

CHARTER SCHOOL PROPERTY TAX AMENDMENTS

2016 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Kraig Powell

Senate Sponsor: _____

LONG TITLE

General Description:

This bill establishes a property tax for charter school funding.

Highlighted Provisions:

This bill:

- ▶ repeals provisions that require a school district to allocate a certain portion of school district tax revenues for charter schools;
- ▶ defines terms;
- ▶ creates a property tax for charter school funding;
- ▶ provides for the distribution of revenues from the property tax for charter school funding;
- ▶ establishes the Charter School Tax Account; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

53A-1a-513, as last amended by Laws of Utah 2015, Chapters 64 and 380

ENACTS:



28 [53A-1a-513.1](#), Utah Code Annotated 1953

29 [53A-1a-513.2](#), Utah Code Annotated 1953



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

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

33 **53A-1a-513. Funding for charter schools.**

34 (1) As used in this section:

35 (a) "Charter school students' average local revenues" means the amount determined as
36 follows:

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

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

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

43 (b) "Charter school tax per pupil revenues" means the same as that term is defined in
44 Section [53A-1a-513.1](#).

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

47 (i) a voted local levy imposed under Section [53A-17a-133](#);

48 (ii) a board local levy imposed under Section [53A-17a-164](#), excluding revenues
49 expended for:

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

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

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

56 (iii) a capital local levy imposed under Section [53A-16-113](#).

57 [~~(c)~~] (d) "District per pupil local revenues" means an amount equal to the following,
58 using data from the most recently published school district annual financial reports and state

59 superintendent's annual report:

60 (i) district local property tax revenues; divided by

61 (ii) the sum of:

62 (A) a school district's average daily membership; and

63 (B) the average daily membership of a school district's resident students who attend
64 charter schools.

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

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

69 (i) sum the revenues of each school district from the debt service levy imposed under
70 Section 11-14-310; and

71 (ii) divide the sum calculated under Subsection (1)~~[(e)]~~(f)(i) by statewide school
72 district average daily membership.

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

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

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

80 (b) For the 2015-16 school year, the number of weighted pupil units assigned to a
81 charter school for the kindergarten and grades 1 through 12 programs of the Basic School
82 Program shall be:

83 (i) based on the higher of:

84 (A) October 1 enrollment in the current school year; or

85 (B) average daily membership in the prior school year plus growth as determined under
86 Section 53A-17a-106; and

87 (ii) weighted as provided in Subsection (3)(c).

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

90 (i) .55 for kindergarten pupils;

91 (ii) .9 for pupils in grades 1 through 6;

92 (iii) .99 for pupils in grades 7 through 8; and

93 (iv) 1.2 for pupils in grades 9 through 12.

94 ~~[(4)(a)(i) A school district shall allocate a portion of school district revenues for each~~
 95 ~~resident student of the school district who is enrolled in a charter school on October 1 equal to~~
 96 ~~25% of the district per pupil local revenues.]~~

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

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

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

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

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

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

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

111 (4) (a) As described in Section [53A-1a-513.1](#), the State Board of Education shall
 112 distribute charter school tax per pupil revenues to charter schools.

113 ~~[(d)]~~ (b) (i) Subject to future budget constraints, the Legislature shall provide an
 114 appropriation for charter schools for each charter school student enrolled on October 1, to
 115 supplement the allocation of [~~school district revenues under~~] charter school tax per pupil
 116 revenues described in Subsection (4)(a).

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

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

121 (B) statewide average debt service revenues.

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

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

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

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

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

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

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

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

144 (c) The governing [~~body~~] board of the charter school may provide transportation
145 through an agreement or contract with the local school board, a private provider, or with
146 parents.

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

150 (ii) The governing board of a charter school that receives money from a grant under
151 Section [53A-1a-513.5](#) shall use the grant for expenses for planning and implementation of the

152 charter school.

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

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

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

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

164 **53A-1a-513.1. Charter school tax.**

165 (1) As used in this section:

166 (a) "Board" means the State Board of Education.

167 (b) "Charter School Tax Account" means the Charter School Tax Account created in
168 Section [53A-1a-513.2](#).

169 (c) "Charter school tax per district revenues" means the product of:

170 (i) a school district's district per pupil local revenues; and

171 (ii) the number of charter school students in the school district who are resident
172 students.

173 (d) "Charter school tax per pupil revenues" means an amount equal to the following:

174 (i) charter school tax total local revenues for a given fiscal year, adjusted if necessary
175 as described in Subsection (4); divided by

176 (ii) the number of students enrolled in a charter school on October 1 of the prior school
177 year.

178 (e) "Charter school tax revenues" means the charter school tax revenues generated by a
179 charter school tax rate described in Subsection (2)(b)(i).

180 (f) "Charter school tax total local revenues" means the sum of charter school tax per
181 district revenues for every school district in the state for the same given fiscal year.

182 (g) "District per pupil local revenues" means the same as that term is defined in Section

183 [53A-1a-513.](#)

184 (h) "Resident student" means the same as that term is defined in Section [53A-1a-513.](#)

185 (2) (a) Beginning with the taxable year beginning on January 1, 2017, the state shall
186 annually impose a charter school tax as described in this Subsection (2).

187 (b) (i) For each school district, on or before June 22, the State Tax Commission shall
188 certify a rate for the charter school tax described in Subsection (2)(a) to generate an amount of
189 revenue within a school district equal to 25% of the charter school tax per district revenues.

190 (ii) To calculate a charter school tax rate for a school district, the State Tax
191 Commission shall use the calculation method described in Subsection [59-2-924\(3\)\(c\)\(ii\).](#)

192 (3) (a) A county treasurer shall collect the charter school tax revenues for all school
193 districts located within the county treasurer's county and remit the money monthly to the state
194 treasurer.

195 (b) The state treasurer shall deposit the charter school tax revenues received from a
196 county treasurer in the Charter School Tax Account.

197 (4) (a) For each charter school student, the board shall distribute the charter school per
198 pupil tax revenues from the charter school tax account to the student's charter school in
199 accordance with this Subsection (4).

200 (b) For a given fiscal year, if the actual charter school tax total local revenues are more
201 than the estimated charter school tax total local revenues the board shall:

202 (i) deduct the amount of revenue that exceeds the estimated charter school tax total
203 local revenues from the actual charter school tax total local revenues; and

204 (ii) use the difference to calculate the charter school per pupil tax revenues.

205 (c) For a given fiscal year, if the actual charter school total local revenues are less than
206 the estimated charter school tax total local revenues, the board shall:

207 (i) if sufficient funds are available in the Charter School Tax Account, add an amount
208 of funds from the Charter School Tax Account to the charter school tax total local revenues to
209 equal the estimated charter school tax total local revenues; and

210 (ii) if sufficient funds are not available in the Charter School Tax Account, calculate
211 the charter school per pupil tax revenues using the actual amount of the charter school tax total
212 local revenues.

213 Section 3. Section **53A-1a-513.2** is enacted to read:

214 53A-1a-513.2. Charter School Tax Account.

215 (1) As used in this section, "account" means the Charter School Tax Account created in
216 this section.

217 (2) There is created within the Education Fund a restricted account known as the
218 "Charter School Tax Account."

219 (3) The account shall be funded by amounts deposited into the account in accordance
220 with Section [53A-1a-513.1](#).

221 (4) Upon appropriation from the Legislature, the State Board of Education shall
222 distribute funds from the account as described in Section [53A-1a-513.1](#).

223 (5) The account shall earn interest.

224 (6) Interest earned on the account shall be deposited into the account.

225 (7) Funds in the account are nonlapsing.

Legislative Review Note
Office of Legislative Research and General Counsel