

**Senator Lincoln Fillmore** proposes the following substitute bill:

**SCHOOL FUNDING PROVISIONS**

2016 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Lincoln Fillmore**

House Sponsor: Daniel McCay

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**LONG TITLE**

**General Description:**

This bill amends school funding provisions.

**Highlighted Provisions:**

This bill:

- ▶ amends the state contribution guarantee amount for the voted and board local levies;
- ▶ enacts language governing the use of guarantee funds for the voted and board local levies; and
- ▶ makes technical and conforming amendments.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides a special effective date.

**Utah Code Sections Affected:**

AMENDS:

**53A-17a-133**, as last amended by Laws of Utah 2015, Chapter 287

**53A-17a-134**, as last amended by Laws of Utah 2013, Chapter 178

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

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

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

28 **53A-17a-133. State-supported voted local levy authorized -- Election**  
29 **requirements -- State guarantee -- Reconsideration of the program.**

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

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

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

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

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

42 (ii) The tax rate may not exceed .002 per dollar of taxable value.

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

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

50 (4) (a) In addition to the revenue a school district collects from the imposition of a levy  
51 pursuant to this section, the state shall contribute an amount sufficient to guarantee \$33.27 per  
52 weighted pupil unit for each .0001 of the first ~~[-.0016]~~ .002 per dollar of taxable value.

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

57 program.

58 ~~[(c) (i) Beginning July 1, 2015, the \$33.27 guarantee under Subsections (4)(a) and (b)~~  
59 ~~shall be indexed each year to the value of the weighted pupil unit for the grades 1 through 12~~  
60 ~~program by making the value of the guarantee equal to .011194 times the value of the prior~~  
61 ~~year's weighted pupil unit for the grades 1 through 12 program.]~~

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

65 (c) Subject to future budget constraints, to increase the number of tax increments  
66 guaranteed by the state described in Subsections (4)(a) and (b), the Legislature shall annually  
67 appropriate an amount equal to one-third of the funds allocated for an increase in the weighted  
68 pupil unit value.

69 (d) (i) The amount of state guarantee money to which a school district would otherwise  
70 be entitled to receive under this Subsection (4) may not be reduced for the sole reason that the  
71 district's levy is reduced as a consequence of changes in the certified tax rate under Section  
72 [59-2-924](#) pursuant to changes in property valuation.

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

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

79 (f) (i) If a voted and board local levy funding balance exists for the prior fiscal year, the  
80 State Board of Education shall:

81 (A) use the voted and board local levy funding balance to increase the value of the state  
82 guarantee per weighted pupil unit described in Subsection (4)(c) in the current fiscal year; and

83 (B) distribute the state contribution to the voted and board local levy programs to  
84 school districts based on the increased value of the state guarantee per weighted pupil unit  
85 described in Subsection (4)(f)(i)(A).

86 (ii) The State Board of Education shall report action taken under this Subsection (4)(f)  
87 to the Office of the Legislative Fiscal Analyst and the Governor's Office of ~~[Planning]~~

88 Management and Budget.

89 (g) A local school board of a school district that receives funds from a guarantee  
90 described in Subsection (4)(a) may budget and expend the guarantee funds for any education  
91 purpose.

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

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

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

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

103 (6) Notwithstanding Section 59-2-919, a school district may budget an increased  
104 amount of ad valorem property tax revenue derived from a voted local levy imposed under this  
105 section in addition to revenue from new growth as defined in Subsection 59-2-924(4), without  
106 having to comply with the notice requirements of Section 59-2-919, if:

107 (a) the voted local levy is approved:

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

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

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

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

117 (a) the levy exceeds the certified tax rate as the result of a school district budgeting an  
118 increased amount of ad valorem property tax revenue derived from a voted local levy imposed

119 under this section;

120 (b) the voted local levy was approved:

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

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

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

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

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

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

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

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

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

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

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

148 (10) If a school district determines that a majority of the school district's registered  
149 voters voting on the imposition of the tax rate have voted in favor of the imposition of the tax

150 rate in accordance with Subsection (9), the school district may impose the tax rate.

151 Section 2. Section **53A-17a-134** is amended to read:

152 **53A-17a-134. Board-approved leeway -- Purpose -- State support -- Disapproval.**

153 (1) Except as provided in Subsection (9), a local school board may levy a tax rate of up  
154 to .0004 per dollar of taxable value to maintain a school program above the cost of the basic  
155 school program as follows:

156 (a) a local school board shall use the money generated by the tax for class size  
157 reduction within the school district;

158 (b) if a local school board determines that the average class size in the school district is  
159 not excessive, it may use the money for other school purposes but only if the board has  
160 declared the use for other school purposes in a public meeting prior to levying the tax rate; and

161 (c) a district may not use the money for other school purposes under Subsection (1)(b)  
162 until it has certified in writing that its class size needs are already being met and has identified  
163 the other school purposes for which the money will be used to the State Board of Education  
164 and the state board has approved their use for other school purposes.

165 (2) ~~§~~ → [H] (a) [H] ← ~~§~~ The state shall contribute an amount sufficient to guarantee \$27.36 per  
166 weighted pupil unit for each .0001 per dollar of taxable value.

167 [~~b~~] The guarantee shall increase in the same manner as provided for the voted local  
168 levy guarantee in Subsection ~~53A-17a-133(4)(c)~~.

169 [~~c~~] (b) (i) The amount of state guarantee money to which a school district would  
170 otherwise be entitled to under this Subsection (2) may not be reduced for the sole reason that  
171 the district's levy is reduced as a consequence of changes in the certified tax rate under Section  
172 ~~59-2-924~~ pursuant to changes in property valuation.

173 (ii) Subsection (2)[~~c~~](b)(i) applies for a period of five years following any such  
174 change in the certified tax rate.

175 [~~d~~] (c) The guarantee provided under this section does not apply to:

176 (i) a board-authorized leeway in the first fiscal year the leeway is in effect, unless the  
177 leeway was approved by voters pursuant to Subsections (4) through (6); or

178 (ii) the portion of a board-authorized leeway rate that is in excess of the  
179 board-authorized leeway rate that was in effect for the previous fiscal year.

180 (3) The levy authorized under this section is not in addition to the maximum rate of

181 .002 authorized in Section 53A-17a-133, but is a board-authorized component of the total tax  
182 rate under that section.

183 (4) As an exception to Section 53A-17a-133, the board-authorized levy does not  
184 require voter approval, but the board may require voter approval if requested by a majority of  
185 the board.

186 (5) An election to consider disapproval of the board-authorized levy is required, if  
187 within 60 days after the levy is established by the board, referendum petitions signed by the  
188 number of legal voters required in Section 20A-7-301, who reside within the school district, are  
189 filed with the school district.

190 (6) (a) A local school board shall establish its board-approved levy by April 1 to have  
191 the levy apply to the fiscal year beginning July 1 in that same calendar year except that if an  
192 election is required under this section, the levy applies to the fiscal year beginning July 1 of the  
193 next calendar year.

194 (b) The approval and disapproval votes authorized in Subsections (4) and (5) shall  
195 occur at a general election in even-numbered years, except that a vote required under this  
196 section in odd-numbered years shall occur at a special election held on a day in odd-numbered  
197 years that corresponds to the general election date. The school district shall pay for the cost of  
198 a special election.

199 (7) (a) Modification or termination of a voter-approved leeway rate authorized under  
200 this section is governed by Section 53A-17a-133.

201 (b) A board-authorized leeway rate may be modified or terminated by a majority vote  
202 of the board subject to disapproval procedures specified in this section.

203 (8) A board levy election does not require publication of a voter information pamphlet.

204 (9) Beginning January 1, 2012, a local school board may not levy a tax in accordance  
205 with this section.

206 Section 3. Section 53A-17a-164 is amended to read:

207 **53A-17a-164. Board local levy -- State guarantee.**

208 (1) Subject to the other requirements of this section, for a calendar year beginning on  
209 or after January 1, 2012, a local school board may levy a tax to fund the school district's  
210 general fund.

211 (2) (a) Except as provided in Subsection (2)(b), a tax rate imposed by a school district

212 pursuant to this section may not exceed .0018 per dollar of taxable value in any calendar year.

213 (b) A tax rate imposed by a school district pursuant to this section may not exceed  
214 .0025 per dollar of taxable value in any calendar year if, during the calendar year beginning on  
215 January 1, 2011, the school district's combined tax rate for the following levies was greater  
216 than .0018 per dollar of taxable value:

217 (i) a recreation levy imposed under Section 11-2-7;

218 (ii) a transportation levy imposed under Section 53A-17a-127;

219 (iii) a board-authorized levy imposed under Section 53A-17a-134;

220 (iv) an impact aid levy imposed under Section 53A-17a-143;

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

223 (vi) a reading levy imposed under Section 53A-17a-151; and

224 (vii) a tort liability levy imposed under Section 63G-7-704.

225 (3) (a) In addition to the revenue a school district collects from the imposition of a levy  
226 pursuant to this section, the state shall contribute an amount sufficient to guarantee that each  
227 .0001 of the first [~~0004~~] .002 per dollar of taxable value generates an amount equal to the state  
228 guarantee per weighted pupil unit described in Subsection 53A-17a-133(4).

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

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

235 (c) A local school board of a school district that receives funds from a guarantee  
236 described in Subsection (3)(a) may budget and expend the guarantee funds for any education  
237 purpose.

238 (4) A school district that imposes a board local levy in the calendar year beginning on  
239 January 1, 2012, is exempt from the public notice and hearing requirements of Section  
240 59-2-919 if the school district budgets an amount of ad valorem property tax revenue equal to  
241 or less than the sum of the following amounts:

242 (a) the amount of revenue generated during the calendar year beginning on January 1,

243 2011, from the sum of the following levies of a school district:  
244 (i) a recreation levy imposed under Section 11-2-7;  
245 (ii) a transportation levy imposed under Section 53A-17a-127;  
246 (iii) a board-authorized levy imposed under Section 53A-17a-134;  
247 (iv) an impact aid levy imposed under Section 53A-17a-143;  
248 (v) the portion of a 10% of basic levy imposed under Section 53A-17a-145 that is  
249 budgeted for purposes other than capital outlay or debt service;  
250 (vi) a reading levy imposed under Section 53A-17a-151; and  
251 (vii) a tort liability levy imposed under Section 63G-7-704; and  
252 (b) revenue from new growth as defined in Subsection 59-2-924(4)(c).  
253 Section 4. **Effective date.**  
254 This bill takes effect on July 1, 2017.