

**Representative Bradley G. Last** proposes the following substitute bill:

**FUNDING FOR EDUCATION SYSTEMS AMENDMENTS**

2017 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Howard A. Stephenson**

House Sponsor: Bradley G. Last

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**LONG TITLE**

**General Description:**

This bill amends and enacts provisions related to education funding.

**Highlighted Provisions:**

This bill:

- ▶ defines terms;
- ▶ directs the Legislature to annually appropriate money to increase the number of guaranteed local levy increments;
- ▶ directs the State Board of Education to use the appropriation to increase:
  - the number of guaranteed local levy increments, giving first priority to guarantee board local levy increments and second priority to guarantee voted local levy increments; and
  - the guaranteed amount for each local levy increment per weighted pupil unit after increasing the number of guaranteed local levy increments;
- ▶ directs a local school board to use funds received from the state local levy guarantee for a public education purpose;
- ▶ recodifies and enacts language governing:
  - a voted local levy;
  - the use of guaranteed local levy increments; and



- 26           • a board local levy;
- 27           ▶ amends the calculation of the school minimum basic tax rate;
- 28           ▶ exempts in certain circumstances the school minimum basic tax rate from certain
- 29 public notice requirements;
- 30           ▶ establishes the Local Levy Growth Account; and
- 31           ▶ makes technical and conforming changes.

32 **Money Appropriated in this Bill:**

33           This bill appropriates:

- 34           ▶ to the Education Fund Restricted -- Local Levy Growth Account, as an ongoing
- 35 appropriation:

- 36           • from the Education Fund, \$22,000,000;
- 37           ▶ to the State Board of Education -- Minimum School Program -- Basic School
- 38 Program, as an ongoing appropriation:

- 39           • from the Education Fund, (\$22,000,000); and
- 40           • from Local Revenue, \$22,000,000; and

- 41           ▶ to the State Board of Education -- Minimum School Program -- Voted and Board
- 42 Local Levy Programs, as an ongoing appropriation:

- 43           • from the Education Fund Restricted -- Local Levy Growth Account,
- 44 \$22,000,000.

45 **Other Special Clauses:**

46           This bill provides retrospective operation.

47 **Utah Code Sections Affected:**

48 AMENDS:

- 49           **53A-1a-513**, as last amended by Laws of Utah 2016, Chapter 229
- 50           **53A-2-206**, as last amended by Laws of Utah 2012, Chapter 398
- 51           **53A-17a-105**, as last amended by Laws of Utah 2016, Chapter 229
- 52           **53A-17a-133**, as last amended by Laws of Utah 2016, Chapters 2, 350, and 367
- 53           **53A-17a-134**, as last amended by Laws of Utah 2013, Chapter 178
- 54           **53A-17a-135**, as last amended by Laws of Utah 2016, Chapter 2
- 55           **53A-17a-135.1**, as enacted by Laws of Utah 2015, Chapter 287
- 56           **53A-17a-136**, as last amended by Laws of Utah 2011, Chapter 371

57 [53A-17a-146](#), as last amended by Laws of Utah 2011, Chapters 371 and 381  
 58 [53A-17a-164](#), as last amended by Laws of Utah 2016, Chapters 229, 350, and 367  
 59 [53A-19-102](#), as last amended by Laws of Utah 2016, Chapter 363

60 ENACTS:

61 [53A-17a-133.5](#), Utah Code Annotated 1953  
 62 [53A-17a-135.2](#), Utah Code Annotated 1953

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

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

66 **53A-1a-513. Funding for charter schools.**

67 (1) As used in this section:

68 (a) "Basic program" means the same as that term is defined in Section [53A-17a-103](#).

69 ~~[(e)]~~ (b) "Charter school levy per pupil revenues" means the same as that term is  
 70 defined in Section [53A-1a-513.1](#).

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

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

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

77 (iii) divide the sum calculated under Subsection (1)(b)(ii) by the number of students  
 78 enrolled in charter schools on the previous October 1.

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

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

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

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

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

88 (iii) a capital local levy imposed under Section 53A-16-113; and  
89 (iv) a guarantee described in Section [~~53A-17a-133, 53A-17a-164~~] 53A-17a-133.5,  
90 53A-21-202, or 53A-21-302.

91 (e) "District per pupil local revenues" means, using data from the most recently  
92 published school district annual financial reports and state superintendent's annual report, an  
93 amount equal to district local property tax revenues divided by the sum of:

94 (i) a school district's average daily membership; and  
95 (ii) the average daily membership of a school district's resident students who attend  
96 charter schools.

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

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

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

103 (ii) divide the sum calculated under Subsection (1)(g)(i) by statewide school district  
104 average daily membership.

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

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

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

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

115 (i) based on the higher of:

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

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

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

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

122 (i) .55 for kindergarten pupils;

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

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

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

126 (4) (a) (i) A school district shall allocate a portion of school district revenues for each  
127 resident student of the school district who is enrolled in a charter school on the previous  
128 October 1 equal to 25% of the district per pupil local revenues excluding the amount of  
129 revenues:

130 (A) described in Subsection (1)(d)(iv) collected by the district; and

131 (B) expended by the school district for recreational facilities and activities authorized  
132 under Title 11, Chapter 2, Playgrounds.

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

135 (b) The State Board of Education shall:

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

139 (ii) remit the money to the student's charter school.

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

143 (i) unrestricted revenues available to the school district; or

144 (ii) the revenue sources listed in Subsection (1)(d) based on the portion of the  
145 allocations to charter schools attributed to each of the revenue sources listed in Subsection  
146 (1)(d).

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

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

152 (A) charter school students' average local revenues minus the allocation of school  
153 district revenues under Subsection (4)(a); and

154 (B) statewide average debt service revenues.

155 (iii) If the total of a school district's allocation for a charter school student under  
156 Subsection (4)(a) and the amount provided by the state under Subsection (4)(d)(ii) is less than  
157 \$1427, the state shall provide an additional supplement so that a charter school receives at least  
158 \$1427 per student under this Subsection (4).

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

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

166 (e) (i) Except as provided in Subsection (4)(e)(ii), of the money provided to a charter  
167 school under this Subsection (4), 10% shall be expended for funding school facilities only.

168 (ii) Subsection (4)(e)(i) does not apply to an online charter school.

169 (f) This Subsection (4) is repealed July 1, 2017.

170 (5) (a) As described in Section [53A-1a-513.1](#), the State Board of Education shall  
171 distribute charter school levy per pupil revenues to charter schools.

172 (b) (i) Subject to future budget constraints, the Legislature shall provide an  
173 appropriation for charter schools for each charter school student enrolled on October 1 to  
174 supplement the allocation of charter school levy per pupil revenues described in Subsection  
175 (5)(a).

176 (ii) Except as provided in Subsection (5)(b)(iii), the amount of money provided by the  
177 state for a charter school student shall be the sum of:

178 (A) charter school students' average local revenues minus the charter school levy per  
179 pupil revenues; and

180 (B) statewide average debt service revenues.

181 (iii) If the total of charter school levy per pupil revenues and the amount provided by  
182 the state under Subsection (5)(b)(ii) is less than \$1,427, the state shall provide an additional  
183 supplement so that a charter school receives at least \$1,427 per student under this Subsection  
184 (5).

185 (iv) (A) If the appropriation provided under this Subsection (5)(b) is less than the  
186 amount prescribed by Subsection (5)(b)(ii) or (5)(b)(iii), the appropriation shall be allocated  
187 among charter schools in proportion to each charter school's enrollment as a percentage of the  
188 total enrollment in charter schools.

189 (B) If the State Board of Education makes adjustments to Minimum School Program  
190 allocations as provided under Section 53A-17a-105, the allocation provided in Subsection  
191 (5)(b)(iv)(A) shall be determined after adjustments are made under Section 53A-17a-105.

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

194 (ii) Subsection (5)(c)(i) does not apply to an online charter school.

195 (d) This Subsection (5) is effective July 1, 2017.

196 (6) Charter schools are eligible to receive federal funds if they meet all applicable  
197 federal requirements and comply with relevant federal regulations.

198 (7) The State Board of Education shall distribute funds for charter school students  
199 directly to the charter school.

200 (8) (a) Notwithstanding Subsection (3), a charter school is not eligible to receive state  
201 transportation funding.

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

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

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

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

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

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

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

222 Section 2. Section 53A-2-206 is amended to read:

223 **53A-2-206. Interstate compact students -- Inclusion in attendance count --**  
224 **Funding for foreign exchange students -- Annual report -- Requirements for exchange**  
225 **student agencies.**

226 (1) A school district or charter school may include the following students in the  
227 district's or school's membership and attendance count for the purpose of apportionment of  
228 state money:

229 (a) a student enrolled under an interstate compact, established between the State Board  
230 of Education and the state education authority of another state, under which a student from one  
231 compact state would be permitted to enroll in a public school in the other compact state on the  
232 same basis as a resident student of the receiving state; or

233 (b) a student receiving services under Title 62A, Chapter 4a, Part 7, Interstate Compact  
234 on Placement of Children.

235 (2) (a) A school district or charter school may include foreign exchange students in the  
236 district's or school's membership and attendance count for the purpose of apportionment of  
237 state money, except as provided in Subsections (2)(b) through (d).

238 (b) (i) Notwithstanding Section 53A-17a-106, foreign exchange students may not be  
239 included in average daily membership for the purpose of determining the number of weighted  
240 pupil units in the grades 1-12 basic program.

241 (ii) Subject to the limitation in Subsection (2)(c), the number of weighted pupil units in  
242 the grades 1-12 basic program attributed to foreign exchange students shall be equal to the



243 number of foreign exchange students who were:

244 (A) enrolled in a school district or charter school on October 1 of the previous fiscal  
245 year; and

246 (B) sponsored by an agency approved by the district's local school board or charter  
247 school's governing board.

248 (c) (i) The total number of foreign exchange students in the state that may be counted  
249 for the purpose of apportioning state money under Subsection (2)(b) shall be the lesser of:

250 (A) the number of foreign exchange students enrolled in public schools in the state on  
251 October 1 of the previous fiscal year; or

252 (B) 328 foreign exchange students.

253 (ii) The State Board of Education shall make rules in accordance with Title 63G,  
254 Chapter 3, Utah Administrative Rulemaking Act, to administer the cap on the number of  
255 foreign exchange students that may be counted for the purpose of apportioning state money  
256 under Subsection (2)(b).

257 (d) Notwithstanding [~~Sections 53A-17a-133 and 53A-17a-164~~] Section  
258 53A-17a-133.5, weighted pupil units in the grades 1 through 12 basic program for foreign  
259 exchange students, as determined by Subsections (2)(b) and (c), may not be included for the  
260 purposes of determining a school district's state guarantee money under the voted or board local  
261 levies.

262 (3) A school district or charter school may:

263 (a) enroll foreign exchange students that do not qualify for state money; and

264 (b) pay for the costs of those students with other funds available to the school district  
265 or charter school.

266 (4) Due to the benefits to all students of having the opportunity to become familiar  
267 with individuals from diverse backgrounds and cultures, school districts are encouraged to  
268 enroll foreign exchange students, as provided in Subsection (3), particularly in schools with  
269 declining or stable enrollments where the incremental cost of enrolling the foreign exchange  
270 student may be minimal.

271 (5) The board shall make an annual report to the Legislature on the number of  
272 exchange students and the number of interstate compact students sent to or received from  
273 public schools outside the state.

274 (6) (a) A local school board or charter school governing board shall require each  
275 approved exchange student agency to provide it with a sworn affidavit of compliance prior to  
276 the beginning of each school year.

277 (b) The affidavit shall include the following assurances:

278 (i) that the agency has complied with all applicable policies of the board;

279 (ii) that a household study, including a background check of all adult residents, has  
280 been made of each household where an exchange student is to reside, and that the study was of  
281 sufficient scope to provide reasonable assurance that the exchange student will receive proper  
282 care and supervision in a safe environment;

283 (iii) that host parents have received training appropriate to their positions, including  
284 information about enhanced criminal penalties under Subsection 76-5-406(10) for persons who  
285 are in a position of special trust;

286 (iv) that a representative of the exchange student agency shall visit each student's place  
287 of residence at least once each month during the student's stay in Utah;

288 (v) that the agency will cooperate with school and other public authorities to ensure  
289 that no exchange student becomes an unreasonable burden upon the public schools or other  
290 public agencies;

291 (vi) that each exchange student will be given in the exchange student's native language  
292 names and telephone numbers of agency representatives and others who could be called at any  
293 time if a serious problem occurs; and

294 (vii) that alternate placements are readily available so that no student is required to  
295 remain in a household if conditions appear to exist which unreasonably endanger the student's  
296 welfare.

297 (7) (a) A local school board or charter school governing board shall provide each  
298 approved exchange student agency with a list of names and telephone numbers of individuals  
299 not associated with the agency who could be called by an exchange student in the event of a  
300 serious problem.

301 (b) The agency shall make a copy of the list available to each of its exchange students  
302 in the exchange student's native language.

303 (8) Notwithstanding Subsection (2)(c)(i), a school district or charter school shall enroll  
304 a foreign exchange student if the foreign exchange student:

- 305 (a) is sponsored by an agency approved by the State Board of Education;
- 306 (b) attends the same school during the same time period that another student from the
- 307 school is:
  - 308 (i) sponsored by the same agency; and
  - 309 (ii) enrolled in a school in a foreign country; and
  - 310 (c) is enrolled in the school for one year or less.

311 Section 3. Section **53A-17a-105** is amended to read:

312 **53A-17a-105. Powers and duties of State Board of Education to adjust Minimum**  
313 **School Program allocations -- Use of remaining funds at the end of a fiscal year.**

314 (1) For purposes of this section:

- 315 (a) "Board" means the State Board of Education.
- 316 (b) "ESEA" means the Elementary and Secondary Education Act of 1965, 20 U.S.C.
- 317 Sec. 6301 et seq.

318 (c) "LEA" means:

- 319 (i) a school district; or
- 320 (ii) a charter school.

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

- 323 (i) Basic Program;
- 324 (ii) Related to Basic Programs;
- 325 (iii) Voted and Board Levy Programs; or
- 326 (iv) Minimum School Program.

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

331 (3) If the number of weighted pupil units in a program is overestimated, the board shall  
332 spend excess money appropriated for the following purposes giving priority to the purpose  
333 described in Subsection (3)(a):

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

336 (b) to support the state guarantee per weighted pupil unit provided under the voted  
337 local levy [~~program established in Section 53A-17a-133~~] or the board local levy [~~program~~  
338 ~~established in Section 53A-17a-164,~~] in accordance with Section 53A-17a-133.5, if:

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

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

343 (c) to support the state supplement to local property taxes allocated to charter schools,  
344 if the state supplement is less than the amount prescribed by Section 53A-1a-513; or

345 (d) to support a school district with a loss in student enrollment as provided in Section  
346 53A-17a-139.

347 (4) If local contributions from the minimum basic tax rate imposed under Section  
348 53A-17a-135 are overestimated, the board shall reduce the value of the weighted pupil unit for  
349 all programs within the basic state-supported school program so the total state contribution to  
350 the basic state-supported school program does not exceed the amount of state funds  
351 appropriated.

352 (5) If local contributions from the minimum basic tax rate imposed under Section  
353 53A-17a-135 are underestimated, the board shall:

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

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

363 (6) Except as provided in Subsection (3) or (5), the board shall reduce the guarantee  
364 per weighted pupil unit as described in Section 53A-17a-133.5 provided under the voted local  
365 levy program established in Section 53A-17a-133 or board local levy program established in  
366 Section 53A-17a-164, if:

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

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

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

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

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

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

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

385 (8) Money appropriated to the board is nonlapsing.

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

388 Section 4. Section **53A-17a-133** is amended to read:

389 **53A-17a-133. Voted local levy -- Election requirements -- Reconsideration of the**  
390 **program.**

391 ~~[(1) As used in this section, "voted and board local levy funding balance" means the~~  
392 ~~difference between:]~~

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

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

397 ~~[(2) An election to consider adoption or modification of a voted local levy is required if~~

398 initiative petitions signed by 10% of the number of electors who voted at the last preceding  
399 general election are presented to the local school board or by action of the board.]

400 ~~[(3) (a) (i) To impose a voted local levy, a majority of the electors of a district voting at  
401 an election in the manner set forth in Subsections (9) and (10) must vote in favor of a special  
402 tax.]~~

403 ~~[(ii) The tax rate may not exceed .002 per dollar of taxable value.]~~

404 ~~[(b) Except as provided in Subsection (3)(c), in order to receive state support the first  
405 year, a district must receive voter approval no later than December 1 of the year prior to  
406 implementation.]~~

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

411 ~~[(4) (a) In addition to the revenue a school district collects from the imposition of a  
412 levy pursuant to this section, the state shall contribute an amount sufficient to guarantee \$35.55  
413 per weighted pupil unit for each .0001 of the first .0016 per dollar of taxable value.]~~

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

418 ~~[(c) (i) Beginning July 1, 2015, the \$35.55 guarantee under Subsections (4)(a) and (b)  
419 shall be indexed each year to the value of the weighted pupil unit for the grades 1 through 12  
420 program by making the value of the guarantee equal to .011962 times the value of the prior  
421 year's weighted pupil unit for the grades 1 through 12 program.]~~

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

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

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

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

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

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

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

443 ~~[(ii) The State Board of Education shall report action taken under this Subsection (4)(f)~~  
444 ~~to the Office of the Legislative Fiscal Analyst and the Governor's Office of Management and~~  
445 ~~Budget.]~~

446 (1) As used in this section, "voted local levy" means a local levy imposed in  
447 accordance with this section by a local school board.

448 (2) (a) A local school board may impose or modify a voted local levy on property  
449 located in the school district of the local school board if a majority of the electors of the school  
450 district voting at an election in the manner set forth in Subsections (8) and (9) vote in favor of  
451 imposing or modifying the voted local levy.

452 (b) The tax rate of the imposed or modified voted local levy may not exceed .002 per  
453 dollar of taxable value.

454 (3) The local school board shall hold an election to consider imposing or modifying the  
455 voted local levy if:

456 (a) (i) 10% of the electors of the school district who voted at the last preceding general  
457 election sign an initiative petition; and

458 (ii) the initiative petition is presented to the local school board; or

459 (b) a majority of the local school board votes in favor of holding the election.

460            [(5)] (4) (a) An election to modify an existing voted local levy is not a reconsideration  
461 of the local school board's existing voted local levy authority unless the proposition submitted  
462 to the electors expressly so states.

463            (b) A majority vote opposing a modification does not deprive the [~~district~~] local school  
464 board of authority to continue the voted local levy.

465            (c) If adoption of a voted local levy is contingent upon an offset reducing other local  
466 school board levies, the local school board [~~must~~] shall allow the electors, in an election, to  
467 consider modifying or discontinuing the imposition of the voted local levy [~~prior to~~] before a  
468 subsequent increase in other levies that would increase the total local school board [~~levy~~]  
469 levies.

470            (d) Nothing contained in this section terminates, without an election, the authority of a  
471 [~~school district~~] local school board to continue imposing an existing voted local levy  
472 previously authorized by the voters [~~as a voted leeway program~~].

473            [(6)] (5) Notwithstanding Section 59-2-919, a local school [~~district~~] board may budget  
474 an increased amount of ad valorem property tax revenue derived from a voted local levy  
475 imposed under this section in addition to revenue from eligible new growth as defined in  
476 Section 59-2-924, without having to comply with the notice requirements of Section 59-2-919,  
477 if:

478            (a) the voted local levy is approved:

479            (i) in accordance with Subsections [(9)] (8) and [(10)] (9) on or after January 1, 2003;

480 and

481            (ii) within the four-year period immediately preceding the year in which the local  
482 school [~~district~~] board seeks to budget an increased amount of ad valorem property tax revenue  
483 derived from the voted local levy; and

484            (b) for a voted local levy approved or modified in accordance with this section on or  
485 after January 1, 2009, the [~~school district~~] local school board complies with the requirements of  
486 Subsection [(8)] (7).

487            [(7)] (6) Notwithstanding Section 59-2-919, a local school [~~district~~] board may levy a  
488 voted local levy tax rate under this section that exceeds the certified tax rate without having to  
489 comply with the notice requirements of Section 59-2-919 if:

490            (a) the voted local levy exceeds the certified tax rate as the result of [~~a school district~~]



491 the local school board budgeting an increased amount of ad valorem property tax revenue  
492 derived from a voted local levy imposed under this section;

493 (b) the voted local levy [~~was~~] is approved:

494 (i) in accordance with Subsections [~~(9)~~] (8) and [~~(10)~~] (9) on or after January 1, 2003;

495 and

496 (ii) within the four-year period immediately preceding the year in which the local  
497 school [~~district~~] board seeks to budget an increased amount of ad valorem property tax revenue  
498 derived from the voted local levy; and

499 (c) for a voted local levy approved or modified in accordance with this section on or  
500 after January 1, 2009, the [~~school district~~] local school board complies with requirements of  
501 Subsection [~~(8)~~] (7).

502 [~~(8)~~] (7) For purposes of Subsection [~~(6)~~] (5)(b) or [~~(7)~~] (6)(c), the proposition  
503 submitted to the electors regarding the adoption or modification of a voted local levy shall  
504 contain the following statement:

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

507 [~~(9)~~] (8) (a) Before [~~imposing a property tax~~] a local school board may impose a voted  
508 local levy pursuant to this section, a local school [~~district~~] board shall submit an opinion  
509 question to the school district's registered voters voting on the imposition of the voted local  
510 levy tax rate so that each registered voter has the opportunity to express the registered voter's  
511 opinion on whether the tax rate should be imposed.

512 (b) The election required by this Subsection [~~(9)~~] (8) shall be held:

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

515 (ii) at a municipal general election conducted in accordance with the procedures and  
516 requirements of Section [20A-1-202](#); or

517 (iii) at a local special election conducted in accordance with the procedures and  
518 requirements of Section [20A-1-203](#).

519 (c) Notwithstanding the requirements of Subsections [~~(9)~~] (8)(a) and (b), beginning on  
520 or after January 1, 2012, a local school [~~district~~] board may levy a voted local levy tax rate in  
521 accordance with this section without complying with the requirements of Subsections [~~(9)~~]

522 (8)(a) and (b) if the local school [district] board imposed a tax in accordance with this section  
523 at any time during the taxable year beginning on January 1, 2011, and ending on December 31,  
524 2011.

525 ~~[(10)]~~ (9) If a local school [district] board determines that a majority of the school  
526 district's registered voters voting on the imposition of the voted local levy tax rate have voted  
527 in favor of the imposition of the tax rate in accordance with Subsection ~~[(9)]~~ (8), the local  
528 school ~~[district may]~~ board may impose the tax rate.

529 (10) In order for a school district to receive a state guarantee described in Section  
530 [53A-17a-133.5](#) the first year a voted local levy is imposed, a local school board shall receive  
531 voter approval no later than December 1 of the year before implementation.

532 Section 5. Section [53A-17a-133.5](#) is enacted to read:

533 **53A-17a-133.5. State guaranteed local levy increments -- Appropriation to**  
534 **increase number of guaranteed local levy increments -- No effect of change of certified**  
535 **tax rate -- Voted and board local levy funding balance -- Use of guaranteed local levy**  
536 **increment funds.**

537 (1) As used in this section:

538 (a) "Board local levy" means a local levy described in Section [53A-17a-164](#).

539 (b) "Guaranteed local levy increment" means a local levy increment guaranteed by the  
540 state:

541 (i) for the board local levy, described in Subsections (2)(a)(ii)(A) and (2)(b)(ii)(A); or

542 (ii) for the voted local levy, described in Subsections (2)(a)(ii)(B) and (2)(b)(ii)(B).

543 (c) "Local levy increment" means .0001 per dollar of taxable value.

544 (d) (i) "Voted and board local levy funding balance" means the difference between:

545 (A) the amount appropriated for the guaranteed local levy increments of the voted local  
546 levy and board local levy in a fiscal year; and

547 (B) the amount necessary to fund in the same fiscal year the guaranteed local levy  
548 increments as determined under this section.

549 (ii) "Voted and board local levy funding balance" does not include appropriations  
550 described in Subsection (2)(b)(i).

551 (e) "Voted local levy" means a local levy described in Section [53A-17a-133](#).

552 (2) (a) In addition to revenue a school district collects from the imposition of a voted

553 local levy or a board local levy, the state shall guarantee:

554 (i) subject to Subsections (2)(b)(ii)(C) and (3)(a), for each guaranteed local levy  
555 increment, an amount sufficient to guarantee \$35.55 per weighted pupil unit; and

556 (ii) except as provided in Subsection (2)(b)(ii):

557 (A) for a board local levy, the amount described in Subsection (2)(a)(i) for the first four  
558 local levy increments a local school board imposes under the board local levy; and

559 (B) for a voted local levy, the amount described in Subsection (2)(a)(i) for the first 16  
560 local levy increments a local school board imposes under the voted local levy.

561 (b) (i) Subject to future budget constraints and Subsection (2)(c), the Legislature shall  
562 annually appropriate money from the Local Levy Growth Account established in Section  
563 53A-17a-135.2 to increase the number of guaranteed local levy increments and guaranteed  
564 amount for weighted pupil units in accordance with Subsection (2)(b)(ii).

565 (ii) The State Board of Education shall, for a fiscal year beginning on or after July 1,  
566 2017, and subject to Subsection (2)(c), allocate funds appropriated under Subsection (2)(b)(i)  
567 in the following order of priority by increasing:

568 (A) by up to two increments for any given fiscal year the number of board local levy  
569 guaranteed local levy increments above four;

570 (B) by up to two increments for any given fiscal year the number of voted local levy  
571 guaranteed local levy increments above 16; and

572 (C) the guaranteed amount for each local levy increment per weighted pupil unit  
573 described in Subsection (2)(a)(i).

574 (c) The number of guaranteed local levy increments under this Subsection (2) for a  
575 school district may not exceed 38 guaranteed local levy increments, regardless of whether the  
576 guaranteed local levy increments are from the imposition of a voted local levy, a board local  
577 levy, or a combination of the two.

578 (3) (a) Beginning July 1, 2015, the \$35.55 guarantee described in Subsection (2)(a)(i)  
579 shall be indexed each year to the value of the weighted pupil unit by making the value of the  
580 guarantee equal to .011962 times the value of the prior year's weighted pupil unit.

581 (b) The guarantee shall increase by .0005 times the value of the prior year's weighted  
582 pupil unit for each succeeding year subject to the Legislature appropriating funds for an  
583 increase in the guarantee.

584 (4) (a) The amount of guaranteed local levy increment money that a school district  
585 would otherwise be entitled to receive under this section may not be reduced for the sole reason  
586 that the school district's board local levy or voted local levy is reduced as a consequence of  
587 changes in a certified tax rate under Section 59-2-924 pursuant to changes in property  
588 valuation.

589 (b) Subsection (4)(a) applies for a period of five years following a change in the  
590 certified tax rate as described in Subsection (4)(a).

591 (5) The guaranteed local levy increments from the imposition of a voted local levy do  
592 not apply to the portion of a voted local levy rate that exceeds the voted local levy rate that was  
593 in effect for the previous fiscal year, unless an increase in the voted local levy rate was  
594 authorized in an election described in Section 53A-17a-133 conducted on or after July 1 of the  
595 previous fiscal year and before December 2 of the previous fiscal year.

596 (6) (a) If a voted and board local levy funding balance exists for the prior fiscal year,  
597 the State Board of Education shall:

598 (i) use the voted and board local levy funding balance to increase the value of the state  
599 guarantee per weighted pupil unit described in Subsection (3)(a) in the current fiscal year; and

600 (ii) distribute guaranteed local levy increment funds to school districts based on the  
601 increased value of the state guarantee per weighted pupil unit described in Subsection (6)(a)(i).

602 (b) The State Board of Education shall report action taken under Subsection (6)(a) to  
603 the Office of the Legislative Fiscal Analyst and the Governor's Office of Management and  
604 Budget.

605 (7) A local school board of a school district that receives funds described in this section  
606 shall budget and expend the funds for any public education purpose.

607 (8) (a) Subject to prioritization of the Audit Subcommittee, the Office of the  
608 Legislative Auditor General established under Section 36-12-15 shall on or before November  
609 1, 2020:

610 (i) conduct an audit of money appropriated and allocated under Subsection (2)(b); and

611 (ii) prepare and submit a written report of the audit in accordance with Subsection  
612 36-12-15(4)(b)(ii).

613 (b) The audit shall include:

614 (i) the annual amount of money appropriated under Subsection (2)(b)(i);

- 615 (ii) (A) which school districts received money under Subsection (2)(b)(ii); and
- 616 (B) what expenses each school district paid for with the money;
- 617 (iii) how the appropriation described in Subsection (2)(b)(i) affected differences in per
- 618 student property tax revenue between school districts within the state; and
- 619 (iv) what effects, if any, the appropriation described in Subsection (2)(b)(i) has had on
- 620 statewide education, including any discrepancies between the effect on school districts and
- 621 charter schools.

622 Section 6. Section 53A-17a-134 is amended to read:

623 **53A-17a-134. Board-approved leeway -- Purpose -- State support -- Disapproval.**

624 (1) Except as provided in Subsection (9), a local school board may levy a tax rate of up

625 to .0004 per dollar of taxable value to maintain a school program above the cost of the basic

626 school program as follows:

- 627 (a) a local school board shall use the money generated by the tax for class size
- 628 reduction within the school district;
- 629 (b) if a local school board determines that the average class size in the school district is
- 630 not excessive, it may use the money for other school purposes but only if the board has
- 631 declared the use for other school purposes in a public meeting prior to levying the tax rate; and
- 632 (c) a district may not use the money for other school purposes under Subsection (1)(b)
- 633 until it has certified in writing that its class size needs are already being met and has identified
- 634 the other school purposes for which the money will be used to the State Board of Education
- 635 and the state board has approved their use for other school purposes.

636 (2) (a) The state shall contribute an amount sufficient to guarantee \$27.36 per weighted

637 pupil unit for each .0001 per dollar of taxable value.

638 (b) The guarantee shall increase in the same manner as provided for the voted local

639 levy guarantee in Subsection [~~53A-17a-133(4)(c)~~] 53A-17a-133.5(3)(a).

640 (c) (i) The amount of state guarantee money to which a school district would otherwise

641 be entitled to under this Subsection (2) may not be reduced for the sole reason that the district's

642 levy is reduced as a consequence of changes in the certified tax rate under Section 59-2-924

643 pursuant to changes in property valuation.

644 (ii) Subsection (2)(c)(i) applies for a period of five years following any such change in

645 the certified tax rate.

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

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

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

651 (3) The levy authorized under this section is not in addition to the maximum rate of  
652 .002 authorized in Section 53A-17a-133, but is a board-authorized component of the total tax  
653 rate under that section.

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

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

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

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

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

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

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

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

677 Section 7. Section 53A-17a-135 is amended to read:

678 **53A-17a-135. Minimum basic tax rate -- Certified revenue levy.**

679 (1) As used in this section[;]:

680 (a) "Basic levy increment rate" means a tax rate that will generate an amount of  
681 revenue equal to \$75,000,000.

682 (b) "Fixed minimum rate" means a tax rate that will generate an amount of revenue  
683 equal to:

684 (i) for a fiscal year that begins on July 1, 2017, \$22,000,000;

685 (ii) for a fiscal year that begins on July 1, 2018, \$44,000,000;

686 (iii) for a fiscal year that begins on July 1, 2019, \$66,000,000;

687 (iv) for a fiscal year that begins on July 1, 2020, \$88,000,000; or

688 (v) for a fiscal year that begins on or after July 1, 2021, \$110,000,000.

689 (2) (a) [~~It~~] Except as provided in Subsection (3), in order to qualify for receipt of the  
690 state contribution toward the basic program and as [~~its~~] the school district's contribution toward  
691 [~~its~~] the costs of the basic program, each school district shall impose a minimum basic tax rate  
692 per dollar of taxable value that generates \$392,266,800 in revenues statewide.

693 (b) [~~The~~] Except as provided in Subsection (3), the preliminary estimate for the  
694 2016-17 minimum basic tax rate is .001695.

695 (c) [~~The~~] Except as provided in Subsection (3), the State Tax Commission shall certify  
696 on or before June 22 the rate that generates \$392,266,800 in revenues statewide.

697 (d) [~~If~~] Except as provided in Subsection (3), if the minimum basic tax rate exceeds the  
698 certified revenue levy as defined in Section 53A-17a-103, the state is subject to the notice  
699 requirements of Section 59-2-926.

700 (3) (a) For a fiscal year that begins on July 1, 2017, 2018, 2019, 2020, or 2021, the  
701 minimum basic tax rate is the greater of:

702 (i) the certified revenue levy; or

703 (ii) a tax rate of .001675.

704 (b) On or before June 22, the State Tax Commission shall certify the tax rate to be  
705 imposed under Subsection (3)(a), which generates an estimated \$421,041,300 in revenues  
706 statewide consisting of:

707 (i) the minimum basic tax rate;

708 (ii) the basic levy increment rate; and

709 (iii) the fixed minimum rate.

710 (c) If under this Subsection (3) the minimum basic tax rate exceeds the certified  
711 revenue levy, the state is not subject to the notice requirements of Section 59-2-926.

712 ~~[(3)]~~ (4) (a) The state shall contribute to each district toward the cost of the basic  
713 program in the district that portion which exceeds the proceeds of the difference between:

714 (i) the minimum basic tax rate to be imposed under Subsection (2) or (3) as applicable;  
715 and

716 (ii) the sum of the basic levy increment rate and the fixed minimum rate.

717 (b) In accordance with the state strategic plan for public education and to fulfill its  
718 responsibility for the development and implementation of that plan, the Legislature instructs  
719 the State Board of Education, the governor, and the Office of Legislative Fiscal Analyst in each  
720 of the coming five years to develop budgets that will fully fund student enrollment growth.

721 ~~[(4)]~~ (5) (a) If the difference described in Subsection ~~[(3)]~~ (4)(a) equals or exceeds the  
722 cost of the basic program in a school district, no state contribution shall be made to the basic  
723 program.

724 (b) The proceeds of the difference described in Subsection ~~[(3)]~~ (4)(a) that exceed the  
725 cost of the basic program shall be paid into the Uniform School Fund as provided by law.

726 ~~[(5)]~~ (6) The State Board of Education shall:

727 (a) deduct from state funds that a school district is authorized to receive under this  
728 chapter an amount equal to the proceeds generated within the school district by the basic levy  
729 increment rate; and

730 (b) deposit the money described in Subsection ~~[(5)]~~ (6)(a) into the Minimum Basic  
731 Growth Account created in Section 53A-17a-135.1.

732 (7) The State Board of Education shall:

733 (a) deduct from state funds that a school district is authorized to receive under this  
734 chapter an amount equal to the proceeds generated within the school district by the fixed  
735 minimum rate; and

736 (b) deposit the money described in Subsection (7)(a) into the Local Levy Growth  
737 Account created in Section 53A-17a-135.2.

738 Section 8. Section 53A-17a-135.1 is amended to read:



739 **53A-17a-135.1. Minimum Basic Growth Account.**

740 (1) As used in this section, "account" means the Minimum Basic Growth Account  
741 created in this section.

742 (2) There is created within the Education Fund a restricted account known as the  
743 "Minimum Basic Growth Account."

744 (3) The account shall be funded by amounts deposited into the account in accordance  
745 with Section [53A-17a-135](#).

746 (4) The account shall earn interest.

747 (5) Interest earned on the account shall be deposited into the account.

748 (6) Upon appropriation by the Legislature:

749 (a) 75% of the money from the account shall be used to fund the state's contribution to  
750 the voted local levy guarantee described in [~~Subsection [53A-17a-133\(4\)](#)] Section  
751 [53A-17a-133.5](#);~~

752 (b) 20% of the money from the account shall be used to fund the Capital Outlay  
753 Foundation Program as provided in Title 53A, Chapter 21, Part 2, Capital Outlay Foundation  
754 Program; and

755 (c) 5% of the money from the account shall be used to fund the Capital Outlay  
756 Enrollment Growth Program as provided in Title 53A, Chapter 21, Part 3, Capital Outlay  
757 Enrollment Growth Program.

758 Section 9. Section **53A-17a-135.2** is enacted to read:

759 **53A-17a-135.2. Local Levy Growth Account.**

760 (1) As used in this section, "account" means the Local Levy Growth Account created in  
761 this section.

762 (2) There is created within the Education Fund a restricted account known as the  
763 "Local Levy Growth Account."

764 (3) The account shall be funded by:

765 (a) amounts deposited into the account in accordance with Section [53A-17a-135](#); and

766 (b) other legislative appropriations.

767 (4) The account shall earn interest.

768 (5) Interest earned on the account shall be deposited into the account.

769 (6) The Legislature shall appropriate money in the account to the State Board of

770 Education.

771 (7) The State Board of Education shall use money in the account in accordance with  
772 Section 53A-17a-133.5.

773 Section 10. Section **53A-17a-136** is amended to read:

774 **53A-17a-136. Cost of operation and maintenance of minimum school program --**  
775 **Division between state and school districts.**

776 (1) The total cost of operation and maintenance of the minimum school program in the  
777 state is divided between the state and school districts as follows:

778 (a) Each school district shall impose a minimum basic tax rate on all taxable, tangible  
779 property in the school district and shall contribute the tax proceeds toward the cost of the basic  
780 program as provided in this chapter.

781 (b) Each school district may also impose a levy for the purpose of participating in the  
782 levy programs provided in Section 53A-17a-133 or 53A-17a-164.

783 (c) The state shall contribute the balance of the total costs.

784 (2) The contributions by the school districts and by the state are computed separately  
785 for the purpose of determining their respective contributions to:

786 (a) the basic program; and ~~to~~

787 (b) (i) the levy programs provided in Section 53A-17a-133 or 53A-17a-164~~[-];~~ and

788 (ii) the state guarantee of the levy programs as described in Section 53A-17a-133.5.

789 Section 11. Section **53A-17a-146** is amended to read:

790 **53A-17a-146. Reduction of district allocation based on insufficient revenues.**

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

793 (a) the state-supported voted local levy ~~[program]~~ and board local levy programs  
794 pursuant to Section ~~[53A-17a-133; (b) the state-supported board local levy program pursuant~~  
795 ~~to Section 53A-17a-164]~~ 53A-17a-133.5; and

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

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

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

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

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

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

- 810 (a) educator salary adjustments provided in Section 53A-17a-153;
- 811 (b) the Teacher Salary Supplement Program provided in Section 53A-17a-156;
- 812 (c) the extended year for special educators provided in Section 53A-17a-158;
- 813 (d) USTAR centers provided in Section 53A-17a-159;
- 814 (e) the School LAND Trust Program created in Section 53A-16-101.5; or
- 815 (f) a special education program within the Basic School Program.

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

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

822 Section 12. Section 53A-17a-164 is amended to read:

823 **53A-17a-164. Board local levy.**

824 (1) As used in this section, "board local levy" means a local levy imposed in  
825 accordance with this section by a local school board.

826 ~~[(1)]~~ (2) Subject to the other requirements of this section, for a calendar year beginning  
827 on or after January 1, 2012, a local school board may levy a tax to fund the school district's  
828 general fund.

829 ~~[(2)]~~ (3) (a) For purposes of this Subsection ~~[(2)]~~ (3), "combined rate" means the sum  
830 of:

831 (i) the rate imposed by a local school board under Subsection ~~[(1)]~~ (2); and

832 (ii) the charter school levy rate, described in Section 53A-1a-513.1, for the local school  
833 board's school district.

834 (b) Except as provided in Subsection [(2)] (3)(c), beginning on January 1, 2017, a  
835 school district's combined rate may not exceed .0018 per dollar of taxable value in any calendar  
836 year.

837 (c) Beginning on January 1, 2017, a school district's combined rate may not exceed  
838 .0025 per dollar of taxable value in any calendar year if, during the calendar year beginning on  
839 January 1, 2011, the school district's total tax rate for the following levies was greater than  
840 .0018 per dollar of taxable value:

- 841 (i) a recreation levy imposed under Section 11-2-7;
- 842 (ii) a transportation levy imposed under Section 53A-17a-127;
- 843 (iii) a board-authorized levy imposed under Section 53A-17a-134;
- 844 (iv) an impact aid levy imposed under Section 53A-17a-143;
- 845 (v) the portion of a 10% of basic levy imposed under Section 53A-17a-145 that is  
846 budgeted for purposes other than capital outlay or debt service;
- 847 (vi) a reading levy imposed under Section 53A-17a-151; and
- 848 (vii) a tort liability levy imposed under Section 63G-7-704.

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

853 ~~[(b)(i) The amount of state guarantee money to which a school district would~~  
854 ~~otherwise be entitled to under this Subsection (3) may not be reduced for the sole reason that~~  
855 ~~the district's levy is reduced as a consequence of changes in the certified tax rate under Section~~  
856 ~~59-2-924 pursuant to changes in property valuation.]~~

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

859 (4) (a) For a calendar year beginning on or after January 1, 2017, the State Tax  
860 Commission shall adjust a board local levy rate imposed by a local school board under this  
861 section by the amount necessary to offset the change in revenues from the charter school levy  
862 imposed under Section 53A-1a-513.1.

863 (b) A local school board is not required to comply with the notice and public hearing  
864 requirements of Section 59-2-919 for an offset described in Subsection (4)(a) to the change in  
865 revenues from the charter school levy imposed under Section 53A-1a-513.1.

866 (c) A local school board may not increase a board local levy rate under this section  
867 before December 31, 2016, if the local school board did not give public notice on or before  
868 March 4, 2016, of the local school board's intent to increase the board local levy rate.

869 (d) So long as the charter school levy rate does not exceed 25% of the charter school  
870 levy per district revenues, a local school board may not increase a board local levy rate under  
871 this section if the purpose of increasing the board local levy rate is to capture the revenues  
872 assigned to the charter school levy through the adjustment in a board local levy rate under  
873 Subsection (4)(a).

874 (e) Before a local school board takes action to increase a board local levy rate under  
875 this section, the local school board shall:

876 (i) prepare a written statement that attests that the local school board is in compliance  
877 with Subsection (4)(d);

878 (ii) read the statement described in Subsection (4)(e)(i) during a local school board  
879 public meeting where the local school board discusses increasing the board local levy rate; and

880 (iii) send a copy of the statement described in Subsection (4)(e)(i) to the State Tax  
881 Commission.

882 Section 13. Section 53A-19-102 is amended to read:

883 **53A-19-102. Local governing board budget procedures.**

884 (1) As used in this section:

885 (a) "Budget officer" means:

886 (i) for a school district, the school district's superintendent; or

887 (ii) for a charter school, an individual selected by the charter school governing board.

888 (b) "Governing board" means:

889 (i) for a school district, the local school board; or

890 (ii) for a charter school, the charter school governing board.

891 (2) (a) For a school district, before June 22 of each year, a local school board shall  
892 adopt a budget and make appropriations for the next fiscal year.

893 (b) For a school district, if the tax rate in the school district's proposed budget exceeds

894 the certified tax rate defined in Section 59-2-924, the local school board shall comply with  
895 Section 59-2-919 in adopting the budget, except as provided by Section [53A-17a-133]  
896 53A-17a-133.5.

897 (3) (a) For a school district, before the adoption or amendment of a budget, a local  
898 school board shall hold a public hearing, as defined in Section 10-9a-103, on the proposed  
899 budget or budget amendment.

900 (b) In addition to complying with Title 52, Chapter 4, Open and Public Meetings Act,  
901 in regards to the public hearing described in Subsection (3)(a), at least 10 days prior to the  
902 public hearing, a local school board shall:

903 (i) publish a notice of the public hearing in a newspaper or combination of newspapers  
904 of general circulation in the school district, except as provided in Section 45-1-101;

905 (ii) publish a notice of the public hearing electronically in accordance with Section  
906 45-1-101;

907 (iii) file a copy of the proposed budget with the local school board's business  
908 administrator for public inspection; and

909 (iv) post the proposed budget on the school district's Internet website.

910 (c) A notice of a public hearing on a school district's proposed budget shall include  
911 information on how the public may access the proposed budget as provided in Subsections  
912 (3)(b)(iii) and (iv).

913 (4) For a charter school, before June 22 of each year, a charter school governing board  
914 shall adopt a budget for the next fiscal year.

915 (5) Within 30 days of adopting a budget, a governing board shall file a copy of the  
916 adopted budget with the state auditor and the State Board of Education.

917 **Section 14. Appropriation.**

918 The following sums of money are appropriated for the fiscal year beginning July 1,  
919 2017, and ending June 30, 2018. These are additions to amounts previously appropriated for  
920 fiscal year 2018. Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures  
921 Act, the Legislature appropriates the following sums of money from the funds or accounts  
922 indicated for the use and support of the government of the state of Utah.

923 ITEM 1

924 To State Board of Education -- Minimum School Program -- Basic School Program

925	<u>From Education Fund</u>	<u>(\$22,000,000)</u>
926	<u>From Local Revenue</u>	<u>\$22,000,000</u>

927 ITEM 2

928 To State Board of Education -- Minimum School Program -- Voted and  
 929 Board Local Levy Programs

930	<u>From Education Fund Restricted -- Local Levy Growth Account</u>	<u>\$22,000,000</u>
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931 Schedule of Programs:

932	<u>Voted Local Levy Program</u>	<u>\$3,442,000</u>
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933	<u>Board Local Levy Program</u>	<u>\$18,558,000</u>
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934 Section 15. **Restricted fund and account transfers.**

935 The Legislature authorizes the State Division of Finance to transfer the following  
 936 amounts among the following funds or accounts as indicated. Expenditures and outlays from  
 937 the recipient funds must be authorized elsewhere in an appropriations act.

938 To Education Fund Restricted -- Local Levy Growth Account

939	<u>From Education Fund</u>	<u>\$22,000,000</u>
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940 Schedule of Programs:

941	<u>Education Fund Restricted -- Local Levy</u>
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942	<u>Growth Account</u>	<u>\$22,000,000</u>
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943 Section 16. **Retrospective operation.**

944 This bill has retrospective operation to January 1, 2017.