

Representative Daniel McCay proposes the following substitute bill:

SCHOOL FUNDING PROVISIONS

2016 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Lincoln Fillmore

House Sponsor: Daniel McCay

LONG TITLE

General Description:

This bill amends school funding provisions.

Highlighted Provisions:

This bill:

▶ requires the State Board of Education to submit a report to the Public Education Appropriations Subcommittee;

▶ defines "local levy increment";

▶ requires certain funds to be set aside to increase the amount of state guarantee money that a school district may receive from the voted and board local levy guarantee programs by increasing the maximum local levy increment rate the state will guarantee;

▶ 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.



26 This bill provides revisor instructions.

27 **Utah Code Sections Affected:**

28 AMENDS:

29 **53A-17a-133**, as last amended by Laws of Utah 2015, Chapter 287

30 **53A-17a-134**, as last amended by Laws of Utah 2013, Chapter 178

31 **53A-17a-164**, as last amended by Laws of Utah 2013, Chapters 178 and 313

32 ENACTS:

33 **53A-1-414**, Utah Code Annotated 1953



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

36 Section 1. Section **53A-1-414** is enacted to read:

37 **53A-1-414. Funding study.**

38 On or before October 31, 2016, the State Board of Education shall study the impact of
39 this bill and report the board's findings to the Public Education Appropriations Subcommittee.

40 Section 2. Section **53A-17a-133** is amended to read:

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

43 (1) As used in this section~~["voted"]~~:

44 (a) "Voted and board local levy funding balance" means the difference between:

45 ~~[(a)]~~ (i) the amount appropriated for the voted and board local levy program in a fiscal
46 year; and

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

49 (b) "Voted and board local levy funding balance" does not include appropriations
50 described in Subsection (4)(e).

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

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

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

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

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

65 (4) (a) For purposes of this Subsection (4), "local levy increment" means .0001 per
66 dollar of taxable value.

67 ~~[(4)(a)]~~ (b) In addition to the revenue a school district collects from the imposition of a
68 levy pursuant to this section, the state shall contribute an amount sufficient to guarantee \$33.27
69 per weighted pupil unit for ~~[each .0001 of the first .0016 per dollar of taxable value]~~ the first
70 16 local levy increments.

71 ~~[(b)]~~ (c) The same dollar amount guarantee per weighted pupil unit for the ~~[-.0016 per~~
72 ~~dollar of taxable value]~~ first 16 local levy increments under Subsection (4)~~[(a)]~~(b) shall apply
73 to the portion of the board local levy authorized in Section [53A-17a-164](#), so that the guarantee
74 shall apply up to a total of ~~[-.002 per dollar of taxable value]~~ 20 local levy increments if a
75 school district levies a tax rate under both programs.

76 ~~[(c)]~~ (d) (i) Beginning July 1, 2015, the \$33.27 guarantee under Subsections (4)~~[(a)~~
77 ~~and](b) and (c)~~ shall be indexed each year to the value of the weighted pupil unit for the grades
78 1 through 12 program by making the value of the guarantee equal to .011194 times the value of
79 the prior year's weighted pupil unit for the grades 1 through 12 program.

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

83 (e) (i) Subject to future budget constraints, the Legislature shall annually appropriate an
84 amount equal to one-third of the funds allocated for an increase in the weighted pupil unit
85 value to increase the number of local levy increments guaranteed by the state described in
86 Subsection (4)(b) and Section [53A-17a-164](#).

87 (ii) Subject to the combined local levy increment maximum described in Subsection

88 (4)(c), the State Board of Education shall allocate funds appropriated under Subsection (4)(e)(i)
89 to school districts in accordance with this section and Section 53A-17a-164:

90 (A) giving first priority to increasing the number of board local levy increments above
91 four local levy increments; and

92 (B) giving second priority to increasing the number of voted local levy increments
93 above 16 local levy increments.

94 (iii) Notwithstanding Subsection (4)(b) and Section 53A-17a-164, if funds remain after
95 the allocations described in Subsection (4)(e)(ii) are made, the State Board of Education shall
96 use the remaining funds described in Subsection (4)(e)(i) to increase the value of the state
97 guarantee per weighted pupil unit described in Subsection (4)(b) and Section 53A-17a-164.

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

102 (ii) Subsection (4)[~~(f)~~](f)(i) applies for a period of five years following any such
103 change in the certified tax rate.

104 [~~(g)~~] (g) The guarantee provided under this section does not apply to the portion of a
105 voted local levy rate that exceeds the voted local levy rate that was in effect for the previous
106 fiscal year, unless an increase in the voted local levy rate was authorized in an election
107 conducted on or after July 1 of the previous fiscal year and before December 2 of the previous
108 fiscal year.

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

111 (A) use the voted and board local levy funding balance to increase the value of the state
112 guarantee per weighted pupil unit described in Subsection (4)[~~(d)~~](d) in the current fiscal year;
113 and

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

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

119 ~~[Planning]~~ Management and Budget.

120 (i) A local school board of a school district that receives funds from a guarantee
121 described in Subsection (4)(b) may budget and expend the guarantee funds for any education
122 purpose.

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

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

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

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

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

138 (a) the voted local levy is approved:

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

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

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

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

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

150 under this section;

151 (b) the voted local levy was approved:

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

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

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

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

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

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

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

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

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

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

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

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

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

182 Section 3. Section **53A-17a-134** is amended to read:

183 **53A-17a-134. Board-approved leeway -- Purpose -- State support -- Disapproval.**

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

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

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

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

196 (2) (a) The state shall contribute an amount sufficient to guarantee \$27.36 per weighted
197 pupil unit for each [~~.0001 per dollar of taxable value~~] local levy increment as defined in
198 Section [53A-17a-133](#).

199 (b) The guarantee shall increase in the same manner as provided for the voted local
200 levy guarantee in Subsection [53A-17a-133\(4\)](#)~~(e)~~(d).

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

205 (ii) Subsection (2)(c)(i) applies for a period of five years following any such change in
206 the certified tax rate.

207 (d) The guarantee provided under this section does not apply to:

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

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

212 (3) The levy authorized under this section is not in addition to the maximum rate of
213 [~~002~~] 20 local levy increments authorized in Section 53A-17a-133, but is a board-authorized
214 component of the total tax rate under that section.

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

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

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

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

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

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

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

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

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

239 **53A-17a-164. Board local levy -- State guarantee.**

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

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

245 (b) A tax rate imposed by a school district pursuant to this section may not exceed
 246 .0025 per dollar of taxable value in any calendar year if, during the calendar year beginning on
 247 January 1, 2011, the school district's combined tax rate for the following levies was greater
 248 than .0018 per dollar of taxable value:

- 249 (i) a recreation levy imposed under Section 11-2-7;
- 250 (ii) a transportation levy imposed under Section 53A-17a-127;
- 251 (iii) a board-authorized levy imposed under Section 53A-17a-134;
- 252 (iv) an impact aid levy imposed under Section 53A-17a-143;
- 253 (v) the portion of a 10% of basic levy imposed under Section 53A-17a-145 that is
 254 budgeted for purposes other than capital outlay or debt service;
- 255 (vi) a reading levy imposed under Section 53A-17a-151; and
- 256 (vii) a tort liability levy imposed under Section 63G-7-704.

257 (3) (a) For purposes of this Subsection (3), "local levy increment" means .0001 per
 258 dollar of taxable value.

259 ~~[(3)(a)]~~ (b) In addition to the revenue a school district collects from the imposition of a
 260 levy pursuant to this section, the state shall contribute an amount sufficient to guarantee that
 261 each ~~[-.0001]~~ local levy increment of the first ~~[-.0004 .002 per dollar of taxable value]~~ four local
 262 levy increments generates an amount equal to the state guarantee per weighted pupil unit
 263 described in Subsection 53A-17a-133(4).

264 ~~[(b)]~~ (c) (i) The amount of state guarantee money to which a school district would
 265 otherwise be entitled to under this Subsection (3) may not be reduced for the sole reason that
 266 the district's levy is reduced as a consequence of changes in the certified tax rate under Section
 267 59-2-924 pursuant to changes in property valuation.

268 (ii) Subsection (3)~~[(b)]~~(c)(i) applies for a period of five years following any changes in
 269 the certified tax rate.

270 (d) A local school board of a school district that receives funds from a guarantee
 271 described in Subsection (3)(b) may budget and expend the guarantee funds for any education
 272 purpose.

273 (4) A school district that imposes a board local levy in the calendar year beginning on

274 January 1, 2012, is exempt from the public notice and hearing requirements of Section
275 [59-2-919](#) if the school district budgets an amount of ad valorem property tax revenue equal to
276 or less than the sum of the following amounts:

277 (a) the amount of revenue generated during the calendar year beginning on January 1,
278 2011, from the sum of the following levies of a school district:

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

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

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

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

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

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

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

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

288 Section 5. **Effective date.**

289 This bill takes effect May 10, 2016, except that the amendments to the following
290 sections take effect July 1, 2017:

291 (1) Section [53A-17a-133](#);

292 (2) Section [53A-17a-134](#); and

293 (3) Section [53A-17a-164](#).

294 Section 6. **Revisor instructions.**

295 The Legislature intends that the Office of Legislative Research and General Counsel, in
296 preparing the Utah Code database for publication, replace the reference in Section [53A-1-414](#)
297 from "this bill" to the bill's designated chapter number in the Laws of Utah.