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EDUCATION FUNDING AMENDMENTS

2018 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Bradley G. Last

Senate Sponsor: _____

LONG TITLE

General Description:

This bill amends and enacts provisions related to public education funding.

Highlighted Provisions:

This bill:

- ▶ amends and enacts defined terms for the Minimum School Program;
- ▶ amends for a five-year period the calculation of the minimum basic local amount and minimum basic tax rate;
- ▶ establishes the equity pupil tax rate;
- ▶ directs the State Board of Education to deposit proceeds from the equity pupil tax rate into the Local Levy Growth Account;
- ▶ directs the Legislature to annually appropriate money from the Local Levy Growth Account to guarantee local levy increments;
- ▶ directs the State Board of Education to use the appropriation to increase:
 - the number of guaranteed local levy increments to 20, giving first priority to guaranteed voted local levy increments and second priority to guaranteed board 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 programs for public education purposes;



- 28 ▶ creates the Local Levy Growth Account;
- 29 ▶ modifies the property tax rate cap for the school board local levy to subject all
- 30 school districts to the same rate cap;
- 31 ▶ repeals the following outdated levies prohibited since January 1, 2012:
- 32 • the board-approved leeway;
- 33 • the capital outlay levy;
- 34 • the additional levy for debt service, school sites, buildings, buses, textbooks,
- 35 and supplies; and
- 36 • the board leeway for reading improvement;
- 37 ▶ repeals outdated language, including language related to school capital outlay in
- 38 counties of the first class repealed December 31, 2016;
- 39 ▶ modifies the definition of "certified revenue levy" in the Property Tax Act;
- 40 ▶ modifies provisions governing notice requirements for a proposed tax increase by
- 41 the state;
- 42 ▶ provides a repeal date; and
- 43 ▶ makes technical and conforming changes.

44 Money Appropriated in this Bill:

45 This bill appropriates in fiscal year 2019:

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

- 48 • from the Education Fund, \$15,000,000;

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

- 51 • from the Education Fund, \$5,000,000;

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

- 54 • from the Education Fund, \$500,000;

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

- 57 • from the Education Fund, \$36,117,300;

58 ▶ to the State Board of Education -- Minimum School Program -- Basic School

59 Program, as an ongoing appropriation:

- 60 • from the Education Fund, (\$36,117,300); and
- 61 • from Local Revenue, \$36,117,300; and
- 62 ▶ to the State Board of Education -- Minimum School Program -- Voted and Board

63 Local Levy Programs, as an ongoing appropriation:

- 64 • from the Education Fund Restricted -- Local Levy Growth Account,
- 65 \$36,117,300.

66 **Other Special Clauses:**

67 This bill provides retrospective operation.

68 **Utah Code Sections Affected:**

69 AMENDS:

- 70 **11-13-302**, as last amended by Laws of Utah 2015, Chapter 287
- 71 **11-13-310**, as last amended by Laws of Utah 2003, Chapter 21
- 72 **53E-2-304**, as renumbered and amended by Laws of Utah 2018, Chapter 1
- 73 **53F-2-102**, as renumbered and amended by Laws of Utah 2018, Chapter 2
- 74 **53F-2-201**, as renumbered and amended by Laws of Utah 2018, Chapter 2
- 75 **53F-2-203**, as renumbered and amended by Laws of Utah 2018, Chapter 2
- 76 **53F-2-205**, as renumbered and amended by Laws of Utah 2018, Chapter 2
- 77 **53F-2-301**, as renumbered and amended by Laws of Utah 2018, Chapter 2
- 78 **53F-2-303**, as enacted by Laws of Utah 2018, Chapter 2
- 79 **53F-2-312**, as renumbered and amended by Laws of Utah 2018, Chapter 2
- 80 **53F-2-503**, as renumbered and amended by Laws of Utah 2018, Chapter 2
- 81 **53F-2-515**, as renumbered and amended by Laws of Utah 2018, Chapter 2
- 82 **53F-2-601**, as enacted by Laws of Utah 2018, Chapter 2
- 83 **53F-2-704**, as enacted by Laws of Utah 2018, Chapter 2
- 84 **53F-3-102**, as renumbered and amended by Laws of Utah 2018, Chapter 2
- 85 **53F-8-302**, as renumbered and amended by Laws of Utah 2018, Chapter 2
- 86 **53F-8-303**, as renumbered and amended by Laws of Utah 2018, Chapter 2
- 87 **53F-8-402**, as renumbered and amended by Laws of Utah 2018, Chapter 2
- 88 **53F-9-302**, as renumbered and amended by Laws of Utah 2018, Chapter 2
- 89 **53G-3-304**, as renumbered and amended by Laws of Utah 2018, Chapter 3

- 90 **53G-6-705**, as renumbered and amended by Laws of Utah 2018, Chapter 3
- 91 **59-2-102**, as last amended by Laws of Utah 2016, Chapters 98, 308, 367, and 368
- 92 **59-2-926**, as last amended by Laws of Utah 2016, Chapter 367
- 93 **63I-2-211**, as last amended by Laws of Utah 2017, Chapter 441
- 94 **63I-2-253**, as last amended by Laws of Utah 2017, Chapters 217, 223, 350, 365, 381,
- 95 386, and 468
- 96 **63I-2-259**, as last amended by Laws of Utah 2017, Chapter 181
- 97 **63J-1-220**, as last amended by Laws of Utah 2017, Chapter 173

98 ENACTS:

- 99 **53F-2-301.5**, Utah Code Annotated 1953
- 100 **53F-9-305**, Utah Code Annotated 1953

101 REPEALS:

- 102 **53F-2-602**, as enacted by Laws of Utah 2018, Chapter 2
- 103 **53F-8-401**, as renumbered and amended by Laws of Utah 2018, Chapter 2
- 104 **53F-8-404**, as renumbered and amended by Laws of Utah 2018, Chapter 2
- 105 **53F-8-405**, as renumbered and amended by Laws of Utah 2018, Chapter 2
- 106 **53F-8-406**, as renumbered and amended by Laws of Utah 2018, Chapter 2

107

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

109 Section 1. Section **11-13-302** is amended to read:

110 **11-13-302. Payment of fee in lieu of ad valorem property tax by certain energy**
111 **suppliers -- Method of calculating -- Collection -- Extent of tax lien.**

112 (1) (a) Each project entity created under this chapter that owns a project and that sells
113 any capacity, service, or other benefit from it to an energy supplier or suppliers whose tangible
114 property is not exempted by Utah Constitution Article XIII, Section 3, from the payment of ad
115 valorem property tax, shall pay an annual fee in lieu of ad valorem property tax as provided in
116 this section to each taxing jurisdiction within which the project or any part of it is located.

117 (b) For purposes of this section, "annual fee" means the annual fee described in
118 Subsection (1)(a) that is in lieu of ad valorem property tax.

119 (c) The requirement to pay an annual fee shall commence:

120 (i) with respect to each taxing jurisdiction that is a candidate receiving the benefit of

121 impact alleviation payments under contracts or determination orders provided for in Sections
122 [11-13-305](#) and [11-13-306](#), with the fiscal year of the candidate following the fiscal year of the
123 candidate in which the date of commercial operation of the last generating unit, other than any
124 generating unit providing additional project capacity, of the project occurs, or, in the case of
125 any facilities providing additional project capacity, with the fiscal year of the candidate
126 following the fiscal year of the candidate in which the date of commercial operation of the
127 generating unit providing the additional project capacity occurs; and

128 (ii) with respect to any taxing jurisdiction other than a taxing jurisdiction described in
129 Subsection (1)(c)(i), with the fiscal year of the taxing jurisdiction in which construction of the
130 project commences, or, in the case of facilities providing additional project capacity, with the
131 fiscal year of the taxing jurisdiction in which construction of those facilities commences.

132 (d) The requirement to pay an annual fee shall continue for the period of the useful life
133 of the project or facilities.

134 (2) (a) The annual fees due a school district shall be as provided in Subsection (2)(b)
135 because the ad valorem property tax imposed by a school district and authorized by the
136 Legislature represents both:

137 (i) a levy mandated by the state for the state minimum school program under Section
138 [53A-17a-135](#) or [53F-2-301.5](#), as applicable; and

139 (ii) local levies for capital outlay and other purposes under Sections [53A-16-113](#),
140 [53A-17a-133](#), and [53A-17a-164](#).

141 (b) The annual fees due a school district shall be as follows:

142 (i) the project entity shall pay to the school district an annual fee for the state minimum
143 school program at the rate imposed by the school district and authorized by the Legislature
144 under Section [53A-17a-135](#) or [53F-2-301.5](#), as applicable; and

145 (ii) for all other local property tax levies authorized to be imposed by a school district,
146 the project entity shall pay to the school district either:

147 (A) an annual fee; or

148 (B) impact alleviation payments under contracts or determination orders provided for
149 in Sections [11-13-305](#) and [11-13-306](#).

150 (3) (a) An annual fee due a taxing jurisdiction for a particular year shall be calculated
151 by multiplying the tax rate or rates of the jurisdiction for that year by the product obtained by

152 multiplying the fee base or value determined in accordance with Subsection (4) for that year of
153 the portion of the project located within the jurisdiction by the percentage of the project which
154 is used to produce the capacity, service, or other benefit sold to the energy supplier or suppliers.

155 (b) As used in this section, "tax rate," when applied in respect to a school district,
156 includes any assessment to be made by the school district under Subsection (2) or Section
157 [63M-5-302](#).

158 (c) There is to be credited against the annual fee due a taxing jurisdiction for each year,
159 an amount equal to the debt service, if any, payable in that year by the project entity on bonds,
160 the proceeds of which were used to provide public facilities and services for impact alleviation
161 in the taxing jurisdiction in accordance with Sections [11-13-305](#) and [11-13-306](#).

162 (d) The tax rate for the taxing jurisdiction for that year shall be computed so as to:

163 (i) take into account the fee base or value of the percentage of the project located
164 within the taxing jurisdiction determined in accordance with Subsection (4) used to produce the
165 capacity, service, or other benefit sold to the supplier or suppliers; and

166 (ii) reflect any credit to be given in that year.

167 (4) (a) Except as otherwise provided in this section, the annual fees required by this
168 section shall be paid, collected, and distributed to the taxing jurisdiction as if:

169 (i) the annual fees were ad valorem property taxes; and

170 (ii) the project were assessed at the same rate and upon the same measure of value as
171 taxable property in the state.

172 (b) (i) Notwithstanding Subsection (4)(a), for purposes of an annual fee required by
173 this section, the fee base of a project may be determined in accordance with an agreement
174 among:

175 (A) the project entity; and

176 (B) any county that:

177 (I) is due an annual fee from the project entity; and

178 (II) agrees to have the fee base of the project determined in accordance with the
179 agreement described in this Subsection (4).

180 (ii) The agreement described in Subsection (4)(b)(i):

181 (A) shall specify each year for which the fee base determined by the agreement shall be
182 used for purposes of an annual fee; and

183 (B) may not modify any provision of this chapter except the method by which the fee
184 base of a project is determined for purposes of an annual fee.

185 (iii) For purposes of an annual fee imposed by a taxing jurisdiction within a county
186 described in Subsection (4)(b)(i)(B), the fee base determined by the agreement described in
187 Subsection (4)(b)(i) shall be used for purposes of an annual fee imposed by that taxing
188 jurisdiction.

189 (iv) (A) If there is not agreement as to the fee base of a portion of a project for any
190 year, for purposes of an annual fee, the State Tax Commission shall determine the value of that
191 portion of the project for which there is not an agreement:

192 (I) for that year; and

193 (II) using the same measure of value as is used for taxable property in the state.

194 (B) The valuation required by Subsection (4)(b)(iv)(A) shall be made by the State Tax
195 Commission in accordance with rules made by the State Tax Commission.

196 (c) Payments of the annual fees shall be made from:

197 (i) the proceeds of bonds issued for the project; and

198 (ii) revenues derived by the project entity from the project.

199 (d) (i) The contracts of the project entity with the purchasers of the capacity, service, or
200 other benefits of the project whose tangible property is not exempted by Utah Constitution
201 Article XIII, Section 3, from the payment of ad valorem property tax shall require each
202 purchaser, whether or not located in the state, to pay, to the extent not otherwise provided for,
203 its share, determined in accordance with the terms of the contract, of these fees.

204 (ii) It is the responsibility of the project entity to enforce the obligations of the
205 purchasers.

206 (5) (a) The responsibility of the project entity to make payment of the annual fees is
207 limited to the extent that there is legally available to the project entity, from bond proceeds or
208 revenues, money to make these payments, and the obligation to make payments of the annual
209 fees is not otherwise a general obligation or liability of the project entity.

210 (b) No tax lien may attach upon any property or money of the project entity by virtue of
211 any failure to pay all or any part of an annual fee.

212 (c) The project entity or any purchaser may contest the validity of an annual fee to the
213 same extent as if the payment was a payment of the ad valorem property tax itself.

214 (d) The payments of an annual fee shall be reduced to the extent that any contest is
215 successful.

216 (6) (a) The annual fee described in Subsection (1):

217 (i) shall be paid by a public agency that:

218 (A) is not a project entity; and

219 (B) owns an interest in a facility providing additional project capacity if the interest is
220 otherwise exempt from taxation pursuant to Utah Constitution, Article XIII, Section 3; and

221 (ii) for a public agency described in Subsection (6)(a)(i), shall be calculated in
222 accordance with Subsection (6)(b).

223 (b) The annual fee required under Subsection (6)(a) shall be an amount equal to the tax
224 rate or rates of the applicable taxing jurisdiction multiplied by the product of the following:

225 (i) the fee base or value of the facility providing additional project capacity located
226 within the jurisdiction;

227 (ii) the percentage of the ownership interest of the public agency in the facility; and

228 (iii) the portion, expressed as a percentage, of the public agency's ownership interest
229 that is attributable to the capacity, service, or other benefit from the facility that is sold by the
230 public agency to an energy supplier or suppliers whose tangible property is not exempted by
231 Utah Constitution, Article XIII, Section 3, from the payment of ad valorem property tax.

232 (c) A public agency paying the annual fee pursuant to Subsection (6)(a) shall have the
233 obligations, credits, rights, and protections set forth in Subsections (1) through (5) with respect
234 to its ownership interest as though it were a project entity.

235 Section 2. Section **11-13-310** is amended to read:

236 **11-13-310. Termination of impact alleviation contract.**

237 If the project or any part of it or the facilities providing additional project capacity or
238 any part of them, or the output from the project or facilities providing additional project
239 capacity become subject, in addition to the requirements of Section **11-13-302**, to ad valorem
240 property taxation or other payments in lieu of ad valorem property taxation, or other form of
241 tax equivalent payments to any candidate which is a party to an impact alleviation contract with
242 respect to the project or facilities providing additional project capacity or is receiving impact
243 alleviation payments or means with respect to the project or facilities providing additional
244 project capacity pursuant to a determination by the board, then the impact alleviation contract

245 or the requirement to make impact alleviation payments or provide means therefor pursuant to
246 the determination, as the case may be, shall, at the election of the candidate, terminate. In any
247 event, each impact alleviation contract or determination order shall terminate upon the project,
248 or, in the case of facilities providing additional project capacity, those facilities becoming
249 subject to the provisions of Section [11-13-302](#), except that no impact alleviation contract or
250 agreement entered by a school district shall terminate because of in lieu ad valorem property
251 tax fees levied under Subsection [11-13-302\(2\)\(b\)\(i\)](#) or because of ad valorem property taxes
252 levied under Section [~~53A-17a-135~~] [53F-2-301](#) or [53F-2-301.5](#), as applicable, for the state
253 minimum school program. In addition, if the construction of the project, or, in the case of
254 facilities providing additional project capacity, of those facilities, is permanently terminated for
255 any reason, each impact alleviation contract and determination order, and the payments and
256 means required thereunder, shall terminate. No termination of an impact alleviation contract or
257 determination order may terminate or reduce any liability previously incurred pursuant to the
258 contract or determination order by the candidate beneficiary under it. If the provisions of
259 Section [11-13-302](#), or its successor, are held invalid by a court of competent jurisdiction, and
260 no ad valorem taxes or other form of tax equivalent payments are payable, the remaining
261 provisions of this chapter shall continue in operation without regard to the commencement of
262 commercial operation of the last generating unit of that project or of facilities providing
263 additional project capacity.

264 Section 3. Section [53E-2-304](#) is amended to read:

265 **[53E-2-304. School district and individual school powers -- Plan for college and](#)**
266 **[career readiness definition.](#)**

267 (1) In order to acquire and develop the characteristics listed in Section [53E-2-302](#), each
268 school district and each public school within its respective district shall implement a
269 comprehensive system of accountability in which students advance through public schools by
270 demonstrating competency in the core standards for Utah public schools through the use of
271 diverse assessment instruments such as authentic assessments, projects, and portfolios.

272 (2) (a) Each school district and public school shall:

273 (i) develop and implement programs integrating technology into the curriculum,
274 instruction, and student assessment;

275 (ii) provide for teacher and parent involvement in policymaking at the school site;

276 (iii) implement a public school choice program to give parents, students, and teachers
277 greater flexibility in designing and choosing among programs with different focuses through
278 schools within the same district and other districts, subject to space availability, demographics,
279 and legal and performance criteria;

280 (iv) establish strategic planning at both the district and school level and site-based
281 decision making programs at the school level;

282 (v) provide opportunities for each student to acquire and develop academic and
283 occupational knowledge, skills, and abilities;

284 (vi) participate in ongoing research and development projects primarily at the school
285 level aimed at improving the quality of education within the system; and

286 (vii) involve business and industry in the education process through the establishment
287 of partnerships with the business community at the district and school level.

288 (b) (i) As used in this section, "plan for college and career readiness" means a plan
289 developed by a student and the student's parent or guardian, in consultation with school
290 counselors, teachers, and administrators that:

291 (A) is initiated at the beginning of grade 7;

292 (B) identifies a student's skills and objectives;

293 (C) maps out a strategy to guide a student's course selection; and

294 (D) links a student to post-secondary options, including higher education and careers.

295 (ii) Each local school board, in consultation with school personnel, parents, and school
296 community councils or similar entities shall establish policies to provide for the effective
297 implementation of an individual learning plan or a plan for college and career readiness for
298 each student at the school site.

299 (iii) The policies shall include guidelines and expectations for:

300 (A) recognizing the student's accomplishments, strengths, and progress toward meeting
301 student achievement standards as defined in the core standards for Utah public schools;

302 (B) planning, monitoring, and managing education and career development; and

303 (C) involving students, parents, and school personnel in preparing and implementing
304 an individual learning plan and a plan for college and career readiness.

305 (iv) A parent may request a conference with school personnel in addition to an
306 individual learning plan or a plan for college and career readiness conference established by

307 local school board policy.

308 (v) Time spent during the school day to implement an individual learning plan or a
309 plan for college and career readiness is considered part of the school term [~~referred to in~~
310 ~~Subsection 53F-2-102(7)~~] described in Section 53F-2-102.

311 (3) A school district or public school may submit proposals to modify or waive rules or
312 policies of a supervisory authority within the public education system in order to acquire or
313 develop the characteristics listed in Section 53E-2-302.

314 (4) (a) Each school district and public school shall make an annual report to its patrons
315 on its activities under this section.

316 (b) The reporting process shall involve participation from teachers, parents, and the
317 community at large in determining how well the district or school is performing.

318 Section 4. Section 53F-2-102 is amended to read:

319 **53F-2-102. Definitions.**

320 As used in this chapter:

321 (1) "Basic state-supported school program" or "basic program" means public education
322 programs for kindergarten, elementary, and secondary school students that are operated and
323 maintained for the amount derived by multiplying the number of weighted pupil units for each
324 school district or charter school by the value established each year in [~~statute~~] the enacted
325 public education budget, except as otherwise provided in this chapter.

326 [~~(2) (a) "Certified revenue levy" means a property tax levy that provides an amount of~~
327 ~~ad valorem property tax revenue equal to the sum of:]~~

328 [~~(i) the amount of ad valorem property tax revenue to be generated statewide in the~~
329 ~~previous year from imposing a minimum basic tax rate, as specified in Section 53F-2-301; and]~~

330 [~~(ii) the product of:]~~

331 [~~(A) eligible new growth, as defined in Section 59-2-924 and rules of the State Tax~~
332 ~~Commission; and]~~

333 [~~(B) the minimum basic tax rate certified by the State Tax Commission for the~~
334 ~~previous year.]~~

335 [~~(b) For purposes of this Subsection (2), "ad valorem property tax revenue" does not~~
336 ~~include property tax revenue received statewide from personal property that is:]~~

337 [~~(i) assessed by a county assessor in accordance with Title 59, Chapter 2, Part 3,~~

338 County Assessment; and]

339 ~~[(ii) semiconductor manufacturing equipment.]~~

340 ~~[(c) For purposes of calculating the certified revenue levy described in this Subsection~~

341 ~~(2), the State Tax Commission shall use:]~~

342 ~~[(i) the taxable value of real property assessed by a county assessor contained on the~~

343 ~~assessment roll;]~~

344 ~~[(ii) the taxable value of real and personal property assessed by the State Tax~~

345 ~~Commission; and]~~

346 ~~[(iii) the taxable year end value of personal property assessed by a county assessor~~

347 ~~contained on the prior year's assessment roll.]~~

348 ~~[(3)]~~ (2) "Charter school governing board" means the governing board, as defined in

349 Section 53G-5-102, that governs a charter school.

350 ~~[(4)]~~ (3) "Local education board" means a local school board or charter school

351 governing board.

352 ~~[(5)]~~ (4) "Local school board" means a board elected under Title 20A, Chapter 14, Part

353 2, Election of Members of Local Boards of Education.

354 ~~[(6)]~~ (5) "Pupil in average daily membership (ADM)" means a full-day equivalent

355 pupil.

356 ~~[(7)]~~ (6) (a) "State-supported minimum school program" or "Minimum School

357 Program" means public school programs for kindergarten, elementary, and secondary schools

358 as described in this Subsection ~~[(7)]~~ (6).

359 (b) The Minimum School Program established in school districts and charter schools

360 shall include the equivalent of a school term of nine months as determined by the State Board

361 of Education.

362 (c) (i) The board shall establish the number of days or equivalent instructional hours

363 that school is held for an academic school year.

364 (ii) Education, enhanced by utilization of technologically enriched delivery systems,

365 when approved by a local education board, shall receive full support by the State Board of

366 Education as it pertains to fulfilling the attendance requirements, excluding time spent viewing

367 commercial advertising.

368 (d) (i) A local education board may reallocate up to 32 instructional hours or four

369 school days established under Subsection [(7)] (6)(c) for teacher preparation time or teacher
370 professional development.

371 (ii) A reallocation of instructional hours or school days under Subsection [(7)] (6)(d)(i)
372 is subject to the approval of two-thirds of the members of a local education board voting in a
373 regularly scheduled meeting:

374 (A) at which a quorum of the local education board is present; and

375 (B) held in compliance with Title 52, Chapter 4, Open and Public Meetings Act.

376 (iii) If a local education board reallocates instructional hours or school days as
377 provided by this Subsection [(7)] (6)(d), the school district or charter school shall notify
378 students' parents and guardians of the school calendar at least 90 days before the beginning of
379 the school year.

380 (iv) Instructional hours or school days reallocated for teacher preparation time or
381 teacher professional development pursuant to this Subsection [(7)] (6)(d) is considered part of a
382 school term referred to in Subsection [(7)] (6)(b).

383 (e) The Minimum School Program includes a program or allocation funded by a line
384 item appropriation or other appropriation designated as follows:

385 (i) Basic School Program;

386 (ii) Related to Basic Programs;

387 (iii) Voted and Board Levy Programs; or

388 (iv) Minimum School Program.

389 [(8)] (7) "Weighted pupil unit or units or WPU or WPUs" means the unit of measure of
390 factors that is computed in accordance with this chapter for the purpose of determining the
391 costs of a program on a uniform basis for each school district or charter school.

392 Section 5. Section 53F-2-201 is amended to read:

393 **53F-2-201. Cost of operation and maintenance of minimum school program --**
394 **Division between state and school districts.**

395 (1) The total cost of operation and maintenance of the Minimum School Program in the
396 state is divided between the state and school districts as follows:

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

400 (b) Each school district may also impose a levy under Section [53F-8-301](#) or [53F-8-302](#)
401 for the purpose of participating in the respective local levy state programs [~~provided~~] described
402 in Section [53F-2-601](#) [~~or 53F-2-602~~].

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

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

406 (a) the basic program; and [~~to the levy programs provided in Section 53F-2-601 or~~
407 [53F-2-602](#).]

408 (b) the local levy state guarantee programs described in Section [53F-2-601](#).

409 Section 6. Section **53F-2-203** is amended to read:

410 **53F-2-203. Reduction of local education board allocation based on insufficient**
411 **revenues.**

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

414 [~~(a) the state-supported voted local levy program pursuant to Section [53F-2-601](#);~~]

415 [~~(b) the state-supported board local levy program pursuant to Section [53F-2-602](#); and]~~

416 (a) an appropriation for a state guaranteed local levy increment as described in Section
417 [53F-2-601](#); and

418 [~~(c)~~] (b) the appropriation to charter schools to replace local property tax revenues
419 pursuant to Section [53F-2-704](#).

420 (2) If the Legislature reduces appropriations made to support public schools under this
421 chapter because an Education Fund budget deficit, as defined in Section [63J-1-312](#), exists, the
422 State Board of Education, after consultation with each local education board, shall allocate the
423 reduction among school districts and charter schools in proportion to each school district's or
424 charter school's percentage share of Minimum School Program funds.

425 (3) Except as provided in Subsection (5) and subject to the requirements of Subsection
426 (7), a local education board shall determine which programs are affected by a reduction
427 pursuant to Subsection (2) and the amount each program is reduced.

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

430 (5) A local education board may not reduce or reallocate spending of funds distributed

431 to the school district or charter school for the following programs:

- 432 (a) educator salary adjustments provided in Section 53F-2-405;
 - 433 (b) the Teacher Salary Supplement Program provided in Section 53F-2-504;
 - 434 (c) the extended year for special educators provided in Section 53F-2-310;
 - 435 (d) USTAR centers provided in Section 53F-2-505;
 - 436 (e) the School LAND Trust Program created in Section 53F-2-404; or
 - 437 (f) a special education program within the Basic School Program.
- 438 (6) A local education board may not reallocate spending of funds distributed to the
439 school district or charter school to a reserve account.

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

444 Section 7. Section 53F-2-205 is amended to read:

445 **53F-2-205. Powers and duties of State Board of Education to adjust Minimum**
446 **School Program allocations -- Use of remaining funds at the end of a fiscal year.**

447 (1) ~~[For purposes of]~~ As used in this section:

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

451 (c) "Program" means a program or allocation funded by a line item appropriation or
452 other appropriation designated as:

- 453 (i) Basic Program;
- 454 (ii) Related to Basic Programs;
- 455 (iii) Voted and Board Levy Programs; or
- 456 (iv) Minimum School Program.

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

461 (3) If the number of weighted pupil units in a program is overestimated, the board shall

462 spend excess money appropriated for the following purposes giving priority to the purpose
463 described in Subsection (3)(a):

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

466 (b) to support the state [~~guarantee per weighted pupil unit provided under the voted~~
467 ~~local levy program established in Section 53F-2-601~~ or the board local levy program
468 ~~established in Section 53F-2-602~~] guaranteed local levy increments as defined in Section
469 53F-2-601, if:

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

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

474 (c) to support the state supplement to local property taxes allocated to charter schools,
475 if the state supplement is less than the amount prescribed by Section 53F-2-704; or

476 (d) to support a school district with a loss in student enrollment as provided in Section
477 53F-2-207.

478 (4) If local contributions from the minimum basic tax rate imposed under Section
479 53F-2-301 or 53F-2-301.5, as applicable, are overestimated, the board shall reduce the value of
480 the weighted pupil unit for all programs within the basic state-supported school program so the
481 total state contribution to the basic state-supported school program does not exceed the amount
482 of state funds appropriated.

483 (5) If local contributions from the minimum basic tax rate imposed under Section
484 53F-2-301 or 53F-2-301.5, as applicable, are underestimated, the board shall:

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

489 (b) reduce the state contribution to the basic state-supported school program so the
490 total cost of the basic state-supported school program does not exceed the total state and local
491 funds appropriated to the basic state-supported school program plus the local contributions
492 necessary to support the value of the weighted pupil unit in programs within the basic

493 state-supported school program in which the number of weighted pupil units is underestimated.

494 (6) Except as provided in Subsection (3) or (5), the board shall reduce the state
495 guarantee per weighted pupil unit provided under the [voted local levy program established]
496 local levy state guarantee program described in Section 53F-2-601 [~~or board local levy program~~
497 ~~established in Section 53F-2-602~~], if:

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

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

502 (7) Money appropriated to the board is nonlapsing.

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

505 Section 8. Section **53F-2-301** is amended to read:

506 **53F-2-301. Minimum basic tax rate for a fiscal year that begins after July 1, 2022.**

507 (1) The provisions of this section are not in effect for a fiscal year that begins July 1,
508 2018, 2019, 2020, 2021, or 2022.

509 [(1)] (2) As used in this section[, "basic]:

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

512 [(2) (a) ~~To qualify for receipt of the state contribution toward the basic program and as~~
513 ~~a school district's contribution toward the school district's costs of the basic program, each local~~
514 ~~school board shall impose a minimum basic tax rate per dollar of taxable value that generates~~
515 ~~\$399,041,300 in revenues statewide.]~~

516 (b) "Commission" means the State Tax Commission.

517 (c) "Equity pupil tax rate" means the tax rate that will generate an amount of revenue
518 equal to the amount generated by the equity pupil tax rate as defined in Section 53F-2-301.5 in
519 the fiscal year that begins July 1, 2022.

520 (d) "Minimum basic local amount" means an amount that is:

521 (i) equal to the sum of:

522 (A) the school districts' contribution to the basic program the previous fiscal year;

523 (B) the amount generated by the basic levy increment rate;

524 (C) the amount generated by the equity pupil tax rate; and

525 (D) the eligible new growth, as defined in Section 59-2-924 and rules of the State Tax
526 Commission; and

527 (ii) set annually by the Legislature in Subsection (3)(a).

528 (e) "Minimum basic tax rate" means a tax rate certified by the commission that will
529 generate an amount of revenue equal to the minimum basic local amount described in
530 Subsection (3)(a).

531 (3) (a) The minimum basic local amount for fiscal year 2019 is \$408,073,800 in
532 revenue statewide.

533 (b) The preliminary estimate for the ~~[2017-18]~~ fiscal year 2019 minimum basic tax rate
534 is ~~[:.001596]~~ .001498.

535 ~~[(c) The State Tax Commission shall certify on or before June 22 the rate that~~
536 ~~generates \$399,041,300 in revenues statewide.]~~

537 ~~[(d) If the minimum basic tax rate exceeds the certified revenue levy, the state is~~
538 ~~subject to the notice requirements of Section 59-2-926.]~~

539 (c) On or before June 22, the commission shall certify the minimum basic tax rate for
540 the year.

541 (d) (i) The estimate of the minimum basic tax rate provided in Subsection (3)(b) is
542 based on a forecast for property values for the next calendar year.

543 (ii) The certified minimum basic tax rate described in Subsection (3)(c) is based on
544 property values as of January 1 of the current calendar year, except personal property which is
545 based on values from the previous calendar year.

546 (4) (a) To qualify for receipt of the state contribution toward the basic program and as a
547 school district's contribution toward the school district's costs of the basic program, each local
548 school board shall impose the minimum basic tax rate.

549 (b) (i) The state is not subject to the notice requirements of Section 59-2-926 before
550 imposing the tax rates described in this Subsection (4).

551 (ii) The state is subject to the notice requirements of Section 59-2-926 if the state
552 authorizes a tax rate that exceeds the tax rates described in this Subsection (4).

553 ~~[(3) The]~~ (5) (a) Subject to Subsection (6), the state shall contribute to each school
554 district toward the cost of the basic program in the school district [that portion that exceeds the

555 ~~proceeds of~~ an amount of money that is the difference between the cost of the school districts'
 556 basic school program and the sum of the following:

557 ~~[(a)]~~ (i) revenue generated in the school district through the minimum basic tax rate [to
 558 be imposed under Subsection (2); and];

559 ~~[(b)]~~ (ii) the basic levy increment rate[-]; and

560 (iii) the equity pupil tax rate.

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

564 ~~[(b)]~~ (ii) The proceeds of the difference described in Subsection [(3)] (5)(a) that exceed
 565 the cost of the basic program shall be paid into the Uniform School Fund as provided by law
 566 and by the close of the fiscal year in which the proceeds were calculated.

567 ~~[(5)]~~ (6) The State Board of Education shall:

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

571 ~~[(b)]~~ (ii) deposit the money described in Subsection [(5)(a)] (6)(a)(i) into the Minimum
 572 Basic Growth Account created in Section 53F-9-302[-]; and

573 (b) (i) deduct from state funds that a school district is authorized to receive under this
 574 chapter an amount equal to the proceeds generated within the school district by the equity pupil
 575 tax rate; and

576 (ii) deposit the money described in Subsection (6)(b)(i) into the Local Levy Growth
 577 Account created in Section 53F-9-305.

578 Section 9. Section 53F-2-301.5 is enacted to read:

579 **53F-2-301.5. Minimum basic tax rate for a fiscal year that begins July 1, 2018,**
 580 **2019, 2020, 2021, or 2022.**

581 (1) The provisions of this section are in effect for a fiscal year that begins before July 1,
 582 2023.

583 (2) As used in this section:

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

586 (b) "Commission" means the State Tax Commission.
587 (c) "Equity pupil tax rate" means the tax rate that is:
588 (i) calculated by subtracting the minimum basic tax rate from the rate floor; or
589 (ii) zero, if the rate calculated in accordance with Subsection (2)(d)(i) is zero or less.
590 (d) "Minimum basic local amount" means an amount that is:
591 (i) equal to the sum of:
592 (A) the school districts' contribution to the basic program the previous fiscal year;
593 (B) the amount generated by the basic levy increment rate; and
594 (C) the eligible new growth, as defined in Section 59-2-924 and rules of the State Tax
595 Commission; and
596 (ii) set annually by the Legislature in Subsection (3)(a).
597 (e) "Minimum basic tax rate" means a tax rate certified by the commission that will
598 generate an amount of revenue equal to the minimum basic local amount described in
599 Subsection (3)(a).
600 (f) "Rate floor" means the greater of:
601 (i) a .0016 tax rate; or
602 (ii) the minimum basic tax rate.
603 (3) (a) The minimum basic local amount for fiscal year 2019 is \$408,073,800 in
604 revenue statewide.
605 (b) The preliminary estimate for the fiscal year 2019 minimum basic tax rate is
606 .001498.
607 (c) On or before June 22, the commission shall certify the minimum basic tax for the
608 year.
609 (d) (i) The estimate of the minimum basic tax rate provided in Subsection (3)(b) is
610 based on a forecast for property values for the next calendar year.
611 (ii) The certified minimum basic tax rate described in Subsection (3)(c) is based on
612 property values as of January 1 of the current calendar year, except personal property, which is
613 based on values from the previous calendar year.
614 (4) (a) To qualify for receipt of the state contribution toward the basic program and as a
615 school district's contribution toward the school district's costs of the basic program, each local
616 school board shall impose a property tax at the rate described in this Subsection (4).

617 (b) Subject to Subsection (4)(c), a local school board shall impose the rate floor.

618 (c) (i) The state is not subject to the notice requirements of Section 59-2-926 before
619 imposing the tax rates described in this Subsection (4).

620 (ii) The state is subject to the notice requirements of Section 59-2-926 if the state
621 authorizes a tax rate that exceeds the tax rates described in this Subsection (4).

622 (5) (a) Subject to Subsection (6), the state shall contribute to each school district
623 toward the cost of the basic program in the school district an amount of money that is the
624 difference between the cost of the districts' basic school program and the sum of the following:

625 (i) revenue generated in the school district through the minimum basic tax rate;

626 (ii) the basic levy increment rate; and

627 (iii) the equity pupil tax rate.

628 (b) (i) If the difference described in Subsection (5)(a) equals or exceeds the cost of the
629 basic program in a school district, no state contribution shall be made to the basic program.

630 (ii) The proceeds of the difference described in Subsection (5)(a) that exceed the cost
631 of the basic program shall be paid into the Uniform School Fund as provided by law and by the
632 close of the fiscal year in which the proceeds were calculated.

633 (6) The State Board of Education shall:

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

637 (ii) deposit the money described in Subsection (6)(a)(i) into the Minimum Basic
638 Growth Account created in Section 53F-9-302; and

639 (b) (i) deduct from state funds that a school district is authorized to receive under this
640 chapter an amount equal to the proceeds generated within the school district by the equity pupil
641 tax rate; and

642 (ii) deposit the money described in Subsection (6)(b)(i) into the Local Levy Growth
643 Account created in Section 53F-9-305.

644 Section 10. Section 53F-2-303 is amended to read:

645 **53F-2-303. Foreign exchange student weighted pupil units.**

646 (1) A school district or charter school may include foreign exchange students in the
647 district's or school's membership and attendance count for the purpose of apportionment of

648 state money, except as provided in Subsections (2) through (4).

649 (2) (a) Notwithstanding Section [53F-2-302](#), foreign exchange students may not be
650 included in average daily membership for the purpose of determining the number of weighted
651 pupil units in the grades 1-12 basic program.

652 (b) Subject to the limitation in Subsection (3), the number of weighted pupil units in
653 the grades 1-12 basic program attributed to foreign exchange students shall be equal to the
654 number of foreign exchange students who were:

655 (i) enrolled in a school district or charter school on October 1 of the previous fiscal
656 year; and

657 (ii) sponsored by an agency approved by the district's local school board or charter
658 school's governing board.

659 (3) (a) The total number of foreign exchange students in the state that may be counted
660 for the purpose of apportioning state money under Subsection (2) shall be the lesser of:

661 (i) the number of foreign exchange students enrolled in public schools in the state on
662 October 1 of the previous fiscal year; or

663 (ii) 328 foreign exchange students.

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

668 (4) Notwithstanding [~~Sections [53F-2-601](#) and [53F-2-602](#)~~] [Section \[53F-2-601\]\(#\)](#), weighted
669 pupil units in the grades 1-12 basic program for foreign exchange students, as determined by
670 Subsections (2) and (3), may not be included for the purposes of determining a school district's
671 state guarantee money under [~~the voted or board local levies~~] [Section \[53F-2-601\]\(#\)](#).

672 Section 11. Section **53F-2-312** is amended to read:

673 **53F-2-312. Appropriation for class size reduction.**

674 (1) Money appropriated to the State Board of Education for class size reduction shall
675 be used to reduce the average class size in kindergarten through the eighth grade in the state's
676 public schools.

677 (2) Each school district or charter school shall receive an allocation based upon the
678 school district or charter school's prior year average daily membership in kindergarten through

679 grade 8 plus growth as determined under Subsection 53F-2-302(3) as compared to the total
680 prior year average daily membership in kindergarten through grade 8 plus growth of school
681 districts and charter schools that qualify for an allocation pursuant to Subsection (8).

682 (3) (a) A local education board may use an allocation to reduce class size in any one or
683 all of the grades referred to under this section, except as otherwise provided in Subsection
684 (3)(b).

685 (b) (i) Each local education board shall use 50% of an allocation to reduce class size in
686 any one or all of grades kindergarten through grade 2, with an emphasis on improving student
687 reading skills.

688 (ii) If a school district's or charter school's average class size is below 18 in grades
689 kindergarten through grade 2, a local education board may petition the State Board of
690 Education for, and the State Board of Education may grant, a waiver to use an allocation under
691 Subsection (3)(b)(i) for class size reduction in the other grades.

692 (4) Schools may use nontraditional innovative and creative methods to reduce class
693 sizes with this appropriation and may use part of an allocation to focus on class size reduction
694 for specific groups, such as at risk students, or for specific blocks of time during the school
695 day.

696 (5) (a) A local education board may use up to 20% of an allocation under Subsection
697 (1) for capital facilities projects if such projects would help to reduce class size.

698 (b) If a school district's or charter school's student population increases by 5% or 700
699 students from the previous school year, the local education board may use up to 50% of any
700 allocation received by the respective school district or charter school under this section for
701 classroom construction.

702 (6) This appropriation is to supplement any other appropriation made for class size
703 reduction.

704 (7) The Legislature shall provide for an annual adjustment in the appropriation
705 authorized under this section in proportion to the increase in the number of students in the state
706 in kindergarten through grade eight.

707 (8) (a) For a school district or charter school to qualify for class size reduction money,
708 a local education board shall submit:

709 (i) a plan for the use of the allocation of class size reduction money to the State Board

710 of Education; and

711 (ii) beginning with the 2014-15 school year, a report on the local education board's use
712 of class size reduction money in the prior school year.

713 (b) The plan and report required pursuant to Subsection (8)(a) shall include the
714 following information:

715 (i) (A) the number of teachers employed using class size reduction money;

716 (B) the amount of class size reduction money expended for teachers; and

717 (C) if supplemental school district or charter school funds are expended to pay for
718 teachers employed using class size reduction money, the amount of the supplemental money;

719 (ii) (A) the number of paraprofessionals employed using class size reduction money;

720 (B) the amount of class size reduction money expended for paraprofessionals; and

721 (C) if supplemental school district or charter school funds are expended to pay for
722 paraprofessionals employed using class size reduction money, the amount of the supplemental
723 money; and

724 (iii) the amount of class size reduction money expended for capital facilities.

725 (c) In addition to submitting a plan and report on the use of class size reduction money,
726 a local education board shall annually submit a report to the State Board of Education that
727 includes the following information:

728 (i) the number of teachers employed using K-3 Reading Improvement Program money
729 received pursuant to [Sections] Section 53F-2-503 [~~and 53F-8-406~~];

730 (ii) the amount of K-3 Reading Improvement Program money expended for teachers;

731 (iii) the number of teachers employed in kindergarten through grade 8 using Title I
732 money;

733 (iv) the amount of Title I money expended for teachers in kindergarten through grade
734 8; and

735 (v) a comparison of actual average class size by grade in grades kindergarten through 8
736 in the school district or charter school with what the average class size would be without the
737 expenditure of class size reduction, K-3 Reading Improvement Program, and Title I money.

738 (d) The information required to be reported in Subsections (8)(b)(i)(A) through (C),
739 (8)(b)(ii)(A) through (C), and (8)(c) shall be categorized by a teacher's or paraprofessional's
740 teaching assignment, such as the grade level, course, or subject taught.

741 (e) The State Board of Education may make rules specifying procedures and standards
742 for the submission of:

743 (i) a plan and a report on the use of class size reduction money as required by this
744 section; and

745 (ii) a report required under Subsection (8)(c).

746 (f) Based on the data contained in the class size reduction plans and reports submitted
747 by local education boards, and data on average class size, the State Board of Education shall
748 annually report to the Public Education Appropriations Subcommittee on the impact of class
749 size reduction, K-3 Reading Improvement Program, and Title I money on class size.

750 Section 12. Section **53F-2-503** is amended to read:

751 **53F-2-503. K-3 Reading Improvement Program.**

752 (1) As used in this section:

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

754 (b) "Five domains of reading" include phonological awareness, phonics, fluency,
755 comprehension, and vocabulary.

756 (c) "Program" means the K-3 Reading Improvement Program.

757 (d) "Program money" means:

758 (i) school district revenue allocated to the program from other money available to the
759 school district, except money provided by the state, for the purpose of receiving state funds
760 under this section; and

761 (ii) money appropriated by the Legislature to the program.

762 (2) The K-3 Reading Improvement Program consists of program money and is created
763 to supplement other school resources to achieve the state's goal of having third graders reading
764 at or above grade level.

765 (3) Subject to future budget constraints, the Legislature may annually appropriate
766 money to the K-3 Reading Improvement Program.

767 (4) (a) For a school district or charter school to receive program money, a local
768 education board shall submit a plan to the board for reading proficiency improvement that
769 incorporates the following components:

770 (i) assessment;

771 (ii) intervention strategies;

772 (iii) professional development for classroom teachers in kindergarten through grade
773 three;

774 (iv) reading performance standards; and

775 (v) specific measurable goals that include the following:

776 (A) a growth goal for each school within a school district and each charter school
777 based upon student learning gains as measured by benchmark assessments administered
778 pursuant to Section 53E-4-307; and

779 (B) a growth goal for each school district and charter school to increase the percentage
780 of third grade students who read on grade level from year to year as measured by the third
781 grade reading test administered pursuant to Section 53E-4-302.

782 (b) The board shall provide model plans that a local education board may use, or the
783 local education board may develop the local education board's own plan.

784 (c) Plans developed by a local education board shall be approved by the board.

785 (d) The board shall develop uniform standards for acceptable growth goals that a local
786 education board adopts for a school district or charter school as described in this Subsection
787 (4).

788 (5) (a) There is created within the K-3 Reading Achievement Program three funding
789 programs:

790 (i) the Base Level Program;

791 (ii) the Guarantee Program; and

792 (iii) the Low Income Students Program.

793 (b) The board may use no more than \$7,500,000 from an appropriation described in
794 Subsection (3) for computer-assisted instructional learning and assessment programs.

795 (6) Money appropriated to the board for the K-3 Reading Improvement Program and
796 not used by the board for computer-assisted instructional learning and assessments as described
797 in Subsection (5)(b), shall be allocated to the three funding programs as follows:

798 (a) 8% to the Base Level Program;

799 (b) 46% to the Guarantee Program; and

800 (c) 46% to the Low Income Students Program.

801 (7) (a) For a school district or charter school to participate in the Base Level Program,
802 the local education board shall submit a reading proficiency improvement plan to the board as

803 provided in Subsection (4) and must receive approval of the plan from the board.

804 (b) (i) The local school board of a school district qualifying for Base Level Program
805 funds and the governing boards of qualifying elementary charter schools combined shall
806 receive a base amount.

807 (ii) The base amount for the qualifying elementary charter schools combined shall be
808 allocated among each charter school in an amount proportionate to:

809 (A) each existing charter school's prior year fall enrollment in grades kindergarten
810 through grade three; and

811 (B) each new charter school's estimated fall enrollment in grades kindergarten through
812 grade three.

813 (8) (a) A local school board that applies for program money in excess of the Base Level
814 Program funds shall choose to first participate in either the Guarantee Program or the Low
815 Income Students Program.

816 (b) A school district must fully participate in either the Guarantee Program or the Low
817 Income Students Program before the local school board may elect for the school district to
818 either fully or partially participate in the other program.

819 (c) For a school district to fully participate in the Guarantee Program, the local school
820 board shall allocate to the program money available to the school district, except money
821 provided by the state, equal to the amount of revenue that would be generated by a tax rate of
822 .000056.

823 (d) For a school district to fully participate in the Low Income Students Program, the
824 local school board shall allocate to the program money available to the school district, except
825 money provided by the state, equal to the amount of revenue that would be generated by a tax
826 rate of .000065.

827 (e) (i) The board shall verify that a local school board allocates the money required in
828 accordance with Subsections (8)(c) and (d) before the local school board distributes funds in
829 accordance with this section.

830 (ii) The State Tax Commission shall provide the board the information the board needs
831 in order to comply with Subsection (8)(e)(i).

832 (9) (a) Except as provided in Subsection (9)(c), the local school board of a school
833 district that fully participates in the Guarantee Program shall receive state funds in an amount

834 that is:

835 (i) equal to the difference between \$21 multiplied by the school district's total WPU's
836 and the revenue the local school board is required to allocate under Subsection (8)(c) for the
837 school district to fully participate in the Guarantee Program; and

838 (ii) not less than \$0.

839 (b) Except as provided in Subsection (9)(c), an elementary charter school shall receive
840 under the Guarantee Program an amount equal to \$21 times the elementary charter school's
841 total WPU's.

842 (c) The board may adjust the \$21 guarantee amount described in Subsections (9)(a) and
843 (b) to account for actual appropriations and money used by the board for computer-assisted
844 instructional learning and assessments.

845 (10) The board shall distribute Low Income Students Program funds in an amount
846 proportionate to the number of students in each school district or charter school who qualify for
847 free or reduced price school lunch multiplied by two.

848 (11) A school district that partially participates in the Guarantee Program or Low
849 Income Students Program shall receive program funds based on the amount of school district
850 revenue allocated to the program as a percentage of the amount of revenue that could have been
851 allocated if the school district had fully participated in the program.

852 (12) (a) A local education board shall use program money for reading proficiency
853 improvement interventions in grades kindergarten through grade 3 that have proven to
854 significantly increase the percentage of students reading at grade level, including:

855 (i) reading assessments; and

856 (ii) focused reading remediations that may include:

857 (A) the use of reading specialists;

858 (B) tutoring;

859 (C) before or after school programs;

860 (D) summer school programs; or

861 (E) the use of reading software; or

862 (F) the use of interactive computer software programs for literacy instruction and
863 assessments for students.

864 (b) A local education board may use program money for portable technology devices

865 used to administer reading assessments.

866 (c) Program money may not be used to supplant funds for existing programs, but may
867 be used to augment existing programs.

868 (13) (a) Each local education board shall annually submit a report to the board
869 accounting for the expenditure of program money in accordance with its plan for reading
870 proficiency improvement.

871 (b) If a local education board uses program money in a manner that is inconsistent with
872 Subsection (12), the school district or charter school is liable for reimbursing the board for the
873 amount of program money improperly used, up to the amount of program money received from
874 the board.

875 (14) (a) The board shall make rules to implement the program.

876 (b) (i) The rules under Subsection (14)(a) shall require each local education board to
877 annually report progress in meeting goals stated in the school district's or charter school's plan
878 for student reading proficiency.

879 (ii) If a school does not meet or exceed the school's goals, the local education board
880 shall prepare a new plan which corrects deficiencies.

881 (iii) The new plan described in Subsection (14)(b)(ii) shall be approved by the board
882 before the local education board receives an allocation for the next year.

883 (15) (a) If for two consecutive school years, a school district fails to meet the school
884 district's goal to increase the percentage of third grade students who read on grade level as
885 measured by the third grade reading test administered pursuant to Section 53E-4-302, the
886 school district [~~shall terminate any levy imposed under Section 53F-8-406 and~~] may not
887 receive money appropriated by the Legislature for the K-3 Reading Improvement Program.

888 (b) If for two consecutive school years, a charter school fails to meet the charter
889 school's goal to increase the percentage of third grade students who read on grade level as
890 measured by the third grade reading test administered pursuant to Section 53E-4-302, the
891 charter school may not receive money appropriated by the Legislature for the K-3 Reading
892 Improvement Program.

893 (16) The board shall make an annual report to the Public Education Appropriations
894 Subcommittee that:

895 (a) includes information on:

- 896 (i) student learning gains in reading for the past school year and the five-year trend;
- 897 (ii) the percentage of third grade students reading on grade level in the past school year
898 and the five-year trend;
- 899 (iii) the progress of schools and school districts in meeting goals stated in a school
900 district's or charter school's plan for student reading proficiency; and
- 901 (iv) the correlation between third grade students reading on grade level and results of
902 third grade language arts scores on a criterion-referenced test or computer adaptive test; and
- 903 (b) may include recommendations on how to increase the percentage of third grade
904 students who read on grade level.

905 Section 13. Section **53F-2-515** is amended to read:

906 **53F-2-515. Federal Impact Aid Program -- Offset for underestimated allocations**
907 **from the Federal Impact Aid Program.**

908 (1) In addition to the revenues received from the levy imposed by a local school board
909 and authorized by the Legislature under Section [53F-2-301](#) or [53F-2-301.5](#), as applicable, the
910 Legislature shall provide an amount equal to the difference between the school district's
911 anticipated receipts under the entitlement for the fiscal year from the Federal Impact Aid
912 Program and the amount the school district actually received from this source for the next
913 preceding fiscal year.

914 (2) If at the end of a fiscal year the sum of the receipts of a school district from a
915 distribution from the Legislature pursuant to Subsection (1) plus the school district's allocations
916 from the Federal Impact Aid Program for that fiscal year exceeds the amount allocated to the
917 school district from the Federal Impact Aid Program for the next preceding fiscal year, the
918 excess funds are carried into the next succeeding fiscal year and become in that year a part of
919 the school district's contribution to the school district's basic program for operation and
920 maintenance under the state minimum school finance law.

921 (3) During the next succeeding fiscal year described in Subsection (2), the school
922 district's required tax rate for the basic program shall be reduced so that the yield from the
923 reduced tax rate plus the carryover funds equal the school district's required contribution to the
924 school district's basic program.

925 (4) For the school district of a local school board that is required to reduce the school
926 district's basic tax rate under this section, the school district shall receive state minimum school

927 program funds as though the reduction in the tax rate had not been made.

928 Section 14. Section **53F-2-601** is amended to read:

929 **53F-2-601. State guaranteed local levy increments -- Appropriation to increase**
 930 **number of guaranteed local levy increments -- No effect of change of minimum basic tax**
 931 **rate -- Voted and board local levy funding balance -- Use of guaranteed local levy**
 932 **increment funds.**

933 (1) As used in this section~~[-,"voted"]~~:

934 (a) "Board local levy" means a local levy described in Section [53F-8-302](#).

935 (b) "Guaranteed local levy increment" means a local levy increment guaranteed by the
 936 state:

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

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

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

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

941 ~~[(a)] (A) the amount appropriated for the [voted and board local levy program]~~

942 guaranteed local levy increments in a fiscal year; and

943 ~~[(b)] (B) the amount necessary to [provide the state guarantee per weighted pupil unit]~~

944 fund in the same fiscal year the guaranteed local levy increments as determined under this

945 section ~~[and Section [53F-2-602](#) in the same fiscal year]~~.

946 (ii) "Voted and board local levy funding balance" does not include appropriations

947 described in Subsection (2)(b)(i).

948 (e) "Voted local levy" means a local levy described in Section [53F-8-301](#).

949 (2) (a) (i) In addition to the revenue collected from the imposition of a ~~[levy pursuant~~

950 ~~to Section [53F-8-301](#)]~~ voted local levy or a board local levy, the state shall ~~[contribute]~~

951 guarantee that a school district receives, subject to Subsections (2)(b)(ii)(C) and (3)(a), for each

952 guaranteed local levy increment, an amount sufficient to guarantee [~~\$35.55~~] for a fiscal year

953 that begins on July 1, 2018, \$43.10 per weighted pupil unit ~~[for each .0001 of the first .0016~~

954 per dollar of taxable value].

955 ~~[(3) The same dollar amount guarantee per weighted pupil unit for the .0016 per dollar~~

956 of taxable value under Subsection (2) shall apply to the portion of the board local levy

957 authorized in Section [53F-8-302](#), so that the guarantee shall apply up to a total of .002 per

958 ~~dollar of taxable value if a local school board levies a tax rate under both programs.]~~

959 (ii) Except as provided in Subsection (2)(b)(ii), the number of local levy increments
960 that are subject to the guarantee amount described in Subsection (2)(a)(i) are:

961 (A) for a board local levy, the first four local levy increments a local school board
962 imposes under the board local levy; and

963 (B) for a voted local levy, the first 16 local levy increments a local school board
964 imposes under the voted local levy.

965 (b) (i) Subject to future budget constraints and Subsection (2)(c), the Legislature shall
966 annually appropriate money from the Local Levy Growth Account established in Section
967 53F-9-305 for purposes described in Subsection (2)(b)(ii).

968 (ii) The State Board of Education shall, for a fiscal year beginning on or after July 1,
969 2018, and subject to Subsection (2)(c), allocate funds appropriated under Subsection (2)(b)(i)
970 in the following order of priority by increasing:

971 (A) by up to four increments the number of voted local levy guaranteed local levy
972 increments above 16;

973 (B) by up to 16 increments the number of board local levy guaranteed local levy
974 increments above four; and

975 (C) the guaranteed amount described in Subsection (2)(a)(i).

976 (c) The number of guaranteed local levy increments under this Subsection (2) for a
977 school district may not exceed 20 guaranteed local levy increments, regardless of whether the
978 guaranteed local levy increments are from the imposition of a voted local levy, a board local
979 levy, or a combination of the two.

980 ~~[(4) (a) Beginning July 1, 2015, the \$35.55 guarantee under Subsections (2) and (3)]~~

981 (3) (a) The guarantee described in Subsection (2)(a)(i) shall be indexed each year to the
982 value of the weighted pupil unit [for the grades 1 through 12 program] by making the value of
983 the guarantee equal to .011962 times the value of the prior year's weighted pupil unit [for the
984 grades 1 through 12 program].

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

988 ~~[(5)]~~ (4) (a) The amount of state guarantee money [to which] that a school district

989 would otherwise be entitled to receive under this section may not be reduced for the sole reason
 990 that the school district's board local levy or voted local levy is reduced as a consequence of
 991 changes in the certified tax rate under Section 59-2-924 pursuant to changes in property
 992 valuation.

993 (b) Subsection [~~(5)~~] (4)(a) applies for a period of five years following [~~any such~~] a
 994 change in the certified tax rate as described in Subsection (4)(a).

995 [~~(6)~~] (5) The guarantee provided under this section does not apply to the portion of a
 996 voted local levy rate that exceeds the voted local levy rate that was in effect for the previous
 997 fiscal year, unless an increase in the voted local levy rate was authorized in an election
 998 conducted on or after July 1 of the previous fiscal year and before December 2 of the previous
 999 fiscal year.

1000 [~~(7)~~] (6) (a) If a voted and board local levy funding balance exists for the prior fiscal
 1001 year, the State Board of Education shall:

1002 (i) use the voted and board local levy funding balance to increase the value of the state
 1003 guarantee per weighted pupil unit described in Subsection [~~(4)~~] (3)(a) in the current fiscal year;
 1004 and

1005 (ii) distribute [~~the state contribution to the voted and board local levy programs~~]
 1006 guaranteed local levy increment funds to school districts based on the increased value of the
 1007 state guarantee per weighted pupil unit described in Subsection [~~(7)~~] (6)(a)(i).

1008 (b) The State Board of Education shall report action taken under [~~this~~] Subsection [~~(7)~~]
 1009 (6)(a) to the Office of the Legislative Fiscal Analyst and the Governor's Office of Management
 1010 and Budget.

1011 (7) A local school board of a school district that receives funds described in this section
 1012 shall budget and expend the funds for public education purposes.

1013 Section 15. Section 53F-2-704 is amended to read:

1014 **53F-2-704. Charter school levy state guarantee.**

1015 (1) As used in this section:

1016 (a) "Charter school levy per pupil revenues" means the same as that term is defined in
 1017 Section 53F-2-703.

1018 (b) "Charter school students' average local revenues" means the amount determined as
 1019 follows:

1020 (i) for each student enrolled in a charter school on the previous October 1, calculate the
1021 district per pupil local revenues of the school district in which the student resides;

1022 (ii) sum the district per pupil local revenues for each student enrolled in a charter
1023 school on the previous October 1; and

1024 (iii) divide the sum calculated under Subsection (1)(a)(ii) by the number of students
1025 enrolled in charter schools on the previous October 1.

1026 (c) "District local property tax revenues" means the sum of a school district's revenue
1027 received from the following:

1028 (i) a voted local levy imposed under Section 53F-8-301;

1029 (ii) a board local levy imposed under Section 53F-8-302, excluding revenues expended
1030 for:

1031 (A) pupil transportation, up to the amount of revenue generated by a .0003 per dollar of
1032 taxable value of the school district's board local levy; and

1033 (B) the K-3 Reading Improvement Program, up to the amount of revenue generated by
1034 a .000121 per dollar of taxable value of the school district's board local levy;

1035 (iii) a capital local levy imposed under Section 53F-8-303; and

1036 (iv) a guarantee described in Section 53F-2-601, [~~53F-2-602;~~] 53F-3-202, or
1037 53F-3-203.

1038 (d) "District per pupil local revenues" means, using data from the most recently
1039 published school district annual financial reports and state superintendent's annual report, an
1040 amount equal to district local property tax revenues divided by the sum of:

1041 (i) a school district's average daily membership; and

1042 (ii) the average daily membership of a school district's resident students who attend
1043 charter schools.

1044 (e) "Resident student" means a student who is considered a resident of the school
1045 district under Title 53G, Chapter 6, Part 3, School District Residency.

1046 (f) "Statewide average debt service revenues" means the amount determined as
1047 follows, using data from the most recently published state superintendent's annual report:

1048 (i) sum the revenues of each school district from the debt service levy imposed under
1049 Section 11-14-310; and

1050 (ii) divide the sum calculated under Subsection (1)(f)(i) by statewide school district

1051 average daily membership.

1052 (2) (a) Subject to future budget constraints, the Legislature shall provide an
1053 appropriation for charter schools for each charter school student enrolled on October 1 to
1054 supplement the allocation of charter school levy per pupil revenues described in Subsection
1055 [53F-2-702\(3\)\(a\)](#).

1056 (b) Except as provided in Subsection (2)(c), the amount of money provided by the state
1057 for a charter school student shall be the sum of:

1058 (i) charter school students' average local revenues minus the charter school levy per
1059 pupil revenues; and

1060 (ii) statewide average debt service revenues.

1061 (c) If the total of charter school levy per pupil revenues distributed by the State Board
1062 of Education and the amount provided by the state under Subsection (2)(b) is less than \$1,427,
1063 the state shall provide an additional supplement so that a charter school receives at least \$1,427
1064 per student under Subsection [53F-2-702\(3\)](#).

1065 (d) (i) If the appropriation provided under this Subsection (2) is less than the amount
1066 prescribed by Subsection (2)(b) or (c), the appropriation shall be allocated among charter
1067 schools in proportion to each charter school's enrollment as a percentage of the total enrollment
1068 in charter schools.

1069 (ii) If the State Board of Education makes adjustments to Minimum School Program
1070 allocations as provided under Section [53F-2-205](#), the allocation provided in Subsection
1071 (2)(d)(i) shall be determined after adjustments are made under Section [53F-2-205](#).

1072 (3) (a) Except as provided in Subsection (3)(b), of the money provided to a charter
1073 school under Subsection [53F-2-702\(3\)](#), 10% shall be expended for funding school facilities
1074 only.

1075 (b) Subsection (3)(a) does not apply to an online charter school.

1076 Section 16. Section **53F-3-102** is amended to read:

1077 **53F-3-102. Definitions.**

1078 As used in this chapter:

1079 (1) "ADM" or "pupil in average daily membership" is as defined in Section [53F-2-102](#).

1080 (2) "Base tax effort rate" means the average of:

1081 (a) the highest combined capital levy rate; and

- 1082 (b) the average combined capital levy rate for the school districts statewide.
- 1083 (3) "Combined capital levy rate" means a rate that includes the sum of the following
- 1084 property tax levies:
- 1085 [~~(a) (i) the capital outlay levy authorized in Section 53F-8-401;~~]
- 1086 [~~(ii) the portion of the 10% of basic levy described in Section 53F-8-405 that is~~
- 1087 ~~budgeted for debt service or capital outlay;~~]
- 1088 [~~(iii)~~] (a) (i) the debt service levy authorized in Section 11-14-310; and
- 1089 [~~(iv)~~] (ii) the voted capital outlay leeway authorized in Section 53F-8-402; or
- 1090 (b) (i) the capital local levy authorized in Section 53F-8-303; and
- 1091 (ii) the debt service levy authorized in Section 11-14-310.
- 1092 (4) "Derived net taxable value" means the quotient of:
- 1093 (a) the total property tax collections from April 1 through the following March 31 for a
- 1094 school district for the calendar year preceding the March 31 date; divided by
- 1095 (b) the school district's total tax rate for the calendar year preceding the March 31
- 1096 referenced in Subsection (4)(a).
- 1097 (5) "Highest combined capital levy rate" means the highest combined capital levy rate
- 1098 imposed by a school district within the state for a fiscal year.
- 1099 (6) "Property tax base per ADM" means the quotient of:
- 1100 (a) a school district's derived net taxable value; divided by
- 1101 (b) the school district's ADM.
- 1102 (7) "Property tax yield per ADM" means:
- 1103 (a) the product of:
- 1104 (i) a school district's derived net taxable value; and
- 1105 (ii) the base tax effort rate; divided by
- 1106 (b) the school district's ADM.
- 1107 (8) "Statewide average property tax base per ADM" means the quotient of:
- 1108 (a) the sum of all school districts' derived net taxable value; divided by
- 1109 (b) the sum of all school districts' ADM.
- 1110 Section 17. Section **53F-8-302** is amended to read:
- 1111 **53F-8-302. Board local levy.**
- 1112 (1) The terms defined in Section 53F-2-102 apply to this section.

1113 (2) Subject to the other requirements of this section, ~~[for a calendar year beginning on~~
1114 ~~or after January 1, 2012,]~~ a local school board may levy a tax to fund the school district's
1115 general fund.

1116 (3) (a) For purposes of this Subsection (3), "combined rate" means the sum of:

1117 (i) the rate imposed by a local school board under Subsection (2); and

1118 (ii) the charter school levy rate, described in Section [53F-2-703](#), for the local school
1119 board's school district.

1120 ~~[(b) Except as provided in Subsection (3)(c), beginning on January 1, 2017, a school~~
1121 ~~district's combined rate may not exceed .0018 per dollar of taxable value in any calendar year.]~~

1122 ~~[(c) Beginning on January 1, 2017, a]~~

1123 (b) A school district's combined rate may not exceed .0025 per dollar of taxable value
1124 in any calendar year ~~[if, during the calendar year beginning on January 1, 2011, the school~~
1125 ~~district's total tax rate for the following levies was greater than .0018 per dollar of taxable~~
1126 ~~value:].~~

1127 ~~[(i) a recreation levy imposed under Section [11-2-7](#);~~

1128 ~~[(ii) a transportation levy imposed under Section [53F-8-403](#);~~

1129 ~~[(iii) a board-authorized levy imposed under Section [53F-8-404](#);~~

1130 ~~[(iv) an impact aid levy imposed under Section [53F-2-515](#);~~

1131 ~~[(v) the portion of a 10% of basic levy imposed under Section [53F-8-405](#) that is~~
1132 ~~budgeted for purposes other than capital outlay or debt service;]~~

1133 ~~[(vi) a reading levy imposed under Section [53F-8-406](#); and]~~

1134 ~~[(vii) a tort liability levy imposed under Section [63G-7-704](#).]~~

1135 (4) In addition to the revenue a school district collects from the imposition of a levy
1136 pursuant to this section, the state shall contribute an amount as described in Section
1137 ~~[[53F-2-602](#)]~~ [53F-2-601](#).

1138 (5) (a) For a calendar year beginning on or after January 1, 2017, the State Tax
1139 Commission shall adjust a board local levy rate imposed by a local school board under this
1140 section by the amount necessary to offset the change in revenues from the charter school levy
1141 imposed under Section [53F-2-703](#).

1142 (b) A local school board is not required to comply with the notice and public hearing
1143 requirements of Section [59-2-919](#) for an offset described in Subsection (5)(a) to the change in

1144 revenues from the charter school levy imposed under Section 53F-2-703.

1145 ~~[(e) A local school board may not increase a board local levy rate under this section~~
 1146 ~~before December 31, 2016, if the local school board did not give public notice on or before~~
 1147 ~~March 4, 2016, of the local school board's intent to increase the board local levy rate.]~~

1148 ~~[(d)]~~ (c) So long as the charter school levy rate does not exceed 25% of the charter
 1149 school levy per district revenues, a local school board may not increase a board local levy rate
 1150 under this section if the purpose of increasing the board local levy rate is to capture the
 1151 revenues assigned to the charter school levy through the adjustment in a board local levy rate
 1152 under Subsection (5)(a).

1153 ~~[(e)]~~ (d) Before a local school board takes action to increase a board local levy rate
 1154 under this section, the local school board shall:

1155 (i) prepare a written statement that attests that the local school board is in compliance
 1156 with Subsection (5)~~[(d)]~~(c);

1157 (ii) read the statement described in Subsection (5)~~[(e)]~~(d)(i) during a local school board
 1158 public meeting where the local school board discusses increasing the board local levy rate; and

1159 (iii) send a copy of the statement described in Subsection (5)~~[(e)]~~(d)(i) to the State Tax
 1160 Commission.

1161 Section 18. Section 53F-8-303 is amended to read:

1162 **53F-8-303. Capital local levy.**

1163 (1) ~~[(a)]~~ Subject to the other requirements of this section, a local school board may levy
 1164 a tax to fund the school district's capital projects.

1165 ~~[(b)]~~ (2) A tax rate imposed by a school district pursuant to this section may not exceed
 1166 .0030 per dollar of taxable value in any calendar year.

1167 ~~[(2) A school district that imposes a capital local levy in the calendar year beginning on~~
 1168 ~~January 1, 2012, is exempt from the public notice and hearing requirements of Section~~
 1169 ~~59-2-919 if the school district budgets an amount of ad valorem property tax revenue equal to~~
 1170 ~~or less than the sum of the following amounts:]~~

1171 ~~[(a) the amount of revenue generated during the calendar year beginning on January 1,~~
 1172 ~~2011, from the sum of the following levies of a school district:]~~

1173 ~~[(i) a capital outlay levy imposed under Section 53F-8-401; and]~~

1174 ~~[(ii) the portion of the 10% of basic levy described in Section 53F-8-405 that is~~

1175 budgeted for debt service or capital outlay; and]

1176 [~~(b) revenue from eligible new growth as defined in Section 59-2-924.~~]

1177 [~~(3)(a) Subject to Subsections (3)(b), (c), and (d), for fiscal year 2013-14, a local~~

1178 school board may utilize the proceeds of a maximum of .0024 per dollar of taxable value of the

1179 local school board's annual capital local levy for general fund purposes if the proceeds are not

1180 committed or dedicated to pay debt service or bond payments.]

1181 [~~(b) If a local school board uses the proceeds described in Subsection (3)(a) for general~~

1182 fund purposes, the local school board shall notify the public of the local school board's use of

1183 the capital local levy proceeds for general fund purposes:]

1184 [(i) before the local school board's budget hearing in accordance with the notification

1185 requirements described in Section 53G-7-303; and]

1186 [(ii) at a budget hearing required in Section 53G-7-303.]

1187 [(c) A local school board may not use the proceeds described in Subsection (3)(a) to

1188 fund the following accounting function classifications as provided in the Financial Accounting

1189 for Local and State School Systems guidelines developed by the National Center for Education

1190 Statistics:]

1191 [(i) 2300 Support Services - General District Administration; or]

1192 [(ii) 2500 Support Services - Central Services.]

1193 Section 19. Section **53F-8-402** is amended to read:

1194 **53F-8-402. Special tax to buy school building sites, build and furnish**

1195 **schoolhouses, or improve school property.**

1196 (1) (a) Except as provided in Subsection (6), a local school board may, by following

1197 the process for special elections established in Sections 20A-1-203 and 20A-1-204, call a

1198 special election to determine whether a special property tax should be levied for one or more

1199 years to buy building sites, build and furnish schoolhouses, or improve the school property

1200 under its control.

1201 (b) The tax may not exceed .2% of the taxable value of all taxable property in the

1202 district in any one year.

1203 (2) The board shall give reasonable notice of the election and follow the same

1204 procedure used in elections for the issuance of bonds.

1205 (3) If a majority of those voting on the proposition vote in favor of the tax, it is [levied

1206 in addition to a levy authorized under Section ~~53F-8-405~~ and] computed on the valuation of the
1207 county assessment roll for that year.

1208 (4) (a) Within 20 days after the election, the board shall certify the amount of the
1209 approved tax to the governing body of the county in which the school district is located.

1210 (b) The governing body shall acknowledge receipt of the certification and levy and
1211 collect the special tax.

1212 (c) It shall then distribute the collected taxes to the business administrator of the school
1213 district at the end of each calendar month.

1214 (5) The special tax becomes due and delinquent and attaches to and becomes a lien on
1215 real and personal property at the same time as state and county taxes.

1216 (6) Notwithstanding Subsections (3) and (4), beginning January 1, 2012, a local school
1217 board may not levy a tax in accordance with this section.

1218 Section 20. Section **53F-9-302** is amended to read:

1219 **53F-9-302. Minimum Basic Growth Account.**

1220 (1) As used in this section, "account" means the Minimum Basic Growth Account
1221 created in this section.

1222 (2) There is created within the Education Fund a restricted account known as the
1223 "Minimum Basic Growth Account."

1224 (3) The account shall be funded by amounts deposited into the account in accordance
1225 with Section [53F-2-301](#) or [53F-2-301.5](#), as applicable.

1226 (4) The account shall earn interest.

1227 (5) Interest earned on the account shall be deposited into the account.

1228 (6) Upon appropriation by the Legislature:

1229 (a) 75% of the money from the account shall be used to fund the state's contribution to
1230 the voted local levy guarantee described in Section [53F-2-601](#);

1231 (b) 20% of the money from the account shall be used to fund the Capital Outlay
1232 Foundation Program as provided in Section [53F-3-203](#); and

1233 (c) 5% of the money from the account shall be used to fund the Capital Outlay
1234 Enrollment Growth Program as provided in Section [53F-3-203](#).

1235 Section 21. Section **53F-9-305** is enacted to read:

1236 **53F-9-305. Local Levy Growth Account.**

1237 (1) As used in this section, "account" means the Local Levy Growth Account created in
1238 this section.

1239 (2) There is created within the Education Fund a restricted account known as the
1240 "Local Levy Growth Account."

1241 (3) The account shall be funded by:

1242 (a) amounts deposited into the account in accordance with Section [53F-2-301](#) or
1243 [53F-2-301.5](#), as applicable; and

1244 (b) other legislative appropriations.

1245 (4) The account shall earn interest.

1246 (5) Interest earned on the account shall be deposited into the account.

1247 (6) The Legislature shall appropriate money in the account to the State Board of
1248 Education.

1249 Section 22. Section **53G-3-304** is amended to read:

1250 **53G-3-304. Property tax levies in new district and remaining district --**

1251 **Distribution of property tax revenue.**

1252 (1) Notwithstanding terms defined in Section [53G-3-102](#), as used in this section:

1253 (a) "Divided school district" or "existing district" means a school district from which a
1254 new district is created.

1255 (b) "New district" means a school district created under Section [53G-3-302](#) after May
1256 10, 2011.

1257 (c) "Property tax levy" means a property tax levy that a school district is authorized to
1258 impose, except:

1259 (i) the minimum basic tax rate imposed under Section [53F-2-301](#) or [53F-2-301.5](#), as
1260 applicable;

1261 (ii) a debt service levy imposed under Section [11-14-310](#); or

1262 (iii) a judgment levy imposed under Section [59-2-1330](#).

1263 (d) "Qualifying taxable year" means the calendar year in which a new district begins to
1264 provide educational services.

1265 (e) "Remaining district" means an existing district after the creation of a new district.

1266 (2) A new district and remaining district shall continue to impose property tax levies
1267 that were imposed by the divided school district in the taxable year prior to the qualifying

1268 taxable year.

1269 (3) Except as provided in Subsection (6), a property tax levy that a new district and
1270 remaining district are required to impose under Subsection (2) shall be set at a rate that:

1271 (a) is uniform in the new district and remaining district; and

1272 (b) generates the same amount of revenue that was generated by the property tax levy
1273 within the divided school district in the taxable year prior to the qualifying taxable year.

1274 (4) ~~[(a) Except as provided in Subsection (4)(b), the]~~ The county treasurer of the
1275 county in which a property tax levy is imposed under Subsection (2) shall distribute revenues
1276 generated by the property tax levy to the new district and remaining district in proportion to the
1277 percentage of the divided school district's enrollment on the October 1 prior to the new district
1278 commencing educational services that were enrolled in schools currently located in the new
1279 district or remaining district.

1280 ~~[(b) The county treasurer of a county of the first class shall distribute revenues~~
1281 ~~generated by a capital local levy of .0006 that a school district in a county of the first class is~~
1282 ~~required to impose under Section 53F-8-303 in accordance with the distribution method~~
1283 ~~specified in Section 53A-16-114.]~~

1284 (5) On or before March 31, a county treasurer shall distribute revenues generated by a
1285 property tax levy imposed under Subsection (2) in the prior calendar year to a new district and
1286 remaining district as provided in Subsection (4).

1287 (6) (a) Subject to the notice and public hearing requirements of Section 59-2-919, a
1288 new district or remaining district may set a property tax rate higher than the rate required by
1289 Subsection (3), up to:

1290 (i) the maximum rate, if any, allowed by law; or

1291 (ii) the maximum rate authorized by voters for a voted local levy under Section
1292 53F-8-301.

1293 (b) The revenues generated by the portion of a property tax rate in excess of the rate
1294 required by Subsection (3) shall be retained by the district that imposes the higher rate.

1295 Section 23. Section 53G-6-705 is amended to read:

1296 **53G-6-705. Online students' participation in extracurricular activities.**

1297 (1) As used in this section:

1298 (a) "Online education" means the use of information and communication technologies

1299 to deliver educational opportunities to a student in a location other than a school.

1300 (b) "Online student" means a student who:

1301 (i) participates in an online education program sponsored or supported by the State
1302 Board of Education, a school district, or charter school; and

1303 (ii) generates funding for the school district or school pursuant to Subsection
1304 [53F-2-102](#)~~(7)~~(6) and rules of the State Board of Education.

1305 (2) An online student is eligible to participate in extracurricular activities at:

1306 (a) the school within whose attendance boundaries the student's custodial parent or
1307 legal guardian resides; or

1308 (b) the public school from which the student withdrew for the purpose of participating
1309 in an online education program.

1310 (3) A school other than a school described in Subsection (2)(a) or (b) may allow an
1311 online student to participate in extracurricular activities other than:

1312 (a) interschool competitions of athletic teams sponsored and supported by a public
1313 school; or

1314 (b) interschool contests or competitions for music, drama, or forensic groups or teams
1315 sponsored and supported by a public school.

1316 (4) An online student is eligible for extracurricular activities at a public school
1317 consistent with eligibility standards as applied to full-time students of the public school.

1318 (5) A school district or public school may not impose additional requirements on an
1319 online school student to participate in extracurricular activities that are not imposed on
1320 full-time students of the public school.

1321 (6) (a) The State Board of Education shall make rules establishing fees for an online
1322 school student's participation in extracurricular activities at school district schools.

1323 (b) The rules shall provide that:

1324 (i) online school students pay the same fees as other students to participate in
1325 extracurricular activities;

1326 (ii) online school students are eligible for fee waivers pursuant to Section [53G-7-504](#);

1327 (iii) for each online school student who participates in an extracurricular activity at a
1328 school district school, the online school shall pay a share of the school district's costs for the
1329 extracurricular activity; and

1330 (iv) an online school's share of the costs of an extracurricular activity shall reflect state
1331 and local tax revenues expended, except capital facilities expenditures, for an extracurricular
1332 activity in a school district or school divided by total student enrollment of the school district
1333 or school.

1334 (c) In determining an online school's share of the costs of an extracurricular activity
1335 under Subsections (6)(b)(iii) and (iv), the State Board of Education may establish uniform fees
1336 statewide based on average costs statewide or average costs within a sample of school districts.

1337 (7) When selection to participate in an extracurricular activity at a public school is
1338 made on a competitive basis, an online student is eligible to try out for and participate in the
1339 activity as provided in this section.

1340 Section 24. Section **59-2-102** is amended to read:

1341 **59-2-102. Definitions.**

1342 As used in this chapter and title:

1343 (1) "Aerial applicator" means aircraft or rotorcraft used exclusively for the purpose of
1344 engaging in dispensing activities directly affecting agriculture or horticulture with an
1345 airworthiness certificate from the Federal Aviation Administration certifying the aircraft or
1346 rotorcraft's use for agricultural and pest control purposes.

1347 (2) "Air charter service" means an air carrier operation that requires the customer to
1348 hire an entire aircraft rather than book passage in whatever capacity is available on a scheduled
1349 trip.

1350 (3) "Air contract service" means an air carrier operation available only to customers
1351 that engage the services of the carrier through a contractual agreement and excess capacity on
1352 any trip and is not available to the public at large.

1353 (4) "Aircraft" means the same as that term is defined in Section [72-10-102](#).

1354 (5) (a) Except as provided in Subsection (5)(b), "airline" means an air carrier that:

1355 (i) operates:

1356 (A) on an interstate route; and

1357 (B) on a scheduled basis; and

1358 (ii) offers to fly one or more passengers or cargo on the basis of available capacity on a
1359 regularly scheduled route.

1360 (b) "Airline" does not include an:

- 1361 (i) air charter service; or
1362 (ii) air contract service.
- 1363 (6) "Assessment roll" means a permanent record of the assessment of property as
1364 assessed by the county assessor and the commission and may be maintained manually or as a
1365 computerized file as a consolidated record or as multiple records by type, classification, or
1366 categories.
- 1367 (7) "Base parcel" means a parcel of property that was legally:
1368 (a) subdivided into two or more lots, parcels, or other divisions of land; or
1369 (b) (i) combined with one or more other parcels of property; and
1370 (ii) subdivided into two or more lots, parcels, or other divisions of land.
- 1371 (8) (a) "Certified revenue levy" means a property tax levy that provides an amount of
1372 ad valorem property tax revenue equal to the sum of:
1373 (i) the amount of ad valorem property tax revenue to be generated statewide in the
1374 previous year from imposing a [~~school minimum basic tax rate, as specified in Section~~
1375 ~~53A-17a-135, or~~] multicounty assessing and collecting levy, as specified in Section 59-2-1602;
1376 and
1377 (ii) the product of:
1378 (A) eligible new growth, as defined in Section 59-2-924; and
1379 (B) the [~~school minimum basic tax rate or~~] multicounty assessing and collecting levy
1380 certified by the commission for the previous year.
- 1381 (b) For purposes of this Subsection (8), "ad valorem property tax revenue" does not
1382 include property tax revenue received by a taxing entity from personal property that is:
1383 (i) assessed by a county assessor in accordance with Part 3, County Assessment; and
1384 (ii) semiconductor manufacturing equipment.
- 1385 (c) For purposes of calculating the certified revenue levy described in this Subsection
1386 (8), the commission shall use:
1387 (i) the taxable value of real property assessed by a county assessor contained on the
1388 assessment roll;
1389 (ii) the taxable value of real and personal property assessed by the commission; and
1390 (iii) the taxable year end value of personal property assessed by a county assessor
1391 contained on the prior year's assessment roll.

1392 (9) "County-assessed commercial vehicle" means:
1393 (a) any commercial vehicle, trailer, or semitrailer that is not apportioned under Section
1394 [41-1a-301](#) and is not operated interstate to transport the vehicle owner's goods or property in
1395 furtherance of the owner's commercial enterprise;
1396 (b) any passenger vehicle owned by a business and used by its employees for
1397 transportation as a company car or vanpool vehicle; and
1398 (c) vehicles that are:
1399 (i) especially constructed for towing or wrecking, and that are not otherwise used to
1400 transport goods, merchandise, or people for compensation;
1401 (ii) used or licensed as taxicabs or limousines;
1402 (iii) used as rental passenger cars, travel trailers, or motor homes;
1403 (iv) used or licensed in this state for use as ambulances or hearses;
1404 (v) especially designed and used for garbage and rubbish collection; or
1405 (vi) used exclusively to transport students or their instructors to or from any private,
1406 public, or religious school or school activities.
1407 (10) (a) Except as provided in Subsection (10)(b), for purposes of Section [59-2-801](#),
1408 "designated tax area" means a tax area created by the overlapping boundaries of only the
1409 following taxing entities:
1410 (i) a county; and
1411 (ii) a school district.
1412 (b) "Designated tax area" includes a tax area created by the overlapping boundaries of
1413 the taxing entities described in Subsection (10)(a) and:
1414 (i) a city or town if the boundaries of the school district under Subsection (10)(a) and
1415 the boundaries of the city or town are identical; or
1416 (ii) a special service district if the boundaries of the school district under Subsection
1417 (10)(a) are located entirely within the special service district.
1418 (11) "Eligible judgment" means a final and unappealable judgment or order under
1419 Section [59-2-1330](#):
1420 (a) that became a final and unappealable judgment or order no more than 14 months
1421 before the day on which the notice described in Section [59-2-919.1](#) is required to be provided;
1422 and

1423 (b) for which a taxing entity's share of the final and unappealable judgment or order is
1424 greater than or equal to the lesser of:

1425 (i) \$5,000; or

1426 (ii) 2.5% of the total ad valorem property taxes collected by the taxing entity in the
1427 previous fiscal year.

1428 (12) (a) "Escaped property" means any property, whether personal, land, or any
1429 improvements to the property, that is subject to taxation and is:

1430 (i) inadvertently omitted from the tax rolls, assigned to the incorrect parcel, or assessed
1431 to the wrong taxpayer by the assessing authority;

1432 (ii) undervalued or omitted from the tax rolls because of the failure of the taxpayer to
1433 comply with the reporting requirements of this chapter; or

1434 (iii) undervalued because of errors made by the assessing authority based upon
1435 incomplete or erroneous information furnished by the taxpayer.

1436 (b) "Escaped property" does not include property that is undervalued because of the use
1437 of a different valuation methodology or because of a different application of the same valuation
1438 methodology.

1439 (13) "Fair market value" means the amount at which property would change hands
1440 between a willing buyer and a willing seller, neither being under any compulsion to buy or sell
1441 and both having reasonable knowledge of the relevant facts. For purposes of taxation, "fair
1442 market value" shall be determined using the current zoning laws applicable to the property in
1443 question, except in cases where there is a reasonable probability of a change in the zoning laws
1444 affecting that property in the tax year in question and the change would have an appreciable
1445 influence upon the value.

1446 (14) (a) "Farm machinery and equipment," for purposes of the exemption provided
1447 under Section [59-2-1101](#), means tractors, milking equipment and storage and cooling facilities,
1448 feed handling equipment, irrigation equipment, harvesters, choppers, grain drills and planters,
1449 tillage tools, scales, combines, spreaders, sprayers, haying equipment, including balers and
1450 cubers, and any other machinery or equipment used primarily for agricultural purposes.

1451 (b) "Farm machinery and equipment" does not include vehicles required to be
1452 registered with the Motor Vehicle Division or vehicles or other equipment used for business
1453 purposes other than farming.

1454 (15) "Geothermal fluid" means water in any form at temperatures greater than 120
1455 degrees centigrade naturally present in a geothermal system.

1456 (16) "Geothermal resource" means:

1457 (a) the natural heat of the earth at temperatures greater than 120 degrees centigrade;

1458 and

1459 (b) the energy, in whatever form, including pressure, present in, resulting from, created
1460 by, or which may be extracted from that natural heat, directly or through a material medium.

1461 (17) (a) "Goodwill" means:

1462 (i) acquired goodwill that is reported as goodwill on the books and records that a
1463 taxpayer maintains for financial reporting purposes; or

1464 (ii) the ability of a business to:

1465 (A) generate income that exceeds a normal rate of return on assets and that results from
1466 a factor described in Subsection (17)(b); or

1467 (B) obtain an economic or competitive advantage resulting from a factor described in
1468 Subsection (17)(b).

1469 (b) The following factors apply to Subsection (17)(a)(ii):

1470 (i) superior management skills;

1471 (ii) reputation;

1472 (iii) customer relationships;

1473 (iv) patronage; or

1474 (v) a factor similar to Subsections (17)(b)(i) through (iv).

1475 (c) "Goodwill" does not include:

1476 (i) the intangible property described in Subsection (21)(a) or (b);

1477 (ii) locational attributes of real property, including:

1478 (A) zoning;

1479 (B) location;

1480 (C) view;

1481 (D) a geographic feature;

1482 (E) an easement;

1483 (F) a covenant;

1484 (G) proximity to raw materials;

- 1485 (H) the condition of surrounding property; or
1486 (I) proximity to markets;
1487 (iii) value attributable to the identification of an improvement to real property,
1488 including:
- 1489 (A) reputation of the designer, builder, or architect of the improvement;
 - 1490 (B) a name given to, or associated with, the improvement; or
 - 1491 (C) the historic significance of an improvement; or
 - 1492 (iv) the enhancement or assemblage value specifically attributable to the interrelation
1493 of the existing tangible property in place working together as a unit.
- 1494 (18) "Governing body" means:
- 1495 (a) for a county, city, or town, the legislative body of the county, city, or town;
 - 1496 (b) for a local district under Title 17B, Limited Purpose Local Government Entities -
1497 Local Districts, the local district's board of trustees;
 - 1498 (c) for a school district, the local board of education; or
 - 1499 (d) for a special service district under Title 17D, Chapter 1, Special Service District
1500 Act:
- 1501 (i) the legislative body of the county or municipality that created the special service
1502 district, to the extent that the county or municipal legislative body has not delegated authority
1503 to an administrative control board established under Section [17D-1-301](#); or
 - 1504 (ii) the administrative control board, to the extent that the county or municipal
1505 legislative body has delegated authority to an administrative control board established under
1506 Section [17D-1-301](#).
- 1507 (19) (a) For purposes of Section [59-2-103](#):
- 1508 (i) "household" means the association of individuals who live in the same dwelling,
1509 sharing its furnishings, facilities, accommodations, and expenses; and
 - 1510 (ii) "household" includes married individuals, who are not legally separated, that have
1511 established domiciles at separate locations within the state.
- 1512 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1513 commission may make rules defining the term "domicile."
- 1514 (20) (a) Except as provided in Subsection (20)(c), "improvement" means a building,
1515 structure, fixture, fence, or other item that is permanently attached to land, regardless of

1516 whether the title has been acquired to the land, if:

1517 (i) (A) attachment to land is essential to the operation or use of the item; and

1518 (B) the manner of attachment to land suggests that the item will remain attached to the
1519 land in the same place over the useful life of the item; or

1520 (ii) removal of the item would:

1521 (A) cause substantial damage to the item; or

1522 (B) require substantial alteration or repair of a structure to which the item is attached.

1523 (b) "Improvement" includes:

1524 (i) an accessory to an item described in Subsection (20)(a) if the accessory is:

1525 (A) essential to the operation of the item described in Subsection (20)(a); and

1526 (B) installed solely to serve the operation of the item described in Subsection (20)(a);

1527 and

1528 (ii) an item described in Subsection (20)(a) that is temporarily detached from the land
1529 for repairs and remains located on the land.

1530 (c) "Improvement" does not include:

1531 (i) an item considered to be personal property pursuant to rules made in accordance
1532 with Section 59-2-107;

1533 (ii) a moveable item that is attached to land for stability only or for an obvious
1534 temporary purpose;

1535 (iii) (A) manufacturing equipment and machinery; or

1536 (B) essential accessories to manufacturing equipment and machinery;

1537 (iv) an item attached to the land in a manner that facilitates removal without substantial
1538 damage to the land or the item; or

1539 (v) a transportable factory-built housing unit as defined in Section 59-2-1502 if that
1540 transportable factory-built housing unit is considered to be personal property under Section
1541 59-2-1503.

1542 (21) "Intangible property" means:

1543 (a) property that is capable of private ownership separate from tangible property,
1544 including:

1545 (i) money;

1546 (ii) credits;

- 1547 (iii) bonds;
- 1548 (iv) stocks;
- 1549 (v) representative property;
- 1550 (vi) franchises;
- 1551 (vii) licenses;
- 1552 (viii) trade names;
- 1553 (ix) copyrights; and
- 1554 (x) patents;
- 1555 (b) a low-income housing tax credit;
- 1556 (c) goodwill; or
- 1557 (d) a renewable energy tax credit or incentive, including:
 - 1558 (i) a federal renewable energy production tax credit under Section 45, Internal Revenue
 - 1559 Code;
 - 1560 (ii) a federal energy credit for qualified renewable electricity production facilities under
 - 1561 Section 48, Internal Revenue Code;
 - 1562 (iii) a federal grant for a renewable energy property under American Recovery and
 - 1563 Reinvestment Act of 2009, Pub. L. No. 111-5, Section 1603; and
 - 1564 (iv) a tax credit under Subsection [59-7-614\(5\)](#).
- 1565 (22) "Livestock" means:
 - 1566 (a) a domestic animal;
 - 1567 (b) a fish;
 - 1568 (c) a fur-bearing animal;
 - 1569 (d) a honeybee; or
 - 1570 (e) poultry.
- 1571 (23) "Low-income housing tax credit" means:
 - 1572 (a) a federal low-income housing tax credit under Section 42, Internal Revenue Code;
 - 1573 or
 - 1574 (b) a low-income housing tax credit under Section [59-7-607](#) or Section [59-10-1010](#).
- 1575 (24) "Metalliferous minerals" includes gold, silver, copper, lead, zinc, and uranium.
- 1576 (25) "Mine" means a natural deposit of either metalliferous or nonmetalliferous
- 1577 valuable mineral.

1578 (26) "Mining" means the process of producing, extracting, leaching, evaporating, or
1579 otherwise removing a mineral from a mine.

1580 (27) (a) "Mobile flight equipment" means tangible personal property that is owned or
1581 operated by an air charter service, air contract service, or airline and:

1582 (i) is capable of flight or is attached to an aircraft that is capable of flight; or

1583 (ii) is contained in an aircraft that is capable of flight if the tangible personal property
1584 is intended to be used:

1585 (A) during multiple flights;

1586 (B) during a takeoff, flight, or landing; and

1587 (C) as a service provided by an air charter service, air contract service, or airline.

1588 (b) (i) "Mobile flight equipment" does not include a spare part other than a spare
1589 engine that is rotated at regular intervals with an engine that is attached to the aircraft.

1590 (ii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1591 commission may make rules defining the term "regular intervals."

1592 (28) "Nonmetalliferous minerals" includes, but is not limited to, oil, gas, coal, salts,
1593 sand, rock, gravel, and all carboniferous materials.

1594 (29) "Part-year residential property" means property that is not residential property on
1595 January 1 of a calendar year but becomes residential property after January 1 of the calendar
1596 year.

1597 (30) "Personal property" includes:

1598 (a) every class of property as defined in Subsection (31) that is the subject of
1599 ownership and is not real estate or an improvement;

1600 (b) any pipe laid in or affixed to land whether or not the ownership of the pipe is
1601 separate from the ownership of the underlying land, even if the pipe meets the definition of an
1602 improvement;

1603 (c) bridges and ferries;

1604 (d) livestock; and

1605 (e) outdoor advertising structures as defined in Section [72-7-502](#).

1606 (31) (a) "Property" means property that is subject to assessment and taxation according
1607 to its value.

1608 (b) "Property" does not include intangible property as defined in this section.

1609 (32) "Public utility" means:

1610 (a) for purposes of this chapter, the operating property of a railroad, gas corporation, oil
1611 or gas transportation or pipeline company, coal slurry pipeline company, electrical corporation,
1612 telephone corporation, sewerage corporation, or heat corporation where the company performs
1613 the service for, or delivers the commodity to, the public generally or companies serving the
1614 public generally, or in the case of a gas corporation or an electrical corporation, where the gas
1615 or electricity is sold or furnished to any member or consumers within the state for domestic,
1616 commercial, or industrial use; and

1617 (b) the operating property of any entity or person defined under Section 54-2-1 except
1618 water corporations.

1619 (33) (a) Subject to Subsection (33)(b), "qualifying exempt primary residential rental
1620 personal property" means household furnishings, furniture, and equipment that:

1621 (i) are used exclusively within a dwelling unit that is the primary residence of a tenant;
1622 (ii) are owned by the owner of the dwelling unit that is the primary residence of a
1623 tenant; and

1624 (iii) after applying the residential exemption described in Section 59-2-103, are exempt
1625 from taxation under this chapter in accordance with Subsection 59-2-1115(2).

1626 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1627 commission may by rule define the term "dwelling unit" for purposes of this Subsection (33)
1628 and Subsection (36).

1629 (34) "Real estate" or "real property" includes:

1630 (a) the possession of, claim to, ownership of, or right to the possession of land;

1631 (b) all mines, minerals, and quarries in and under the land, all timber belonging to
1632 individuals or corporations growing or being on the lands of this state or the United States, and
1633 all rights and privileges appertaining to these; and

1634 (c) improvements.

1635 (35) (a) "Relationship with an owner of the property's land surface rights" means a
1636 relationship described in Subsection 267(b), Internal Revenue Code, except that the term 25%
1637 shall be substituted for the term 50% in Subsection 267(b), Internal Revenue Code.

1638 (b) For purposes of determining if a relationship described in Subsection 267(b),
1639 Internal Revenue Code, exists, the ownership of stock shall be determined using the ownership

1640 rules in Subsection 267(c), Internal Revenue Code.

1641 (36) (a) Subject to Subsection (36)(b), "residential property," for purposes of the
1642 reductions and adjustments under this chapter, means any property used for residential
1643 purposes as a primary residence.

1644 (b) Subject to Subsection (36)(c), "residential property":

1645 (i) except as provided in Subsection (36)(b)(ii), includes household furnishings,
1646 furniture, and equipment if the household furnishings, furniture, and equipment are:

1647 (A) used exclusively within a dwelling unit that is the primary residence of a tenant;

1648 and

1649 (B) owned by the owner of the dwelling unit that is the primary residence of a tenant;

1650 and

1651 (ii) does not include property used for transient residential use.

1652 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1653 commission may by rule define the term "dwelling unit" for purposes of Subsection (33) and
1654 this Subsection (36).

1655 (37) "Split estate mineral rights owner" means a person that:

1656 (a) has a legal right to extract a mineral from property;

1657 (b) does not hold more than a 25% interest in:

1658 (i) the land surface rights of the property where the wellhead is located; or

1659 (ii) an entity with an ownership interest in the land surface rights of the property where
1660 the wellhead is located;

1661 (c) is not an entity in which the owner of the land surface rights of the property where
1662 the wellhead is located holds more than a 25% interest; and

1663 (d) does not have a relationship with an owner of the land surface rights of the property
1664 where the wellhead is located.

1665 (38) (a) "State-assessed commercial vehicle" means:

1666 (i) any commercial vehicle, trailer, or semitrailer that operates interstate or intrastate to
1667 transport passengers, freight, merchandise, or other property for hire; or

1668 (ii) any commercial vehicle, trailer, or semitrailer that operates interstate and transports
1669 the vehicle owner's goods or property in furtherance of the owner's commercial enterprise.

1670 (b) "State-assessed commercial vehicle" does not include vehicles used for hire that are

1671 specified in Subsection (9)(c) as county-assessed commercial vehicles.

1672 (39) "Subdivided lot" means a lot, parcel, or other division of land, that is a division of
1673 a base parcel.

1674 (40) "Taxable value" means fair market value less any applicable reduction allowed for
1675 residential property under Section [59-2-103](#).

1676 (41) "Tax area" means a geographic area created by the overlapping boundaries of one
1677 or more taxing entities.

1678 (42) "Taxing entity" means any county, city, town, school district, special taxing
1679 district, local district under Title 17B, Limited Purpose Local Government Entities - Local
1680 Districts, or other political subdivision of the state with the authority to levy a tax on property.

1681 (43) (a) "Tax roll" means a permanent record of the taxes charged on property, as
1682 extended on the assessment roll, and may be maintained on the same record or records as the
1683 assessment roll or may be maintained on a separate record properly indexed to the assessment
1684 roll.

1685 (b) "Tax roll" includes tax books, tax lists, and other similar materials.

1686 Section 25. Section [59-2-926](#) is amended to read:

1687 **59-2-926. Proposed tax increase by state -- Notice -- Contents -- Dates.**

1688 If the state authorizes a [~~levy pursuant to Section [53A-17a-135](#)~~] tax rate that exceeds
1689 the [~~certified revenue levy as defined in Section [53A-17a-103](#)~~] applicable tax rate described in
1690 Section [53F-2-301](#) or [53F-2-301.5](#), or authorizes a levy pursuant to Section [59-2-1602](#) that
1691 exceeds the certified revenue levy as defined in Section [59-2-102](#), the state shall publish a
1692 notice no later than 10 days after the last day of the annual legislative general session that
1693 meets the following requirements:

1694 (1) (a) The Office of the Legislative Fiscal Analyst shall advertise that the state
1695 authorized a levy that generates revenue in excess of the previous year's ad valorem tax
1696 revenue, plus eligible new growth as defined in Section [59-2-924](#), but exclusive of revenue
1697 from collections from redemptions, interest, and penalties:

1698 (i) in a newspaper of general circulation in the state; and

1699 (ii) as required in Section [45-1-101](#).

1700 (b) Except an advertisement published on a website, the advertisement described in
1701 Subsection (1)(a):

1702 (i) shall be no less than 1/4 page in size and the type used shall be no smaller than 18
1703 point, and surrounded by a 1/4-inch border;

1704 (ii) may not be placed in that portion of the newspaper where legal notices and
1705 classified advertisements appear; and

1706 (iii) shall be run once.

1707 (2) The form and content of the notice shall be substantially as follows:

1708 "NOTICE OF TAX INCREASE

1709 The state has budgeted an increase in its property tax revenue from \$ _____ to
1710 \$ _____ or ____%. The increase in property tax revenues will come from the following
1711 sources (include all of the following provisions):

1712 (a) \$ _____ of the increase will come from (provide an explanation of the cause
1713 of adjustment or increased revenues, such as reappraisals or factoring orders);

1714 (b) \$ _____ of the increase will come from natural increases in the value of the
1715 tax base due to (explain cause of eligible new growth, such as new building activity,
1716 annexation, etc.);

1717 (c) a home valued at \$100,000 in the state of Utah which based on last year's (levy for
1718 the basic state-supported school program, [~~levy~~] applicable tax rate for the Property Tax
1719 Valuation Agency Fund, or both) paid \$ _____ in property taxes would pay the
1720 following:

1721 (i) \$ _____ if the state of Utah did not budget an increase in property tax revenue
1722 exclusive of eligible new growth; and

1723 (ii) \$ _____ under the increased property tax revenues exclusive of eligible new
1724 growth budgeted by the state of Utah."

1725 Section 26. Section **63I-2-211** is amended to read:

1726 **63I-2-211. Repeal dates -- Title 11.**

1727 (1) Subsections 11-13-302(2)(a)(i) and (2)(b)(i), the language that states "or
1728 53F-2-301.5, as applicable" is repealed July 1, 2024.

1729 (2) Section 11-13-310, the language that states "or 53F-2-301.5, as applicable," is
1730 repealed July 1, 2024.

1731 [~~†~~] (3) (a) On July 1, 2019, Subsection 11-13a-102(4)(b) is repealed.

1732 (b) When repealing Subsection 11-13a-102(4)(b), the Office of Legislative Research

1733 and General Counsel shall, in addition to the office's authority under Subsection 36-12-12(3),
 1734 make necessary changes to subsection numbering and cross references.

1735 ~~[(2)]~~ (4) Title 11, Chapter 53, Residential Property Reimbursement, is repealed on
 1736 January 1, 2020.

1737 Section 27. Section 63I-2-253 is amended to read:

1738 **63I-2-253. Repeal dates -- Titles 53 through 53G.**

1739 ~~[(1) Section 53A-1-403.5 is repealed July 1, 2017.]~~

1740 ~~[(2) Section 53A-1-411 is repealed July 1, 2017.]~~

1741 ~~[(3) Section 53A-1-415 is repealed July 1, 2019.]~~

1742 ~~[(4) Section 53A-1-709 is repealed July 1, 2020.]~~

1743 ~~[(5) Subsection 53A-1-1207(3)(b)(ii)(B) is repealed July 1, 2020.]~~

1744 ~~[(6) Section 53A-1-1208 is repealed July 1, 2020.]~~

1745 ~~[(7) Subsection 53A-1a-513(4) is repealed July 1, 2017.]~~

1746 ~~[(8) Title 53A, Chapter 8a, Part 8, Peer Assistance and Review Pilot Program, is
 1747 repealed July 1, 2017.]~~

1748 ~~[(9) Section 53A-24-601 is repealed January 1, 2018.]~~

1749 ~~[(10)]~~ (1) Section 53A-24-602 is repealed July 1, 2018.

1750 ~~[(11)]~~ (2) (a) Subsections 53B-2a-103(2) and (4) are repealed July 1, 2019.

1751 (b) When repealing Subsections 53B-2a-103(2) and (4), the Office of Legislative
 1752 Research and General Counsel shall, in addition to its authority under Subsection 36-12-12(3),
 1753 make necessary changes to subsection numbering and cross references.

1754 ~~[(12) Subsections 53B-7-101(2)(b)(iii)(A) and (3) are repealed January 1, 2018.]~~

1755 ~~[(13)]~~ (3) Subsection 53B-7-705(6)(b)(ii)(B) is repealed July 1, 2021.

1756 ~~[(14)]~~ (4) Subsection 53B-7-707(4)(b) is repealed July 1, 2021.

1757 ~~[(15)]~~ (5) (a) The following sections are repealed on July 1, 2023:

1758 (i) Section 53B-8-202;

1759 (ii) Section 53B-8-203;

1760 (iii) Section 53B-8-204; and

1761 (iv) Section 53B-8-205.

1762 (b) (i) Subsection 53B-8-201(2) is repealed on July 1, 2023.

1763 (ii) When repealing Subsection 53B-8-201(2), the Office of Legislative Research and

1764 General Counsel shall, in addition to its authority under Subsection [36-12-12\(3\)](#), make
1765 necessary changes to subsection numbering and cross references.

1766 ~~[(+16)]~~ (6) Title 53B, Chapter 18, Part 14, Uintah Basin Air Quality Research Project, is
1767 repealed July 1, 2023.

1768 (7) Subsection [53E-5-306\(3\)\(b\)\(ii\)\(B\)](#) is repealed July 1, 2020.

1769 (8) Section [53E-5-307](#) is repealed July 1, 2020.

1770 (9) Subsections [53F-2-205\(4\)](#) and (5), the language that states "[or 53F-2-301.5](#), as
1771 applicable" is repealed July 1, 2023.

1772 (10) Subsection [53F-2-301\(1\)](#) is repealed July 1, 2023.

1773 (11) Subsection [53F-2-515\(1\)](#), the language that states "[or 53F-2-301.5](#), as applicable"
1774 is repealed July 1, 2023.

1775 (12) Section [53F-4-204](#) is repealed July 1, 2019.

1776 (13) Section [53F-6-202](#) is repealed July 1, 2020.

1777 (14) Subsection [53F-9-302\(3\)](#), the language that states "[or 53F-2-301.5](#), as applicable"
1778 is repealed July 1, 2023.

1779 (15) Subsection [53F-9-305\(3\)\(a\)](#) the language that states "[or 53F-2-301.5](#), as
1780 applicable" is repealed July 1, 2023.

1781 (16) Subsection [53G-3-304\(1\)\(c\)\(i\)](#), the language that states "[or 53F-2-301.5](#), as
1782 applicable" is repealed July 1, 2023.

1783 (17) On July 1, 2023, when making changes in this section, the Office of Legislative
1784 Research and General Counsel shall, in addition to the office's authority under Subsection
1785 [36-12-12\(3\)](#), make corrections necessary to ensure that sections and subsections identified in
1786 this section are complete sentences and accurately reflect the office's perception of the
1787 Legislature's intent.

1788 Section 28. Section **63I-2-259** is amended to read:

1789 **63I-2-259. Repeal dates -- Title 59.**

1790 (1) Section [59-2-926](#), the language that states "[or 53F-2-301.5](#)" is repealed July 1,
1791 2023.

1792 (2) Subsection [59-2-1007\(14\)](#) is repealed on December 31, 2018.

1793 Section 29. Section **63J-1-220** is amended to read:

1794 **63J-1-220. Reporting related to pass through money distributed by state**

1795 **agencies.**

1796 (1) As used in this section:

1797 (a) "Local government entity" means a county, municipality, school district, local
1798 district under Title 17B, Limited Purpose Local Government Entities - Local Districts, special
1799 service district under Title 17D, Chapter 1, Special Service District Act, or any other political
1800 subdivision of the state.

1801 (b) (i) "Pass through funding" means money appropriated by the Legislature to a state
1802 agency that is intended to be passed through the state agency to one or more:

1803 (A) local government entities;

1804 (B) private organizations, including not-for-profit organizations; or

1805 (C) persons in the form of a loan or grant.

1806 (ii) "Pass through funding" may be:

1807 (A) general funds, dedicated credits, or any combination of state funding sources; and

1808 (B) ongoing or one-time.

1809 (c) "Recipient entity" means a local government entity or private entity, including a
1810 nonprofit entity, that receives money by way of pass through funding from a state agency.

1811 (d) "State agency" means a department, commission, board, council, agency,
1812 institution, officer, corporation, fund, division, office, committee, authority, laboratory, library,
1813 unit, bureau, panel, or other administrative unit of the executive branch of the state.

1814 (e) (i) "State money" means money that is owned, held, or administered by a state
1815 agency and derived from state fees or tax revenues.

1816 (ii) "State money" does not include contributions or donations received by a state
1817 agency.

1818 (2) A state agency may not provide a recipient entity state money through pass through
1819 funding unless:

1820 (a) the state agency enters into a written agreement with the recipient entity; and

1821 (b) the written agreement described in Subsection (2)(a) requires the recipient entity to
1822 provide the state agency:

1823 (i) a written description and an itemized report at least annually detailing the
1824 expenditure of the state money, or the intended expenditure of any state money that has not
1825 been spent; and

1826 (ii) a final written itemized report when all the state money is spent.

1827 (3) A state agency shall provide to the Governor's Office of Management and Budget a
1828 copy of a written description or itemized report received by the state agency under Subsection
1829 (2).

1830 (4) Notwithstanding Subsection (2), a state agency is not required to comply with this
1831 section to the extent that the pass through funding is issued:

1832 (a) under a competitive award process;

1833 (b) in accordance with a formula enacted in statute;

1834 (c) in accordance with a state program under parameters in statute or rule that guides
1835 the distribution of the pass through funding; or

1836 (d) under the authority of the minimum school program, as defined in Subsection
1837 53A-17a-103~~(7)~~(6)(e).

1838 Section 30. **Repealer.**

1839 This bill repeals:

1840 Section 53F-2-602, Board local levy state guarantee.

1841 Section 53F-8-401, Capital outlay levy -- Authority to use proceeds of .0002 tax
1842 rate for maintenance of school facilities -- Restrictions and procedure -- Limited
1843 authority to use proceeds for general fund purposes -- Notification required when using
1844 proceeds for general fund purposes -- Authority for small school districts to use levy
1845 proceeds for operation and maintenance of plant services.

1846 Section 53F-8-404, Board-approved leeway -- Purpose -- State support --
1847 Disapproval.

1848 Section 53F-8-405, Additional levy by local school board for debt service, school
1849 sites, buildings, buses, textbooks, and supplies.

1850 Section 53F-8-406, Board leeway for reading improvement.

1851 Section 31. **Appropriation.**

1852 The following sums of money are appropriated for the fiscal year beginning July 1,
1853 2018, and ending June 30, 2019. These are additions to amounts previously appropriated for
1854 fiscal year 2019.

1855 Subsection 31(a). **Operating and Capital Budgets.**

1856 Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures Act, the

1857 Legislature appropriates the following sums of money from the funds or accounts indicated for
1858 the use and support of the government of the state of Utah.

1859 ITEM 1

1860 To State Board of Education -- Minimum School Program - Related to

1861 Basic School Programs

1862 From Education Fund \$15,000,000

1863 Schedule of Programs:

1864 Enhancement for At-Risk Students Program \$15,000,000

1865 ITEM 2

1866 To State Board of Education -- Minimum School Program - Related to

1867 Basic School Programs

1868 From Education Fund \$5,000,000

1869 Schedule of Programs:

1870 To and From School - Pupil Transportation \$5,000,000

1871 The Legislature intends that the appropriation under this item:

1872 (1) for the fiscal year beginning July 1, 2018, be \$5,000,000;

1873 (2) for the fiscal year beginning July 1, 2019, be \$10,000,000;

1874 (3) for the fiscal year beginning July 1, 2020, be \$15,000,000;

1875 (4) for the fiscal year beginning July 1, 2021, be \$20,000,000; and

1876 (5) for the fiscal year beginning July 1, 2022, and each fiscal year thereafter, be

1877 \$25,000,000.

1878 ITEM 3

1879 To State Board of Education -- Minimum School Program - Basic School Program

1880 From Education Fund \$500,000

1881 Schedule of Programs:

1882 Necessarily Existent Small Schools \$500,000

1883 The Legislature intends that the appropriation under this item:

1884 (1) for the fiscal year beginning July 1, 2018, be \$500,000;

1885 (2) for the fiscal year beginning July 1, 2019, be \$1,000,000; and

1886 (3) for the fiscal year beginning July 1, 2020, and each fiscal year thereafter, be

1887 \$1,500,000.

1888	<u>ITEM 4</u>		
1889	<u>To State Board of Education -- Minimum School Program -- Basic School Program</u>		
1890	<u>From Education Fund</u>		<u>(\$36,117,300)</u>
1891	<u>From Local Revenue</u>		<u>\$36,117,300</u>
1892	<u>ITEM 5</u>		
1893	<u>To State Board of Education -- Minimum School Program -- Voted and</u>		
1894	<u>Board Local Levy Programs</u>		
1895	<u>From Education Fund Restricted -- Local Levy Growth Account</u>		<u>\$36,117,300</u>
1896	<u>Schedule of Programs:</u>		
1897	<u>Voted Local Levy Program</u>	<u>\$18,050,600</u>	
1898	<u>Board Local Levy Program</u>	<u>\$18,066,700</u>	
1899	Subsection 31(b). Restricted fund and account transfers.		
1900	<u>The Legislature authorizes the State Division of Finance to transfer the following</u>		
1901	<u>amounts between the following funds or accounts as indicated. Expenditures and outlays from</u>		
1902	<u>the funds to which the money is transferred must be authorized by an appropriation.</u>		
1903	<u>ITEM 6</u>		
1904	<u>To Education Fund Restricted -- Local Levy Growth Account</u>		
1905	<u>From Education Fund</u>		<u>\$36,117,300</u>
1906	<u>Schedule of Programs:</u>		
1907	<u>Education Fund Restricted -- Local Levy</u>		
1908	<u>Growth Account</u>		<u>\$36,117,300.</u>
1909	Section 32. Retrospective operation.		
1910	<u>This bill has retrospective operation for a taxable year beginning on or after January 1,</u>		
1911	<u>2018.</u>		

Legislative Review Note
Office of Legislative Research and General Counsel