

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

**TAX REBALANCING REVISIONS**

2018 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Bradley G. Last**

Senate Sponsor: Lincoln Fillmore

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**LONG TITLE**

**General Description:**

This bill amends and enacts provisions related to state and local taxes and revenues.

**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 weighted pupil unit value tax rate;
- ▶ establishes the equity pupil tax rate;
- ▶ directs the Division of Finance to deposit an amount equal to the proceeds from:
  - the equity pupil tax rate into the Local Levy Growth Account; and
  - the weighted pupil unit value tax rate into the Teacher and Student Success 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



26 local levy increments; and

27         • the guaranteed amount for each local levy increment per weighted pupil unit

28 after increasing the number of guaranteed local levy increments;

29         ▶ directs a local school board to use funds received from the state local levy guarantee

30 programs for public education purposes;

31         ▶ creates the Local Levy Growth Account;

32         ▶ creates the Teacher and Student Success Account;

33         ▶ modifies the property tax rate cap for the school board local levy to subject all

34 school districts to the same rate cap;

35         ▶ repeals the following outdated levies prohibited since January 1, 2012:

36             • the board-approved leeway;

37             • the capital outlay levy;

38             • the additional levy for debt service, school sites, buildings, buses, textbooks,

39 and supplies; and

40             • the board leeway for reading improvement;

41         ▶ repeals outdated language, including language related to school capital outlay in

42 counties of the first class repealed December 31, 2016;

43         ▶ modifies the definition of "certified revenue levy" in the Property Tax Act;

44         ▶ modifies the homeowner's and renter's credits;

45         ▶ modifies provisions governing notice requirements for a proposed tax increase by

46 the state;

47         ▶ addresses the apportionment of business income for income tax purposes by:

48             • phasing in a requirement that certain taxpayers use only the sales factor to

49 calculate the fraction for apportioning business income to the state;

50             • allowing an optional apportionment taxpayer to choose between a single sales

51 factor and an equally weighted method to calculate the fraction for apportioning

52 business income to the state; and

53             • requiring an optional apportionment taxpayer that chooses to apportion business

54 income using the single sales factor method to continue using the single sales

55 factor method of apportionment in subsequent taxable years;

56         ▶ provides a method for a taxpayer to determine if the taxpayer is an optional

57 apportionment taxpayer;

- 58 ▶ reduces the state's corporate and individual income tax rates;
- 59 ▶ addresses when an individual is considered to have domicile in this state for
- 60 purposes of income tax;
- 61 ▶ defines terms;
- 62 ▶ modifies the calculation of the taxpayer tax credit;
- 63 ▶ creates study provisions;
- 64 ▶ provides repeal dates; and
- 65 ▶ makes technical and conforming changes.

66 **Money Appropriated in this Bill:**

67 This bill appropriates in fiscal year 2019:

- 68 ▶ to the Education Fund Restricted -- Teacher and Student Success Account
- 69 • from the Education Fund, \$65,150,000;
- 70 ▶ to the State Board of Education -- Minimum School Program - Basic School

71 Program, as an ongoing appropriation:

- 72 • from the Education Fund, (\$18,650,000); and
- 73 • from Local Revenue, \$18,650,000;
- 74 ▶ to the State Board of Education -- Minimum School Program - Related to Basic

75 School Program:

- 76 • from the Education Fund, (\$46,500,000); and
- 77 • from the Education Fund Restricted -- Teacher and Student Success Account, as
- 78 a one-time appropriation, \$65,150,000;

79 ▶ to the Education Fund Restricted -- Local Levy Growth Account, as an ongoing

80 appropriation:

- 81 • from the Education Fund, \$36,117,300;
- 82 ▶ to the State Board of Education -- Minimum School Program -- Basic School

83 Program, as an ongoing appropriation:

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

87 Local Levy Programs, as an ongoing appropriation:

88           • from the Education Fund Restricted -- Local Levy Growth Account,  
89 \$36,117,300.

90 **Other Special Clauses:**

91           This bill provides a special effective date.

92           This bill provides retrospective operation.

93           This bill provides coordination clauses.

94 **Utah Code Sections Affected:**

95 AMENDS:

96           **11-13-302**, as last amended by Laws of Utah 2015, Chapter 287

97           **11-13-310**, as last amended by Laws of Utah 2003, Chapter 21

98           **53E-2-304**, as renumbered and amended by Laws of Utah 2018, Chapter 1

99           **53F-2-102**, as renumbered and amended by Laws of Utah 2018, Chapter 2

100           **53F-2-201**, as renumbered and amended by Laws of Utah 2018, Chapter 2

101           **53F-2-203**, as renumbered and amended by Laws of Utah 2018, Chapter 2

102           **53F-2-205**, as renumbered and amended by Laws of Utah 2018, Chapter 2

103           **53F-2-301**, as renumbered and amended by Laws of Utah 2018, Chapter 2

104           **53F-2-303**, as enacted by Laws of Utah 2018, Chapter 2

105           **53F-2-312**, as renumbered and amended by Laws of Utah 2018, Chapter 2

106           **53F-2-503**, as renumbered and amended by Laws of Utah 2018, Chapter 2

107           **53F-2-515**, as renumbered and amended by Laws of Utah 2018, Chapter 2

108           **53F-2-601**, as enacted by Laws of Utah 2018, Chapter 2

109           **53F-2-704**, as enacted by Laws of Utah 2018, Chapter 2

110           **53F-3-102**, as renumbered and amended by Laws of Utah 2018, Chapter 2

111           **53F-8-302**, as renumbered and amended by Laws of Utah 2018, Chapter 2

112           **53F-8-303**, as renumbered and amended by Laws of Utah 2018, Chapter 2

113           **53F-8-402**, as renumbered and amended by Laws of Utah 2018, Chapter 2

114           **53F-9-302**, as renumbered and amended by Laws of Utah 2018, Chapter 2

115           **53G-3-304**, as renumbered and amended by Laws of Utah 2018, Chapter 3

116           **53G-6-705**, as renumbered and amended by Laws of Utah 2018, Chapter 3

117           **59-2-102**, as last amended by Laws of Utah 2016, Chapters 98, 308, 367, and 368

118           **59-2-926**, as last amended by Laws of Utah 2016, Chapter 367

- 119 [59-2-1208](#), as last amended by Laws of Utah 2016, Chapter 375
- 120 [59-2-1209](#), as last amended by Laws of Utah 2016, Chapter 375
- 121 [59-7-104](#), as repealed and reenacted by Laws of Utah 1993, Chapter 169
- 122 [59-7-110](#), as last amended by Laws of Utah 2016, Chapters 311 and 323
- 123 [59-7-201](#), as last amended by Laws of Utah 1993, Chapter 169
- 124 [59-7-302](#), as last amended by Laws of Utah 2017, Chapters 181 and 268
- 125 [59-7-311](#), as last amended by Laws of Utah 2016, Chapters 311 and 323
- 126 [59-7-312](#), as last amended by Laws of Utah 2008, Chapter 283
- 127 [59-7-315](#), as last amended by Laws of Utah 2008, Chapter 283
- 128 [59-10-104](#), as last amended by Laws of Utah 2008, Chapter 389
- 129 [59-10-136](#), as enacted by Laws of Utah 2011, Chapter 410
- 130 [59-10-1018](#), as last amended by Laws of Utah 2012, Chapter 295
- 131 [63I-2-211](#), as last amended by Laws of Utah 2017, Chapter 441
- 132 [63I-2-253](#), as last amended by Laws of Utah 2017, Chapters 217, 223, 350, 365, 381,
- 133 386, and 468
- 134 [63I-2-259](#), as last amended by Laws of Utah 2017, Chapter 181
- 135 [63J-1-220](#), as last amended by Laws of Utah 2017, Chapter 173

136 ENACTS:

- 137 [53F-2-301.5](#), Utah Code Annotated 1953
- 138 [53F-9-305](#), Utah Code Annotated 1953
- 139 [53F-9-306](#), Utah Code Annotated 1953
- 140 [59-1-102](#), Utah Code Annotated 1953

141 REPEALS:

- 142 [53F-2-602](#), as enacted by Laws of Utah 2018, Chapter 2
- 143 [53F-8-401](#), as renumbered and amended by Laws of Utah 2018, Chapter 2
- 144 [53F-8-404](#), as renumbered and amended by Laws of Utah 2018, Chapter 2
- 145 [53F-8-405](#), as renumbered and amended by Laws of Utah 2018, Chapter 2
- 146 [53F-8-406](#), as renumbered and amended by Laws of Utah 2018, Chapter 2

147 **Utah Code Sections Affected by Coordination Clause:**

- 148 [53F-2-301](#), as renumbered and amended by Laws of Utah 2018, Chapter 2
- 149 [59-7-302](#), as last amended by Laws of Utah 2017, Chapters 181 and 268

150 [59-7-311](#), as last amended by Laws of Utah 2016, Chapters 311 and 323

151 [59-7-312](#), as last amended by Laws of Utah 2008, Chapter 283

152 [59-7-315](#), as last amended by Laws of Utah 2008, Chapter 283

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

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

156 **11-13-302. Payment of fee in lieu of ad valorem property tax by certain energy**  
157 **suppliers -- Method of calculating -- Collection -- Extent of tax lien.**

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

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

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

166 (i) with respect to each taxing jurisdiction that is a candidate receiving the benefit of  
167 impact alleviation payments under contracts or determination orders provided for in Sections  
168 [11-13-305](#) and [11-13-306](#), with the fiscal year of the candidate following the fiscal year of the  
169 candidate in which the date of commercial operation of the last generating unit, other than any  
170 generating unit providing additional project capacity, of the project occurs, or, in the case of  
171 any facilities providing additional project capacity, with the fiscal year of the candidate  
172 following the fiscal year of the candidate in which the date of commercial operation of the  
173 generating unit providing the additional project capacity occurs; and

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

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

180 (2) (a) The annual fees due a school district shall be as provided in Subsection (2)(b)

181 because the ad valorem property tax imposed by a school district and authorized by the  
182 Legislature represents both:

183 (i) a levy mandated by the state for the state minimum school program under Section  
184 [53A-17a-135](#) or [53F-2-301.5](#), as applicable; and

185 (ii) local levies for capital outlay and other purposes under Sections [53A-16-113](#),  
186 [53A-17a-133](#), and [53A-17a-164](#).

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

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

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

193 (A) an annual fee; or

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

196 (3) (a) An annual fee due a taxing jurisdiction for a particular year shall be calculated  
197 by multiplying the tax rate or rates of the jurisdiction for that year by the product obtained by  
198 multiplying the fee base or value determined in accordance with Subsection (4) for that year of  
199 the portion of the project located within the jurisdiction by the percentage of the project which  
200 is used to produce the capacity, service, or other benefit sold to the energy supplier or suppliers.

201 (b) As used in this section, "tax rate," when applied in respect to a school district,  
202 includes any assessment to be made by the school district under Subsection (2) or Section  
203 [63M-5-302](#).

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

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

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

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

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

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

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

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

221 (A) the project entity; and

222 (B) any county that:

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

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

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

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

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

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

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

238 (I) for that year; and

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

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

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



- 243 (i) the proceeds of bonds issued for the project; and  
244 (ii) revenues derived by the project entity from the project.
- 245 (d) (i) The contracts of the project entity with the purchasers of the capacity, service, or  
246 other benefits of the project whose tangible property is not exempted by Utah Constitution  
247 Article XIII, Section 3, from the payment of ad valorem property tax shall require each  
248 purchaser, whether or not located in the state, to pay, to the extent not otherwise provided for,  
249 its share, determined in accordance with the terms of the contract, of these fees.
- 250 (ii) It is the responsibility of the project entity to enforce the obligations of the  
251 purchasers.
- 252 (5) (a) The responsibility of the project entity to make payment of the annual fees is  
253 limited to the extent that there is legally available to the project entity, from bond proceeds or  
254 revenues, money to make these payments, and the obligation to make payments of the annual  
255 fees is not otherwise a general obligation or liability of the project entity.
- 256 (b) No tax lien may attach upon any property or money of the project entity by virtue of  
257 any failure to pay all or any part of an annual fee.
- 258 (c) The project entity or any purchaser may contest the validity of an annual fee to the  
259 same extent as if the payment was a payment of the ad valorem property tax itself.
- 260 (d) The payments of an annual fee shall be reduced to the extent that any contest is  
261 successful.
- 262 (6) (a) The annual fee described in Subsection (1):
- 263 (i) shall be paid by a public agency that:
- 264 (A) is not a project entity; and  
265 (B) owns an interest in a facility providing additional project capacity if the interest is  
266 otherwise exempt from taxation pursuant to Utah Constitution, Article XIII, Section 3; and
- 267 (ii) for a public agency described in Subsection (6)(a)(i), shall be calculated in  
268 accordance with Subsection (6)(b).
- 269 (b) The annual fee required under Subsection (6)(a) shall be an amount equal to the tax  
270 rate or rates of the applicable taxing jurisdiction multiplied by the product of the following:
- 271 (i) the fee base or value of the facility providing additional project capacity located  
272 within the jurisdiction;
- 273 (ii) the percentage of the ownership interest of the public agency in the facility; and

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

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

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

282 **11-13-310. Termination of impact alleviation contract.**

283 If the project or any part of it or the facilities providing additional project capacity or  
284 any part of them, or the output from the project or facilities providing additional project  
285 capacity become subject, in addition to the requirements of Section [11-13-302](#), to ad valorem  
286 property taxation or other payments in lieu of ad valorem property taxation, or other form of  
287 tax equivalent payments to any candidate which is a party to an impact alleviation contract with  
288 respect to the project or facilities providing additional project capacity or is receiving impact  
289 alleviation payments or means with respect to the project or facilities providing additional  
290 project capacity pursuant to a determination by the board, then the impact alleviation contract  
291 or the requirement to make impact alleviation payments or provide means therefor pursuant to  
292 the determination, as the case may be, shall, at the election of the candidate, terminate. In any  
293 event, each impact alleviation contract or determination order shall terminate upon the project,  
294 or, in the case of facilities providing additional project capacity, those facilities becoming  
295 subject to the provisions of Section [11-13-302](#), except that no impact alleviation contract or  
296 agreement entered by a school district shall terminate because of in lieu ad valorem property  
297 tax fees levied under Subsection [11-13-302\(2\)\(b\)\(i\)](#) or because of ad valorem property taxes  
298 levied under Section [~~53A-17a-135~~] [53F-2-301](#) or [53F-2-301.5](#), as applicable, for the state  
299 minimum school program. In addition, if the construction of the project, or, in the case of  
300 facilities providing additional project capacity, of those facilities, is permanently terminated for  
301 any reason, each impact alleviation contract and determination order, and the payments and  
302 means required thereunder, shall terminate. No termination of an impact alleviation contract or  
303 determination order may terminate or reduce any liability previously incurred pursuant to the  
304 contract or determination order by the candidate beneficiary under it. If the provisions of

305 Section 11-13-302, or its successor, are held invalid by a court of competent jurisdiction, and  
306 no ad valorem taxes or other form of tax equivalent payments are payable, the remaining  
307 provisions of this chapter shall continue in operation without regard to the commencement of  
308 commercial operation of the last generating unit of that project or of facilities providing  
309 additional project capacity.

310 Section 3. Section 53E-2-304 is amended to read:

311 **53E-2-304. School district and individual school powers -- Plan for college and**  
312 **career readiness definition.**

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

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

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

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

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

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

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

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

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

334 (b) (i) As used in this section, "plan for college and career readiness" means a plan  
335 developed by a student and the student's parent or guardian, in consultation with school

336 counselors, teachers, and administrators that:

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

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

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

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

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

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

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

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

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

351 (iv) A parent may request a conference with school personnel in addition to an  
352 individual learning plan or a plan for college and career readiness conference established by  
353 local school board policy.

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

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

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

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

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

365 **53F-2-102. Definitions.**

366 As used in this chapter:

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

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

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

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

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

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

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

384 ~~[(i) assessed by a county assessor in accordance with Title 59, Chapter 2, Part 3,~~  
 385 ~~County Assessment; and]~~

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

387 ~~[(c) For purposes of calculating the certified revenue levy described in this Subsection~~  
 388 ~~(2), the State Tax Commission shall use:]~~

389 ~~[(i) the taxable value of real property assessed by a county assessor contained on the~~  
 390 ~~assessment roll;]~~

391 ~~[(ii) the taxable value of real and personal property assessed by the State Tax~~  
 392 ~~Commission; and]~~

393 ~~[(iii) the taxable year end value of personal property assessed by a county assessor~~  
 394 ~~contained on the prior year's assessment roll.]~~

395 ~~[(3)]~~ (2) "Charter school governing board" means the governing board, as defined in  
 396 Section 53G-5-102, that governs a charter school.

397 ~~[(4)]~~ (3) "Local education board" means a local school board or charter school

398 governing board.

399           ~~[(5)]~~ (4) "Local school board" means a board elected under Title 20A, Chapter 14, Part  
400 2, Election of Members of Local Boards of Education.

401           ~~[(6)]~~ (5) "Pupil in average daily membership (ADM)" means a full-day equivalent  
402 pupil.

403           ~~[(7)]~~ (6) (a) "State-supported minimum school program" or "Minimum School  
404 Program" means public school programs for kindergarten, elementary, and secondary schools  
405 as described in this Subsection ~~[(7)]~~ (6).

406           (b) The Minimum School Program established in school districts and charter schools  
407 shall include the equivalent of a school term of nine months as determined by the State Board  
408 of Education.

409           (c) (i) The board shall establish the number of days or equivalent instructional hours  
410 that school is held for an academic school year.

411           (ii) Education, enhanced by utilization of technologically enriched delivery systems,  
412 when approved by a local education board, shall receive full support by the State Board of  
413 Education as it pertains to fulfilling the attendance requirements, excluding time spent viewing  
414 commercial advertising.

415           (d) (i) A local education board may reallocate up to 32 instructional hours or four  
416 school days established under Subsection ~~[(7)]~~ (6)(c) for teacher preparation time or teacher  
417 professional development.

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

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

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

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

427           (iv) Instructional hours or school days reallocated for teacher preparation time or  
428 teacher professional development pursuant to this Subsection ~~[(7)]~~ (6)(d) is considered part of a

429 school term referred to in Subsection [(7)] (6)(b).

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

- 432 (i) Basic School Program;
- 433 (ii) Related to Basic Programs;
- 434 (iii) Voted and Board Levy Programs; or
- 435 (iv) Minimum School Program.

436 [(8)] (7) "Weighted pupil unit or units or WPU or WPU's" means the unit of measure of  
437 factors that is computed in accordance with this chapter for the purpose of determining the  
438 costs of a program on a uniform basis for each school district or charter school.

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

440 **53F-2-201. Cost of operation and maintenance of Minimum School Program --**  
441 **Division between state and school districts.**

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

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

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

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

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

453 (a) the basic program; and [~~to the levy programs provided in Section 53F-2-601 or~~  
454 ~~53F-2-602.~~]

455 (b) the local levy state guarantee programs described in Section 53F-2-601.

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

457 **53F-2-203. Reduction of local education board allocation based on insufficient**  
458 **revenues.**

459 (1) As used in this section, "Minimum School Program funds" means the total of state

460 and local funds appropriated for the Minimum School Program, excluding:

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

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

463 (a) an appropriation for a state guaranteed local levy increment as described in Section

464 53F-2-601; and

465 ~~[(c)]~~ (b) the appropriation to charter schools to replace local property tax revenues

466 pursuant to Section 53F-2-704.

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

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

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

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

479 (a) educator salary adjustments provided in Section 53F-2-405;

480 (b) the Teacher Salary Supplement Program provided in Section 53F-2-504;

481 (c) the extended year for special educators provided in Section 53F-2-310;

482 (d) USTAR centers provided in Section 53F-2-505;

483 (e) the School LAND Trust Program created in Section 53F-2-404; or

484 (f) a special education program within the ~~[Basic School Program]~~ basic school  
485 program.

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

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



491 Program report.

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

493 **53F-2-205. Powers and duties of State Board of Education to adjust Minimum**  
494 **School Program allocations -- Use of remaining funds at the end of a fiscal year.**

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

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

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

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

501 (i) Basic Program;

502 (ii) Related to Basic Programs;

503 (iii) Voted and Board Levy Programs; or

504 (iv) Minimum School Program.

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

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

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

514 (b) to support the state [~~guarantee per weighted pupil unit provided under the voted~~  
515 ~~local levy program established in Section 53F-2-601 or the board local levy program~~  
516 ~~established in Section 53F-2-602]~~ guaranteed local levy increments as defined in Section  
517 53F-2-601, if:

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

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

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

524 (d) to support a school district with a loss in student enrollment as provided in Section  
525 53F-2-207.

526 (4) If local contributions from the minimum basic tax rate imposed under Section  
527 53F-2-301 or 53F-2-301.5, as applicable, are overestimated, the board shall reduce the value of  
528 the weighted pupil unit for all programs within the basic state-supported school program so the  
529 total state contribution to the basic state-supported school program does not exceed the amount  
530 of state funds appropriated.

531 (5) If local contributions from the minimum basic tax rate imposed under Section  
532 53F-2-301 or 53F-2-301.5, as applicable, are underestimated, the board shall:

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

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

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

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

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

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

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

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

554 **53F-2-301. Minimum basic tax rate for a fiscal year that begins after July 1, 2022.**

555 (1) The provisions of this section are not in effect for a fiscal year that begins on July 1,  
556 2018, 2019, 2020, 2021, or 2022.

557 ~~[(+)]~~ (2) As used in this section~~[-"basic"]~~:

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

560 ~~[(2)(a) To qualify for receipt of the state contribution toward the basic program and as~~  
561 ~~a school district's contribution toward the school district's costs of the basic program, each local~~  
562 ~~school board shall impose a minimum basic tax rate per dollar of taxable value that generates~~  
563 ~~\$399,041,300 in revenues statewide.]~~

564 (b) "Combined basic rate" means a rate that is the sum of:

565 (i) the minimum basic tax rate; and

566 (ii) the WPU value rate.

567 (c) "Commission" means the State Tax Commission.

568 (d) "Equity pupil tax rate" means the tax rate that will generate an amount of revenue  
569 equal to the amount generated by the equity pupil tax rate as defined in Section [53F-2-301.5](#) in  
570 the fiscal year that begins July 1, 2022.

571 (e) "Minimum basic local amount" means an amount that is:

572 (i) equal to the sum of:

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

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

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

577 (D) the eligible new growth, as defined in Section [59-2-924](#) and rules of the State Tax  
578 Commission multiplied by the minimum basic rate; and

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

580 (f) "Minimum basic tax rate" means a tax rate certified by the commission that will  
581 generate an amount of revenue equal to the minimum basic local amount described in  
582 Subsection (3)(a).

583 (g) "Weighted pupil unit value" or "WPU value" means the amount established each

584 year in the enacted public education budget that is multiplied by the number of weighted pupil  
585 units to yield the funding level for the basic school program.

586 (h) "WPU value amount" means an amount:

587 (i) that is equal to the product of:

588 (A) the total cost to the basic school program to increase the WPU value over the WPU  
589 value in the immediately preceding fiscal year; and

590 (B) the percentage share of local revenue to the cost of the basic school program in the  
591 immediately preceding fiscal year; and

592 (ii) set annually by the Legislature in Subsection (4)(a).

593 (i) "WPU value rate" means a tax rate certified by the commission that will generate an  
594 amount of revenue equal to the WPU value amount described in Subsection (4)(a).

595 (3) (a) The minimum basic local amount for the fiscal year that begins on July 1, 2018,  
596 is \$408,073,800 in revenue statewide.

597 (b) The preliminary estimate [for the 2017-18 minimum basic tax rate is .001596.] of  
598 the minimum basic tax rate for a fiscal year that begins on July 1, 2018, is .001498.

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

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

603 (4) (a) The WPU value amount for the fiscal year that begins on July 1, 2018, is  
604 \$18,650,000 in revenue statewide.

605 (b) The preliminary estimate of the WPU value rate for the fiscal year that begins on  
606 July 1, 2018, is .000069.

607 (5) (a) On or before June 22, the commission shall certify for the year:

608 (i) the minimum basic tax rate; and

609 (ii) the WPU value rate.

610 (b) The estimate of the minimum basic tax rate provided in Subsection (3)(b) and the  
611 estimate of the WPU value rate provided in Subsection (4)(b) are based on a forecast for  
612 property values for the next calendar year.

613 (c) The certified minimum basic tax rate described in Subsection (5)(a)(i) and the  
614 certified WPU value rate described in Subsection (5)(a)(ii) are based on property values as of

615 January 1 of the current calendar year, except personal property, which is based on values from  
 616 the previous calendar year.

617 (6) (a) To qualify for receipt of the state contribution toward the basic school program  
 618 and as a school district's contribution toward the cost of the basic school program for the school  
 619 district, each local school board shall impose the combined basic rate.

620 (b) (i) The state is not subject to the notice requirements of Section 59-2-926 before  
 621 imposing the tax rates described in this Subsection (6).

622 (ii) (A) Except as provided in Subsection (6)(b)(ii)(B), the state is subject to the notice  
 623 requirements of Section 59-2-926 if the state authorizes a tax rate that exceeds the tax rates  
 624 described in this Subsection (6).

625 (B) For a calendar year that begins on January 1, 2018, the state is not subject to the  
 626 notice and public hearing requirements of Section 59-2-926 if the state authorizes a combined  
 627 basic rate that exceeds the tax rates authorized in this section.

628 ~~[(3)]~~ (7) (a) The state shall contribute to each school district toward the cost of the  
 629 basic school program in the school district [that portion that exceeds the proceeds of] an  
 630 amount of money that is the difference between the cost of the school district's basic school  
 631 program and the sum of revenue generated by the school district by the following:

632 ~~[(a) the minimum basic tax rate to be imposed under Subsection (2); and]~~

633 (i) the combined basic rate;

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

635 (iii) the equity pupil tax rate.

636 ~~[(4)-(a)]~~ (b) (i) If the difference described in Subsection [(3)] (7)(a) equals or exceeds  
 637 the cost of the basic school program in a school district, no state contribution shall be made to  
 638 the basic school program for the school district.

639 ~~[(b)]~~ (ii) The proceeds of the difference described in Subsection [(3)] (7)(a) that exceed  
 640 the cost of the basic school program shall be paid into the Uniform School Fund as provided by  
 641 law and by the close of the fiscal year in which the proceeds were calculated.

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

643 ~~[(a) deduct from state funds that a school district is authorized to receive under this~~  
 644 ~~chapter an amount equal to the proceeds generated within the school district by the basic levy~~  
 645 ~~increment rate; and]~~

646 ~~[(b) deposit the money described in Subsection (5)(a)]~~

647 (8) Upon appropriation by the Legislature, the Division of Finance shall deposit an  
648 amount equal to the proceeds generated statewide:

649 (a) by the basic levy increment rate into the Minimum Basic Growth Account created  
650 in Section 53F-9-302[-];

651 (b) by the equity pupil tax rate into the Local Levy Growth Account created in Section  
652 53F-9-305; and

653 (c) by the WPU value rate into the Teacher and Student Success Account created in  
654 Section 53F-9-306.

655 (9) After July 1, 2022, but before November 30, 2022, the Public Education  
656 Appropriations Subcommittee:

657 (a) shall review the WPU value rate, the impact of revenues generated by the WPU  
658 value rate on public education funding, and whether local school boards should continue to  
659 levy the WPU value rate; and

660 (b) may recommend an increase, repeal, or continuance of the WPU value rate.

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

662 **53F-2-301.5. Minimum basic tax rate for a fiscal year that begins on July 1, 2018,**  
663 **2019, 2020, 2021, or 2022.**

664 (1) The provisions of this section are in effect for a fiscal year that begins before July 1,  
665 2023.

666 (2) As used in this section:

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

669 (b) "Combined basic rate" means a rate that is the sum of:

670 (i) the rate floor; and

671 (ii) the WPU value rate.

672 (c) "Commission" means the State Tax Commission.

673 (d) "Equity pupil tax rate" means the tax rate that is:

674 (i) calculated by subtracting the minimum basic tax rate from the rate floor; or

675 (ii) zero, if the rate calculated in accordance with Subsection (2)(d)(i) is zero or less.

676 (e) "Minimum basic local amount" means an amount that is:

677 (i) equal to the sum of:  
678 (A) the school districts' contribution to the basic school program the previous fiscal  
679 year;  
680 (B) the amount generated by the basic levy increment rate; and  
681 (C) the eligible new growth, as defined in Section 59-2-924 and rules of the State Tax  
682 Commission multiplied by the minimum basic tax rate; and  
683 (ii) set annually by the Legislature in Subsection (3)(a).  
684 (f) "Minimum basic tax rate" means a tax rate certified by the commission that will  
685 generate an amount of revenue equal to the minimum basic local amount described in  
686 Subsection (3)(a).  
687 (g) "Rate floor" means a rate that is the greater of:  
688 (i) a .0016 tax rate; or  
689 (ii) the minimum basic tax rate.  
690 (h) "Weighted pupil unit value" or "WPU value" means the amount established each  
691 year in the enacted public education budget that is multiplied by the number of weighted pupil  
692 units to yield the funding level for the basic school program.  
693 (i) "WPU value amount" means an amount that is:  
694 (i) equal to the product of:  
695 (A) the total cost to the basic school program to increase the WPU value over the WPU  
696 value in the prior fiscal year; and  
697 (B) the percentage share of local revenue to the cost of the basic school program in the  
698 prior fiscal year; and  
699 (ii) set annually by the Legislature in Subsection (4)(a).  
700 (j) "WPU value rate" means a tax rate certified by the commission that will generate an  
701 amount of revenue equal to the WPU value amount described in Subsection (4)(a).  
702 (3) (a) The minimum basic local amount for the fiscal year that begins on July 1, 2018,  
703 is \$408,073,800 in revenue statewide.  
704 (b) The preliminary estimate for the minimum basic tax rate for the fiscal year that  
705 begins on July 1, 2018, is .001498.  
706 (4) (a) The WPU value amount for the fiscal year that begins on July 1, 2018, is  
707 \$18,650,000 in revenue statewide.

708 (b) The preliminary estimate for the WPU value rate for the fiscal year that begins on  
709 July 1, 2018, is .000069.

710 (5) (a) On or before June 22, the commission shall certify for the year:

711 (i) the minimum basic tax rate; and

712 (ii) the WPU value rate.

713 (b) The estimate of the minimum basic tax rate provided in Subsection (3)(b) and the  
714 estimate of the WPU value rate provided in Subsection (4)(b) is based on a forecast for  
715 property values for the next calendar year.

716 (c) The certified minimum basic tax rate described in Subsection (5)(a)(i) and the  
717 certified WPU value rate described in Subsection (5)(a)(ii) are based on property values as of  
718 January 1 of the current calendar year, except personal property, which is based on values from  
719 the previous calendar year.

720 (6) (a) To qualify for receipt of the state contribution toward the basic school program  
721 and as a school district's contribution toward the cost of the basic school program for the school  
722 district, a local school board shall impose the combined basic rate.

723 (b) (i) The state is not subject to the notice requirements of Section [59-2-926](#) before  
724 imposing the tax rates described in this Subsection (6).

725 (ii) The state is subject to the notice requirements of Section [59-2-926](#) if the state  
726 authorizes a tax rate that exceeds the tax rates described in this Subsection (6).

727 (7) (a) The state shall contribute to each school district toward the cost of the basic  
728 school program in the school district an amount of money that is the difference between the  
729 cost of the school district's basic school program and the sum of the revenue generated by the  
730 school district by the following:

731 (i) the minimum basic tax rate;

732 (ii) the basic levy increment rate;

733 (iii) the equity pupil tax rate; and

734 (iv) the WPU value rate.

735 (b) (i) If the difference described in Subsection (7)(a) equals or exceeds the cost of the  
736 basic school program in a school district, no state contribution shall be made to the basic  
737 school program for the school district.

738 (ii) The proceeds of the difference described in Subsection (7)(a) that exceed the cost



739 of the basic school program shall be paid into the Uniform School Fund as provided by law and  
740 by the close of the fiscal year in which the proceeds were calculated.

741 (8) Upon appropriation by the Legislature, the Division of Finance shall deposit an  
742 amount equal to the proceeds generated statewide:

743 (a) by the basic levy increment rate into the Minimum Basic Growth Account created  
744 in Section 53F-9-302;

745 (b) by the equity pupil tax rate into the Local Levy Growth Account created in Section  
746 53F-9-305; and

747 (c) by the WPU value rate into the Teacher and Student Success Account created in  
748 Section 53F-9-306.

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

750 **53F-2-303. Foreign exchange student weighted pupil units.**

751 (1) A school district or charter school may include foreign exchange students in the  
752 district's or school's membership and attendance count for the purpose of apportionment of  
753 state money, except as provided in Subsections (2) through (4).

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

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

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

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

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

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

768 (ii) 328 foreign exchange students.

769 (b) The State Board of Education shall make rules in accordance with Title 63G,

770 Chapter 3, Utah Administrative Rulemaking Act, to administer the cap on the number of  
771 foreign exchange students that may be counted for the purpose of apportioning state money  
772 under Subsection (2).

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

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

778 **53F-2-312. Appropriation for class size reduction.**

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

782 (2) Each school district or charter school shall receive an allocation based upon the  
783 school district or charter school's prior year average daily membership in kindergarten through  
784 grade 8 plus growth as determined under Subsection 53F-2-302(3) as compared to the total  
785 prior year average daily membership in kindergarten through grade 8 plus growth of school  
786 districts and charter schools that qualify for an allocation pursuant to Subsection (8).

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

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

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

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

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

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

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

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

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

814 (i) a plan for the use of the allocation of class size reduction money to the State Board  
815 of Education; and

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

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

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

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

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

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

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

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

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

830 (c) In addition to submitting a plan and report on the use of class size reduction money,  
831 a local education board shall annually submit a report to the State Board of Education that

832 includes the following information:

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

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

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

838 (iv) the amount of Title I money expended for teachers in kindergarten through grade  
839 8; and

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

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

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

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

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

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

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

856 **53F-2-503. K-3 Reading Improvement Program.**

857 (1) As used in this section:

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

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

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

862 (d) "Program money" means:

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

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

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

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

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

875 (i) assessment;

876 (ii) intervention strategies;

877 (iii) professional development for classroom teachers in kindergarten through grade  
878 three;

879 (iv) reading performance standards; and

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

881 (A) a growth goal for each school within a school district and each charter school  
882 based upon student learning gains as measured by benchmark assessments administered  
883 pursuant to Section [53E-4-307](#); and

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

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

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

890 (d) The board shall develop uniform standards for acceptable growth goals that a local  
891 education board adopts for a school district or charter school as described in this Subsection  
892 (4).

893 (5) (a) There is created within the K-3 Reading Achievement Program three funding

894 programs:

- 895 (i) the Base Level Program;
- 896 (ii) the Guarantee Program; and
- 897 (iii) the Low Income Students Program.

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

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

- 903 (a) 8% to the Base Level Program;
- 904 (b) 46% to the Guarantee Program; and
- 905 (c) 46% to the Low Income Students Program.

906 (7) (a) For a school district or charter school to participate in the Base Level Program,  
907 the local education board shall submit a reading proficiency improvement plan to the board as  
908 provided in Subsection (4) and must receive approval of the plan from the board.

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

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

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

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

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

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

924 (c) For a school district to fully participate in the Guarantee Program, the local school

925 board shall allocate to the program money available to the school district, except money  
926 provided by the state, equal to the amount of revenue that would be generated by a tax rate of  
927 .000056.

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

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

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

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

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

943 (ii) not less than \$0.

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

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

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

953 (11) A school district that partially participates in the Guarantee Program or Low  
954 Income Students Program shall receive program funds based on the amount of school district  
955 revenue allocated to the program as a percentage of the amount of revenue that could have been

956 allocated if the school district had fully participated in the program.

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

960 (i) reading assessments; and

961 (ii) focused reading remediations that may include:

962 (A) the use of reading specialists;

963 (B) tutoring;

964 (C) before or after school programs;

965 (D) summer school programs; or

966 (E) the use of reading software; or

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

969 (b) A local education board may use program money for portable technology devices  
970 used to administer reading assessments.

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

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

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

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

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

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

986 (iii) The new plan described in Subsection (14)(b)(ii) shall be approved by the board



987 before the local education board receives an allocation for the next year.

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

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

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

1000 (a) includes information on:

1001 (i) student learning gains in reading for the past school year and the five-year trend;

1002 (ii) the percentage of third grade students reading on grade level in the past school year  
1003 and the five-year trend;

1004 (iii) the progress of schools and school districts in meeting goals stated in a school  
1005 district's or charter school's plan for student reading proficiency; and

1006 (iv) the correlation between third grade students reading on grade level and results of  
1007 third grade language arts scores on a criterion-referenced test or computer adaptive test; and

1008 (b) may include recommendations on how to increase the percentage of third grade  
1009 students who read on grade level.

1010 Section 13. Section **53F-2-515** is amended to read:

1011 **53F-2-515. Federal Impact Aid Program -- Offset for underestimated allocations**  
1012 **from the Federal Impact Aid Program.**

1013 (1) In addition to the revenues received from the levy imposed by a local school board  
1014 and authorized by the Legislature under Section [53F-2-301](#) or [53F-2-301.5](#), as applicable, the  
1015 Legislature shall provide an amount equal to the difference between the school district's  
1016 anticipated receipts under the entitlement for the fiscal year from the Federal Impact Aid  
1017 Program and the amount the school district actually received from this source for the next

1018 preceding fiscal year.

1019 (2) If at the end of a fiscal year the sum of the receipts of a school district from a  
 1020 distribution from the Legislature pursuant to Subsection (1) plus the school district's allocations  
 1021 from the Federal Impact Aid Program for that fiscal year exceeds the amount allocated to the  
 1022 school district from the Federal Impact Aid Program for the next preceding fiscal year, the  
 1023 excess funds are carried into the next succeeding fiscal year and become in that year a part of  
 1024 the school district's contribution to the school district's basic program for operation and  
 1025 maintenance under the state minimum school finance law.

1026 (3) During the next succeeding fiscal year described in Subsection (2), the school  
 1027 district's required tax rate for the basic program shall be reduced so that the yield from the  
 1028 reduced tax rate plus the carryover funds equal the school district's required contribution to the  
 1029 school district's basic program.

1030 (4) For the school district of a local school board that is required to reduce the school  
 1031 district's basic tax rate under this section, the school district shall receive state minimum school  
 1032 program funds as though the reduction in the tax rate had not been made.

1033 Section 14. Section **53F-2-601** is amended to read:

1034 **53F-2-601. State guaranteed local levy increments -- Appropriation to increase**  
 1035 **number of guaranteed local levy increments -- No effect of change of minimum basic tax**  
 1036 **rate -- Voted and board local levy funding balance -- Use of guaranteed local levy**  
 1037 **increment funds.**

1038 (1) As used in this section~~[, "voted"]~~:

1039 (a) "Board local levy" means a local levy described in Section [53F-8-302](#).

1040 (b) "Guaranteed local levy increment" means a local levy increment guaranteed by the  
 1041 state:

1042 (i) for the board local levy, described in Subsections (2)(a)(ii)(A) and (2)(b)(ii)(B); or

1043 (ii) for the voted local levy, described in Subsections (2)(a)(ii)(B) and (2)(b)(ii)(A).

1044 (c) "Local levy increment" means .0001 per dollar of taxable value.

1045 (d) (i) "Voted and board local levy funding balance" means the difference between:

1046 ~~[(a)]~~ (A) the amount appropriated for the ~~[voted and board local levy program]~~

1047 guaranteed local levy increments in a fiscal year; and

1048 ~~[(b)]~~ (B) the amount necessary to ~~[provide the state guarantee per weighted pupil unit]~~

1049 fund in the same fiscal year the guaranteed local levy increments as determined under this  
1050 section [~~and Section 53F-2-602 in the same fiscal year~~].

1051 (ii) "Voted and board local levy funding balance" does not include appropriations  
1052 described in Subsection (2)(b)(i).

1053 (e) "Voted local levy" means a local levy described in Section 53F-8-301.

1054 (2) (a) (i) In addition to the revenue collected from the imposition of a [levy pursuant  
1055 to Section 53F-8-301] voted local levy or a board local levy, the state shall [contribute]  
1056 guarantee that a school district receives, subject to Subsections (2)(b)(ii)(C) and (3)(a), for each  
1057 guaranteed local levy increment, an amount sufficient to guarantee [\$35.55] for a fiscal year  
1058 that begins on July 1, 2018, \$43.10 per weighted pupil unit [for each .0001 of the first .0016  
1059 per dollar of taxable value].

1060 [~~(3) The same dollar amount guarantee per weighted pupil unit for the .0016 per dollar~~  
1061 ~~of taxable value under Subsection (2) shall apply to the portion of the board local levy~~  
1062 ~~authorized in Section 53F-8-302, so that the guarantee shall apply up to a total of .002 per~~  
1063 ~~dollar of taxable value if a local school board levies a tax rate under both programs.]~~

1064 (ii) Except as provided in Subsection (2)(b)(ii), the number of local levy increments  
1065 that are subject to the guarantee amount described in Subsection (2)(a)(i) are:

1066 (A) for a board local levy, the first four local levy increments a local school board  
1067 imposes under the board local levy; and

1068 (B) for a voted local levy, the first 16 local levy increments a local school board  
1069 imposes under the voted local levy.

1070 (b) (i) Subject to future budget constraints and Subsection (2)(c), the Legislature shall  
1071 annually appropriate money from the Local Levy Growth Account established in Section  
1072 53F-9-305 for purposes described in Subsection (2)(b)(ii).

1073 (ii) The State Board of Education shall, for a fiscal year beginning on or after July 1,  
1074 2018, and subject to Subsection (2)(c), allocate funds appropriated under Subsection (2)(b)(i)  
1075 in the following order of priority by increasing:

1076 (A) by up to four increments the number of voted local levy guaranteed local levy  
1077 increments above 16;

1078 (B) by up to 16 increments the number of board local levy guaranteed local levy  
1079 increments above four; and

1080 (C) the guaranteed amount described in Subsection (2)(a)(i).

1081 (c) The number of guaranteed local levy increments under this Subsection (2) for a  
1082 school district may not exceed 20 guaranteed local levy increments, regardless of whether the  
1083 guaranteed local levy increments are from the imposition of a voted local levy, a board local  
1084 levy, or a combination of the two.

1085 [~~(4) (a) Beginning July 1, 2015, the \$35.55 guarantee under Subsections (2) and (3)~~  
1086 ~~shall be]~~

1087 (3) (a) The guarantee described in Subsection (2)(a)(i) is indexed each year to the value  
1088 of the weighted pupil unit [for the grades 1 through 12 program] by making the value of the  
1089 guarantee equal to .011962 times the value of the prior year's weighted pupil unit [for the  
1090 grades 1 through 12 program].

1091 (b) The guarantee shall increase by .0005 times the value of the prior year's weighted  
1092 pupil unit [for the grades 1 through 12 program] for each [succeeding] year subject to the  
1093 Legislature appropriating funds for an increase in the guarantee.

1094 [~~(5)~~] (4) (a) The amount of state guarantee money [to which] that a school district  
1095 would otherwise be entitled to receive under this section may not be reduced for the sole reason  
1096 that the school district's board local levy or voted local levy is reduced as a consequence of  
1097 changes in the certified tax rate under Section 59-2-924 pursuant to changes in property  
1098 valuation.

1099 (b) Subsection [~~(5)~~] (4)(a) applies for a period of five years following [any such] a  
1100 change in the certified tax rate as described in Subsection (4)(a).

1101 [~~(6)~~] (5) The guarantee provided under this section does not apply to the portion of a  
1102 voted local levy rate that exceeds the voted local levy rate that was in effect for the previous  
1103 fiscal year, unless an increase in the voted local levy rate was authorized in an election  
1104 conducted on or after July 1 of the previous fiscal year and before December 2 of the previous  
1105 fiscal year.

1106 [~~(7)~~] (6) (a) If a voted and board local levy funding balance exists for the prior fiscal  
1107 year, the State Board of Education shall:

1108 (i) use the voted and board local levy funding balance to increase the value of the state  
1109 guarantee per weighted pupil unit described in Subsection [~~(4)~~] (3)(a) in the current fiscal year;  
1110 and

1111 (ii) distribute [~~the state contribution to the voted and board local levy programs~~]  
1112 guaranteed local levy increment funds to school districts based on the increased value of the  
1113 state guarantee per weighted pupil unit described in Subsection [~~(7)~~] (6)(a)(i).

1114 (b) The State Board of Education shall report action taken under [~~this~~] Subsection [~~(7)~~]  
1115 (6)(a) to the Office of the Legislative Fiscal Analyst and the Governor's Office of Management  
1116 and Budget.

1117 (7) A local school board of a school district that receives funds described in this section  
1118 shall budget and expend the funds for public education purposes.

1119 Section 15. Section **53F-2-704** is amended to read:

1120 **53F-2-704. Charter school levy state guarantee.**

1121 (1) As used in this section:

1122 (a) "Charter school levy per pupil revenues" means the same as that term is defined in  
1123 Section **53F-2-703**.

1124 (b) "Charter school students' average local revenues" means the amount determined as  
1125 follows:

1126 (i) for each student enrolled in a charter school on the previous October 1, calculate the  
1127 district per pupil local revenues of the school district in which the student resides;

1128 (ii) sum the district per pupil local revenues for each student enrolled in a charter  
1129 school on the previous October 1; and

1130 (iii) divide the sum calculated under Subsection (1)(a)(ii) by the number of students  
1131 enrolled in charter schools on the previous October 1.

1132 (c) "District local property tax revenues" means the sum of a school district's revenue  
1133 received from the following:

1134 (i) a voted local levy imposed under Section **53F-8-301**;

1135 (ii) a board local levy imposed under Section **53F-8-302**, excluding revenues expended  
1136 for:

1137 (A) pupil transportation, up to the amount of revenue generated by a .0003 per dollar of  
1138 taxable value of the school district's board local levy; and

1139 (B) the K-3 Reading Improvement Program, up to the amount of revenue generated by  
1140 a .000121 per dollar of taxable value of the school district's board local levy;

1141 (iii) a capital local levy imposed under Section **53F-8-303**; and

1142 (iv) a guarantee described in Section 53F-2-601, [53F-2-602,] 53F-3-202, or  
1143 53F-3-203.

1144 (d) "District per pupil local revenues" means, using data from the most recently  
1145 published school district annual financial reports and state superintendent's annual report, an  
1146 amount equal to district local property tax revenues divided by the sum of:

1147 (i) a school district's average daily membership; and

1148 (ii) the average daily membership of a school district's resident students who attend  
1149 charter schools.

1150 (e) "Resident student" means a student who is considered a resident of the school  
1151 district under Title 53G, Chapter 6, Part 3, School District Residency.

1152 (f) "Statewide average debt service revenues" means the amount determined as  
1153 follows, using data from the most recently published state superintendent's annual report:

1154 (i) sum the revenues of each school district from the debt service levy imposed under  
1155 Section 11-14-310; and

1156 (ii) divide the sum calculated under Subsection (1)(f)(i) by statewide school district  
1157 average daily membership.

1158 (2) (a) Subject to future budget constraints, the Legislature shall provide an  
1159 appropriation for charter schools for each charter school student enrolled on October 1 to  
1160 supplement the allocation of charter school levy per pupil revenues described in Subsection  
1161 53F-2-702(3)(a).

1162 (b) Except as provided in Subsection (2)(c), the amount of money provided by the state  
1163 for a charter school student shall be the sum of:

1164 (i) charter school students' average local revenues minus the charter school levy per  
1165 pupil revenues; and

1166 (ii) statewide average debt service revenues.

1167 (c) If the total of charter school levy per pupil revenues distributed by the State Board  
1168 of Education and the amount provided by the state under Subsection (2)(b) is less than \$1,427,  
1169 the state shall provide an additional supplement so that a charter school receives at least \$1,427  
1170 per student under Subsection 53F-2-702(3).

1171 (d) (i) If the appropriation provided under this Subsection (2) is less than the amount  
1172 prescribed by Subsection (2)(b) or (c), the appropriation shall be allocated among charter

1173 schools in proportion to each charter school's enrollment as a percentage of the total enrollment  
1174 in charter schools.

1175 (ii) If the State Board of Education makes adjustments to Minimum School Program  
1176 allocations as provided under Section 53F-2-205, the allocation provided in Subsection  
1177 (2)(d)(i) shall be determined after adjustments are made under Section 53F-2-205.

1178 (3) (a) Except as provided in Subsection (3)(b), of the money provided to a charter  
1179 school under Subsection 53F-2-702(3), 10% shall be expended for funding school facilities  
1180 only.

1181 (b) Subsection (3)(a) does not apply to an online charter school.

1182 Section 16. Section 53F-3-102 is amended to read:

1183 **53F-3-102. Definitions.**

1184 As used in this chapter:

1185 (1) "ADM" or "pupil in average daily membership" is as defined in Section 53F-2-102.

1186 (2) "Base tax effort rate" means the average of:

1187 (a) the highest combined capital levy rate; and

1188 (b) the average combined capital levy rate for the school districts statewide.

1189 (3) "Combined capital levy rate" means a rate that includes the sum of the following  
1190 property tax levies:

1191 [~~(a) (i) the capital outlay levy authorized in Section 53F-8-401;~~]

1192 [~~(ii) the portion of the 10% of basic levy described in Section 53F-8-405 that is  
1193 budgeted for debt service or capital outlay;~~]

1194 [~~(iii) (a) (i) the debt service levy authorized in Section 11-14-310; and~~

1195 [~~(iv) (ii) the voted capital outlay leeway authorized in Section 53F-8-402; or~~

1196 (b) (i) the capital local levy authorized in Section 53F-8-303; and

1197 (ii) the debt service levy authorized in Section 11-14-310.

1198 (4) "Derived net taxable value" means the quotient of:

1199 (a) the total property tax collections from April 1 through the following March 31 for a  
1200 school district for the calendar year preceding the March 31 date; divided by

1201 (b) the school district's total tax rate for the calendar year preceding the March 31  
1202 referenced in Subsection (4)(a).

1203 (5) "Highest combined capital levy rate" means the highest combined capital levy rate

1204 imposed by a school district within the state for a fiscal year.

1205 (6) "Property tax base per ADM" means the quotient of:

1206 (a) a school district's derived net taxable value; divided by

1207 (b) the school district's ADM.

1208 (7) "Property tax yield per ADM" means:

1209 (a) the product of:

1210 (i) a school district's derived net taxable value; and

1211 (ii) the base tax effort rate; divided by

1212 (b) the school district's ADM.

1213 (8) "Statewide average property tax base per ADM" means the quotient of:

1214 (a) the sum of all school districts' derived net taxable value; divided by

1215 (b) the sum of all school districts' ADM.

1216 Section 17. Section **53F-8-302** is amended to read:

1217 **53F-8-302. Board local levy.**

1218 (1) The terms defined in Section [53F-2-102](#) apply to this section.

1219 (2) Subject to the other requirements of this section, [~~for a calendar year beginning on~~  
1220 ~~or after January 1, 2012,]~~ a local school board may levy a tax to fund the school district's  
1221 general fund.

1222 (3) (a) For purposes of this Subsection (3), "combined rate" means the sum of:

1223 (i) the rate imposed by a local school board under Subsection (2); and

1224 (ii) the charter school levy rate, described in Section [53F-2-703](#), for the local school  
1225 board's school district.

1226 [~~(b) Except as provided in Subsection (3)(c), beginning on January 1, 2017, a school~~  
1227 ~~district's combined rate may not exceed .0018 per dollar of taxable value in any calendar year.]~~

1228 [(~~e~~)] (b) Beginning on January 1, [~~2017~~] 2018, a school district's combined rate may  
1229 not exceed .0025 per dollar of taxable value in any calendar year [~~if, during the calendar year~~  
1230 ~~beginning on January 1, 2011, the school district's total tax rate for the following levies was~~  
1231 ~~greater than .0018 per dollar of taxable value:].~~

1232 [~~(i) a recreation levy imposed under Section [11-2-7](#);~~]

1233 [~~(ii) a transportation levy imposed under Section [53F-8-403](#);~~]

1234 [~~(iii) a board-authorized levy imposed under Section [53F-8-404](#);~~]



1235 ~~[(iv) an impact aid levy imposed under Section 53F-2-515;]~~

1236 ~~[(v) the portion of a 10% of basic levy imposed under Section 53F-8-405 that is~~  
1237 ~~budgeted for purposes other than capital outlay or debt service;]~~

1238 ~~[(vi) a reading levy imposed under Section 53F-8-406; and]~~

1239 ~~[(vii) a tort liability levy imposed under Section 63G-7-704.]~~

1240 (4) In addition to the revenue a school district collects from the imposition of a levy  
1241 pursuant to this section, the state shall contribute an amount as described in Section  
1242 ~~[53F-2-602]~~ 53F-2-601.

1243 (5) (a) For a calendar year beginning on or after January 1, 2017, the State Tax  
1244 Commission shall adjust a board local levy rate imposed by a local school board under this  
1245 section by the amount necessary to offset the change in revenues from the charter school levy  
1246 imposed under Section 53F-2-703.

1247 (b) A local school board is not required to comply with the notice and public hearing  
1248 requirements of Section 59-2-919 for an offset described in Subsection (5)(a) to the change in  
1249 revenues from the charter school levy imposed under Section 53F-2-703.

1250 ~~[(c) A local school board may not increase a board local levy rate under this section~~  
1251 ~~before December 31, 2016, if the local school board did not give public notice on or before~~  
1252 ~~March 4, 2016, of the local school board's intent to increase the board local levy rate.]~~

1253 ~~[(d)]~~ (c) So long as the charter school levy rate does not exceed 25% of the charter  
1254 school levy per district revenues, a local school board may not increase a board local levy rate  
1255 under this section if the purpose of increasing the board local levy rate is to capture the  
1256 revenues assigned to the charter school levy through the adjustment in a board local levy rate  
1257 under Subsection (5)(a).

1258 ~~[(e)]~~ (d) Before a local school board takes action to increase a board local levy rate  
1259 under this section, the local school board shall:

1260 (i) prepare a written statement that attests that the local school board is in compliance  
1261 with Subsection (5)~~[(d)]~~(c);

1262 (ii) read the statement described in Subsection (5)~~[(e)]~~(d)(i) during a local school board  
1263 public meeting where the local school board discusses increasing the board local levy rate; and

1264 (iii) send a copy of the statement described in Subsection (5)~~[(e)]~~(d)(i) to the State Tax  
1265 Commission.

1266 Section 18. Section **53F-8-303** is amended to read:

1267 **53F-8-303. Capital local levy.**

1268 (1) ~~[(a)]~~ Subject to the other requirements of this section, a local school board may levy  
1269 a tax to fund the school district's capital projects.

1270 ~~[(b)]~~ (2) A tax rate imposed by a school district pursuant to this section may not exceed  
1271 .0030 per dollar of taxable value in any calendar year.

1272 ~~[(2) A school district that imposes a capital local levy in the calendar year beginning on  
1273 January 1, 2012, is exempt from the public notice and hearing requirements of Section  
1274 59-2-919 if the school district budgets an amount of ad valorem property tax revenue equal to  
1275 or less than the sum of the following amounts:]~~

1276 ~~[(a) the amount of revenue generated during the calendar year beginning on January 1,  
1277 2011, from the sum of the following levies of a school district:]~~

1278 ~~[(i) a capital outlay levy imposed under Section 53F-8-401; and]~~

1279 ~~[(ii) the portion of the 10% of basic levy described in Section 53F-8-405 that is  
1280 budgeted for debt service or capital outlay; and]~~

1281 ~~[(b) revenue from eligible new growth as defined in Section 59-2-924.]~~

1282 ~~[(3) (a) Subject to Subsections (3)(b), (c), and (d), for fiscal year 2013-14, a local  
1283 school board may utilize the proceeds of a maximum of .0024 per dollar of taxable value of the  
1284 local school board's annual capital local levy for general fund purposes if the proceeds are not  
1285 committed or dedicated to pay debt service or bond payments.]~~

1286 ~~[(b) If a local school board uses the proceeds described in Subsection (3)(a) for general  
1287 fund purposes, the local school board shall notify the public of the local school board's use of  
1288 the capital local levy proceeds for general fund purposes:]~~

1289 ~~[(i) before the local school board's budget hearing in accordance with the notification  
1290 requirements described in Section 53G-7-303; and]~~

1291 ~~[(ii) at a budget hearing required in Section 53G-7-303.]~~

1292 ~~[(c) A local school board may not use the proceeds described in Subsection (3)(a) to  
1293 fund the following accounting function classifications as provided in the Financial Accounting  
1294 for Local and State School Systems guidelines developed by the National Center for Education  
1295 Statistics:]~~

1296 ~~[(i) 2300 Support Services - General District Administration; or]~~

1297 [~~(ii) 2500 Support Services – Central Services.~~]

1298 Section 19. Section **53F-8-402** is amended to read:

1299 **53F-8-402. Special tax to buy school building sites, build and furnish**  
1300 **schoolhouses, or improve school property.**

1301 (1) (a) Except as provided in Subsection (6), a local school board may, by following  
1302 the process for special elections established in Sections [20A-1-203](#) and [20A-1-204](#), call a  
1303 special election to determine whether a special property tax should be levied for one or more  
1304 years to buy building sites, build and furnish schoolhouses, or improve the school property  
1305 under its control.

1306 (b) The tax may not exceed .2% of the taxable value of all taxable property in the  
1307 district in any one year.

1308 (2) The board shall give reasonable notice of the election and follow the same  
1309 procedure used in elections for the issuance of bonds.

1310 (3) If a majority of those voting on the proposition vote in favor of the tax, it is [~~levied~~  
1311 ~~in addition to a levy authorized under Section [53F-8-405](#) and~~] computed on the valuation of the  
1312 county assessment roll for that year.

1313 (4) (a) Within 20 days after the election, the board shall certify the amount of the  
1314 approved tax to the governing body of the county in which the school district is located.

1315 (b) The governing body shall acknowledge receipt of the certification and levy and  
1316 collect the special tax.

1317 (c) It shall then distribute the collected taxes to the business administrator of the school  
1318 district at the end of each calendar month.

1319 (5) The special tax becomes due and delinquent and attaches to and becomes a lien on  
1320 real and personal property at the same time as state and county taxes.

1321 (6) Notwithstanding Subsections (3) and (4), beginning January 1, 2012, a local school  
1322 board may not levy a tax in accordance with this section.

1323 Section 20. Section **53F-9-302** is amended to read:

1324 **53F-9-302. Minimum Basic Growth Account.**

1325 (1) As used in this section, "account" means the Minimum Basic Growth Account  
1326 created in this section.

1327 (2) There is created within the Education Fund a restricted account known as the

1328 "Minimum Basic Growth Account."

1329 (3) The account shall be funded by amounts deposited into the account in accordance  
1330 with Section [53F-2-301](#) or [53F-2-301.5](#), as applicable.

1331 (4) The account shall earn interest.

1332 (5) Interest earned on the account shall be deposited into the account.

1333 (6) Upon appropriation by the Legislature:

1334 (a) 75% of the money from the account shall be used to fund the state's contribution to  
1335 the voted local levy guarantee described in Section [53F-2-601](#);

1336 (b) 20% of the money from the account shall be used to fund the Capital Outlay  
1337 Foundation Program as provided in Section [53F-3-203](#); and

1338 (c) 5% of the money from the account shall be used to fund the Capital Outlay  
1339 Enrollment Growth Program as provided in Section [53F-3-203](#).

1340 Section 21. Section **53F-9-305** is enacted to read:

1341 **53F-9-305. Local Levy Growth Account.**

1342 (1) As used in this section, "account" means the Local Levy Growth Account created in  
1343 this section.

1344 (2) There is created within the Education Fund a restricted account known as the  
1345 "Local Levy Growth Account."

1346 (3) The account shall be funded by:

1347 (a) amounts deposited into the account in accordance with Section [53F-2-301](#) or  
1348 [53F-2-301.5](#), as applicable; and

1349 (b) other legislative appropriations.

1350 (4) The account shall earn interest.

1351 (5) Interest earned on the account shall be deposited into the account.

1352 (6) The Legislature shall appropriate money in the account to the State Board of  
1353 Education.

1354 Section 22. Section **53F-9-306** is enacted to read:

1355 **53F-9-306. Teacher and Student Success Account.**

1356 (1) As used in this section, "account" means the Teacher and Student Success Account  
1357 created in this section.

1358 (2) There is created within the Education Fund a restricted account known as the

1359 "Teacher and Student Success Account."

1360 (3) The account shall be funded by:

1361 (a) amounts deposited into the account in accordance with Section [53F-2-301](#) or  
1362 [53F-2-301.5](#), as applicable; and

1363 (b) other legislative appropriations.

1364 (4) The account shall earn interest.

1365 (5) Interest earned on the account shall be deposited into the account.

1366 (6) The Legislature shall appropriate money in the account to the State Board of  
1367 Education.

1368 Section 23. Section **53G-3-304** is amended to read:

1369 **53G-3-304. Property tax levies in new district and remaining district --**

1370 **Distribution of property tax revenue.**

1371 (1) Notwithstanding terms defined in Section [53G-3-102](#), as used in this section:

1372 (a) "Divided school district" or "existing district" means a school district from which a  
1373 new district is created.

1374 (b) "New district" means a school district created under Section [53G-3-302](#) after May  
1375 10, 2011.

1376 (c) "Property tax levy" means a property tax levy that a school district is authorized to  
1377 impose, except:

1378 (i) the minimum basic tax rate imposed under Section [53F-2-301](#) or [53F-2-301.5](#), as  
1379 applicable;

1380 (ii) a debt service levy imposed under Section [11-14-310](#); or

1381 (iii) a judgment levy imposed under Section [59-2-1330](#).

1382 (d) "Qualifying taxable year" means the calendar year in which a new district begins to  
1383 provide educational services.

1384 (e) "Remaining district" means an existing district after the creation of a new district.

1385 (2) A new district and remaining district shall continue to impose property tax levies  
1386 that were imposed by the divided school district in the taxable year prior to the qualifying  
1387 taxable year.

1388 (3) Except as provided in Subsection (6), a property tax levy that a new district and  
1389 remaining district are required to impose under Subsection (2) shall be set at a rate that:

1390 (a) is uniform in the new district and remaining district; and

1391 (b) generates the same amount of revenue that was generated by the property tax levy  
1392 within the divided school district in the taxable year prior to the qualifying taxable year.

1393 (4) ~~[(a) Except as provided in Subsection (4)(b), the]~~ The county treasurer of the  
1394 county in which a property tax levy is imposed under Subsection (2) shall distribute revenues  
1395 generated by the property tax levy to the new district and remaining district in proportion to the  
1396 percentage of the divided school district's enrollment on the October 1 prior to the new district  
1397 commencing educational services that were enrolled in schools currently located in the new  
1398 district or remaining district.

1399 ~~[(b) The county treasurer of a county of the first class shall distribute revenues~~  
1400 ~~generated by a capital local levy of .0006 that a school district in a county of the first class is~~  
1401 ~~required to impose under Section 53F-8-303 in accordance with the distribution method~~  
1402 ~~specified in Section 53A-16-114.]~~

1403 (5) On or before March 31, a county treasurer shall distribute revenues generated by a  
1404 property tax levy imposed under Subsection (2) in the prior calendar year to a new district and  
1405 remaining district as provided in Subsection (4).

1406 (6) (a) Subject to the notice and public hearing requirements of Section 59-2-919, a  
1407 new district or remaining district may set a property tax rate higher than the rate required by  
1408 Subsection (3), up to:

1409 (i) the maximum rate, if any, allowed by law; or

1410 (ii) the maximum rate authorized by voters for a voted local levy under Section  
1411 53F-8-301.

1412 (b) The revenues generated by the portion of a property tax rate in excess of the rate  
1413 required by Subsection (3) shall be retained by the district that imposes the higher rate.

1414 Section 24. Section 53G-6-705 is amended to read:

1415 **53G-6-705. Online students' participation in extracurricular activities.**

1416 (1) As used in this section:

1417 (a) "Online education" means the use of information and communication technologies  
1418 to deliver educational opportunities to a student in a location other than a school.

1419 (b) "Online student" means a student who:

1420 (i) participates in an online education program sponsored or supported by the State

1421 Board of Education, a school district, or charter school; and  
1422 (ii) generates funding for the school district or school pursuant to Subsection  
1423 [53F-2-102](#)~~(7)~~(6) and rules of the State Board of Education.  
1424 (2) An online student is eligible to participate in extracurricular activities at:  
1425 (a) the school within whose attendance boundaries the student's custodial parent or  
1426 legal guardian resides; or  
1427 (b) the public school from which the student withdrew for the purpose of participating  
1428 in an online education program.  
1429 (3) A school other than a school described in Subsection (2)(a) or (b) may allow an  
1430 online student to participate in extracurricular activities other than:  
1431 (a) interschool competitions of athletic teams sponsored and supported by a public  
1432 school; or  
1433 (b) interschool contests or competitions for music, drama, or forensic groups or teams  
1434 sponsored and supported by a public school.  
1435 (4) An online student is eligible for extracurricular activities at a public school  
1436 consistent with eligibility standards as applied to full-time students of the public school.  
1437 (5) A school district or public school may not impose additional requirements on an  
1438 online school student to participate in extracurricular activities that are not imposed on  
1439 full-time students of the public school.  
1440 (6) (a) The State Board of Education shall make rules establishing fees for an online  
1441 school student's participation in extracurricular activities at school district schools.  
1442 (b) The rules shall provide that:  
1443 (i) online school students pay the same fees as other students to participate in  
1444 extracurricular activities;  
1445 (ii) online school students are eligible for fee waivers pursuant to Section [53G-7-504](#);  
1446 (iii) for each online school student who participates in an extracurricular activity at a  
1447 school district school, the online school shall pay a share of the school district's costs for the  
1448 extracurricular activity; and  
1449 (iv) an online school's share of the costs of an extracurricular activity shall reflect state  
1450 and local tax revenues expended, except capital facilities expenditures, for an extracurricular  
1451 activity in a school district or school divided by total student enrollment of the school district

1452 or school.

1453 (c) In determining an online school's share of the costs of an extracurricular activity  
1454 under Subsections (6)(b)(iii) and (iv), the State Board of Education may establish uniform fees  
1455 statewide based on average costs statewide or average costs within a sample of school districts.

1456 (7) When selection to participate in an extracurricular activity at a public school is  
1457 made on a competitive basis, an online student is eligible to try out for and participate in the  
1458 activity as provided in this section.

1459 Section 25. Section **59-1-102** is enacted to read:

1460 **59-1-102. Study of Public Law 115-97, Tax Cuts and Jobs Act.**

1461 On or before November 30, 2018, the Revenue and Taxation Interim Committee:

1462 (1) shall study the effect of Public Law 115-97, Tax Cuts and Jobs Act, on the personal  
1463 exemptions and standard deduction recognized in this title; and

1464 (2) may make recommendations regarding changes to this title resulting from the study  
1465 described in Subsection (1).

1466 Section 26. Section **59-2-102** is amended to read:

1467 **59-2-102. Definitions.**

1468 As used in this chapter and title:

1469 (1) "Aerial applicator" means aircraft or rotorcraft used exclusively for the purpose of  
1470 engaging in dispensing activities directly affecting agriculture or horticulture with an  
1471 airworthiness certificate from the Federal Aviation Administration certifying the aircraft or  
1472 rotorcraft's use for agricultural and pest control purposes.

1473 (2) "Air charter service" means an air carrier operation that requires the customer to  
1474 hire an entire aircraft rather than book passage in whatever capacity is available on a scheduled  
1475 trip.

1476 (3) "Air contract service" means an air carrier operation available only to customers  
1477 that engage the services of the carrier through a contractual agreement and excess capacity on  
1478 any trip and is not available to the public at large.

1479 (4) "Aircraft" means the same as that term is defined in Section [72-10-102](#).

1480 (5) (a) Except as provided in Subsection (5)(b), "airline" means an air carrier that:

1481 (i) operates:

1482 (A) on an interstate route; and



- 1483 (B) on a scheduled basis; and
- 1484 (ii) offers to fly one or more passengers or cargo on the basis of available capacity on a
- 1485 regularly scheduled route.
- 1486 (b) "Airline" does not include an:
- 1487 (i) air charter service; or
- 1488 (ii) air contract service.
- 1489 (6) "Assessment roll" means a permanent record of the assessment of property as
- 1490 assessed by the county assessor and the commission and may be maintained manually or as a
- 1491 computerized file as a consolidated record or as multiple records by type, classification, or
- 1492 categories.
- 1493 (7) "Base parcel" means a parcel of property that was legally:
- 1494 (a) subdivided into two or more lots, parcels, or other divisions of land; or
- 1495 (b) (i) combined with one or more other parcels of property; and
- 1496 (ii) subdivided into two or more lots, parcels, or other divisions of land.
- 1497 (8) (a) "Certified revenue levy" means a property tax levy that provides an amount of
- 1498 ad valorem property tax revenue equal to the sum of:
- 1499 (i) the amount of ad valorem property tax revenue to be generated statewide in the
- 1500 previous year from imposing a [~~school minimum basic tax rate, as specified in Section~~
- 1501 ~~53A-17a-135, or~~] multicounty assessing and collecting levy, as specified in Section 59-2-1602;
- 1502 and
- 1503 (ii) the product of:
- 1504 (A) eligible new growth, as defined in Section 59-2-924; and
- 1505 (B) the [~~school minimum basic tax rate or~~] multicounty assessing and collecting levy
- 1506 certified by the commission for the previous year.
- 1507 (b) For purposes of this Subsection (8), "ad valorem property tax revenue" does not
- 1508 include property tax revenue received by a taxing entity from personal property that is:
- 1509 (i) assessed by a county assessor in accordance with Part 3, County Assessment; and
- 1510 (ii) semiconductor manufacturing equipment.
- 1511 (c) For purposes of calculating the certified revenue levy described in this Subsection
- 1512 (8), the commission shall use:
- 1513 (i) the taxable value of real property assessed by a county assessor contained on the

1514 assessment roll;

1515 (ii) the taxable value of real and personal property assessed by the commission; and

1516 (iii) the taxable year end value of personal property assessed by a county assessor

1517 contained on the prior year's assessment roll.

1518 (9) "County-assessed commercial vehicle" means:

1519 (a) any commercial vehicle, trailer, or semitrailer that is not apportioned under Section

1520 [41-1a-301](#) and is not operated interstate to transport the vehicle owner's goods or property in

1521 furtherance of the owner's commercial enterprise;

1522 (b) any passenger vehicle owned by a business and used by its employees for

1523 transportation as a company car or vanpool vehicle; and

1524 (c) vehicles that are:

1525 (i) especially constructed for towing or wrecking, and that are not otherwise used to

1526 transport goods, merchandise, or people for compensation;

1527 (ii) used or licensed as taxicabs or limousines;

1528 (iii) used as rental passenger cars, travel trailers, or motor homes;

1529 (iv) used or licensed in this state for use as ambulances or hearses;

1530 (v) especially designed and used for garbage and rubbish collection; or

1531 (vi) used exclusively to transport students or their instructors to or from any private,

1532 public, or religious school or school activities.

1533 (10) (a) Except as provided in Subsection (10)(b), for purposes of Section [59-2-801](#),

1534 "designated tax area" means a tax area created by the overlapping boundaries of only the

1535 following taxing entities:

1536 (i) a county; and

1537 (ii) a school district.

1538 (b) "Designated tax area" includes a tax area created by the overlapping boundaries of

1539 the taxing entities described in Subsection (10)(a) and:

1540 (i) a city or town if the boundaries of the school district under Subsection (10)(a) and

1541 the boundaries of the city or town are identical; or

1542 (ii) a special service district if the boundaries of the school district under Subsection

1543 (10)(a) are located entirely within the special service district.

1544 (11) "Eligible judgment" means a final and unappealable judgment or order under

1545 Section 59-2-1330:

1546 (a) that became a final and unappealable judgment or order no more than 14 months  
1547 before the day on which the notice described in Section 59-2-919.1 is required to be provided;  
1548 and

1549 (b) for which a taxing entity's share of the final and unappealable judgment or order is  
1550 greater than or equal to the lesser of:

1551 (i) \$5,000; or

1552 (ii) 2.5% of the total ad valorem property taxes collected by the taxing entity in the  
1553 previous fiscal year.

1554 (12) (a) "Escaped property" means any property, whether personal, land, or any  
1555 improvements to the property, that is subject to taxation and is:

1556 (i) inadvertently omitted from the tax rolls, assigned to the incorrect parcel, or assessed  
1557 to the wrong taxpayer by the assessing authority;

1558 (ii) undervalued or omitted from the tax rolls because of the failure of the taxpayer to  
1559 comply with the reporting requirements of this chapter; or

1560 (iii) undervalued because of errors made by the assessing authority based upon  
1561 incomplete or erroneous information furnished by the taxpayer.

1562 (b) "Escaped property" does not include property that is undervalued because of the use  
1563 of a different valuation methodology or because of a different application of the same valuation  
1564 methodology.

1565 (13) "Fair market value" means the amount at which property would change hands  
1566 between a willing buyer and a willing seller, neither being under any compulsion to buy or sell  
1567 and both having reasonable knowledge of the relevant facts. For purposes of taxation, "fair  
1568 market value" shall be determined using the current zoning laws applicable to the property in  
1569 question, except in cases where there is a reasonable probability of a change in the zoning laws  
1570 affecting that property in the tax year in question and the change would have an appreciable  
1571 influence upon the value.

1572 (14) (a) "Farm machinery and equipment," for purposes of the exemption provided  
1573 under Section 59-2-1101, means tractors, milking equipment and storage and cooling facilities,  
1574 feed handling equipment, irrigation equipment, harvesters, choppers, grain drills and planters,  
1575 tillage tools, scales, combines, spreaders, sprayers, haying equipment, including balers and

1576 cubers, and any other machinery or equipment used primarily for agricultural purposes.

1577 (b) "Farm machinery and equipment" does not include vehicles required to be  
1578 registered with the Motor Vehicle Division or vehicles or other equipment used for business  
1579 purposes other than farming.

1580 (15) "Geothermal fluid" means water in any form at temperatures greater than 120  
1581 degrees centigrade naturally present in a geothermal system.

1582 (16) "Geothermal resource" means:

1583 (a) the natural heat of the earth at temperatures greater than 120 degrees centigrade;  
1584 and

1585 (b) the energy, in whatever form, including pressure, present in, resulting from, created  
1586 by, or which may be extracted from that natural heat, directly or through a material medium.

1587 (17) (a) "Goodwill" means:

1588 (i) acquired goodwill that is reported as goodwill on the books and records that a  
1589 taxpayer maintains for financial reporting purposes; or

1590 (ii) the ability of a business to:

1591 (A) generate income that exceeds a normal rate of return on assets and that results from  
1592 a factor described in Subsection (17)(b); or

1593 (B) obtain an economic or competitive advantage resulting from a factor described in  
1594 Subsection (17)(b).

1595 (b) The following factors apply to Subsection (17)(a)(ii):

1596 (i) superior management skills;

1597 (ii) reputation;

1598 (iii) customer relationships;

1599 (iv) patronage; or

1600 (v) a factor similar to Subsections (17)(b)(i) through (iv).

1601 (c) "Goodwill" does not include:

1602 (i) the intangible property described in Subsection (21)(a) or (b);

1603 (ii) locational attributes of real property, including:

1604 (A) zoning;

1605 (B) location;

1606 (C) view;

- 1607 (D) a geographic feature;
- 1608 (E) an easement;
- 1609 (F) a covenant;
- 1610 (G) proximity to raw materials;
- 1611 (H) the condition of surrounding property; or
- 1612 (I) proximity to markets;
- 1613 (iii) value attributable to the identification of an improvement to real property,
- 1614 including:
- 1615 (A) reputation of the designer, builder, or architect of the improvement;
- 1616 (B) a name given to, or associated with, the improvement; or
- 1617 (C) the historic significance of an improvement; or
- 1618 (iv) the enhancement or assemblage value specifically attributable to the interrelation
- 1619 of the existing tangible property in place working together as a unit.
- 1620 (18) "Governing body" means:
- 1621 (a) for a county, city, or town, the legislative body of the county, city, or town;
- 1622 (b) for a local district under Title 17B, Limited Purpose Local Government Entities -
- 1623 Local Districts, the local district's board of trustees;
- 1624 (c) for a school district, the local board of education; or
- 1625 (d) for a special service district under Title 17D, Chapter 1, Special Service District
- 1626 Act:
- 1627 (i) the legislative body of the county or municipality that created the special service
- 1628 district, to the extent that the county or municipal legislative body has not delegated authority
- 1629 to an administrative control board established under Section [17D-1-301](#); or
- 1630 (ii) the administrative control board, to the extent that the county or municipal
- 1631 legislative body has delegated authority to an administrative control board established under
- 1632 Section [17D-1-301](#).
- 1633 (19) (a) For purposes of Section [59-2-103](#):
- 1634 (i) "household" means the association of individuals who live in the same dwelling,
- 1635 sharing its furnishings, facilities, accommodations, and expenses; and
- 1636 (ii) "household" includes married individuals, who are not legally separated, that have
- 1637 established domiciles at separate locations within the state.

1638 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
1639 commission may make rules defining the term "domicile."

1640 (20) (a) Except as provided in Subsection (20)(c), "improvement" means a building,  
1641 structure, fixture, fence, or other item that is permanently attached to land, regardless of  
1642 whether the title has been acquired to the land, if:

1643 (i) (A) attachment to land is essential to the operation or use of the item; and  
1644 (B) the manner of attachment to land suggests that the item will remain attached to the  
1645 land in the same place over the useful life of the item; or

1646 (ii) removal of the item would:

1647 (A) cause substantial damage to the item; or

1648 (B) require substantial alteration or repair of a structure to which the item is attached.

1649 (b) "Improvement" includes:

1650 (i) an accessory to an item described in Subsection (20)(a) if the accessory is:

1651 (A) essential to the operation of the item described in Subsection (20)(a); and

1652 (B) installed solely to serve the operation of the item described in Subsection (20)(a);

1653 and

1654 (ii) an item described in Subsection (20)(a) that is temporarily detached from the land  
1655 for repairs and remains located on the land.

1656 (c) "Improvement" does not include:

1657 (i) an item considered to be personal property pursuant to rules made in accordance  
1658 with Section [59-2-107](#);

1659 (ii) a moveable item that is attached to land for stability only or for an obvious  
1660 temporary purpose;

1661 (iii) (A) manufacturing equipment and machinery; or

1662 (B) essential accessories to manufacturing equipment and machinery;

1663 (iv) an item attached to the land in a manner that facilitates removal without substantial  
1664 damage to the land or the item; or

1665 (v) a transportable factory-built housing unit as defined in Section [59-2-1502](#) if that  
1666 transportable factory-built housing unit is considered to be personal property under Section  
1667 [59-2-1503](#).

1668 (21) "Intangible property" means:

- 1669 (a) property that is capable of private ownership separate from tangible property,  
1670 including:
- 1671 (i) money;
  - 1672 (ii) credits;
  - 1673 (iii) bonds;
  - 1674 (iv) stocks;
  - 1675 (v) representative property;
  - 1676 (vi) franchises;
  - 1677 (vii) licenses;
  - 1678 (viii) trade names;
  - 1679 (ix) copyrights; and
  - 1680 (x) patents;
- 1681 (b) a low-income housing tax credit;
- 1682 (c) goodwill; or
- 1683 (d) a renewable energy tax credit or incentive, including:
- 1684 (i) a federal renewable energy production tax credit under Section 45, Internal Revenue  
1685 Code;
  - 1686 (ii) a federal energy credit for qualified renewable electricity production facilities under  
1687 Section 48, Internal Revenue Code;
  - 1688 (iii) a federal grant for a renewable energy property under American Recovery and  
1689 Reinvestment Act of 2009, Pub. L. No. 111-5, Section 1603; and
  - 1690 (iv) a tax credit under Subsection [59-7-614\(5\)](#).
- 1691 (22) "Livestock" means:
- 1692 (a) a domestic animal;
  - 1693 (b) a fish;
  - 1694 (c) a fur-bearing animal;
  - 1695 (d) a honeybee; or
  - 1696 (e) poultry.
- 1697 (23) "Low-income housing tax credit" means:
- 1698 (a) a federal low-income housing tax credit under Section 42, Internal Revenue Code;
  - 1699 or

1700 (b) a low-income housing tax credit under Section 59-7-607 or Section 59-10-1010.

1701 (24) "Metalliferous minerals" includes gold, silver, copper, lead, zinc, and uranium.

1702 (25) "Mine" means a natural deposit of either metalliferous or nonmetalliferous  
1703 valuable mineral.

1704 (26) "Mining" means the process of producing, extracting, leaching, evaporating, or  
1705 otherwise removing a mineral from a mine.

1706 (27) (a) "Mobile flight equipment" means tangible personal property that is owned or  
1707 operated by an air charter service, air contract service, or airline and:

1708 (i) is capable of flight or is attached to an aircraft that is capable of flight; or

1709 (ii) is contained in an aircraft that is capable of flight if the tangible personal property  
1710 is intended to be used:

1711 (A) during multiple flights;

1712 (B) during a takeoff, flight, or landing; and

1713 (C) as a service provided by an air charter service, air contract service, or airline.

1714 (b) (i) "Mobile flight equipment" does not include a spare part other than a spare  
1715 engine that is rotated at regular intervals with an engine that is attached to the aircraft.

1716 (ii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
1717 commission may make rules defining the term "regular intervals."

1718 (28) "Nonmetalliferous minerals" includes, but is not limited to, oil, gas, coal, salts,  
1719 sand, rock, gravel, and all carboniferous materials.

1720 (29) "Part-year residential property" means property that is not residential property on  
1721 January 1 of a calendar year but becomes residential property after January 1 of the calendar  
1722 year.

1723 (30) "Personal property" includes:

1724 (a) every class of property as defined in Subsection (31) that is the subject of  
1725 ownership and is not real estate or an improvement;

1726 (b) any pipe laid in or affixed to land whether or not the ownership of the pipe is  
1727 separate from the ownership of the underlying land, even if the pipe meets the definition of an  
1728 improvement;

1729 (c) bridges and ferries;

1730 (d) livestock; and



- 1731 (e) outdoor advertising structures as defined in Section [72-7-502](#).
- 1732 (31) (a) "Property" means property that is subject to assessment and taxation according  
1733 to its value.
- 1734 (b) "Property" does not include intangible property as defined in this section.
- 1735 (32) "Public utility" means:
- 1736 (a) for purposes of this chapter, the operating property of a railroad, gas corporation, oil  
1737 or gas transportation or pipeline company, coal slurry pipeline company, electrical corporation,  
1738 telephone corporation, sewerage corporation, or heat corporation where the company performs  
1739 the service for, or delivers the commodity to, the public generally or companies serving the  
1740 public generally, or in the case of a gas corporation or an electrical corporation, where the gas  
1741 or electricity is sold or furnished to any member or consumers within the state for domestic,  
1742 commercial, or industrial use; and
- 1743 (b) the operating property of any entity or person defined under Section [54-2-1](#) except  
1744 water corporations.
- 1745 (33) (a) Subject to Subsection (33)(b), "qualifying exempt primary residential rental  
1746 personal property" means household furnishings, furniture, and equipment that:
- 1747 (i) are used exclusively within a dwelling unit that is the primary residence of a tenant;  
1748 (ii) are owned by the owner of the dwelling unit that is the primary residence of a  
1749 tenant; and
- 1750 (iii) after applying the residential exemption described in Section [59-2-103](#), are exempt  
1751 from taxation under this chapter in accordance with Subsection [59-2-1115\(2\)](#).
- 1752 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
1753 commission may by rule define the term "dwelling unit" for purposes of this Subsection (33)  
1754 and Subsection (36).
- 1755 (34) "Real estate" or "real property" includes:
- 1756 (a) the possession of, claim to, ownership of, or right to the possession of land;  
1757 (b) all mines, minerals, and quarries in and under the land, all timber belonging to  
1758 individuals or corporations growing or being on the lands of this state or the United States, and  
1759 all rights and privileges appertaining to these; and
- 1760 (c) improvements.
- 1761 (35) (a) "Relationship with an owner of the property's land surface rights" means a

1762 relationship described in Subsection 267(b), Internal Revenue Code, except that the term 25%  
1763 shall be substituted for the term 50% in Subsection 267(b), Internal Revenue Code.

1764 (b) For purposes of determining if a relationship described in Subsection 267(b),  
1765 Internal Revenue Code, exists, the ownership of stock shall be determined using the ownership  
1766 rules in Subsection 267(c), Internal Revenue Code.

1767 (36) (a) Subject to Subsection (36)(b), "residential property," for purposes of the  
1768 reductions and adjustments under this chapter, means any property used for residential  
1769 purposes as a primary residence.

1770 (b) Subject to Subsection (36)(c), "residential property":

1771 (i) except as provided in Subsection (36)(b)(ii), includes household furnishings,  
1772 furniture, and equipment if the household furnishings, furniture, and equipment are:

1773 (A) used exclusively within a dwelling unit that is the primary residence of a tenant;

1774 and

1775 (B) owned by the owner of the dwelling unit that is the primary residence of a tenant;

1776 and

1777 (ii) does not include property used for transient residential use.

1778 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
1779 commission may by rule define the term "dwelling unit" for purposes of Subsection (33) and  
1780 this Subsection (36).

1781 (37) "Split estate mineral rights owner" means a person that:

1782 (a) has a legal right to extract a mineral from property;

1783 (b) does not hold more than a 25% interest in:

1784 (i) the land surface rights of the property where the wellhead is located; or

1785 (ii) an entity with an ownership interest in the land surface rights of the property where  
1786 the wellhead is located;

1787 (c) is not an entity in which the owner of the land surface rights of the property where  
1788 the wellhead is located holds more than a 25% interest; and

1789 (d) does not have a relationship with an owner of the land surface rights of the property  
1790 where the wellhead is located.

1791 (38) (a) "State-assessed commercial vehicle" means:

1792 (i) any commercial vehicle, trailer, or semitrailer that operates interstate or intrastate to

1793 transport passengers, freight, merchandise, or other property for hire; or

1794 (ii) any commercial vehicle, trailer, or semitrailer that operates interstate and transports  
1795 the vehicle owner's goods or property in furtherance of the owner's commercial enterprise.

1796 (b) "State-assessed commercial vehicle" does not include vehicles used for hire that are  
1797 specified in Subsection (9)(c) as county-assessed commercial vehicles.

1798 (39) "Subdivided lot" means a lot, parcel, or other division of land, that is a division of  
1799 a base parcel.

1800 (40) "Taxable value" means fair market value less any applicable reduction allowed for  
1801 residential property under Section [59-2-103](#).

1802 (41) "Tax area" means a geographic area created by the overlapping boundaries of one  
1803 or more taxing entities.

1804 (42) "Taxing entity" means any county, city, town, school district, special taxing  
1805 district, local district under Title 17B, Limited Purpose Local Government Entities - Local  
1806 Districts, or other political subdivision of the state with the authority to levy a tax on property.

1807 (43) (a) "Tax roll" means a permanent record of the taxes charged on property, as  
1808 extended on the assessment roll, and may be maintained on the same record or records as the  
1809 assessment roll or may be maintained on a separate record properly indexed to the assessment  
1810 roll.

1811 (b) "Tax roll" includes tax books, tax lists, and other similar materials.

1812 Section 27. Section [59-2-926](#) is amended to read:

1813 **[59-2-926](#). Proposed tax increase by state -- Notice -- Contents -- Dates.**

1814 If the state authorizes a [~~levy pursuant to Section [53A-17a-135](#)]~~ tax rate that exceeds  
1815 the [~~certified revenue levy as defined in Section [53A-17a-103](#)]~~ applicable tax rate described in  
1816 Section [53F-2-301](#) or [53F-2-301.5](#), or authorizes a levy pursuant to Section [59-2-1602](#) that  
1817 exceeds the certified revenue levy as defined in Section [59-2-102](#), the state shall publish a  
1818 notice no later than 10 days after the last day of the annual legislative general session that  
1819 meets the following requirements:

1820 (1) (a) The Office of the Legislative Fiscal Analyst shall advertise that the state  
1821 authorized a levy that generates revenue in excess of the previous year's ad valorem tax  
1822 revenue, plus eligible new growth as defined in Section [59-2-924](#), but exclusive of revenue  
1823 from collections from redemptions, interest, and penalties:

1824 (i) in a newspaper of general circulation in the state; and

1825 (ii) as required in Section 45-1-101.

1826 (b) Except an advertisement published on a website, the advertisement described in  
1827 Subsection (1)(a):

1828 (i) shall be no less than 1/4 page in size and the type used shall be no smaller than 18  
1829 point, and surrounded by a 1/4-inch border;

1830 (ii) may not be placed in that portion of the newspaper where legal notices and  
1831 classified advertisements appear; and

1832 (iii) shall be run once.

1833 (2) The form and content of the notice shall be substantially as follows:

1834 "NOTICE OF TAX INCREASE

1835 The state has budgeted an increase in its property tax revenue from \$ \_\_\_\_\_ to  
1836 \$ \_\_\_\_\_ or \_\_\_\_%. The increase in property tax revenues will come from the following  
1837 sources (include all of the following provisions):

1838 (a) \$ \_\_\_\_\_ of the increase will come from (provide an explanation of the cause  
1839 of adjustment or increased revenues, such as reappraisals or factoring orders);

1840 (b) \$ \_\_\_\_\_ of the increase will come from natural increases in the value of the  
1841 tax base due to (explain cause of eligible new growth, such as new building activity,  
1842 annexation, etc.);

1843 (c) a home valued at \$100,000 in the state of Utah which based on last year's (levy for  
1844 the basic state-supported school program, [levy] applicable tax rate for the Property Tax  
1845 Valuation Agency Fund, or both) paid \$ \_\_\_\_\_ in property taxes would pay the  
1846 following:

1847 (i) \$ \_\_\_\_\_ if the state of Utah did not budget an increase in property tax revenue  
1848 exclusive of eligible new growth; and

1849 (ii) \$ \_\_\_\_\_ under the increased property tax revenues exclusive of eligible new  
1850 growth budgeted by the state of Utah."

1851 Section 28. Section 59-2-1208 is amended to read:

1852 **59-2-1208. Amount of homeowner's credit -- Cost-of-living adjustment --**

1853 **Limitation -- General Fund as source of credit.**

1854 (1) (a) Subject to [~~Subsection~~] Subsections (2) and (4), for a calendar year beginning

1855 on or after January 1, 2007, a claimant may claim a homeowner's credit that does not exceed  
 1856 the following amounts:

1857	If household income is	Homeowner's credit
1858	\$0 -- \$9,159	\$798
1859	\$9,160 -- \$12,214	\$696
1860	\$12,215 -- \$15,266	\$597
1861	\$15,267 -- \$18,319	\$447
1862	\$18,320 -- \$21,374	\$348
1863	\$21,375 -- \$24,246	\$199
1864	\$24,247 -- \$26,941	\$98

1865 (b) (i) For a calendar year beginning on or after January 1, 2008, the commission shall  
 1866 increase or decrease the household income eligibility amounts and the credits under Subsection  
 1867 (1)(a) by a percentage equal to the percentage difference between the consumer price index for  
 1868 the preceding calendar year and the consumer price index for calendar year 2006.

1869 (ii) For purposes of Subsection (1)(b)(i), the commission shall calculate the consumer  
 1870 price index as provided in Sections 1(f)(4) and 1(f)(5), Internal Revenue Code.

1871 ~~[(2) An individual who is claimed as a personal exemption on another individual's~~  
 1872 ~~individual income tax return during any portion of a calendar year for which the individual~~  
 1873 ~~seeks to claim a homeowner's credit under this section may not receive the homeowner's~~  
 1874 ~~credit.]~~

1875 (2) An individual may not receive the homeowner's credit under this section if:

1876 (a) the individual is claimed as a personal exemption on another individual's federal  
 1877 income tax return during any portion of a calendar year for which the individual seeks to claim  
 1878 the homeowner's credit under this section; or

1879 (b) the individual is a dependent with respect to whom another individual claims a tax  
 1880 credit under Section 24(h)(4), Internal Revenue Code, during any portion of a calendar year for  
 1881 which the individual seeks to claim the homeowner's credit under this section.

1882 (3) A payment for a homeowner's credit allowed by this section, and provided for in  
 1883 Section [59-2-1204](#), shall be paid from the General Fund.

1884 (4) For a calendar year that begins on or after January 1, 2018, after the commission

1885 has adjusted the homeowner credit amount under Subsection (1)(b), the commission shall  
 1886 increase each homeowner credit amount under Subsection (1) by the following amounts:

- 1887 (a) for a calendar year that begins on January 1, 2018, \$14;
- 1888 (b) for a calendar year that begins on January 1, 2019, \$22;
- 1889 (c) for a calendar year that begins on January 1, 2020, \$31;
- 1890 (d) for a calendar year that begins on January 1, 2021, \$40; and
- 1891 (e) for a calendar year that begins on or after January 1, 2022, \$49.

1892 Section 29. Section **59-2-1209** is amended to read:

1893 **59-2-1209. Amount of renter's credit -- Cost-of-living adjustment -- Renter's**  
 1894 **credit may be claimed only for rent that does not constitute a rental assistance payment --**  
 1895 **Limitation -- General Fund as source of credit -- Maximum credit.**

1896 (1) (a) Subject to Subsections (2) and (3), for a calendar year beginning on or after  
 1897 January 1, 2007, a claimant may claim a renter's credit for the previous calendar year that does  
 1898 not exceed the following amounts:

1899	If household income is	Percentage of rent allowed as a credit
1900	\$0 -- \$9,159	9.5%
1901	\$9,160 -- \$12,214	8.5%
1902	\$12,215 -- \$15,266	7.0%
1903	\$15,267 -- \$18,319	5.5%
1904	\$18,320 -- \$21,374	4.0%
1905	\$21,375 -- \$24,246	3.0%
1906	\$24,247 -- \$26,941	2.5%

1907 (b) (i) For a calendar year beginning on or after January 1, 2008, the commission shall  
 1908 increase or decrease the household income eligibility amounts under Subsection (1)(a) by a  
 1909 percentage equal to the percentage difference between the consumer price index for the  
 1910 preceding calendar year and the consumer price index for calendar year 2006.

1911 (ii) For purposes of Subsection (1)(b)(i), the commission shall calculate the consumer  
 1912 price index as provided in Sections 1(f)(4) and 1(f)(5), Internal Revenue Code.

1913 (2) A claimant may claim a renter's credit under this part only for rent that does not  
 1914 constitute a rental assistance payment.

1915 ~~[(3) An individual who is claimed as a personal exemption on another individual's~~  
 1916 ~~individual income tax return during any portion of a calendar year for which the individual~~  
 1917 ~~seeks to claim a renter's credit under this section may not receive a renter's credit.]~~

1918 (3) An individual may not receive the renter's credit under this section if the individual  
 1919 is:

1920 (a) claimed as a personal exemption on another individual's federal income tax return  
 1921 during any portion of a calendar year for which the individual seeks to claim the renter's credit  
 1922 under this section; or

1923 (b) a dependent with respect to whom another individual claims a tax credit under  
 1924 Section 24(h)(4), Internal Revenue Code, during any portion of a calendar year for which the  
 1925 individual seeks to claim the renter's credit under this section.

1926 (4) A payment for a renter's credit allowed by this section, and provided for in Section  
 1927 [59-2-1204](#), shall be paid from the General Fund.

1928 (5) For calendar years beginning on or after January 1, 2007, a credit under this section  
 1929 may not exceed the maximum amount allowed as a homeowner's credit for each income  
 1930 bracket under Subsection [59-2-1208\(1\)\(a\)](#).

1931 Section 30. Section **59-7-104** is amended to read:

1932 **59-7-104. Tax -- Minimum tax.**

1933 (1) Each domestic and foreign corporation, except ~~[those exempted]~~ a corporation that  
 1934 is exempt under Section [59-7-102](#), shall pay an annual tax to the state based on ~~[its]~~ the  
 1935 corporation's Utah taxable income for the taxable year for the privilege of exercising ~~[its]~~ the  
 1936 corporation's corporate franchise or for the privilege of doing business in the state.

1937 (2) The tax shall be ~~[5%]~~ 4.95% of a corporation's Utah taxable income.

1938 (3) The minimum tax a corporation shall pay under this chapter is \$100.

1939 Section 31. Section **59-7-110** is amended to read:

1940 **59-7-110. Utah net loss -- Carryforward and carryback -- Deduction.**

1941 (1) ~~[The amount of Utah net loss that shall be carried]~~ A taxpayer shall determine the  
 1942 amount of Utah net loss that the taxpayer may carry back or forward to offset income of  
 1943 another taxable year [is determined] as provided in this section.

1944 ~~[(2) (a) Subject to the other provisions of this section, a Utah net loss from a taxable~~  
 1945 ~~year beginning before January 1, 1994, shall be carried back three taxable years preceding the~~

1946 taxable year of the loss and any remaining loss shall be carried forward five taxable years  
1947 following the taxable year of the loss.]

1948 ~~[(b)(i)]~~ (2)(a) Subject to the other provisions of this section, a taxpayer may:

1949 (i) carry back a Utah net loss from a taxable year ~~[beginning on or after January 1,~~  
1950 ~~1994, may be carried back]~~ for three taxable years preceding the taxable year of the loss; and  
1951 [carried]

1952 (ii) carry forward a Utah net loss from a taxable year for 15 taxable years following the  
1953 taxable year of the loss.

1954 ~~[(ii) (b) If [an election is made to] a taxpayer elects to forego the federal net operating~~  
1955 ~~loss carryback, the taxpayer may not carry back a Utah net loss [is not eligible to be carried~~  
1956 ~~back] unless the taxpayer makes an election [is made] for state purposes.~~

1957 (3) A taxpayer that carries forward a Utah net loss shall carry forward the Utah net loss  
1958 ~~[shall be carried]~~ to the earliest eligible year for which the Utah taxable income before net loss  
1959 deduction, minus Utah net losses from previous years that ~~[were applied or required to be~~  
1960 ~~applied]~~ a taxpayer applied or was required to apply to offset income, is not less than zero.

1961 (4)(a) Except as provided in Subsection (4)(b), the amount of Utah net loss that ~~[shall~~  
1962 ~~be carried]~~ a taxpayer may carry to the year identified in Subsection (3) is the lesser of:

1963 (i) the remaining Utah net loss after deduction of any amounts of the Utah net loss that  
1964 ~~[were]~~ a taxpayer carried to previous years; or

1965 (ii) the remaining Utah taxable income before net loss deduction of the year identified  
1966 in Subsection (3) after deduction of Utah net losses from previous years that ~~[were carried or~~  
1967 ~~required to be carried]~~ a taxpayer carried or was required to carry to the year identified in  
1968 Subsection (3).

1969 (b)(i) The amount of Utah net loss ~~[carried]~~ that a taxpayer carries back from a taxable  
1970 year may not exceed \$1,000,000 in Utah taxable income for each return filed under this chapter  
1971 in a taxable year.

1972 (ii) A taxpayer may carry forward a Utah net loss in excess of \$1,000,000 ~~[may be~~  
1973 ~~carried forward]~~.

1974 (iii) A taxpayer may carry a remaining Utah net loss ~~[shall be available to be carried]~~ to  
1975 one or more taxable years in accordance with this section.

1976 (5)(a)(i) Subject to Subsection (5)(a)(ii), a corporation acquiring the assets or stock of



1977 another corporation may not deduct any net loss incurred by the acquired corporation prior to  
1978 the date of acquisition.

1979 (ii) Subsection (5)(a)(i) does not apply if the only change in the corporation is that of  
1980 the state of incorporation.

1981 (b) An acquired corporation may deduct the acquired corporation's net losses incurred  
1982 before the date of acquisition against the acquired corporation's separate income as calculated  
1983 under Subsections (6) and (7) if the acquired corporation has continued to carry on a trade or  
1984 business substantially the same as that conducted before the acquisition.

1985 (6) For purposes of Subsection (5)(b), the amount of net loss an acquired corporation  
1986 that is acquired by a unitary group may deduct is calculated by:

1987 (a) subject to Subsection (7):

1988 (i) except as provided in Subsection (6)(a)(ii), calculating the sum of:

1989 (A) an amount determined by dividing the average value of the acquired corporation's  
1990 real and tangible personal property owned or rented and used in this state during the taxable  
1991 year by the average value of all of the unitary group's real and tangible personal property owned  
1992 or rented and used during the taxable year;

1993 (B) an amount determined by dividing the total amount paid in this state during the  
1994 taxable year by the acquired corporation for compensation by the total compensation paid  
1995 everywhere by the unitary group during the taxable year; and

1996 (C) an amount determined by:

1997 (I) dividing the total sales of the acquired corporation in this state during the taxable  
1998 year by the total sales of the unitary group everywhere during the taxable year; and

1999 (II) if the unitary group elects or is required to calculate the fraction for apportioning  
2000 business income to this state using the method described in Subsection ~~59-7-311[(2)(b)](4) in~~  
2001 taxable year 2019 or taxable year 2020, multiplying the amount calculated under Subsection  
2002 (6)(a)(i)(C)(I) by ~~two~~, for the taxable year 2019, four, or, for the taxable year 2020, eight; or

2003 (ii) if the unitary group is required or elects to calculate the fraction for apportioning  
2004 business income to this state using the method described in Subsection ~~59-7-311[(3)](2)~~,  
2005 calculating an amount determined by dividing the total sales of the acquired corporation in this  
2006 state during the taxable year by the total sales of the unitary group everywhere during the  
2007 taxable year;

2008 (b) dividing the amount calculated under Subsection (6)(a) by the same denominator of  
2009 the fraction the unitary group uses to apportion business income to this state[~~-(i)~~] for that  
2010 taxable year[~~,- and (ii)~~] in accordance with Section 59-7-311;

2011 (c) multiplying the amount calculated under Subsection (6)(b) by the business income  
2012 of the unitary group for the taxable year that is subject to apportionment under Section  
2013 59-7-311; and

2014 (d) calculating the sum of:

2015 (i) the amount calculated under Subsection (6)(c); and

2016 (ii) the following amounts allocable to the acquired corporation for the taxable year:

2017 (A) nonbusiness income allocable to this state; or

2018 (B) nonbusiness loss allocable to this state.

2019 (7) The amounts calculated under Subsection (6)(a) shall be derived in the same  
2020 manner as those amounts are derived for purposes of apportioning the unitary group's business  
2021 income before deducting the net loss, including a modification made in accordance with  
2022 Section 59-7-320.

2023 Section 32. Section 59-7-201 is amended to read:

2024 **59-7-201. Tax -- Minimum tax.**

2025 (1) There is imposed upon each corporation, ~~except [those]~~ a corporation that is  
2026 exempt under Section 59-7-102 [for each taxable year], a tax upon [its] the corporation's Utah  
2027 taxable income for the taxable year that is derived from sources within this state other than  
2028 income for any period [which] that the corporation is required to include in [its] the  
2029 corporation's tax base under Section 59-7-104.

2030 (2) The tax imposed by Subsection (1) shall be [5%] 4.95% of a corporation's Utah  
2031 taxable income.

2032 (3) In no case shall the tax be less than \$100.

2033 Section 33. Section 59-7-302 is amended to read:

2034 **59-7-302. Definitions -- Determination of taxpayer status.**

2035 (1) As used in this part, unless the context otherwise requires:

2036 (a) "Aircraft type" means a particular model of aircraft as designated by the  
2037 manufacturer of the aircraft.

2038 (b) "Airline" means the same as that term is defined in Section 59-2-102.

2039 (c) "Airline revenue ton miles" means, for an airline, the total revenue ton miles during  
2040 the airline's tax period.

2041 (d) "Business income" means income arising from transactions and activity in the  
2042 regular course of the taxpayer's trade or business and includes income from tangible and  
2043 intangible property if the acquisition, management, and disposition of the property constitutes  
2044 integral parts of the taxpayer's regular trade or business operations.

2045 (e) "Commercial domicile" means the principal place from which the trade or business  
2046 of the taxpayer is directed or managed.

2047 (f) "Compensation" means wages, salaries, commissions, and any other form of  
2048 remuneration paid to employees for personal services.

2049 (g) "Excluded NAICS code" means a NAICS code of the 2017 North American  
2050 Industry Classification System of the federal Executive Office of the President, Office of  
2051 Management and Budget, within:

2052 (i) NAICS Code 211120, Crude Petroleum Extraction;

2053 (ii) NAICS Industry Group 2121, Coal Mining;

2054 (iii) NAICS Industry Group 2212, Natural Gas Distribution;

2055 (iv) NAICS Subsector 311, Food Manufacturing;

2056 (v) NAICS Industry Group 3121, Beverage Manufacturing;

2057 (vi) NAICS Code 327310, Cement Manufacturing;

2058 (vii) NAICS Subsector 482, Rail Transportation;

2059 (viii) NAICS Code 512110, Motion Picture and Video Production;

2060 (ix) NAICS Subsection 515, Broadcasting (except Internet); or

2061 (x) NAICS Code 522110, Commercial Banking.

2062 ~~[(g)]~~ (h) (i) Except as provided in Subsection (1)~~[(g)]~~(h)(ii), "mobile flight equipment"  
2063 means the same as that term is defined in Section 59-2-102.

2064 (ii) "Mobile flight equipment" does not include:

2065 (A) a spare engine; or

2066 (B) tangible personal property described in Subsection 59-2-102(27) owned by an air  
2067 charter service or an air contract service.

2068 ~~[(h)]~~ (i) "Nonbusiness income" means all income other than business income.

2069 ~~[(i) Subject to Subsection (2), "optional sales factor weighted taxpayer" means:]~~

2070  ~~[(i) for a taxpayer that is not a unitary group, regardless of the number of economic~~  
 2071  ~~activities the taxpayer performs, a taxpayer having greater than 50% of the taxpayer's total sales~~  
 2072  ~~everywhere generated by economic activities performed by the taxpayer if the economic~~  
 2073  ~~activities are classified in a NAICS code within NAICS Subsector 334, Computer and~~  
 2074  ~~Electronic Product Manufacturing, of the 2002 or 2007 North American Industry Classification~~  
 2075  ~~System of the federal Executive Office of the President, Office of Management and Budget; or]~~

2076  ~~[(ii) for a taxpayer that is a unitary group, a taxpayer having greater than 50% of the~~  
 2077  ~~taxpayer's total sales everywhere generated by economic activities performed by the taxpayer if~~  
 2078  ~~the economic activities are classified in a NAICS code within NAICS Subsector 334,~~  
 2079  ~~Computer and Electronic Product Manufacturing, of the 2002 or 2007 North American~~  
 2080  ~~Industry Classification System of the federal Executive Office of the President, Office of~~  
 2081  ~~Management and Budget.]~~

2082 (j) "Optional apportionment taxpayer" means a taxpayer described in Subsection (3).

2083 (k) "Phased-in sales factor weighted taxpayer" means a taxpayer that:

2084 (i) is not a sales factor weighted taxpayer;

2085 (ii) does not meet the definition of an optional apportionment taxpayer; or

2086 (iii) for a taxable year beginning on or after January 1, 2020:

2087 (A) meets the definition of an optional apportionment taxpayer; and

2088 (B) apportioned business income using the method described in Subsection

2089 59-7-311(4) during the previous taxable year.

2090  ~~[(j)]~~ (l) "Revenue ton miles" is determined in accordance with 14 C.F.R. Part 241.

2091  ~~[(k)]~~ (m) "Sales" means all gross receipts of the taxpayer not allocated under Sections  
 2092 59-7-306 through 59-7-310.

2093  ~~[(h)]~~ (n) [Subject to Subsection (2), "sales"] "Sales factor weighted taxpayer" means [:] a  
 2094 taxpayer described in Subsection (2).

2095  ~~[(i) for a taxpayer that is not a unitary group, regardless of the number of economic~~  
 2096  ~~activities the taxpayer performs, a taxpayer having greater than 50% of the taxpayer's total sales~~  
 2097  ~~everywhere generated by economic activities performed by the taxpayer if the economic~~  
 2098  ~~activities are classified in a NAICS code of the 2002 or 2007 North American Industry~~  
 2099  ~~Classification System of the federal Executive Office of the President, Office of Management~~  
 2100  ~~and Budget, except for:]~~

2101 ~~[(A) a NAICS code within NAICS Sector 21, Mining;]~~  
 2102 ~~[(B) a NAICS code within NAICS Industry Group 2212, Natural Gas Distribution;]~~  
 2103 ~~[(C) a NAICS code within NAICS Sector 31-33, Manufacturing, other than NAICS~~  
 2104 ~~Code 336111, Automobile Manufacturing;]~~  
 2105 ~~[(D) a NAICS code within NAICS Sector 48-49, Transportation and Warehousing;]~~  
 2106 ~~[(E) a NAICS code within NAICS Sector 51, Information, other than NAICS Subsector~~  
 2107 ~~519, Other Information Services; or]~~  
 2108 ~~[(F) a NAICS code within NAICS Sector 52, Finance and Insurance; or]~~  
 2109 ~~[(ii) for a taxpayer that is a unitary group, a taxpayer having greater than 50% of the~~  
 2110 ~~taxpayer's total sales everywhere generated by economic activities performed by the taxpayer if~~  
 2111 ~~the economic activities are classified in a NAICS code of the 2002 or 2007 North American~~  
 2112 ~~Industry Classification System of the federal Executive Office of the President, Office of~~  
 2113 ~~Management and Budget, except for a NAICS code under Subsections (1)(1)(i)(A) through (F).]~~  
 2114 ~~[(m)]~~ (o) "State" means any state of the United States, the District of Columbia, the  
 2115 Commonwealth of Puerto Rico, any territory or possession of the United States, and any  
 2116 foreign country or political subdivision thereof.  
 2117 ~~[(n)]~~ (p) "Transportation revenue" means revenue an airline earns from:  
 2118 (i) transporting a passenger or cargo; or  
 2119 (ii) from miscellaneous sales of merchandise as part of providing transportation  
 2120 services.  
 2121 ~~[(o)]~~ (q) "Utah revenue ton miles" means, for an airline, the total revenue ton miles  
 2122 within the borders of this state:  
 2123 (i) during the airline's tax period; and  
 2124 (ii) from flight stages that originate or terminate in this state.  
 2125 ~~[(2) The following apply to Subsections (1)(i) and (1):]~~  
 2126 ~~[(a) (i) Subject to the other provisions of this Subsection (2), for each taxable year, a~~  
 2127 ~~taxpayer shall determine whether the taxpayer is a sales factor weighted taxpayer.]~~  
 2128 (2) (a) A taxpayer is a sales factor weighted taxpayer if, regardless of the number of  
 2129 economic activities the taxpayer performs, the taxpayer generates greater than 50% of the  
 2130 taxpayer's total sales everywhere from economic activities that are classified in a NAICS code  
 2131 of the 2002 or 2007 North American Industry Classification System of the federal Executive

2132 Office of the President, Office of Management and Budget, other than:

2133 (i) a NAICS code within NAICS Sector 21, Mining;

2134 (ii) a NAICS code within NAICS Industry Group 2212, Natural Gas Distribution;

2135 (iii) a NAICS code within NAICS Sector 31-33, Manufacturing, except NAICS Code

2136 336111, Automobile Manufacturing;

2137 (iv) a NAICS code within NAICS Sector 48-49, Transportation and Warehousing;

2138 (v) a NAICS code within NAICS Sector 51, Information, except NAICS Subsector

2139 519, Other Information Services; or

2140 (vi) a NAICS code within NAICS Sector 52, Finance and Insurance.

2141 ~~[(ii)]~~ (b) A taxpayer shall [make the determination required by Subsection (2)(a)(i)]

2142 determine if the taxpayer is a sales factor weighted taxpayer each year before the due date for

2143 filing the taxpayer's return under this chapter for the taxable year, including extensions.

2144 ~~[(iii)]~~ (c) For purposes of making the determination required by Subsection (2)(a)[(i)],

2145 total sales everywhere include only the total sales everywhere:

2146 ~~[(A)]~~ (i) as determined in accordance with this part; and

2147 ~~[(B)]~~ (ii) made during the taxable year for which a taxpayer makes the determination

2148 required by Subsection (2)(a)[(i)].

2149 (3) (a) A taxpayer is an optional apportionment taxpayer if the average calculated in

2150 accordance with Subsection (3)(b) is greater than .50.

2151 (b) To calculate the average described in Subsection (3)(a), a taxpayer shall:

2152 (i) calculate the following two fractions:

2153 (A) the property factor fraction as described in Subsection [59-7-312\(3\)](#); and

2154 (B) the payroll factor fraction as described in Subsection [59-7-315\(3\)](#);

2155 (ii) add together the fractions described in Subsection (3)(b)(i); and

2156 (iii) divide the sum calculated in Subsection (3)(b)(ii):

2157 (A) except as provided in Subsection (3)(b)(iii)(B), by two; or

2158 (B) if either the property factor fraction or the payroll factor fraction has a denominator

2159 of zero or is excluded in accordance with Subsection [59-7-312\(3\)\(b\)](#) or [59-7-315\(3\)\(b\)](#), by one.

2160 (c) A taxpayer shall determine if the taxpayer is an optional apportionment taxpayer

2161 before the due date for filing the taxpayer's return under this chapter for the taxable year,

2162 including extensions.

2163 ~~[(b) (i) (A) Subject to other provisions of this Subsection (2), for each taxable year, a~~  
 2164 ~~taxpayer that is not a sales factor weighted taxpayer may determine whether the taxpayer is an~~  
 2165 ~~optional sales factor weighted taxpayer.]~~

2166 ~~[(B) A taxpayer that is not a sales factor weighted taxpayer shall determine that the~~  
 2167 ~~taxpayer is an optional sales factor weighted taxpayer before the taxpayer may use the~~  
 2168 ~~apportionment options described in Subsection 59-7-311(4).]~~

2169 ~~[(ii) A taxpayer making the determination described in Subsection (2)(b)(i) shall make~~  
 2170 ~~the determination before the due date for filing the taxpayer's return under this chapter for the~~  
 2171 ~~taxable year, including extensions.]~~

2172 ~~[(iii) For purposes of making the determination described in Subsection (2)(b)(i), total~~  
 2173 ~~sales everywhere include only the total sales everywhere:]~~

2174 ~~[(A) as determined in accordance with this part; and]~~

2175 ~~[(B) made during the taxable year for which a taxpayer makes a determination~~  
 2176 ~~described in Subsection (2)(b)(i).]~~

2177 ~~[(e)] (4) A taxpayer that files a return as a unitary group for a taxable year is considered~~  
 2178 ~~to be a unitary group for that taxable year.~~

2179 ~~[(d)] (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking~~  
 2180 ~~Act, the commission may define the term "economic activity" consistent with the use of the~~  
 2181 ~~term "activity" in the 2007 North American Industry Classification System of the federal~~  
 2182 ~~Executive Office of the President, Office of Management and Budget.~~

2183 Section 34. Section 59-7-311 is amended to read:

2184 **59-7-311. Method of apportionment of business income.**

2185 (1) For a taxable year, a taxpayer shall apportion all business income ~~[shall be~~  
 2186 ~~apportioned]~~ to this state by multiplying the business income by a fraction calculated as  
 2187 provided in this section.

2188 ~~[(2) Subject to the other provisions of this part, a taxpayer, except for a sales factor~~  
 2189 ~~weighted taxpayer and an optional sales factor weighted taxpayer, shall calculate the fraction~~  
 2190 ~~for apportioning business income to this state using one of the following fractions:]~~

2191 ~~[(a) a fraction where:]~~

2192 ~~[(i) the numerator of the fraction is the sum of:]~~

2193 ~~[(A) the property factor as calculated under Section 59-7-312;]~~

2194 ~~[(B) the payroll factor as calculated under Section 59-7-315; and]~~  
2195 ~~[(C) the sales factor as calculated under Section 59-7-317; and]~~  
2196 ~~[(ii) the denominator of the fraction is three; or]~~  
2197 ~~[(b) a fraction where:]~~  
2198 ~~[(i) the numerator of the fraction is the sum of:]~~  
2199 ~~[(A) the property factor as calculated under Section 59-7-312;]~~  
2200 ~~[(B) the payroll factor as calculated under Section 59-7-315; and]~~  
2201 ~~[(C) the sales factor as calculated under Section 59-7-317 multiplied by two; and]~~  
2202 ~~[(ii) the denominator of the fraction is four.]~~  
2203 ~~[(3)]~~ (2) Subject to the other provisions of this part, a sales factor weighted taxpayer  
2204 shall calculate the fraction for apportioning business income to this state using a fraction  
2205 where:  
2206 (a) the numerator of the fraction is the sales factor as calculated under Section  
2207 59-7-317; and  
2208 (b) the denominator of the fraction is one.  
2209 ~~[(4)]~~ (3) Subject to the other provisions of this part, an optional ~~[sales factor weighted]~~  
2210 apportionment taxpayer that is not a phased-in sales factor weighted taxpayer shall calculate  
2211 the fraction for apportioning business income to this state using ~~[a method described in~~  
2212 Subsection (2)(a), (2)(b), or (3).] one of the following fractions:  
2213 (a) the fraction described in Subsection (4); or  
2214 (b) the fraction where:  
2215 (i) the numerator of the fraction is the sum of:  
2216 (A) the property factor as calculated under Section 59-7-312;  
2217 (B) the payroll factor as calculated under Section 59-7-315; and  
2218 (C) the sales factor as calculated under Section 59-7-317; and  
2219 (ii) the denominator of the fraction is three.  
2220 (4) (a) Subject to other provisions of this part, a phased-in sales factor weighted  
2221 taxpayer shall calculate the fraction for apportioning business income to this state as provided  
2222 in Subsections (4)(b) through (d).  
2223 (b) For the taxable year that begins on or after January 1, 2019, but begins on or before  
2224 December 31, 2019:



- 2225 (i) the numerator of the fraction is the sum of:
- 2226 (A) the property factor as calculated under Section 59-7-312;
- 2227 (B) the payroll factor as calculated under Section 59-7-315; and
- 2228 (C) the sales factor as calculated under Subsection (4)(e)(i); and
- 2229 (ii) the denominator of the fraction is six.
- 2230 (c) For the taxable year that begins on or after January 1, 2020, but begins on or before
- 2231 December 31, 2020:
- 2232 (i) the numerator of the fraction is the sum of:
- 2233 (A) the property factor as calculated under Section 59-7-312;
- 2234 (B) the payroll factor as calculated under Section 59-7-315; and
- 2235 (C) the sales factor as calculated under Subsection (4)(e)(ii); and
- 2236 (ii) the denominator of the fraction is 10.
- 2237 (d) For a taxable year that begins on or after January 1, 2021, a phased-in sales factor
- 2238 weighted taxpayer shall calculate the fraction as described in Subsection (2).
- 2239 (e) (i) For the taxable year that begins on or after January 1, 2019, but begins on or
- 2240 before December 31, 2019, the sales factor shall be:
- 2241 (A) calculated as described in Section 59-7-317; and
- 2242 (B) multiplied by four.
- 2243 (ii) For the taxable year that begins on or after January 1, 2020, but begins on or before
- 2244 December 31, 2020, the sales factor shall be:
- 2245 (A) calculated as described in Section 59-7-317; and
- 2246 (B) multiplied by eight.
- 2247 (5) (a) The taxpayer shall determine the method for calculating the fraction for
- 2248 apportioning business income to this state under this section on or before the due date for filing
- 2249 the taxpayer's return under this chapter for the taxable year, including extensions.
- 2250 (b) The method described in Subsection (5)(a) is in effect for the taxable year.
- 2251 (6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 2252 commission may make rules providing procedures for a taxpayer to make the election required
- 2253 by [~~Subsections (2) and (4)] Subsection (3).~~
- 2254 Section 35. Section 59-7-312 is amended to read:
- 2255 **59-7-312. Property factor for apportionment of business income -- Mobile flight**

2256 **equipment of an airline.**

2257 (1) Except as provided in [~~Subsection (2)~~] Subsections (2) and (3), the property factor  
2258 is a fraction[;]:

2259 (a) the numerator of which is the average value of the taxpayer's real and tangible  
2260 personal property owned or rented and used in this state during the tax period; and

2261 (b) the denominator of which is the average value of all the taxpayer's real and tangible  
2262 personal property owned or rented and used during the tax period.

2263 (2) The average value of an airline's real and tangible personal property owned or  
2264 rented and used in this state attributable to mobile flight equipment for purposes of the  
2265 numerator of the fraction described in Subsection (1) shall be calculated for each aircraft type  
2266 by [~~determining the product of~~] multiplying:

2267 (a) the total average value of the airline's mobile flight equipment of the aircraft type  
2268 owned or rented and used during the tax period; and

2269 (b) a fraction[;]:

2270 (i) the numerator of which is the Utah revenue ton miles for the aircraft type; and

2271 (ii) the denominator of which is the airline revenue ton miles for the aircraft type.

2272 (3) (a) For purposes of Subsection 59-7-302(3)(b)(i)(A) and subject to Subsection  
2273 (3)(b), the property factor is a fraction:

2274 (i) the numerator of which is the value of the property in this state that is attributable to  
2275 economic activities that are classified in an excluded NAICS code; and

2276 (ii) the denominator of which is the value of all property in this state.

2277 (b) A taxpayer shall exclude property from the calculation of the property factor  
2278 fraction described in Subsection (3)(a) if the property may be attributed to economic activities  
2279 in both excluded NAICS codes and NAICS codes that are not excluded NAICS codes.

2280 Section 36. Section **59-7-315** is amended to read:

2281 **59-7-315. Payroll factor for apportionment of business income -- Compensation**  
2282 **of flight personnel by an airline.**

2283 (1) Except as provided in [~~Subsection (2)~~] Subsections (2) and (3), the payroll factor is  
2284 a fraction[;]:

2285 (a) the numerator of which is the total amount paid in this state during the tax period by  
2286 the taxpayer for compensation[;]; and

2287           **(b)** the denominator of which is the total compensation paid everywhere during the tax  
2288 period.

2289           (2) The total amount paid in this state during the tax period by an airline for  
2290 compensation attributable to the compensation of flight personnel for purposes of the  
2291 numerator of the fraction described in Subsection (1) shall be calculated for each aircraft type  
2292 by ~~[determining the product of]~~ multiplying:

2293           (a) the total amount paid during the tax period by the airline to flight personnel for  
2294 compensation for the aircraft type; and

2295           (b) a fraction~~[-]~~:

2296           **(i)** the numerator of which is the Utah revenue ton miles for the aircraft type; and

2297           **(ii)** the denominator of which is the airline revenue ton miles for the aircraft type.

2298           **(3) (a)** For purposes of Subsection [59-7-302\(3\)\(b\)\(i\)\(B\)](#) and subject to Subsection

2299 [\(3\)\(b\)](#), the payroll factor is a fraction:

2300           **(i)** the numerator of which is the amount of the payroll in this state that is attributable  
2301 to economic activities that are classified in an excluded NAICS code; and

2302           **(ii)** the denominator of which is the total amount of the payroll in this state.

2303           **(b)** A taxpayer engaged in economic activities that are classified in an excluded NAICS  
2304 code shall exclude an individual's payroll from the calculation of the payroll factor fraction  
2305 described in Subsection (3)(a) if the individual's payroll may be attributed:

2306           **(i)** to economic activities in both excluded NAICS codes and NAICS codes that are not  
2307 excluded NAICS codes; or

2308           **(ii)** to providing management, information technology, finance, accounting, legal, or  
2309 human resource services.

2310           Section 37. Section **59-10-104** is amended to read:

2311           **59-10-104. Tax basis -- Tax rate -- Exemption.**

2312           (1) ~~[For taxable years beginning on or after January 1, 2008, a]~~ A tax is imposed on the  
2313 state taxable income of a resident individual as provided in this section.

2314           (2) For purposes of Subsection (1), for a taxable year, the tax is an amount equal to the  
2315 product of:

2316           (a) the resident individual's state taxable income for that taxable year; and

2317           (b) ~~[5%~~ 4.95%.

2318 (3) This section does not apply to a resident individual exempt from taxation under  
2319 Section 59-10-104.1.

2320 Section 38. Section 59-10-136 is amended to read:

2321 **59-10-136. Domicile -- Temporary absence from state.**

2322 (1) (a) An individual is considered to have domicile in this state if:

2323 (i) except as provided in Subsection (1)(b), a dependent with respect to whom the  
2324 individual or the individual's spouse claims a personal exemption or a tax credit under Section  
2325 24, Internal Revenue Code, on the individual's or individual's spouse's federal individual  
2326 income tax return is enrolled in a public kindergarten, public elementary school, or public  
2327 secondary school in this state; or

2328 (ii) the individual or the individual's spouse is a resident student in accordance with  
2329 Section 53B-8-102 who is enrolled in an institution of higher education described in Section  
2330 53B-2-101 in this state.

2331 (b) The determination of whether an individual is considered to have domicile in this  
2332 state may not be determined in accordance with Subsection (1)(a)(i) if the individual:

2333 (i) is the noncustodial parent of a dependent:

2334 (A) with respect to whom the individual claims a personal exemption or a tax credit  
2335 under Section 24, Internal Revenue Code, on the individual's federal individual income tax  
2336 return; and

2337 (B) who is enrolled in a public kindergarten, public elementary school, or public  
2338 secondary school in this state; and

2339 (ii) is divorced from the custodial parent of the dependent described in Subsection  
2340 (1)(b)(i).

2341 (2) There is a rebuttable presumption that an individual is considered to have domicile  
2342 in this state if:

2343 (a) the individual or the individual's spouse claims a residential exemption in  
2344 accordance with Chapter 2, Property Tax Act, for that individual's or individual's spouse's  
2345 primary residence;

2346 (b) the individual or the individual's spouse is registered to vote in this state in  
2347 accordance with Title 20A, Chapter 2, Voter Registration; or

2348 (c) the individual or the individual's spouse asserts residency in this state for purposes

2349 of filing an individual income tax return under this chapter, including asserting that the  
2350 individual or the individual's spouse is a part-year resident of this state for the portion of the  
2351 taxable year for which the individual or the individual's spouse is a resident of this state.

2352 (3) (a) Subject to Subsection (3)(b), if the requirements of Subsection (1) or (2) are not  
2353 met for an individual to be considered to have domicile in this state, the individual is  
2354 considered to have domicile in this state if:

2355 (i) the individual or the individual's spouse has a permanent home in this state to which  
2356 the individual or the individual's spouse intends to return after being absent; and

2357 (ii) the individual or the individual's spouse has voluntarily fixed the individual's or the  
2358 individual's spouse's habitation in this state, not for a special or temporary purpose, but with the  
2359 intent of making a permanent home.

2360 (b) The determination of whether an individual is considered to have domicile in this  
2361 state under Subsection (3)(a) shall be based on the preponderance of the evidence, taking into  
2362 consideration the totality of the following facts and circumstances:

2363 (i) whether the individual or the individual's spouse has a driver license in this state;

2364 (ii) whether a dependent with respect to whom the individual or the individual's spouse  
2365 claims a personal exemption or a tax credit under Section 24, Internal Revenue Code, on the  
2366 individual's or individual's spouse's federal individual income tax return is a resident student in  
2367 accordance with Section 53B-8-102 who is enrolled in an institution of higher education  
2368 described in Section 53B-2-101 in this state;

2369 (iii) the nature and quality of the living accommodations that the individual or the  
2370 individual's spouse has in this state as compared to another state;

2371 (iv) the presence in this state of a spouse or dependent with respect to whom the  
2372 individual or the individual's spouse claims a personal exemption or a tax credit under Section  
2373 24, Internal Revenue Code, on the individual's or individual's spouse's federal individual  
2374 income tax return;

2375 (v) the physical location in which earned income as defined in Section 32(c)(2),  
2376 Internal Revenue Code, is earned by the individual or the individual's spouse;

2377 (vi) the state of registration of a vehicle as defined in Section 59-12-102 owned or  
2378 leased by the individual or the individual's spouse;

2379 (vii) whether the individual or the individual's spouse is a member of a church, a club,

2380 or another similar organization in this state;

2381 (viii) whether the individual or the individual's spouse lists an address in this state on  
2382 mail, a telephone listing, a listing in an official government publication, other correspondence,  
2383 or another similar item;

2384 (ix) whether the individual or the individual's spouse lists an address in this state on a  
2385 state or federal tax return;

2386 (x) whether the individual or the individual's spouse asserts residency in this state on a  
2387 document, other than an individual income tax return filed under this chapter, filed with or  
2388 provided to a court or other governmental entity;

2389 (xi) the failure of an individual or the individual's spouse to obtain a permit or license  
2390 normally required of a resident of the state for which the individual or the individual's spouse  
2391 asserts to have domicile; or

2392 (xii) whether the individual is an individual described in Subsection (1)(b).

2393 (4) (a) Notwithstanding Subsections (1) through (3) and subject to the other provisions  
2394 of this Subsection (4), an individual is not considered to have domicile in this state if the  
2395 individual meets the following qualifications:

2396 (i) except as provided in Subsection (4)(a)(ii)(A), the individual and the individual's  
2397 spouse are absent from the state for at least 761 consecutive days; and

2398 (ii) during the time period described in Subsection (4)(a)(i), neither the individual nor  
2399 the individual's spouse:

2400 (A) return to this state for more than 30 days in a calendar year;

2401 (B) claim a personal exemption or a tax credit under Section 24, Internal Revenue  
2402 Code, on the individual's or individual's spouse's federal individual income tax return with  
2403 respect to a dependent who is enrolled in a public kindergarten, public elementary school, or  
2404 public secondary school in this state, unless the individual is an individual described in  
2405 Subsection (1)(b);

2406 (C) are resident students in accordance with Section 53B-8-102 who are enrolled in an  
2407 institution of higher education described in Section 53B-2-101 in this state;

2408 (D) claim a residential exemption in accordance with Chapter 2, Property Tax Act, for  
2409 that individual's or individual's spouse's primary residence; or

2410 (E) assert that this state is the individual's or the individual's spouse's tax home for

2411 federal individual income tax purposes.

2412 (b) Notwithstanding Subsection (4)(a), an individual that meets the qualifications of  
2413 Subsection (4)(a) to not be considered to have domicile in this state may elect to be considered  
2414 to have domicile in this state by filing an individual income tax return in this state as a resident  
2415 individual.

2416 (c) For purposes of Subsection (4)(a), an absence from the state:

2417 (i) begins on the later of the date:

2418 (A) the individual leaves this state; or

2419 (B) the individual's spouse leaves this state; and

2420 (ii) ends on the date the individual or the individual's spouse returns to this state if the  
2421 individual or the individual's spouse remains in this state for more than 30 days in a calendar  
2422 year.

2423 (d) An individual shall file an individual income tax return or amended individual  
2424 income tax return under this chapter and pay any applicable interest imposed under Section  
2425 59-1-402 if:

2426 (i) the individual did not file an individual income tax return or amended individual  
2427 income tax return under this chapter based on the individual's belief that the individual has met  
2428 the qualifications of Subsection (4)(a) to not be considered to have domicile in this state; and

2429 (ii) the individual or the individual's spouse fails to meet a qualification of Subsection  
2430 (4)(a) to not be considered to have domicile in this state.

2431 (e) (i) Except as provided in Subsection (4)(e)(ii), an individual that files an individual  
2432 income tax return or amended individual income tax return under Subsection (4)(d) shall pay  
2433 any applicable penalty imposed under Section 59-1-401.

2434 (ii) The commission shall waive the penalties under Subsections 59-1-401(2), (3), and  
2435 (5) if an individual who is required by Subsection (4)(d) to file an individual income tax return  
2436 or amended individual income tax return under this chapter:

2437 (A) files the individual income tax return or amended individual income tax return  
2438 within 105 days after the individual fails to meet a qualification of Subsection (4)(a) to not be  
2439 considered to have domicile in this state; and

2440 (B) within the 105-day period described in Subsection (4)(e)(ii)(A), pays in full the tax  
2441 due on the return, any interest imposed under Section 59-1-402, and any applicable penalty

2442 imposed under Section 59-1-401, except for a penalty under Subsection 59-1-401(2), (3), or  
2443 (5).

2444 (5) (a) If an individual is considered to have domicile in this state in accordance with  
2445 this section, the individual's spouse is considered to have domicile in this state.

2446 (b) For purposes of this section, an individual is not considered to have a spouse if:

2447 (i) the individual is legally separated or divorced from the spouse; or

2448 (ii) the individual and the individual's spouse claim married filing separately filing  
2449 status for purposes of filing a federal individual income tax return for the taxable year.

2450 (c) Except as provided in Subsection (5)(b)(ii), for purposes of this section, an  
2451 individual's filing status on a federal individual income tax return or a return filed under this  
2452 chapter may not be considered in determining whether an individual has a spouse.

2453 (6) For purposes of this section, whether or not an individual or the individual's spouse  
2454 claims a property tax residential exemption under Chapter 2, Property Tax Act, for the  
2455 residential property that is the primary residence of a tenant of the individual or the individual's  
2456 spouse may not be considered in determining domicile in this state.

2457 Section 39. Section 59-10-1018 is amended to read:

2458 **59-10-1018. Definitions -- Nonrefundable taxpayer tax credits.**

2459 (1) As used in this section:

2460 (a) "Dependent adult with a disability" means an individual who:

2461 (i) a claimant claims as a dependent under Section 151, Internal Revenue Code, on the  
2462 claimant's federal individual income tax return for the taxable year;

2463 (ii) is not the claimant or the claimant's spouse; and

2464 (iii) is:

2465 (A) 18 years of age or older;

2466 (B) eligible for services under Title 62A, Chapter 5, Services for People with  
2467 Disabilities; and

2468 (C) not enrolled in an education program for students with disabilities that is  
2469 authorized under Section 53A-15-301.

2470 (b) "Dependent child with a disability" means an individual 21 years of age or younger  
2471 who:

2472 (i) a claimant claims as a dependent under Section 151, Internal Revenue Code, on the



- 2473 claimant's federal individual income tax return for the taxable year;
- 2474 (ii) is not the claimant or the claimant's spouse; and
- 2475 (iii) is:
- 2476 (A) an eligible student with a disability; or
- 2477 (B) identified under guidelines of the Department of Health as qualified for Early
- 2478 Intervention or Infant Development Services.
- 2479 (c) "Eligible student with a disability" means an individual who is:
- 2480 (i) diagnosed by a school district representative under rules the State Board of
- 2481 Education adopts in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking
- 2482 Act, as having a disability classified as autism, deafness, preschool developmental delay, dual
- 2483 sensory impairment, hearing impairment, intellectual disability, multidisability, orthopedic
- 2484 impairment, other health impairment, traumatic brain injury, or visual impairment;
- 2485 (ii) not receiving residential services from the Division of Services for People with
- 2486 Disabilities created under Section [62A-5-102](#) or a school established under Title 53A, Chapter
- 2487 25b, Utah Schools for the Deaf and the Blind; and
- 2488 (iii) (A) enrolled in an education program for students with disabilities that is
- 2489 authorized under Section [53A-15-301](#); or
- 2490 (B) a recipient of a scholarship awarded under Title 53A, Chapter 1a, Part 7, Carson
- 2491 Smith Scholarships for Students with Special Needs Act.
- 2492 (d) "Head of household filing status" means a head of household, as defined in Section
- 2493 2(b), Internal Revenue Code, who files a single federal individual income tax return for the
- 2494 taxable year.
- 2495 (e) "Joint filing status" means:
- 2496 (i) [~~a husband and wife~~] spouses who file a single return jointly under this chapter for a
- 2497 taxable year; or
- 2498 (ii) a surviving spouse, as defined in Section 2(a), Internal Revenue Code, who files a
- 2499 single federal individual income tax return for the taxable year.
- 2500 (f) "Single filing status" means:
- 2501 (i) a single individual who files a single federal individual income tax return for the
- 2502 taxable year; or
- 2503 (ii) a married individual who:

2504 (A) does not file a single federal individual income tax return jointly with that married  
2505 individual's spouse for the taxable year; and

2506 (B) files a single federal individual income tax return for the taxable year.

2507 (g) "State or local income tax" means the lesser of:

2508 (i) the amount of state or local income tax that the claimant:

2509 (A) pays for the taxable year; and

2510 (B) reports on the claimant's federal individual income tax return for the taxable year,  
2511 regardless of whether the claimant is allowed an itemized deduction on the claimant's federal  
2512 individual income tax return for the taxable year for the full amount of state or local income tax  
2513 paid; and

2514 (ii) \$10,000.

2515 (h) (i) "Utah itemized deduction" means the amount the claimant deducts as allowed as  
2516 an itemized deduction on the claimant's federal individual income tax return for that taxable  
2517 year minus any amount of state or local income tax for the taxable year.

2518 (ii) "Utah itemized deduction" does not include any amount of qualified business  
2519 income that the claimant subtracts as allowed by Section 199A, Internal Revenue Code, on the  
2520 claimant's federal income tax return for that taxable year.

2521 (2) Except as provided in Section [59-10-1002.2](#), and subject to Subsections (3) through  
2522 (5), a claimant may claim a nonrefundable tax credit against taxes otherwise due under this part  
2523 equal to the sum of:

2524 (a) (i) for a claimant that deducts the standard deduction on the claimant's federal  
2525 individual income tax return for the taxable year, 6% of the amount the claimant deducts as  
2526 allowed as the standard deduction on the claimant's federal individual income tax return for  
2527 that taxable year; or

2528 (ii) for a claimant that itemizes deductions on the claimant's federal individual income  
2529 tax return for the taxable year, ~~[the product of:]~~ 6% of the amount of the claimant's Utah  
2530 itemized deduction; and

2531 ~~[(A) the difference between:]~~

2532 ~~[(F) the amount the claimant deducts as allowed as an itemized deduction on the~~  
2533 ~~claimant's federal individual income tax return for that taxable year; and]~~

2534 ~~[(H) any amount of state or local income taxes the claimant deducts as allowed as an~~

2535 ~~itemized deduction on the claimant's federal individual income tax return for that taxable year;~~  
2536 ~~and]~~

2537 [~~(B) 6%; and]~~

2538 (b) the product of:

2539 (i) 75% of the total amount the claimant deducts as allowed as a personal exemption  
2540 deduction on the claimant's federal individual income tax return for that taxable year, plus an  
2541 additional 75% of the amount the claimant deducts as allowed as a personal exemption  
2542 deduction on the claimant's federal individual income tax return for that taxable year with  
2543 respect to each dependent adult with a disability or dependent child with a disability; and

2544 (ii) 6%.

2545 (3) A claimant may not carry forward or carry back a tax credit under this section.

2546 (4) The tax credit allowed by Subsection (2) shall be reduced by \$.013 for each dollar  
2547 by which a claimant's state taxable income exceeds:

2548 (a) for a claimant who has a single filing status, \$12,000;

2549 (b) for a claimant who has a head of household filing status, \$18,000; or

2550 (c) for a claimant who has a joint filing status, \$24,000.

2551 (5) (a) For [~~taxable years~~] a taxable year beginning on or after January 1, 2009, the  
2552 commission shall increase or decrease annually the following dollar amounts by a percentage  
2553 equal to the percentage difference between the consumer price index for the preceding calendar  
2554 year and the consumer price index for calendar year 2007:

2555 (i) the dollar amount listed in Subsection (4)(a); and

2556 (ii) the dollar amount listed in Subsection (4)(b).

2557 (b) After the commission increases or decreases the dollar amounts listed in Subsection  
2558 (5)(a), the commission shall round those dollar amounts listed in Subsection (5)(a) to the  
2559 nearest whole dollar.

2560 (c) After the commission rounds the dollar amounts as required by Subsection (5)(b),  
2561 the commission shall increase or decrease the dollar amount listed in Subsection (4)(c) so that  
2562 the dollar amount listed in Subsection (4)(c) is equal to the product of:

2563 (i) the dollar amount listed in Subsection (4)(a); and

2564 (ii) two.

2565 (d) For purposes of Subsection (5)(a), the commission shall calculate the consumer

2566 price index as provided in Sections 1(f)(4) and 1(f)(5), Internal Revenue Code.

2567 Section 40. Section **63I-2-211** is amended to read:

2568 **63I-2-211. Repeal dates -- Title 11.**

2569 (1) Subsections [11-13-302](#)(2)(a)(i) and (2)(b)(i), the language that states "or

2570 [53F-2-301.5](#), as applicable" is repealed July 1, 2023.

2571 (2) Section [11-13-310](#), the language that states "or [53F-2-301.5](#), as applicable," is

2572 repealed July 1, 2023.

2573 [(+)] (3) (a) On July 1, 2019, Subsection [11-13a-102](#)(4)(b) is repealed.

2574 (b) When repealing Subsection [11-13a-102](#)(4)(b), the Office of Legislative Research  
2575 and General Counsel shall, in addition to the office's authority under Subsection [36-12-12](#)(3),  
2576 make necessary changes to subsection numbering and cross references.

2577 [(2)] (4) Title 11, Chapter 53, Residential Property Reimbursement, is repealed on

2578 January 1, 2020.

2579 Section 41. Section **63I-2-253** is amended to read:

2580 **63I-2-253. Repeal dates -- Titles 53 through 53G.**

2581 [(1) Section [53A-1-403.5](#) is repealed July 1, 2017.]

2582 [(2) Section [53A-1-411](#) is repealed July 1, 2017.]

2583 [(3) Section [53A-1-415](#) is repealed July 1, 2019.]

2584 [(4) Section [53A-1-709](#) is repealed July 1, 2020.]

2585 [(5) Subsection [53A-1-1207](#)(3)(b)(ii)(B) is repealed July 1, 2020.]

2586 [(6) Section [53A-1-1208](#) is repealed July 1, 2020.]

2587 [(7) Subsection [53A-1a-513](#)(4) is repealed July 1, 2017.]

2588 [(8) Title 53A, Chapter 8a, Part 8, Peer Assistance and Review Pilot Program, is

2589 repealed July 1, 2017.]

2590 [(9) Section [53A-24-601](#) is repealed January 1, 2018.]

2591 [(10)] (1) Section [53A-24-602](#) is repealed July 1, 2018.

2592 [(H)] (2) (a) Subsections [53B-2a-103](#)(2) and (4) are repealed July 1, 2019.

2593 (b) When repealing Subsections [53B-2a-103](#)(2) and (4), the Office of Legislative  
2594 Research and General Counsel shall, in addition to its authority under Subsection [36-12-12](#)(3),  
2595 make necessary changes to subsection numbering and cross references.

2596 [(12) Subsections [53B-7-101](#)(2)(b)(iii)(A) and (3) are repealed January 1, 2018.]

- 2597           ~~[(13)]~~ (3) Subsection [53B-7-705](#)(6)(b)(ii)(B) is repealed July 1, 2021.
- 2598           ~~[(14)]~~ (4) Subsection [53B-7-707](#)(4)(b) is repealed July 1, 2021.
- 2599           ~~[(15)]~~ (5) (a) The following sections are repealed on July 1, 2023:
- 2600           (i) Section [53B-8-202](#);
- 2601           (ii) Section [53B-8-203](#);
- 2602           (iii) Section [53B-8-204](#); and
- 2603           (iv) Section [53B-8-205](#).
- 2604           (b) (i) Subsection [53B-8-201](#)(2) is repealed on July 1, 2023.
- 2605           (ii) When repealing Subsection [53B-8-201](#)(2), the Office of Legislative Research and
- 2606 General Counsel shall, in addition to its authority under Subsection [36-12-12](#)(3), make
- 2607 necessary changes to subsection numbering and cross references.
- 2608           ~~[(16)]~~ (6) Title 53B, Chapter 18, Part 14, Uintah Basin Air Quality Research Project, is
- 2609 repealed July 1, 2023.
- 2610           (7) Subsection [53E-5-306](#)(3)(b)(ii)(B) is repealed July 1, 2020.
- 2611           (8) Section [53E-5-307](#) is repealed July 1, 2020.
- 2612           (9) Subsections [53F-2-205](#)(4) and (5), the language that states "[53F-2-301.5](#), as
- 2613 applicable" is repealed July 1, 2023.
- 2614           (10) Subsection [53F-2-301](#)(1) is repealed July 1, 2023.
- 2615           (11) Subsection [53F-2-515](#)(1), the language that states "[53F-2-301.5](#), as applicable"
- 2616 is repealed July 1, 2023.
- 2617           (12) Section [53F-4-204](#) is repealed July 1, 2019.
- 2618           (13) Section [53F-6-202](#) is repealed July 1, 2020.
- 2619           (14) Subsection [53F-9-302](#)(3), the language that states "[53F-2-301.5](#), as applicable"
- 2620 is repealed July 1, 2023.
- 2621           (15) Subsection [53F-9-305](#)(3)(a), the language that states "[53F-2-301.5](#), as
- 2622 applicable" is repealed July 1, 2023.
- 2623           (16) Subsection [53F-9-306](#)(3)(a), the language that states "[53F-2-301.5](#), as
- 2624 applicable" is repealed July 1, 2023.
- 2625           (17) Subsection [53G-3-304](#)(1)(c)(i), the language that states "[53F-2-301.5](#), as
- 2626 applicable" is repealed July 1, 2023.
- 2627           (18) On July 1, 2023, when making changes in this section, the Office of Legislative

2628 Research and General Counsel shall, in addition to the office's authority under Subsection  
2629 36-12-12(3), make corrections necessary to ensure that sections and subsections identified in  
2630 this section are complete sentences and accurately reflect the office's perception of the  
2631 Legislature's intent.

2632 Section 42. Section **63I-2-259** is amended to read:

2633 **63I-2-259. Repeal dates -- Title 59.**

2634 (1) Section 59-1-102 is repealed on May 14, 2019.

2635 (2) In Section 59-2-926, the language that states "applicable" and "or 53F-2-301.5" is  
2636 repealed July 1, 2023.

2637 (3) Subsection 59-2-1007(14) is repealed on December 31, 2018.

2638 Section 43. Section **63J-1-220** is amended to read:

2639 **63J-1-220. Reporting related to pass through money distributed by state**  
2640 **agencies.**

2641 (1) As used in this section:

2642 (a) "Local government entity" means a county, municipality, school district, local  
2643 district under Title 17B, Limited Purpose Local Government Entities - Local Districts, special  
2644 service district under Title 17D, Chapter 1, Special Service District Act, or any other political  
2645 subdivision of the state.

2646 (b) (i) "Pass through funding" means money appropriated by the Legislature to a state  
2647 agency that is intended to be passed through the state agency to one or more:

2648 (A) local government entities;

2649 (B) private organizations, including not-for-profit organizations; or

2650 (C) persons in the form of a loan or grant.

2651 (ii) "Pass through funding" may be:

2652 (A) general funds, dedicated credits, or any combination of state funding sources; and

2653 (B) ongoing or one-time.

2654 (c) "Recipient entity" means a local government entity or private entity, including a  
2655 nonprofit entity, that receives money by way of pass through funding from a state agency.

2656 (d) "State agency" means a department, commission, board, council, agency,  
2657 institution, officer, corporation, fund, division, office, committee, authority, laboratory, library,  
2658 unit, bureau, panel, or other administrative unit of the executive branch of the state.

2659 (e) (i) "State money" means money that is owned, held, or administered by a state  
2660 agency and derived from state fees or tax revenues.

2661 (ii) "State money" does not include contributions or donations received by a state  
2662 agency.

2663 (2) A state agency may not provide a recipient entity state money through pass through  
2664 funding unless:

2665 (a) the state agency enters into a written agreement with the recipient entity; and

2666 (b) the written agreement described in Subsection (2)(a) requires the recipient entity to  
2667 provide the state agency:

2668 (i) a written description and an itemized report at least annually detailing the  
2669 expenditure of the state money, or the intended expenditure of any state money that has not  
2670 been spent; and

2671 (ii) a final written itemized report when all the state money is spent.

2672 (3) A state agency shall provide to the Governor's Office of Management and Budget a  
2673 copy of a written description or itemized report received by the state agency under Subsection  
2674 (2).

2675 (4) Notwithstanding Subsection (2), a state agency is not required to comply with this  
2676 section to the extent that the pass through funding is issued:

2677 (a) under a competitive award process;

2678 (b) in accordance with a formula enacted in statute;

2679 (c) in accordance with a state program under parameters in statute or rule that guides  
2680 the distribution of the pass through funding; or

2681 (d) under the authority of the Minimum School Program, as defined in Subsection  
2682 [53A-17a-103](#)~~(7)~~(6)(e).

2683 Section 44. **Repealer.**

2684 This bill repeals:

2685 Section [53F-2-602](#), **Board local levy state guarantee.**

2686 Section [53F-8-401](#), **Capital outlay levy -- Authority to use proceeds of .0002 tax**  
2687 **rate for maintenance of school facilities -- Restrictions and procedure -- Limited**  
2688 **authority to use proceeds for general fund purposes -- Notification required when using**  
2689 **proceeds for general fund purposes -- Authority for small school districts to use levy**

2690 **proceeds for operation and maintenance of plant services.**

2691 Section **53F-8-404, Board-approved leeway -- Purpose -- State support --**

2692 **Disapproval.**

2693 Section **53F-8-405, Additional levy by local school board for debt service, school**  
 2694 **sites, buildings, buses, textbooks, and supplies.**

2695 Section **53F-8-406, Board leeway for reading improvement.**

2696 Section 45. **Appropriation.**

2697 The following sums of money are appropriated for the fiscal year beginning July 1,  
 2698 2018, and ending June 30, 2019. These are additions to amounts previously appropriated for  
 2699 fiscal year 2019.

2700 Subsection 45(a). Operating and capital budgets.

2701 Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures Act, the  
 2702 Legislature appropriates the following sums of money from the funds or accounts indicated for  
 2703 the use and support of the government of the state of Utah.

2704 ITEM 1

2705 To State Board of Education -- Minimum School Program -- Basic School Program

2706 From Education Fund (\$36,117,300)

2707 From Local Revenue \$36,117,300

2708 ITEM 2

2709 To State Board of Education -- Minimum School Program -- Voted and

2710 Board Local Levy Programs

2711 From Education Fund Restricted -- Local Levy Growth Account \$36,117,300

2712 Schedule of Programs:

2713 Voted Local Levy Program \$18,050,600

2714 Board Local Levy Program \$18,066,700

2715 ITEM 3

2716 To State Board of Education -- Minimum School Program -- Basic School Program

2717 From Education Fund (\$18,650,000)

2718 From Local Revenue \$18,650,000

2719 ITEM 4

2720 To State Board of Education -- Minimum School Program - Related to Basic School





2752 Section 48. **Coordinating H.B. 293 with S.B. 72 -- Substantive and technical**  
2753 **amendments.**

2754 If this H.B. 293 and S.B. 72, Business Income Tax Modifications, both pass and  
2755 become law, it is the intent of the Legislature that the Office of Legislative Research and  
2756 General Counsel shall prepare the Utah Code database for publication as follows:

2757 (1) on May 8, 2018, by:

2758 (a) amending Subsection 59-7-302(1)(g)(ii) in S.B. 72 to read:

2759 "(ii) "Excluded NAICS code" does not include a NAICS code of the 2017 North  
2760 American Classification System of the federal Executive Office of the President, Office of  
2761 Management and Budget, within:

2762 (A) NAICS Industry Group 3254, Pharmaceutical and Medicine Manufacturing;

2763 (B) NAICS Industry Group 3333, Commercial and Service Industry Machinery

2764 Manufacturing;

2765 (C) NAICS Subsector 334, Computer and Electronic Product Manufacturing;

2766 (D) NAICS Code 336111, Automobile Manufacturing; or

2767 (E) NAICS Subsector 519, Other Information Services.";

2768 (b) removing Subsection 59-7-302(1)(l) in S.B. 72 and renumbering the remaining  
2769 subsections accordingly;

2770 (c) amending Subsection 59-7-302(1)(o) in S.B. 72 to read:

2771 "(o) "Sales factor weighted taxpayer" means a taxpayer that:

2772 (i) performs economic activities that are classified only in included NAICS codes; or

2773 (ii) does not meet the definition of optional apportionment taxpayer.";

2774 (d) amending Subsection 59-7-302(2) in S.B. 72 to read:

2775 "(2)(a) For the taxable year beginning on or after January 1, 2018, but beginning on or  
2776 before December 31, 2018, a taxpayer is an optional apportionment taxpayer if the average  
2777 calculated in accordance with Subsection (2)(b) is greater than .50.

2778 (b) To calculate the average described in Subsection (2)(a), a taxpayer shall:

2779 (i) calculate the following two fractions:

2780 (A) the property factor fraction as described in Subsection 59-7-312(3); and

2781 (B) the payroll factor fraction as described in Subsection 59-7-315(3);

2782 (ii) add together the fractions described in Subsection (2)(b)(i); and

2783 (iii) divide the sum calculated in Subsection (2)(b)(ii):  
2784 (A) except as provided in Subsection (2)(b)(iii)(B), by two; or  
2785 (B) if either the property factor fraction or the payroll factor fraction has a denominator  
2786 of zero or is excluded in accordance with Subsection 59-7-312(3)(b) or 59-7-315(3)(b), by one.  
2787 (c) A taxpayer shall determine if the taxpayer is an optional apportionment taxpayer  
2788 before the due date, including extensions, for filing the taxpayer's return under this chapter for  
2789 the taxable year.";  
2790 (e) amending Subsection 59-7-311(3) in S.B. 72 to read:  
2791 "(3) Subject to other provisions of this part, a sales factor weighted taxpayer shall  
2792 calculate the fraction for apportioning business income to this state using a fraction where:  
2793 (a) the numerator of the fraction is the sales factor as calculated under Section  
2794 59-7-317; and  
2795 (b) the denominator of the fraction is one."  
2796 (f) changing the reference, in Subsection 59-7-312(3)(a) of S.B. 72, from "Subsection  
2797 59-7-302(2)(c)(i)(A)" to "Subsection 59-7-302(2)(b)(i)(A)"; and  
2798 (g) changing the reference, in Subsection 59-7-315(3)(a) of S.B. 72, from "Subsection  
2799 59-7-302(2)(c)(i)(B)" to "Subsection 59-7-302(2)(b)(i)(B)"; and  
2800 (2) on January 1, 2019, the amendments to Sections 59-7-302, 59-7-311, 59-7-312, and  
2801 59-7-315 in H.B. 293 supersede the amendments to Sections 59-7-302, 59-7-311, 59-7-312,  
2802 and 59-7-315 in S.B. 72, except that Subsection 59-7-302(2)(a) shall read:  
2803 "(2)(a) A taxpayer is a sales factor weighted taxpayer if the taxpayer apportioned  
2804 business income using the method described in Subsection 59-7-311(2) during the previous  
2805 taxable year or if, regardless of the number of economic activities the taxpayer performs, the  
2806 taxpayer generates greater than 50% of the taxpayer's total sales everywhere from economic  
2807 activities that are classified in a NAICS code of the 2002 or 2007 North American Industry  
2808 Classification System of the federal Executive Office of the President, Office of Management  
2809 and Budget, other than:  
2810 (i) a NAICS code within NAICS Sector 21, Mining;  
2811 (ii) a NAICS code within NAICS Industry Group 2212, Natural Gas Distribution;  
2812 (iii) a NAICS code within NAICS Sector 31-33, Manufacturing, except:  
2813 (A) NAICS Industry Group 3254, Pharmaceutical and Medicine Manufacturing;

- 2814            (B) NAICS Industry Group 3333, Commercial and Service Industry Machinery  
2815 Manufacturing;  
2816            (C) NAICS Subsector 334, Computer and Electronic Product Manufacturing; and  
2817            (D) NAICS Code 336111, Automobile Manufacturing;  
2818            (iv) a NAICS code within NAICS Sector 48-49, Transportation and Warehousing;  
2819            (v) a NAICS code within NAICS Sector 51, Information, except NAICS Subsector  
2820 519, Other Information Services; or  
2821            (vi) a NAICS code within NAICS Sector 52, Finance and Insurance."