

SCHOOL PROPERTY TAX FUNDING

2013 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Aaron Osmond

House Sponsor: Daniel McCay

LONG TITLE

General Description:

This bill makes changes related to school property taxes and funding.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ sets the school minimum basic tax rate at a fixed rate;

▶ provides for certain notification and certification requirements related to the school minimum basic tax rate; ←

▶ repeals certain public notice requirements related to the school minimum basic tax rate;

▶ requires specified increases in the value of the weighted pupil unit as the minimum basic tax rate generates additional revenue for the basic program; ←

- ▶ amends a school board local levy;
- ▶ establishes certain public notice and hearing requirements if a school district imposes a local tax rate that does not offset the revenue increase from the fixed school minimum basic tax rate; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill has retrospective operation to January 1, 2013.

▶ This bill coordinates with S.B. 1, Public Education Base Budget, by providing superseding substantive amendments. ←

Utah Code Sections Affected:

AMENDS:

11-13-302, as last amended by Laws of Utah 2011, Chapter 371



- 28 **53A-16-113**, as enacted by Laws of Utah 2011, Chapter 371
- 29 **53A-17a-103**, as last amended by Laws of Utah 2011, Chapter 371
- 30 **53A-17a-135**, as last amended by Laws of Utah 2012, Chapters 4 and 421
- 31 **53A-17a-164**, as enacted by Laws of Utah 2011, Chapter 371
- 32 **59-2-102**, as last amended by Laws of Utah 2012, Chapter 240
- 33 **59-2-926**, as last amended by Laws of Utah 2009, Chapter 388
- 34 **63I-1-253**, as last amended by Laws of Utah 2012, Chapter 369

§→ Utah Code Sections Affected by Coordination Clause:

53A-17a-135, as last amended by Laws of Utah 2012, Chapters 4 and 421 ←§

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

Section 1. Section **11-13-302** is amended to read:

11-13-302. Payment of fee in lieu of ad valorem property tax by certain energy suppliers -- Method of calculating -- Collection -- Extent of tax lien.

(1) (a) Each project entity created under this chapter that owns a project and that sells any capacity, service, or other benefit from it to an energy supplier or suppliers whose tangible property is not exempted by Utah Constitution Article XIII, Section 3, from the payment of ad valorem property tax, shall pay an annual fee in lieu of ad valorem property tax as provided in this section to each taxing jurisdiction within which the project or any part of it is located.

(b) For purposes of this section, "annual fee" means the annual fee described in Subsection (1)(a) that is in lieu of ad valorem property tax.

(c) The requirement to pay an annual fee shall commence:

(i) with respect to each taxing jurisdiction that is a candidate receiving the benefit of impact alleviation payments under contracts or determination orders provided for in Sections 11-13-305 and 11-13-306, with the fiscal year of the candidate following the fiscal year of the candidate in which the date of commercial operation of the last generating unit, other than any generating unit providing additional project capacity, of the project occurs, or, in the case of any facilities providing additional project capacity, with the fiscal year of the candidate following the fiscal year of the candidate in which the date of commercial operation of the generating unit providing the additional project capacity occurs; and

(ii) with respect to any taxing jurisdiction other than a taxing jurisdiction described in Subsection (1)(c)(i), with the fiscal year of the taxing jurisdiction in which construction of the project commences, or, in the case of facilities providing additional project capacity, with the

245 Section 4. Section **53A-17a-135** is amended to read:

246 **53A-17a-135. Minimum basic tax rate -- Certified revenue levy.**

247 (1) As used in this section:

248 (a) "Adjusted certified tax rate for board-authorized discretionary local taxes" means a
 249 combined certified tax rate for the board-authorized discretionary local taxes for a year minus
 250 the basic levy increment rate for that year.

251 (b) "Basic levy increment rate" means the difference between the:

252 (i) minimum basic tax rate provided in Subsection (2); and

253 (ii) the certified revenue levy.

254 (c) "Board-authorized discretionary local taxes" means taxes imposed in accordance
 255 with Sections 53A-16-113 and 53A-17a-164.

256 (d) "Certified tax rate" is as defined in Section 59-2-924.

257 (e) "Fixed minimum basic tax rate" means a tax rate of 0.001691.

258 ~~[(+)]~~ (2) (a) In order to qualify for receipt of the state contribution toward the basic
 259 program and as its contribution toward its costs of the basic program, each school district shall
 260 impose a minimum basic tax rate per dollar of taxable value [that generates \$289,021,900 in
 261 revenues statewide] in accordance with this section.

262 ~~[(b) The preliminary estimate for the 2012-13 minimum basic tax rate is .001665.]~~

263 (b) Beginning on January 1, 2013, the minimum basic tax rate is the greater of:

264 (i) the certified revenue levy; or

265 (ii) the fixed minimum basic tax rate.

266 ~~[(c)]~~ (3) ~~§~~→ (a) On or before June 8, the State Tax Commission shall provide the State
 266a Board of Education and each school district with an initial estimate of:

266b (i) the minimum basic tax rate to be imposed under Subsection (2); and

266c (ii) the basic levy increment rate.

266d (b) ~~←~~§ The State Tax Commission shall certify on or before June 22 the [rate that
 267 generates \$289,021,900 in revenues statewide] minimum basic tax rate to be imposed under
 268 Subsection (2) ~~§~~→ and the basic levy increment rate ~~←~~§ .

269 ~~[(d) If the minimum basic tax rate exceeds the certified revenue levy as defined in~~
 270 ~~Section 53A-17a-103, the state is subject to the notice requirements of Section 59-2-926.]~~

271 ~~[(2)]~~ (4) (a) The state shall contribute to each district toward the cost of the basic
 272 program in the district that portion which exceeds the proceeds of the levy authorized under
 273 Subsection [(+)] (2).

274 (b) In accord with the state strategic plan for public education and to fulfill its
 275 responsibility for the development and implementation of that plan, the Legislature instructs

276 the State Board of Education, the governor, and the Office of Legislative Fiscal Analyst in each
277 of the coming five years to develop budgets that will fully fund student enrollment growth.

278 ~~[(3)]~~ (5) (a) If the proceeds of the levy authorized under Subsection ~~[(1)]~~ (2) equal or
279 exceed the cost of the basic program in a school district, no state contribution shall be made to
280 the basic program.

281 (b) The proceeds of the levy authorized under Subsection ~~[(1)]~~ (2) ~~[which]~~ that exceed
282 the cost of the basic program shall be paid into the Uniform School Fund as provided by law.

283 (6) The Legislature shall annually increase the \$ → [dollar amount appropriated for the basic
284 program] the value of the weighted pupil unit, except for the value of add-on weighted pupil
284a units for the special education program described in Section 53A-17a-111 and the career and
284b technical education program described in Section 53A-17a-113, ←\$ by an amount \$ → that
284c fully appropriates an amount ←\$ equal to any difference between:

285 (a) the amount of revenue generated statewide by the tax rate imposed in accordance
286 with Subsection (2); and

287 (b) the amount of revenue that would be generated statewide by a tax rate equal to the
288 certified revenue levy.

289 (7) \$ → [A] (a) Except as provided in Subsection (7)(b), a ←\$ school district is subject to
289a the notice and hearing requirements of Section
290 59-2-919 if the school district imposes a combined tax rate for board-authorized discretionary
291 local taxes that exceeds the adjusted certified tax rate for board-authorized discretionary local
292 taxes.

292a \$ → (b)(i) A school district that has not previously notified the commission under Subsection
292b (7)(b)(ii) is exempt from the notice and hearing requirements of Subsection (7)(a) if the school
292c district notifies the commission in accordance with Subsection (7)(b)(ii).

292d (ii) For purposes of Subsection (7)(b)(i), a school district shall notify the State Tax
292e Commission, in the form required by the State Tax Commission, no later than June 8 of the
292f year the school district elects to receive the exemption under Subsection (7)(b)(i). ←\$

293 Section 5. Section 53A-17a-164 is amended to read:

294 **53A-17a-164. Board local levy -- State guarantee.**

295 (1) As used in this section:

296 (a) "Property tax base per student" means a school district's total taxable property
297 values divided by the school district's student enrollment, based on the October enrollment
298 counts.

299 (b) "Statewide average property tax base per student" means the total statewide taxable
300 property value divided by total school district student enrollment, based on the October
301 enrollment counts.

302 ~~[(1)]~~ (2) Subject to the other requirements of this section and Subsection

679 sources (include all of the following provisions):

680 (a) \$_____ of the increase will come from (provide an explanation of the cause
681 of adjustment or increased revenues, such as reappraisals or factoring orders);

682 (b) \$_____ of the increase will come from natural increases in the value of the
683 tax base due to (explain cause of new growth, such as new building activity, annexation, etc.);

684 (c) a home valued at \$100,000 in the state of Utah, which, based on last year's [~~levy~~
685 ~~for the basic state-supported school program;~~] levy for the Property Tax Valuation Agency
686 Fund, [~~or both~~] paid \$_____ in property taxes would pay the following:

687 (i) \$_____ if the state of Utah did not budget an increase in property tax revenue
688 exclusive of new growth; and

689 (ii) \$_____ under the increased property tax revenues exclusive of new growth
690 budgeted by the state of Utah."

691 Section 8. Section **63I-1-253** is amended to read:

692 **63I-1-253. Repeal dates, Titles 53, 53A, and 53B.**

693 The following provisions are repealed on the following dates:

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

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

697 (3) The State Instructional Materials Commission, created in Section 53A-14-101, is
698 repealed July 1, 2016.

699 (4) Subsections 53A-16-113[~~(3)~~](2) and [~~(4)~~] (3) are repealed December 31, 2016.

700 (5) Section 53A-16-114 is repealed December 31, 2016.

701 (6) Section 53A-17a-163, Performance-based Compensation Pilot Program is repealed
702 July 1, 2016.

703 (7) Subsection 53C-3-203(4)(b)(vii), which provides for the distribution of money
704 from the Land Exchange Distribution Account to the Geological Survey for test wells, other
705 hydrologic studies, and air quality monitoring in the West Desert, is repealed July 1, 2020.

706 Section 9. **Retrospective operation.**

707 This bill has retrospective operation to January 1, 2013.

707a **§→ Section 10. Coordinating S.B. 81 with S.B. 1 -- Superseding substantive**
707b **amendments.**

707c **If this S.B. 81 and S.B. 1, Public Education Base Budget, both pass and become law,**
707d **the Legislature intends that the amendments to Section 53A-17a-135 in this S.B. 81 supersede**
707e **the amendments to Section 53A-17a-135 in S.B. 1, when the Office of Legislative Research and**
707f **General Counsel prepares the Utah Code database for publication. ←§**