

VOTED AND BOARD LEVY AMENDMENTS

2015 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Joel K. Briscoe

Senate Sponsor: _____

LONG TITLE

General Description:

This bill amends school district property tax provisions and funding for public schools.

Highlighted Provisions:

This bill:

- ▶ increases the amount of state guarantee money that a school district may receive from the voted local levy guarantee program by increasing the maximum rate the state will guarantee;
- ▶ increases the maximum rate that a school district may impose for the voted local levy;
- ▶ provides that all school districts are subject to the same property tax rate cap for the board local levy;
- ▶ creates the Income Tax Growth Account;
- ▶ requires a certain amount of the growth in the state's income tax collections to be deposited into the Income Tax Growth Account;
- ▶ subject to legislative appropriation, requires the State Board of Education to use money from the Income Tax Growth Account to fund the state's portion of the voted levy and board levy guarantee program; and
- ▶ makes technical amendments, including deleting outdated language.

Money Appropriated in this Bill:

None



28 **Other Special Clauses:**

29 This bill provides a special effective date.

30 **Utah Code Sections Affected:**

31 AMENDS:

32 **53A-17a-133**, as last amended by Laws of Utah 2014, Chapter 189

33 **53A-17a-164**, as last amended by Laws of Utah 2013, Chapters 178 and 313

34 ENACTS:

35 **53A-17a-133.1**, Utah Code Annotated 1953

36 **53A-17a-133.2**, Utah Code Annotated 1953



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

39 Section 1. Section **53A-17a-133** is amended to read:

40 **53A-17a-133. State-supported voted local levy authorized -- Election**
41 **requirements -- State guarantee -- Reconsideration of the program.**

42 (1) As used in this section, "voted and board local levy funding balance" means the
43 difference between:

44 (a) the amount appropriated for the voted and board local levy program in a fiscal year;
45 and

46 (b) the amount necessary to provide the state guarantee per weighted pupil unit as
47 determined under this section and Section **53A-17a-164** in the same fiscal year.

48 (2) An election to consider adoption or modification of a voted local levy is required if
49 initiative petitions signed by 10% of the number of electors who voted at the last preceding
50 general election are presented to the local school board or by action of the board.

51 (3) (a) (i) To impose a voted local levy, a majority of the electors of a district voting at
52 an election in the manner set forth in Subsections (9) and (10) must vote in favor of a special
53 tax.

54 (ii) The tax rate for a voted local levy may not exceed [~~.002~~] .0024 per dollar of taxable
55 value.

56 (b) Except as provided in Subsection (3)(c), in order to receive state support the first
57 year, a district must receive voter approval no later than December 1 of the year prior to
58 implementation.

59 (c) Beginning on or after January 1, 2012, a school district may receive state support in
60 accordance with Subsection (4) without complying with the requirements of Subsection (3)(b)
61 if the local school board imposed a tax in accordance with this section during the taxable year
62 beginning on January 1, 2011 and ending on December 31, 2011.

63 (4) (a) In addition to the revenue a school district collects from the imposition of a levy
64 pursuant to this section, the state shall contribute an amount equal to the sum of the following:

65 (i) an amount sufficient to guarantee \$27.36 per weighted pupil unit for each .0001 of
66 the first ~~[-.0016]~~ .002 per dollar of taxable value~~[-];~~ and

67 (ii) the amount of revenue appropriated for the voted levy guarantee program from the
68 Income Tax Growth Account created in Section [53A-17a-133.2](#).

69 (b) The same dollar amount guarantee per weighted pupil unit for the ~~[-.0016]~~ .002 per
70 dollar of taxable value under Subsection (4)(a)(i) shall apply to the portion of the board local
71 levy authorized in Section [53A-17a-164](#), so that the guarantee shall apply up to a total of ~~[-.002]~~
72 .0024 per dollar of taxable value if a school district levies a tax rate under both programs.

73 (c) (i) Beginning July 1, 2014, the \$27.36 guarantee under Subsections (4)(a)(i) and (b)
74 shall be indexed each year to the value of the weighted pupil unit for the grades 1 through 12
75 program by making the value of the guarantee equal to .00963 times the value of the prior
76 year's weighted pupil unit for the grades 1 through 12 program.

77 (ii) The guarantee shall increase by .0005 times the value of the prior year's weighted
78 pupil unit for the grades 1 through 12 program for each succeeding year subject to the
79 Legislature appropriating funds for an increase in the guarantee.

80 (d) (i) The amount of state guarantee money to which a school district would otherwise
81 be entitled to receive under this Subsection (4) may not be reduced for the sole reason that the
82 district's levy is reduced as a consequence of changes in the certified tax rate under Section
83 [59-2-924](#) pursuant to changes in property valuation.

84 (ii) Subsection (4)(d)(i) applies for a period of five years following any such change in
85 the certified tax rate.

86 (e) The guarantee provided under this section does not apply to the portion of a voted
87 local levy rate that exceeds the voted local levy rate that was in effect for the previous fiscal
88 year, unless an increase in the voted local levy rate was authorized in an election conducted on
89 or after July 1 of the previous fiscal year and before December 2 of the previous fiscal year.

90 (f) The State Board of Education shall:

91 (i) use the funding received from the Income Tax Growth Account each year, as
92 described in Section 53A-17a-133.2, to increase the value of the state guarantee per weighted
93 pupil unit described in Subsection (4)(a)(i); and

94 (ii) distribute the state contribution to the voted and board local levy programs to
95 school districts based on the increased value of the state guarantee per weighted pupil unit
96 described in Subsection (4)(f)(i).

97 ~~[(f)]~~ (g) (i) If a voted and board local levy funding balance exists for the prior fiscal
98 year, the State Board of Education shall:

99 (A) use the voted and board local levy funding balance to increase the value of the state
100 guarantee per weighted pupil unit described in Subsection (4)~~[(e)]~~(f)(i) in the current fiscal
101 year; and

102 (B) distribute the state contribution to the voted and board local levy programs to
103 school districts based on the increased value of the state guarantee per weighted pupil unit
104 described in Subsection (4)~~[(f)]~~(g)(i)(A).

105 (ii) The State Board of Education shall report action taken under this Subsection
106 (4)~~[(f)]~~(g) to the Office of the Legislative Fiscal Analyst and the Governor's Office of Planning
107 and Budget.

108 (5) (a) An election to modify an existing voted local levy is not a reconsideration of the
109 existing authority unless the proposition submitted to the electors expressly so states.

110 (b) A majority vote opposing a modification does not deprive the district of authority to
111 continue the levy.

112 (c) If adoption of a voted local levy is contingent upon an offset reducing other local
113 school board levies, the board must allow the electors, in an election, to consider modifying or
114 discontinuing the imposition of the levy prior to a subsequent increase in other levies that
115 would increase the total local school board levy.

116 (d) Nothing contained in this section terminates, without an election, the authority of a
117 school district to continue imposing an existing voted local levy previously authorized by the
118 voters as a voted leeway program.

119 (6) Notwithstanding Section 59-2-919, a school district may budget an increased
120 amount of ad valorem property tax revenue derived from a voted local levy imposed under this

121 section in addition to revenue from new growth as defined in Subsection 59-2-924(4), without
122 having to comply with the notice requirements of Section 59-2-919, if:

123 (a) the voted local levy is approved:

124 (i) in accordance with Subsections (9) and (10) on or after January 1, 2003; and

125 (ii) within the four-year period immediately preceding the year in which the school
126 district seeks to budget an increased amount of ad valorem property tax revenue derived from
127 the voted local levy; and

128 (b) for a voted local levy approved or modified in accordance with this section on or
129 after January 1, 2009, the school district complies with the requirements of Subsection (8).

130 (7) Notwithstanding Section 59-2-919, a school district may levy a tax rate under this
131 section that exceeds the certified tax rate without having to comply with the notice
132 requirements of Section 59-2-919 if:

133 (a) the levy exceeds the certified tax rate as the result of a school district budgeting an
134 increased amount of ad valorem property tax revenue derived from a voted local levy imposed
135 under this section;

136 (b) the voted local levy was approved:

137 (i) in accordance with Subsections (9) and (10) on or after January 1, 2003; and

138 (ii) within the four-year period immediately preceding the year in which the school
139 district seeks to budget an increased amount of ad valorem property tax revenue derived from
140 the voted local levy; and

141 (c) for a voted local levy approved or modified in accordance with this section on or
142 after January 1, 2009, the school district complies with requirements of Subsection (8).

143 (8) For purposes of Subsection (6)(b) or (7)(c), the proposition submitted to the
144 electors regarding the adoption or modification of a voted local levy shall contain the following
145 statement:

146 "A vote in favor of this tax means that (name of the school district) may increase
147 revenue from this property tax without advertising the increase for the next five years."

148 (9) (a) Before imposing a property tax levy pursuant to this section, a school district
149 shall submit an opinion question to the school district's registered voters voting on the
150 imposition of the tax rate so that each registered voter has the opportunity to express the
151 registered voter's opinion on whether the tax rate should be imposed.

152 (b) The election required by this Subsection (9) shall be held:

153 (i) at a regular general election conducted in accordance with the procedures and
154 requirements of Title 20A, Election Code, governing regular elections;

155 (ii) at a municipal general election conducted in accordance with the procedures and
156 requirements of Section 20A-1-202; or

157 (iii) at a local special election conducted in accordance with the procedures and
158 requirements of Section 20A-1-203.

159 (c) Notwithstanding the requirements of Subsections (9)(a) and (b), beginning on or
160 after January 1, 2012, a school district may levy a tax rate in accordance with this section
161 without complying with the requirements of Subsections (9)(a) and (b) if the school district
162 imposed a tax in accordance with this section at any time during the taxable year beginning on
163 January 1, 2011, and ending on December 31, 2011.

164 (10) If a school district determines that a majority of the school district's registered
165 voters voting on the imposition of the tax rate have voted in favor of the imposition of the tax
166 rate in accordance with Subsection (9), the school district may impose the tax rate.

167 Section 2. Section 53A-17a-133.1 is enacted to read:

168 **53A-17a-133.1. Distribution of certain revenue for education.**

169 (1) For purposes of this section:

170 (a) "Eligible funds" means an amount equal to 30% of the increased collections from
171 the state's income tax.

172 (b) "Increased collections from the state's income tax" means an amount of money
173 equal to the difference between:

174 (i) the amount of revenue collected during the prior fiscal year from a tax under:

175 (A) Title 59, Chapter 7, Corporate Franchise and Income Taxes; and

176 (B) Title 59, Chapter 10, Individual Income Tax Act; and

177 (ii) the amount of revenue collected during the fiscal year beginning on July 1, 2013,
178 and ending on June 30, 2014, from a tax under:

179 (A) Title 59, Chapter 7, Corporate Franchise and Income Taxes; and

180 (B) Title 59, Chapter 10, Individual Income Tax Act.

181 (2) Beginning on January 1, 2016, if there are eligible funds, the commission shall
182 annually, on or before January 31 of each year, deposit the eligible funds into the Income Tax

183 Growth Account created in Section 53A-17a-133.2.

184 Section 3. Section **53A-17a-133.2** is enacted to read:

185 **53A-17a-133.2. Income Tax Growth Account.**

186 (1) For purposes of this section, "account" means the Income Tax Growth Account
187 created in Subsection (2).

188 (2) There is created within the Education Fund a restricted account known as the
189 "Income Tax Growth Account."

190 (3) The account shall be funded by amounts deposited into the account in accordance
191 with Section 53A-17a-133.1.

192 (4) The account shall earn interest.

193 (5) Interest earned on the account shall be deposited into the account.

194 (6) Upon appropriation by the Legislature, the State Board of Education shall use
195 money from the account to fund the state's portion of the voted levy guarantee and the board
196 levy guarantee as provided in Subsections 53A-17a-133(4) and 53A-17a-164(3).

197 Section 4. Section **53A-17a-164** is amended to read:

198 **53A-17a-164. Board local levy -- State guarantee.**

199 (1) Subject to the other requirements of this section, [~~for a calendar year beginning on~~
200 ~~or after January 1, 2012;~~] a local school board may levy a tax to fund the school district's
201 general fund.

202 [~~(2) (a) Except as provided in Subsection (2)(b), a tax rate imposed by a school district~~
203 ~~pursuant to this section may not exceed .0018 per dollar of taxable value in any calendar year.~~]

204 [(b)] (2) A tax rate imposed by a school district pursuant to this section may not exceed
205 .0025 per dollar of taxable value in any calendar year [if, during the calendar year beginning on
206 January 1, 2011, the school district's combined tax rate for the following levies was greater
207 than .0018 per dollar of taxable value:].

208 [(i) a recreation levy imposed under Section ~~11-2-7;~~]

209 [(ii) a transportation levy imposed under Section ~~53A-17a-127;~~]

210 [(iii) a board-authorized levy imposed under Section ~~53A-17a-134;~~]

211 [(iv) an impact aid levy imposed under Section ~~53A-17a-143;~~]

212 [(v) the portion of a 10% of basic levy imposed under Section ~~53A-17a-145~~ that is
213 budgeted for purposes other than capital outlay or debt service;]

214 [~~(vi) a reading levy imposed under Section 53A-17a-151; and]~~

215 [~~(vii) a tort liability levy imposed under Section 63G-7-704.]~~

216 (3) (a) In addition to the revenue a school district collects from the imposition of a levy
217 pursuant to this section, the state shall contribute an amount sufficient to guarantee that each
218 .0001 of the first .0004 per dollar of taxable value generates an amount equal to the state
219 guarantee per weighted pupil unit described in Subsection 53A-17a-133(4).

220 (b) (i) The amount of state guarantee money to which a school district would otherwise
221 be entitled to under this Subsection (3) may not be reduced for the sole reason that the district's
222 levy is reduced as a consequence of changes in the certified tax rate under Section 59-2-924
223 pursuant to changes in property valuation.

224 (ii) Subsection (3)(b)(i) applies for a period of five years following any changes in the
225 certified tax rate.

226 [~~(4) A school district that imposes a board local levy in the calendar year beginning on~~
227 ~~January 1, 2012, is exempt from the public notice and hearing requirements of Section~~
228 ~~59-2-919 if the school district budgets an amount of ad valorem property tax revenue equal to~~
229 ~~or less than the sum of the following amounts:]~~

230 [~~(a) the amount of revenue generated during the calendar year beginning on January 1,~~
231 ~~2011, from the sum of the following levies of a school district:]~~

232 [~~(i) a recreation levy imposed under Section 11-2-7;]~~

233 [~~(ii) a transportation levy imposed under Section 53A-17a-127;]~~

234 [~~(iii) a board-authorized levy imposed under Section 53A-17a-134;]~~

235 [~~(iv) an impact aid levy imposed under Section 53A-17a-143;]~~

236 [~~(v) the portion of a 10% of basic levy imposed under Section 53A-17a-145 that is~~
237 ~~budgeted for purposes other than capital outlay or debt service;]~~

238 [~~(vi) a reading levy imposed under Section 53A-17a-151; and]~~

239 [~~(vii) a tort liability levy imposed under Section 63G-7-704; and]~~

240 [~~(b) revenue from new growth as defined in Subsection 59-2-924(4)(c).]~~

241 Section 5. **Effective date.**

242 This bill takes effect on July 1, 2015.

Legislative Review Note
as of 2-17-15 2:01 PM

Office of Legislative Research and General Counsel