

**Representative Joel K. Briscoe** proposes the following substitute bill:

**SCHOOL FUNDING MODIFICATIONS**

2016 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Joel K. Briscoe**

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

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**LONG TITLE**

**General Description:**

This bill establishes a statewide property tax levy for charter school funding.

**Highlighted Provisions:**

This bill:

- ▶ defines terms;
- ▶ creates a statewide property tax levy for certain funding for charter schools;
- ▶ repeals provisions that require:
  - a school district to allocate a certain portion of school district tax revenues for charter schools; and
  - the Legislature to appropriate a certain amount of money for charter schools;
- ▶ provides for the distribution of revenue from a statewide property tax levy for charter school funding;
- ▶ establishes the Charter School Tax Account; and
- ▶ establishes the Class Size Reduction Account.

**Money Appropriated in this Bill:**

This bill appropriates for fiscal year 2018:

- ▶ to the State Board of Education - Minimum School Program - Related to Basic School Program, as an ongoing appropriation:



- 26           • from Education Fund, (\$99,946,200);
- 27           ▸ to the State Board of Education - Minimum School Program - Basic School
- 28 Program, as an ongoing appropriation:
- 29           • from Education Fund Restricted - Class Size Reduction Account, \$99,946,200;
- 30 and
- 31           ▸ to Fund and Account Transfers - Education Fund Restricted - Class Size Reduction
- 32 Account, as an ongoing appropriation:
- 33           • from Education Fund, \$99,946,200.

**Other Special Clauses:**

35           This bill provides a special effective date.

**Utah Code Sections Affected:****AMENDS:**

- 38           **53A-1a-502.5**, as last amended by Laws of Utah 2014, Chapter 406
- 39           **53A-1a-513**, as last amended by Laws of Utah 2015, Chapters 64 and 380
- 40           **53A-17a-105**, as last amended by Laws of Utah 2015, Chapter 449
- 41           **53A-17a-146**, as last amended by Laws of Utah 2011, Chapters 371 and 381
- 42           **59-2-924.2**, as last amended by Laws of Utah 2015, Chapter 224
- 43           **63I-1-259**, as last amended by Laws of Utah 2015, Chapters 224, 275, and 467

**ENACTS:**

- 45           **53A-1a-513.1**, Utah Code Annotated 1953
- 46           **53A-1a-513.2**, Utah Code Annotated 1953
- 47           **53A-17a-124.6**, Utah Code Annotated 1953

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

50           Section 1. Section **53A-1a-502.5** is amended to read:

51           **53A-1a-502.5. Approval of increase in charter school enrollment capacity.**

52           (1) For the purposes of this section:

53           (a) "High growth area" means an area of the state where school enrollment is

54 significantly increasing or projected to significantly increase.

55           (b) "Next school year" means the school year that begins on or after the July 1

56 immediately following the end of a general session of the Legislature.

(2) The State Board of Education may approve an increase in charter school enrollment capacity in the 2012-13 school year or thereafter subject to the Legislature:

(a) appropriating funds for an increase in charter school enrollment capacity in the next school year; or

(b) authorizing an increase in charter school enrollment capacity in the school year immediately following the next school year.

(3) In appropriating funds for, or authorizing, an increase in charter school enrollment capacity, the Legislature shall provide a separate appropriation or authorization of enrollment capacity for a charter school proposed and approved in response to a request for applications issued under Section [53A-1a-501.9](#).

(4) (a) A charter school may annually submit a request to the State Board of Education for an increase in enrollment capacity in the amount of .25 times the number of students in grades 9 through 12 enrolled in an online course in the previous school year through the Statewide Online Education Program.

(b) A charter school shall submit a request for an increase in enrollment capacity pursuant to Subsection (4)(a) on or before October 1 of the school year for which the increase in enrollment capacity is requested.

(c) The State Board of Education shall approve a request for an increase in enrollment capacity made under Subsection (4)(a) subject to the availability of sufficient funds ~~[appropriated under Section [53A-1a-513](#)]~~ available in the Charter School Tax Account created under Section [53A-1a-513.2](#) to provide the full amount of the per student allocation for each charter school student in the state ~~[to supplement school district property tax revenues]~~.

(d) An increase in enrollment capacity approved under Subsection (4)(c) shall be a permanent increase in the charter school's enrollment capacity.

(5) (a) If the Legislature does not appropriate funds for an increase in charter school enrollment capacity that is tentatively approved by the State Board of Education, the State Board of Education shall prioritize the tentatively approved schools and expansions based on approved funds.

(b) A charter school or expansion that is tentatively approved, but not funded, shall be considered to be tentatively approved for the next application year and receive priority status for available funding.

(6) (a) Except as provided in Subsection (5)(b) or (6)(b), in approving an increase in charter school enrollment capacity for new charter schools and expanding charter schools, the State Board of Education shall give:

(i) high priority to approving a new charter school or a charter school expansion in a high growth area; and

(ii) low priority to approving a new charter school or a charter school expansion in an area where student enrollment is stable or declining.

(b) An applicant seeking to establish a charter school in a high growth area may elect to not receive high priority status as provided in Subsection (6)(a)(i).

Section 2. Section **53A-1a-513** is amended to read:

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

(1) As used in this section[;] "charter school tax per pupil revenue" means the same as that term is defined in Section 53A-1a-513.1.

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

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

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

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

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

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

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

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

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

~~[(C) the K-3 Reading Improvement Program, up to the amount of revenue generated by~~

119 a .000121 per dollar of taxable value of the school district's board local levy; and]

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

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

124 [(i) district local property tax revenues; divided by]

125 [(ii) the sum of:]

126 [(A) a school district's average daily membership; and]

127 [(B) the average daily membership of a school district's resident students who attend  
128 charter schools.]

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

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

133 [(i) sum the revenues of each school district from the debt service levy imposed under  
134 Section ~~11-14-310~~; and]

135 [(ii) divide the sum calculated under Subsection (1)(e)(i) by statewide school district  
136 average daily membership.]

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

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

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

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

147 (i) based on the higher of:

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

149 (B) average daily membership in the prior school year plus growth as determined under

Section 53A-17a-106; and

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

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

(i) .55 for kindergarten pupils;

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

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

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

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

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

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

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

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

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

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

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

~~[(d)(i) Subject to future budget constraints, the Legislature shall provide an appropriation for charter schools for each student enrolled on October 1 to supplement the allocation of school district revenues under Subsection (4)(a).]~~

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

~~[(A) charter school students' average local revenues minus the allocation of school~~

181 ~~district revenues under Subsection (4)(a); and]~~

182 ~~[(B) statewide average debt service revenues.]~~

183 ~~[(iii) If the total of a school district's allocation for a charter school student under~~  
184 ~~Subsection (4)(a) and the amount provided by the state under Subsection (4)(d)(ii) is less than~~  
185 ~~\$1427, the state shall provide an additional supplement so that a charter school receives at least~~  
186 ~~\$1427 per student under this Subsection (4).]~~

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

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

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

196 (4) As described in Section 53A-1a-513.1, the State Board of Education shall distribute  
197 charter school per pupil tax revenue to charter schools.

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

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

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

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

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

208 (8) (a) (i) In accordance with Section 53A-1a-513.5, the State Charter School Board  
209 may allocate grants for start-up costs to charter schools from money appropriated for charter  
210 school start-up costs.

211 (ii) The governing board of a charter school that receives money from a grant under

Section [53A-1a-513.5](#) shall use the grant for expenses for planning and implementation of the charter school.

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

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

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

Section 3. Section **53A-1a-513.1** is enacted to read:

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

(1) As used in this section:

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

(b) "Charter school per pupil tax revenue" means an amount equal to the following:

(i) charter school tax revenue for a given fiscal year; divided by

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

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

(d) "Charter school tax revenue" means the tax revenue generated by a charter school tax rate described in Subsection (2).

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

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

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

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

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

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

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

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

(i) district local property tax revenues; divided by

(ii) the sum of:

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

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

(g) "Resident student" means a student who is considered a resident of the school district under Chapter 2, Part 2, District of Residency.

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

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

(ii) divide the sum calculated under Subsection (1)(h)(i) by statewide school district and charter school average daily membership.

(i) "Statewide district per pupil local revenues" means an amount of revenue equal to the sum of all school districts' district per pupil local revenues.

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

(b) On or before June 22, the State Tax Commission shall certify a rate for the charter school tax to generate an amount of revenue equal to the sum of:

(i) statewide district per pupil local revenues; and

(ii) statewide average debt service revenue.

(c) To calculate the charter school tax rate under this Subsection (2), the State Tax Commission shall use the calculation method described in Subsection [59-2-924](#)(3)(c)(ii).

(d) The charter school tax shall be separately stated on a tax notice.

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

(b) The state treasurer shall deposit the charter school tax revenue received from a county treasurer into the Charter School Tax Account.

(4) (a) For each charter school student, the board shall distribute the charter school per pupil tax revenue from the Charter School Tax Account to the student's charter school in accordance with this Subsection (4).

(b) For a given fiscal year, if the actual charter school tax revenue is more than the estimated charter school tax revenue, the board shall:

(i) use the estimated charter school tax revenue to calculate the charter school per pupil tax revenue; and

(ii) deposit the difference between the actual charter school tax revenue and the estimated charter school tax revenue into the Charter School Tax Account.

(c) For a given fiscal year, if the actual charter school tax revenue is less than the estimated charter school tax revenue, the board shall:

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

(ii) if sufficient funds are not available in the Charter School Tax Account, calculate the charter school per pupil tax revenue using the actual amount of the charter school tax revenue.

(5) Of the money provided to a charter school under this section, 10% shall be expended for funding school facilities only.

(6) The state is not required to comply with the notice and public hearing requirements of Section [59-2-926](#) for an increase in revenue from the charter school tax imposed under this section.

Section 4. Section **53A-1a-513.2** is enacted to read:

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

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

305 this section.

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

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

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

312 (5) The account shall earn interest.

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

314 Section 5. Section **53A-17a-105** is amended to read:

315 **53A-17a-105. Powers and duties of State Board of Education to adjust Minimum**  
316 **School Program allocations -- Use of remaining funds at the end of a fiscal year.**

317 (1) For purposes of this section:

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

319 (b) "ESEA" means the Elementary and Secondary Education Act of 1965, 20 U.S.C.  
320 Sec. 6301 et seq.

321 (c) "LEA" means:

322 (i) a school district; or

323 (ii) a charter school.

324 (d) "Program" means a program or allocation funded by a line item appropriation or  
325 other appropriation designated as:

326 (i) Basic Program;

327 (ii) Related to Basic Programs;

328 (iii) Voted and Board Levy Programs; or

329 (iv) Minimum School Program.

330 (2) Except as provided in Subsection (3) or (5), if the number of weighted pupil units  
331 in a program is underestimated, the board shall reduce the value of the weighted pupil unit in  
332 that program so that the total amount paid for the program does not exceed the amount  
333 appropriated for the program.

334 (3) If the number of weighted pupil units in a program is overestimated, the board shall  
335 spend excess money appropriated for the following purposes giving priority to the purpose

described in Subsection (3)(a):

(a) to support the value of the weighted pupil unit in a program within the basic state-supported school program in which the number of weighted pupil units is underestimated;

(b) to support the state guarantee per weighted pupil unit provided under the voted local levy program established in Section 53A-17a-133 or the board local levy program established in Section 53A-17a-164, if:

(i) local contributions to the voted local levy program or board local levy program are overestimated; or

(ii) the number of weighted pupil units within school districts qualifying for a guarantee is underestimated; or

~~[(c) to support the state supplement to local property taxes allocated to charter schools, if the state supplement is less than the amount prescribed by Subsection 53A-1a-513(4); or]~~

~~[(d)]~~ (c) to support a school district with a loss in student enrollment as provided in Section 53A-17a-139.

(4) If local contributions from the minimum basic tax rate imposed under Section 53A-17a-135 are overestimated, the board shall reduce the value of the weighted pupil unit for all programs within the basic state-supported school program so the total state contribution to the basic state-supported school program does not exceed the amount of state funds appropriated.

(5) If local contributions from the minimum basic tax rate imposed under Section 53A-17a-135 are underestimated, the board shall:

(a) spend the excess local contributions for the purposes specified in Subsection (3), giving priority to supporting the value of the weighted pupil unit in programs within the basic state-supported school program in which the number of weighted pupil units is underestimated; and

(b) reduce the state contribution to the basic state-supported school program so the total cost of the basic state-supported school program does not exceed the total state and local funds appropriated to the basic state-supported school program plus the local contributions necessary to support the value of the weighted pupil unit in programs within the basic state-supported school program in which the number of weighted pupil units is underestimated.

(6) Except as provided in Subsection (3) or (5), the board shall reduce the guarantee

per weighted pupil unit provided under the voted local levy program established in Section 53A-17a-133 or board local levy program established in Section 53A-17a-164, if:

(a) local contributions to the voted local levy program or board local levy program are overestimated; or

(b) the number of weighted pupil units within school districts qualifying for a guarantee is underestimated.

(7) (a) The board may use program funds as described in Subsection (7)(b) if:

(i) the state loses flexibility due to the U.S. Department of Education's rejection of the state's renewal application for flexibility under the ESEA; and

(ii) the state is required to fully implement the requirements of Title I of the ESEA, as amended by the No Child Left Behind Act of 2001.

(b) Subject to the requirements of Subsections (7)(a) and (c), for fiscal year 2016, after any transfers or adjustments described in Subsections (2) through (6) are made, the board may use up to \$15,000,000 of excess money appropriated to a program, remaining at the end of fiscal year 2015, to mitigate a budgetary impact to an LEA due to the LEA's loss of flexibility related to implementing the requirements of Title I of the ESEA, as amended by the No Child Left Behind Act of 2001.

(c) In addition to the reporting requirement described in Subsection (9), the board shall report actions taken by the board under this Subsection (7) to the Executive Appropriations Committee.

(8) Money appropriated to the board is nonlapsing.

(9) The board shall report actions taken by the board under this section to the Office of the Legislative Fiscal Analyst and the Governor's Office of Management and Budget.

Section 6. Section 53A-17a-124.6 is enacted to read:

**53A-17a-124.6. Class Size Reduction Account.**

(1) As used in this section:

(a) "Account" means the Class Size Reduction Account created in this section.

(b) "District per pupil local revenues" means the same as that term is defined in Section 53A-1a-513.1.

(c) "Local contribution" means an amount of revenue equal to the sum of 25% of district per pupil local revenues for all school districts.

(d) "Statewide average debt service revenues" means the same as that term is defined in Section [53A-1a-513.1](#).

(e) "Statewide district per pupil local revenues" means the same as that term is defined in Section [53A-1a-513.1](#).

(2) There is created within the Education Fund a restricted account known as the "Class Size Reduction Account."

(3) The account shall consist of:

(a) money appropriated into the account by the Legislature equal to the sum of:

(i) fiscal year 2016 statewide district per pupil local revenues minus the fiscal year 2016 local contribution; and

(ii) fiscal year 2016 statewide average debt service revenues; and

(b) interest earned on money in the account.

(4) (a) The account shall be used to fund class size reduction as described in Section [53A-17a-124.5](#).

(b) The Legislature may not use money in the account to supplant an existing appropriation for class size reduction described in Section [53A-17a-124.5](#).

(c) Upon appropriation by the Legislature, the State Board of Education shall distribute money in the account to school districts and charter schools for class size reduction in accordance with Section [53A-17a-124.5](#).

Section 7. Section **53A-17a-146** is amended to read:

**53A-17a-146. Reduction of district allocation based on insufficient revenues.**

(1) As used in this section, "Minimum School Program funds" means the total of state and local funds appropriated for the Minimum School Program, excluding:

(a) the state-supported voted local levy program pursuant to Section [53A-17a-133](#); and

(b) the state-supported board local levy program pursuant to Section [53A-17a-164](#);  
and].

~~[(c) the appropriation to charter schools to replace local property tax revenues pursuant to Section [53A-1a-513](#).]~~

(2) If the Legislature reduces appropriations made to support public schools under this chapter because an Education Fund budget deficit, as defined in Section [63J-1-312](#), exists, the State Board of Education, after consultation with each school district and charter school, shall

allocate the reduction among school districts and charter schools in proportion to each school district's or charter school's percentage share of Minimum School Program funds.

(3) Except as provided in Subsection (5) and subject to the requirements of Subsection (7), a school district or charter school shall determine which programs are affected by a reduction pursuant to Subsection (2) and the amount each program is reduced.

(4) Except as provided in Subsections (5) and (6), the requirement to spend a specified amount in any particular program is waived if reductions are made pursuant to Subsection (2).

(5) A school district or charter school may not reduce or reallocate spending of funds distributed to the school district or charter school for the following programs:

(a) educator salary adjustments provided in Section 53A-17a-153;

(b) the Teacher Salary Supplement Program provided in Section 53A-17a-156;

(c) the extended year for special educators provided in Section 53A-17a-158;

(d) USTAR centers provided in Section 53A-17a-159;

(e) the School LAND Trust Program created in Section 53A-16-101.5; or

(f) a special education program within the Basic School Program.

(6) A school district or charter school may not reallocate spending of funds distributed to the school district or charter school to a reserve account.

(7) A school district or charter school that reduces or reallocates funds in accordance with this section shall report all transfers into, or out of, Minimum School Program programs to the State Board of Education as part of the school district or charter school's Annual Financial and Program report.

Section 8. Section 59-2-924.2 is amended to read:

**59-2-924.2. Adjustments to the calculation of a taxing entity's certified tax rate.**

(1) For purposes of this section, "certified tax rate" means a certified tax rate calculated in accordance with Section 59-2-924.

(2) Beginning January 1, 1997, if a taxing entity receives increased revenues from uniform fees on tangible personal property under Section 59-2-404, 59-2-405, 59-2-405.1, 59-2-405.2, or 59-2-405.3 as a result of any county imposing a sales and use tax under Chapter 12, Part 11, County Option Sales and Use Tax, the taxing entity shall decrease its certified tax rate to offset the increased revenues.

(3) (a) Beginning July 1, 1997, if a county has imposed a sales and use tax under

Chapter 12, Part 11, County Option Sales and Use Tax, the county's certified tax rate shall be:

(i) decreased on a one-time basis by the amount of the estimated sales and use tax revenue to be distributed to the county under Subsection 59-12-1102(3); and

(ii) increased by the amount necessary to offset the county's reduction in revenue from uniform fees on tangible personal property under Section 59-2-404, 59-2-405, 59-2-405.1, 59-2-405.2, or 59-2-405.3 as a result of the decrease in the certified tax rate under Subsection (3)(a)(i).

(b) The commission shall determine estimates of sales and use tax distributions for purposes of Subsection (3)(a).

(4) Beginning January 1, 1998, if a municipality has imposed an additional resort communities sales and use tax under Section 59-12-402, the municipality's certified tax rate shall be decreased on a one-time basis by the amount necessary to offset the first 12 months of estimated revenue from the additional resort communities sales and use tax imposed under Section 59-12-402.

(5) (a) This Subsection (5) applies to each county that:

(i) establishes a countywide special service district under Title 17D, Chapter 1, Special Service District Act, to provide jail service, as provided in Subsection 17D-1-201(10); and

(ii) levies a property tax on behalf of the special service district under Section 17D-1-105.

(b) (i) The certified tax rate of each county to which this Subsection (5) applies shall be decreased by the amount necessary to reduce county revenues by the same amount of revenues that will be generated by the property tax imposed on behalf of the special service district.

(ii) Each decrease under Subsection (5)(b)(i) shall occur contemporaneously with the levy on behalf of the special service district under Section 17D-1-105.

(6) (a) As used in this Subsection (6):

(i) "Annexing county" means a county whose unincorporated area is included within a public safety district by annexation.

(ii) "Annexing municipality" means a municipality whose area is included within a public safety district by annexation.

(iii) "Equalized public safety protection tax rate" means the tax rate that results from:

(A) calculating, for each participating county and each participating municipality, the

491 property tax revenue necessary:

492 (I) in the case of a fire district, to cover all of the costs associated with providing fire  
493 protection, paramedic, and emergency services:

494 (Aa) for a participating county, in the unincorporated area of the county; and

495 (Bb) for a participating municipality, in the municipality; or

496 (II) in the case of a police district, to cover all the costs:

497 (Aa) associated with providing law enforcement service:

498 (Ii) for a participating county, in the unincorporated area of the county; and

499 (IIii) for a participating municipality, in the municipality; and

500 (Bb) that the police district board designates as the costs to be funded by a property  
501 tax; and

502 (B) adding all the amounts calculated under Subsection (6)(a)(iii)(A) for all  
503 participating counties and all participating municipalities and then dividing that sum by the  
504 aggregate taxable value of the property, as adjusted in accordance with Section 59-2-913:

505 (I) for participating counties, in the unincorporated area of all participating counties;  
506 and

507 (II) for participating municipalities, in all the participating municipalities.

508 (iv) "Fire district" means a service area under Title 17B, Chapter 2a, Part 9, Service  
509 Area Act:

510 (A) created to provide fire protection, paramedic, and emergency services; and

511 (B) in the creation of which an election was not required under Subsection  
512 17B-1-214(3)(c).

513 (v) "Participating county" means a county whose unincorporated area is included  
514 within a public safety district at the time of the creation of the public safety district.

515 (vi) "Participating municipality" means a municipality whose area is included within a  
516 public safety district at the time of the creation of the public safety district.

517 (vii) "Police district" means a service area under Title 17B, Chapter 2a, Part 9, Service  
518 Area Act, within a county of the first class:

519 (A) created to provide law enforcement service; and

520 (B) in the creation of which an election was not required under Subsection  
521 17B-1-214(3)(c).

(viii) "Public safety district" means a fire district or a police district.

(ix) "Public safety service" means:

(A) in the case of a public safety district that is a fire district, fire protection, paramedic, and emergency services; and

(B) in the case of a public safety district that is a police district, law enforcement service.

(b) In the first year following creation of a public safety district, the certified tax rate of each participating county and each participating municipality shall be decreased by the amount of the equalized public safety tax rate.

(c) In the first budget year following annexation to a public safety district, the certified tax rate of each annexing county and each annexing municipality shall be decreased by an amount equal to the amount of revenue budgeted by the annexing county or annexing municipality:

(i) for public safety service; and

(ii) in:

(A) for a taxing entity operating under a January 1 through December 31 fiscal year, the prior calendar year; or

(B) for a taxing entity operating under a July 1 through June 30 fiscal year, the prior fiscal year.

(d) Each tax levied under this section by a public safety district shall be considered to be levied by:

(i) each participating county and each annexing county for purposes of the county's tax limitation under Section 59-2-908; and

(ii) each participating municipality and each annexing municipality for purposes of the municipality's tax limitation under Section 10-5-112, for a town, or Section 10-6-133, for a city.

(e) The calculation of a public safety district's certified tax rate for the year of annexation shall be adjusted to include an amount of revenue equal to one half of the amount of revenue budgeted by the annexing entity for public safety service in the annexing entity's prior fiscal year if:

(i) the public safety district operates on a January 1 through December 31 fiscal year;

553 (ii) the public safety district approves an annexation of an entity operating on a July 1  
554 through June 30 fiscal year; and

555 (iii) the annexation described in Subsection (6)(e)(ii) takes effect on July 1.

556 (7) (a) The base taxable value under Subsection 17C-1-102(6) shall be reduced for any  
557 year to the extent necessary to provide a community development and renewal agency  
558 established under Title 17C, Limited Purpose Local Government Entities - Community  
559 Development and Renewal Agencies Act, with approximately the same amount of money the  
560 agency would have received without a reduction in the county's certified tax rate, calculated in  
561 accordance with Section 59-2-924, if:

562 (i) in that year there is a decrease in the certified tax rate under Subsection (2) or (3)(a);

563 (ii) the amount of the decrease is more than 20% of the county's certified tax rate of the  
564 previous year; and

565 (iii) the decrease results in a reduction of the amount to be paid to the agency under  
566 Section 17C-1-403 or 17C-1-404.

567 (b) The base taxable value under Subsection 17C-1-102(6) shall be increased in any  
568 year to the extent necessary to provide a community development and renewal agency with  
569 approximately the same amount of money as the agency would have received without an  
570 increase in the certified tax rate that year if:

571 (i) in that year the base taxable value under Subsection 17C-1-102(6) is reduced due to  
572 a decrease in the certified tax rate under Subsection (2) or (3)(a); and

573 (ii) the certified tax rate of a city, school district, local district, or special service  
574 district increases independent of the adjustment to the taxable value of the base year.

575 (c) Notwithstanding a decrease in the certified tax rate under Subsection (2) or (3)(a),  
576 the amount of money allocated and, when collected, paid each year to a community  
577 development and renewal agency established under Title 17C, Limited Purpose Local  
578 Government Entities - Community Development and Renewal Agencies Act, for the payment  
579 of bonds or other contract indebtedness, but not for administrative costs, may not be less than  
580 that amount would have been without a decrease in the certified tax rate under Subsection (2)  
581 or (3)(a).

582 (8) (a) For the calendar year beginning on January 1, 2014, the calculation of a county  
583 assessing and collecting levy shall be adjusted by the amount necessary to offset:

(i) any change in the certified tax rate that may result from amendments to Part 16, Multicounty Assessing and Collecting Levy, in Laws of Utah 2014, Chapter 270, Section 3; and

(ii) the difference in the amount of revenue a taxing entity receives from or contributes to the Property Tax Valuation Agency Fund, created in Section 59-2-1602, that may result from amendments to Part 16, Multicounty Assessing and Collecting Levy, in Laws of Utah 2014, Chapter 270, Section 3.

(b) A taxing entity is not required to comply with the notice and public hearing requirements in Section 59-2-919 for an adjustment to the county assessing and collecting levy described in Subsection (8)(a).

(9) (a) For the calendar year beginning on January 1, 2017, the commission shall increase or decrease a school district's certified tax rate to offset a change in revenues from the calendar year beginning on January 1, 2016, to the calendar year beginning on January 1, 2017, as follows:

(i) the commission shall increase a school district's certified tax rate by the amount necessary to offset a decrease in revenues that may result from the repeal of Section 59-2-924.3 on December 31, 2016; and

(ii) the commission shall decrease a school district's certified tax rate by the amount necessary to offset an increase in revenues that may result from the repeal of Section 59-2-924.3 on December 31, 2016.

(b) (i) A school district is not required to comply with the notice and public hearing requirements of Section 59-2-919 for an offset to the certified tax rate described in Subsection (9)(a).

(ii) If a school district's certified tax rate is increased in accordance with Subsection (9)(a)(i), the school district shall:

(A) on or before June 15, 2017, publish the statement provided in Subsection (9)(c) one or more times in a newspaper or combination of newspapers of general circulation in the taxing entity, in a portion of the newspaper where legal notices and classified advertisements do not appear;

(B) on or before June 30, 2017, read the statement provided in Subsection (9)(c) at a public meeting of the school district; and

(C) if the school district maintains a database containing electronic mail addresses of one or more persons who reside within the school district boundaries, send the statement provided in Subsection (9)(c) to those electronic mail addresses.

(c) For purposes of Subsection (9)(b)(ii), the statement is: "For calendar year 2017, the State Tax Commission is required to increase a property tax rate of this school district to offset a loss in revenue due to the repeal of a statute to equalize certain school district property taxes. This offset may result in an increase in your property taxes."

(10) (a) As used in this Subsection (10) "district per pupil local revenues" means the same as that term is defined in Section 53A-1a-513.1.

(b) For the calendar year beginning on January 1, 2017, and ending on December 31, 2017, the commission shall decrease a school district's certified tax rate by the amount necessary to offset the increase in revenue from the charter school tax imposed under Section 53A-1a-513.1 equal to 25% of district per pupil local revenues.

(c) A local school board is not required to comply with the notice and public hearing requirements of Section 59-2-919 for an offset to the increase described in Subsection (10)(b).

Section 9. Section **63I-1-259** is amended to read:

**63I-1-259. Repeal dates, Title 59.**

(1) Subsection 59-2-924(3)(g) is repealed on December 31, 2016.

(2) [~~Subsection~~] Subsections 59-2-924.2(9) [is] and (10) are repealed on December 31, 2017.

(3) Section 59-2-924.3 is repealed on December 31, 2016.

(4) Section 59-7-618 is repealed July 1, 2020.

(5) Section 59-9-102.5 is repealed December 31, 2020.

(6) Section 59-10-1033 is repealed July 1, 2020.

(7) Subsection 59-12-2219(10) is repealed on June 30, 2020.

**Section 10. Appropriation.**

Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures Act, for the fiscal year beginning July 1, 2017, and ending June 30, 2018, the following sums of money are appropriated from resources not otherwise appropriated, or reduced from amounts previously appropriated, out of the funds or amounts indicated. These sums of money are in addition to amounts previously appropriated for fiscal year 2018.

646        To State Board of Education - Minimum School Program -  
647        Related to Basic School Program  
648                From Education Fund                                (\$99,946,200)  
649                Schedule of Programs:  
650                        Charter School Local Replacement                        (\$99,946,200)  
651        To State Board of Education - Minimum School Program - Basic School Program  
652                From Education Fund Restricted - Class Size Reduction Account                        \$99,946,200  
653                Schedule of Programs:  
654                        Class Size Reduction (32,324 WPUs)                        \$99,946,200  
655        To Fund and Account Transfers - Education Fund Restricted -  
656        Class Size Reduction Account  
657                From Education Fund                                \$99,946,200  
658                Schedule of Programs:  
659                        Class Size Reduction Account                        \$99,946,200  
660        Section 11. **Effective date.**  
661        (1) Section [53A-1a-513.1](#) takes effect on January 1, 2017.  
662        (2) Except as provided in Subsection (1), this bill takes effect on July 1, 2017.