

1 **DIVIDING OF SCHOOL DISTRICTS AMENDMENTS**

2 2012 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Kenneth W. Sumsion**

5 Senate Sponsor: Aaron Osmond

7 **LONG TITLE**

8 **General Description:**

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

11 **Highlighted Provisions:**

12 This bill:

13 ▶ requires a new district and remaining district to continue to impose for five years
14 certain property tax levies that were imposed by the divided school district,
15 irrespective of whether the property tax base of the new district is greater than or
16 less than the property tax base of the remaining district; and

17 ▶ makes technical amendments.

18 **Money Appropriated in this Bill:**

19 None

20 **Other Special Clauses:**

21 None

22 **Utah Code Sections Affected:**

23 AMENDS:

24 **53A-2-118.4**, as enacted by Laws of Utah 2011, Chapter 369

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

27 Section 1. Section **53A-2-118.4** is amended to read:



28 **53A-2-118.4. Property tax levies in new district and remaining district --**

29 **Distribution of property tax revenue.**

30 (1) As used in this section:

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

33 (b) "New district" means a school district created under Section 53A-2-118.1 after May
34 10, 2011.

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

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

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

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

40 [~~(d) "Property tax base per student" means the quotient of:~~]

41 [~~(i) the assessed valuation of property within the boundaries of a new district or
42 remaining district in the taxable year prior to the qualifying taxable year; divided by]~~

43 [~~(ii) the number of students enrolled in schools located within the boundaries of a new
44 district or remaining district on October 1 of the taxable year prior to the qualifying taxable
45 year.~~]

46 [~~(e)~~] (d) "Qualifying taxable year" means the calendar year in which a new district
47 begins to provide educational services.

48 [~~(f)~~] (e) "Remaining district" means an existing district after the creation of a new
49 district.

50 (2) [~~(a) If the property tax base per student of a new district is greater than the property
51 tax base per student of a remaining district, the] A new district and remaining district shall, for
52 a period of five consecutive years beginning in the qualifying taxable year, continue to impose
53 property tax levies that were imposed by the divided school district in the taxable year prior to
54 the qualifying taxable year.~~

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

58 (3) Except as provided in Subsection (6), a property tax levy that a new district and

59 remaining district are required to impose under Subsection (2) shall be set at a rate that:

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

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

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

69 (b) The county treasurer of a county of the first class shall distribute revenues
70 generated by a capital ~~outlay~~ local levy of .0006 that a school district in a county of the first
71 class is required to impose under Section ~~[53A-16-107]~~ 53A-16-113 in accordance with the
72 distribution method specified in Section ~~[53A-16-107.1]~~ 53A-16-114.

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

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

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

80 (ii) the maximum rate authorized by voters for a voted ~~[leeway]~~ local levy under
81 Section 53A-17a-133 ~~[or a voted capital levy under Section 53A-16-110]~~.

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

Legislative Review Note
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Office of Legislative Research and General Counsel