

SCHOOL DISTRICT DIVISION AMENDMENTS

2011 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Kenneth W. Sumsion

Senate Sponsor: Margaret Dayton

LONG TITLE

General Description:

This bill modifies requirements for the imposition of property taxes in a new and remaining school district after a school district split.

Highlighted Provisions:

This bill:

- ▶ requires a new district and remaining district to continue to impose for five years certain property tax levies that were imposed by the divided school district if the property tax base per student of the new district is greater than the property tax base per student of the remaining district;
- ▶ provides for the distribution of the property tax revenues;
- ▶ repeals a requirement to impose a .0006 capital outlay levy on a school district that splits in a county of the second through sixth class; and
- ▶ makes technical amendments.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

53A-2-117, as last amended by Laws of Utah 2008, Chapters 92 and 236



28 53A-16-107, as last amended by Laws of Utah 2010, Chapters 3, 135, and 160

29 63I-1-253, as last amended by Laws of Utah 2010, Chapters 79, 160, and 319

30 63I-1-259, as last amended by Laws of Utah 2010, Chapters 160 and 319

31 ENACTS:

32 53A-2-118.4, Utah Code Annotated 1953

33 REPEALS:

34 53A-2-118.3, as last amended by Laws of Utah 2010, Chapter 3

35 59-2-924.4, as last amended by Laws of Utah 2009, Chapter 204



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

38 Section 1. Section 53A-2-117 is amended to read:

39 **53A-2-117. Definitions.**

40 As used in Sections 53A-2-117 through [~~53A-2-121~~] 53A-2-122, except Section

41 53A-2-118.4:

42 (1) "Allocation date" means:

43 (a) June 30 of the second calendar year after the creation election date; or

44 (b) another date that the transition teams under Section 53A-1-118.1 mutually agree to.

45 (2) "Canvass date" means the date of the canvass of an election under Subsection

46 53A-2-118(5) at which voters approve the creation of a new school district under Section

47 53A-2-118.1.

48 (3) "Creation election date" means the date of the election under Subsection

49 53A-2-118(5) at which voters approve the creation of a new school district under Section

50 53A-2-118.1.

51 (4) "Divided school district, "existing district," or "existing school district" means a

52 school district from which a new district is created.

53 (5) "New district" or "new school district" means a school district created under

54 Section 53A-2-118 or 53A-2-118.1.

55 (6) "Remaining district" or "remaining school district" means an existing district after

56 the creation of a new district.

57 Section 2. Section 53A-2-118.4 is enacted to read:

58 **53A-2-118.4. Property tax levies in new district and remaining district --**

59 **Distribution of property tax revenue.**

60 (1) As used in this section:

61 (a) "Divided school district" or "existing district" means a school district from which a
62 new district is created.

63 (b) "New district" means a school district created under Section 53A-2-118.1 after May
64 10, 2011.

65 (c) "Property tax levy" means a property tax levy that a school district is authorized to
66 impose, except:

67 (i) the minimum basic rate imposed under Section 53A-17a-135;

68 (ii) a debt service levy imposed under Section 11-14-310; or

69 (iii) a judgment levy imposed under Section 53A-16-111 or 59-2-1330.

70 (d) "Property tax base per student" means the quotient of:

71 (i) the assessed valuation of property within the boundaries of a new district or
72 remaining district in the taxable year prior to the qualifying taxable year; divided by

73 (ii) the number of students enrolled in schools located within the boundaries of a new
74 district or remaining district on October 1 of the taxable year prior to the qualifying taxable
75 year.

76 (e) "Qualifying taxable year" means the calendar year in which a new district begins to
77 provide educational services.

78 (f) "Remaining district" means an existing district after the creation of a new district.

79 (2) (a) If the property tax base per student of a new district is greater than the property
80 tax base per student of a remaining district, the new district and remaining district shall, for a
81 period of five consecutive years beginning in the qualifying taxable year, continue to impose
82 property tax levies that were imposed by the divided school district in the taxable year prior to
83 the qualifying taxable year.

84 (b) Notwithstanding Subsection (2)(a), a new district and remaining district may not
85 continue to impose a voted capital levy under Section 53A-16-110 beyond the date authorized
86 by the divided school district's voters.

87 (3) Except as provided in Subsection (6), a property tax levy that a new district and
88 remaining district are required to impose under Subsection (2) shall be set at a rate that:

89 (a) is uniform in the new district and remaining district; and

90 (b) generates the same amount of revenue that was generated by the property tax levy
91 within the divided school district in the taxable year prior to the qualifying taxable year.

92 (4) (a) Except as provided in Subsection (4)(b), the county treasurer of the county in
93 which a property tax levy is imposed under Subsection (2) shall distribute revenues generated
94 by the property tax levy to the new district and remaining district in proportion to the
95 percentage of the divided school district's enrollment on the October 1 prior to the new district
96 commencing educational services that were enrolled in schools currently located in the new
97 district or remaining district.

98 (b) The county treasurer of a county of the first class shall distribute revenues
99 generated by a capital outlay levy of .0006 that a school district in a county of the first class is
100 required to impose under Section 53A-16-107 in accordance with the distribution method
101 specified in Section 53A-16-107.1.

102 (5) On or before March 31, a county treasurer shall distribute revenues generated by a
103 property tax levy imposed under Subsection (2) in the prior calendar year to a new district and
104 remaining district as provided in Subsection (4).

105 (6) (a) Subject to the notice and public hearing requirements of Section 59-2-919, a
106 new district or remaining district may set a property tax rate higher than the rate required by
107 Subsection (3), up to:

108 (i) the maximum rate, if any, allowed by law; or

109 (ii) the maximum rate authorized by voters for a voted leeway under Section
110 53A-17a-133 or a voted capital levy under Section 53A-16-110.

111 (b) The revenues generated by the portion of a property tax rate in excess of the rate
112 required by Subsection (3) shall be retained by the district that imposes the higher rate.

113 Section 3. Section **53A-16-107** is amended to read:

114 **53A-16-107. Capital outlay levy -- Maintenance of school facilities -- Authority to**
115 **use proceeds of .0002 tax rate -- Restrictions and procedure -- Limited authority to use**
116 **proceeds for general fund purposes -- Notification required when using proceeds for**
117 **general fund purposes.**

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

- 121 (a) capital outlay;
- 122 (b) debt service; and
- 123 (c) subject to Subsection (2), school facility maintenance.
- 124 (2) (a) A local school board may utilize the proceeds of a maximum of .0002 per dollar
- 125 of taxable value of the local school board's annual capital outlay levy for the maintenance of
- 126 school facilities in the school district.
- 127 (b) A local school board that uses the option provided under Subsection (2)(a) shall:
- 128 (i) maintain the same level of expenditure for maintenance in the current year as it did
- 129 in the preceding year, plus the annual average percentage increase applied to the maintenance
- 130 and operation budget for the current year; and
- 131 (ii) identify the expenditure of capital outlay funds for maintenance by a district project
- 132 number to ensure that the funds are expended in the manner intended.
- 133 (c) The State Board of Education shall establish by rule the expenditure classification
- 134 for maintenance under this program using a standard classification system.
- 135 (3) Beginning January 1, 2009, in order to qualify for receipt of the state contribution
- 136 toward the minimum school program, a local school board in a county of the first class shall
- 137 impose a capital outlay levy of at least .0006 per dollar of taxable value.
- 138 (4) (a) The county treasurer of a county of the first class shall distribute revenues
- 139 generated by the .0006 portion of the capital outlay levy required in Subsection (3) to school
- 140 districts within the county in accordance with Section 53A-16-107.1.
- 141 (b) (i) [Hf] Except as provided in Subsection (4)(b)(ii), if a school district in a county of
- 142 the first class imposes a capital outlay levy pursuant to this section which exceeds .0006 per
- 143 dollar of taxable value, the county treasurer of a county of the first class shall distribute
- 144 revenues generated by the portion of the capital outlay levy which exceeds .0006 to the school
- 145 district imposing the levy.
- 146 (ii) If a new district and a remaining district are required to impose property tax levies
- 147 pursuant to Subsection 53A-2-118.4(2), the county treasurer shall distribute revenues of the
- 148 new district or remaining district generated by the portion of a capital outlay levy that exceeds
- 149 .0006 in accordance with Section 53A-2-118.4.
- 150 (5) (a) Notwithstanding Subsections (1)(a), (b), and (c) and subject to Subsections
- 151 (5)(b), (c), and (d), for fiscal years 2010-11 and 2011-12, a local school board may use the

152 proceeds of the local school board's capital outlay levy for general fund purposes if the
153 proceeds are not committed or dedicated to pay debt service or bond payments.

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

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

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

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

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

165 (ii) 2500 Support Services - Central Services.

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

168 Section 4. Section **63I-1-253** is amended to read:

169 **63I-1-253. Repeal dates, Titles 53, 53A, and 53B.**

170 The following provisions are repealed on the following dates:

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

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

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

176 [~~(4) Section 53A-2-118.3 is repealed December 31, 2016.~~]

177 [~~(5)~~] (4) The State Instructional Materials Commission, created in Section 53A-14-101,
178 is repealed July 1, 2011.

179 [~~(6)~~] (5) Subsections 53A-16-107(3) and (4) are repealed December 31, 2016.

180 [~~(7)~~] (6) Section 53A-16-107.1 is repealed December 31, 2016.

181 [~~(8)~~] (7) Section 53A-17a-163, Performance-based Compensation Pilot Program is
182 repealed July 1, 2011.

183 [(9)] (8) Subsection 53C-3-203(5), which provides for the distribution of money from
184 the Land Exchange Distribution Account to the Geological Survey for test wells, other
185 hydrologic studies, and air quality monitoring in the West Desert, is repealed July 1, 2020.

186 Section 5. Section **63I-1-259** is amended to read:

187 **63I-1-259. Repeal dates, Title 59.**

188 (1) Subsection 59-2-924(3)(g) is repealed on December 31, 2016.

189 (2) Section 59-2-924.3 is repealed on December 31, 2016.

190 [~~(3) Section 59-2-924.4 is repealed on December 31, 2016.~~]

191 [(4)] (3) Section 59-9-102.5 is repealed December 31, 2020.

192 Section 6. **Repealer.**

193 This bill repeals:

194 Section **53A-2-118.3, Imposition of the capital outlay levy in qualifying divided**
195 **school districts.**

196 Section **59-2-924.4, Adjustment of the calculation of the certified tax rate for**
197 **certain divided school districts.**

Legislative Review Note
as of 1-4-11 10:10 AM

Office of Legislative Research and General Counsel