

1 **CHARTER SCHOOL PROPERTY TAX FUNDING**

2 2015 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Kraig Powell**

5 Senate Sponsor: \_\_\_\_\_

6 

---

---

  
7 **LONG TITLE**

8 **General Description:**

9 This bill establishes a property tax for charter school funding.

10 **Highlighted Provisions:**

11 This bill:

- 12 ▶ establishes a property tax for charter school funding.

13 **Money Appropriated in this Bill:**

14 None

15 **Other Special Clauses:**

16 None

17 **Utah Code Sections Affected:**

18 AMENDS:

19 **53A-1a-513**, as last amended by Laws of Utah 2013, Chapter 470

20 ENACTS:

21 **53A-1a-513.1**, Utah Code Annotated 1953

22 

---

---

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

24 Section 1. Section **53A-1a-513** is amended to read:

25 **53A-1a-513. Funding for charter schools.**

26 (1) As used in this section:

27 (a) "Charter school funding tax revenues" means the charter school funding tax



28 revenues remitted to the State Board of Education under Section 53A-1a-513.1.

29 (b) "Charter school per pupil funding tax revenues" means an amount equal to the  
30 following:

31 (i) charter school funding tax revenues; divided by

32 (ii) the number of students enrolled in a charter school on October 1.

33 ~~[(a)]~~ (c) "Charter school students' average local revenues" means the amount  
34 determined as follows:

35 (i) for each student enrolled in a charter school on the previous October 1, calculate the  
36 district per pupil local revenues of the school district in which the student resides;

37 (ii) sum the district per pupil local revenues for each student enrolled in a charter  
38 school on the previous October 1; and

39 (iii) divide the sum calculated under Subsection (1)(a)(ii) by the number of students  
40 enrolled in charter schools on the previous October 1.

41 ~~[(b)]~~ (d) "District local property tax revenues" means the sum of a school district's  
42 revenue received from the following levies:

43 ~~[(i)-(A)]~~ a voted levy imposed under Section 53A-17a-133;

44 ~~[(B)]~~ a board levy imposed under Section 53A-17a-134;

45 ~~[(C)]~~ a 10% of basic levy imposed under Section 53A-17a-145;

46 ~~[(D)]~~ a tort liability levy imposed under Section 63G-7-704;

47 ~~[(E)]~~ a capital outlay levy imposed under Section 53A-16-107; and]

48 ~~[(F)]~~ a voted capital outlay levy imposed under Section 53A-16-110; or]

49 ~~[(ii)-(A)]~~ (i) a voted local levy imposed under Section 53A-17a-133;

50 ~~[(B)]~~ (ii) a board local levy imposed under Section 53A-17a-164, excluding revenues  
51 expended for:

52 ~~[(H)]~~ (A) recreational facilities and activities authorized under Title 11, Chapter 2,  
53 Playgrounds;

54 ~~[(H)]~~ (B) pupil transportation, up to the amount of revenue generated by a .0003 per  
55 dollar of taxable value of the school district's board local levy; and

56 ~~[(H)]~~ (C) the K-3 Reading Improvement Program, up to the amount of revenue  
57 generated by a .000121 per dollar of taxable value of the school district's board local levy; and

58 ~~[(C)]~~ (iii) a capital local levy imposed under Section 53A-16-113.

59           ~~[(e)]~~ (e) "District per pupil local revenues" means an amount equal to the following,  
60 using data from the most recently published school district annual financial reports and state  
61 superintendent's annual report:

- 62           (i) district local property tax revenues; divided by
- 63           (ii) the sum of:
  - 64           (A) a school district's average daily membership; and
  - 65           (B) the average daily membership of a school district's resident students who attend
  - 66 charter schools.

67           ~~[(f)]~~ (f) "Resident student" means a student who is considered a resident of the school  
68 district under Title 53A, Chapter 2, Part 2, District of Residency.

69           ~~[(g)]~~ (g) "Statewide average debt service revenues" means the amount determined as  
70 follows, using data from the most recently published state superintendent's annual report:

- 71           (i) sum the revenues of each school district from the debt service levy imposed under
- 72 Section 11-14-310; and
- 73           (ii) divide the sum calculated under Subsection (1)(e)(i) by statewide school district
- 74 average daily membership.

75           (2) (a) Charter schools shall receive funding as described in this section, except  
76 Subsections (3) through (8) do not apply to charter schools described in Subsection (2)(b).

77           (b) Charter schools authorized by local school boards that are converted from district  
78 schools or operate in district facilities without paying reasonable rent shall receive funding as  
79 prescribed in Section 53A-1a-515.

80           (3) (a) Except as provided in Subsections (3)(b) and (3)(c), a charter school shall  
81 receive state funds, as applicable, on the same basis as a school district receives funds.

82           (b) For the 2013-14 and 2014-15 school years, the number of weighted pupil units  
83 assigned to a charter school for the kindergarten and grades 1 through 12 programs of the Basic  
84 School Program shall be:

- 85           (i) based on the higher of:
  - 86           (A) October 1 enrollment in the current school year; or
  - 87           (B) average daily membership in the prior school year plus growth as determined under
  - 88 Section 53A-17a-106; and
- 89           (ii) weighted as provided in Subsection (3)(c).

90 (c) In distributing funds under Chapter 17a, Minimum School Program Act, to charter  
91 schools, charter school pupils shall be weighted, where applicable, as follows:

- 92 (i) .55 for kindergarten pupils;
- 93 (ii) .9 for pupils in grades 1 through 6;
- 94 (iii) .99 for pupils in grades 7 through 8; and
- 95 (iv) 1.2 for pupils in grades 9 through 12.

96 ~~[(4) (a) (i) A school district shall allocate a portion of school district revenues for each  
97 resident student of the school district who is enrolled in a charter school on October 1 equal to  
98 25% of the lesser of:]~~

99 ~~[(A) district per pupil local revenues; or]~~

100 ~~[(B) charter school students' average local revenues.]~~

101 ~~[(ii) Nothing in this Subsection (4)(a) affects the school bond guarantee program  
102 established under Chapter 28, Utah School Bond Guaranty Act.]~~

103 ~~[(b) The State Board of Education shall:]~~

104 ~~[(i) deduct an amount equal to the allocation provided under Subsection (4)(a) from  
105 state funds the school district is authorized to receive under Chapter 17a, Minimum School  
106 Program Act; and]~~

107 ~~[(ii) remit the money to the student's charter school.]~~

108 ~~[(c) Notwithstanding the method used to transfer school district revenues to charter  
109 schools as provided in Subsection (4)(b), a school district may deduct the allocations to charter  
110 schools under this section from:]~~

111 ~~[(i) unrestricted revenues available to the school district; or]~~

112 ~~[(ii) the revenue sources listed in Subsection (1)(b) based on the portion of the  
113 allocations to charter schools attributed to each of the revenue sources listed in Subsection  
114 (1)(b).]~~

115 (4) (a) For each charter school student, the State Board of Education shall annually  
116 remit the charter school per pupil funding tax revenues to the student's charter school.

117 ~~[(d)]~~ (b) (i) Subject to future budget constraints, the Legislature shall provide an  
118 appropriation for charter schools for each student enrolled on October 1 to supplement the  
119 [allocation of school district revenues under Subsection (4)(a)] charter school per pupil funding  
120 tax revenues remitted under Subsection (4)(a).

121 (ii) Except as provided in Subsection (4)~~(d)~~(b)(iii), the amount of money provided by  
122 the state for a charter school student shall be the sum of:

123 (A) charter school students' average local revenues minus the ~~allocation of school~~  
124 ~~district revenues under Subsection (4)(a)]~~ charter school per pupil funding tax revenues; and

125 (B) statewide average debt service revenues.

126 (iii) If the total of ~~a school district's allocation for a charter school student under~~  
127 ~~Subsection (4)(a)]~~ charter school per pupil funding tax revenues and the amount provided by  
128 the state under Subsection (4)~~(d)~~(b)(ii) is less than \$1427, the state shall provide an additional  
129 supplement so that a charter school receives at least \$1427 per student under this Subsection  
130 (4).

131 (iv) (A) If the appropriation provided under this Subsection (4)~~(d)~~(b) is less than the  
132 amount prescribed by Subsection (4)~~(d)~~(b)(ii) or ~~(4)(d)~~(iii), the appropriation shall be  
133 allocated among charter schools in proportion to each charter school's enrollment as a  
134 percentage of the total enrollment in charter schools.

135 (B) If the State Board of Education makes adjustments to Minimum School Program  
136 allocations as provided under Section [53A-17a-105](#), the allocation provided in Subsection  
137 (4)~~(d)~~(b)(iv)(A) shall be determined after adjustments are made under Section [53A-17a-105](#).

138 ~~(e)~~ (c) Of the money provided to a charter school under this Subsection (4), 10% shall  
139 be expended for funding school facilities only.

140 (5) Charter schools are eligible to receive federal funds if they meet all applicable  
141 federal requirements and comply with relevant federal regulations.

142 (6) The State Board of Education shall distribute funds for charter school students  
143 directly to the charter school.

144 (7) (a) Notwithstanding Subsection (3), a charter school is not eligible to receive state  
145 transportation funding.

146 (b) The board shall also adopt rules relating to the transportation of students to and  
147 from charter schools, taking into account Sections [53A-2-210](#) and [53A-17a-127](#).

148 (c) The governing body of the charter school may provide transportation through an  
149 agreement or contract with the local school board, a private provider, or with parents.

150 (8) (a) (i) In accordance with Section [53A-1a-513.5](#), the State Charter School Board  
151 may allocate grants for start-up costs to charter schools from money appropriated for charter

152 school start-up costs.

153 (ii) The governing board of a charter school that receives money from a grant under  
154 Section 53A-1a-513.5 shall use the grant for expenses for planning and implementation of the  
155 charter school.

156 (b) The State Board of Education shall coordinate the distribution of federal money  
157 appropriated to help fund costs for establishing and maintaining charter schools within the  
158 state.

159 (9) (a) A charter school may receive, hold, manage and use any devise, bequest, grant,  
160 endowment, gift, or donation of any property made to the school for any of the purposes of this  
161 part.

162 (b) It is unlawful for any person affiliated with a charter school to demand or request  
163 any gift, donation, or contribution from a parent, teacher, employee, or other person affiliated  
164 with the charter school as a condition for employment or enrollment at the school or continued  
165 attendance at the school.

166 Section 2. Section 53A-1a-513.1 is enacted to read:

167 **53A-1a-513.1. Charter school funding tax.**

168 (1) As used in this section:

169 (a) "District local property tax revenues" means the sum of a school district's revenue  
170 received from the following levies:

171 (i) a voted local levy imposed under Section 53A-17a-133;

172 (ii) a board local levy imposed under Section 53A-17a-164, excluding revenues  
173 expended for:

174 (A) recreational facilities and activities authorized under Title 11, Chapter 2,  
175 Playgrounds;

176 (B) pupil transportation, up to the amount of revenue generated by a .0003 per dollar of  
177 taxable value of the school district's board local levy; and

178 (C) the K-3 Reading Improvement Program, up to the amount of revenue generated by  
179 a .000121 per dollar of taxable value of the school district's board local levy; and

180 (iii) a capital local levy imposed under Section 53A-16-113.

181 (b) "District per pupil local revenues" means an amount equal to the following:

182 (i) district local property tax revenues reported from the previous year; divided by

183           (ii) the sum of:  
184           (A) a school district's average daily membership; and  
185           (B) the number of students enrolled in a charter school on October 1.  
186           (c) "Resident student" means a student who is considered a resident of the school  
187 district under Title 53A, Chapter 2, Part 2, District of Residency.  
188           (2) (a) Beginning with the taxable year beginning on January 1, 2016, the state shall  
189 annually impose a charter school funding tax as described in this Subsection (2).  
190           (b) (i) For each school district, on or before June 22, the State Tax Commission shall  
191 certify a rate for the charter school funding tax described in Subsection (2)(a) that generates an  
192 amount of revenue within the school district equal to the product of:  
193           (A) district per pupil revenues; and  
194           (B) the number of charter school students that are resident students.  
195           (ii) For purposes of calculating the charter school funding tax rate for a school district  
196 as described in Subsection (2)(b)(i), the State Tax Commission shall use:  
197           (A) the taxable value of real property assessed by a county assessor contained on the  
198 assessment roll;  
199           (B) the taxable value of real and personal property assessed by the State Tax  
200 Commission; and  
201           (C) the taxable year end value of personal property assessed by a county assessor  
202 contained on the prior year's assessment roll.  
203           (c) (i) The county treasurer shall collect the charter school funding tax revenues for all  
204 school districts located within the county treasurer's county and remit the money to the state  
205 treasurer.  
206           (ii) The state treasurer shall remit the money from a county treasurer described in  
207 Subsection (2)(c)(i) to the State Board of Education.

---

**Legislative Review Note**  
as of 3-12-15 9:10 PM

**Office of Legislative Research and General Counsel**