the capital
118 outlay levy described in Section 53A-16-107; and

119 (b) the increased amount of ad valorem property tax revenue described in Subsection
120 (5)(a) is less than or equal to that contributing school district's capital outlay increment for the
121 prior year.

122 (6) Beginning with fiscal year 2011-12, a contributing school district is exempt from
123 the notice and public hearing provisions of Section 59-2-919 for the school district's capital
124 outlay levy certified tax rate calculated pursuant to Subsection 59-2-924(3)(g)(ii) if:

125 (a) the contributing school district budgets an increased amount of ad valorem property
126 tax revenue exclusive of new growth as defined in Subsection 59-2-924(4) for the capital
127 outlay levy described in Section 53A-16-107; and

128 (b) the increased amount of ad valorem property tax revenue described in Subsection
129 (6)(a) is less than or equal to the difference between:

130 (i) the amount of revenue generated by a levy of .0006 per dollar of taxable value
131 imposed within the contributing school district during the current taxable year; and

132 (ii) the amount of revenue generated by a levy of .0006 per dollar of taxable value
133 imposed within the contributing school district during the prior taxable year.

134 (7) Regardless of the amount a school district receives from the revenue collected from
135 the .0006 portion of the capital outlay levy required in Subsection 53A-16-107[~~(3)~~](2), the
136 revenue generated within the school district from the .0006 portion of the capital outlay levy
137 required in Subsection 53A-16-107[~~(3)~~](2) shall be considered to be budgeted ad valorem
138 property tax revenues of the school district that levies the .0006 portion of the capital outlay
139 levy for purposes of calculating the school district's certified tax rate in accordance with
140 Subsection 59-2-924(3)(g)(ii).

141 Section 3. Section **63I-1-253** is amended to read:

142 **63I-1-253. Repeal dates, Titles 53, 53A, and 53B.**

143 The following provisions are repealed on the following dates:

144 (1) Section 53-3-232, Conditional licenses, is repealed July 1, 2015.

145 (2) Title 53A, Chapter 1a, Part 6, Public Education Job Enhancement Program is
146 repealed July 1, 2020.

147 (3) Title 53A, Chapter 1a, Part 9, Voluntary Extended-day Kindergarten Program, is
148 repealed July 1, 2011.

149 (4) Section 53A-2-118.3 is repealed December 31, 2016.

150 (5) The State Instructional Materials Commission, created in Section 53A-14-101, is
151 repealed July 1, 2011.

152 (6) Subsections 53A-16-107[~~(3) and (4)~~] (2) and (3) are repealed December 31, 2016.

153 (7) Section 53A-16-107.1 is repealed December 31, 2016.

154 (8) Section 53A-17a-163, Performance-based Compensation Pilot Program is repealed
155 July 1, 2011.

156 (9) Subsection 53C-3-203(5), which provides for the distribution of money from the
157 Land Exchange Distribution Account to the Geological Survey for test wells, other hydrologic
158 studies, and air quality monitoring in the West Desert, is repealed July 1, 2020.