

MINIMUM BASIC TAX RATE REDUCTION

2024 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Walt Brooks

Senate Sponsor: _____

LONG TITLE

General Description:

This bill amends provisions related to the minimum basic tax rate that funds public education.

Highlighted Provisions:

This bill:

- ▶ reduces the revenue target for revenue that the minimum basic tax rate generates;
- ▶ repeals the weighed pupil unit (WPU) value rate; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

53F-2-301, as last amended by Laws of Utah 2023, Chapters 7, 467

59-2-919.1, as last amended by Laws of Utah 2023, Chapters 7, 471

59-2-926, as last amended by Laws of Utah 2023, Chapter 7

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

Section 1. Section **53F-2-301** is amended to read:



28 **53F-2-301. Minimum basic tax rate for a fiscal year that begins after July 1, 2022.**

29 (1) As used in this section:

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

32 [~~(b) "Combined basic rate" means a rate that is the sum of:~~]

33 [~~(i) the minimum basic tax rate; and]~~

34 [~~(ii) the WPU value rate.]~~

35 [~~(c)~~] (b) "Commission" means the State Tax Commission.

36 [~~(d)~~] (c) "Minimum basic local amount" means an amount that is:

37 (i) equal to the sum of:

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

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

41 (C) the eligible new growth, as defined in Section 59-2-924 and rules of the State Tax
42 Commission multiplied by the minimum basic rate; and

43 (ii) set annually by the Legislature in Subsection (2)(a).

44 [~~(e)~~] (d) "Minimum basic tax rate" means a tax rate certified by the commission that
45 will generate an amount of revenue equal to the minimum basic local amount described in
46 Subsection (2)(a).

47 [~~(f) "Weighted pupil unit value" or "WPU value" means the amount established each
48 year in the enacted public education budget that is multiplied by the number of weighted pupil
49 units to yield the funding level for the basic school program.]~~

50 [~~(g) "WPU value amount" means an amount:]~~

51 [~~(i) that is equal to the product of:]~~

52 [~~(A) the WPU value increase limit; and]~~

53 [~~(B) the percentage share of local revenue to the cost of the basic school program in the
54 immediately preceding fiscal year; and]~~

55 [~~(ii) set annually by the Legislature in Subsection (3)(a).]~~

56 [~~(h) "WPU value increase limit" means the lesser of:]~~

57 [~~(i) the total cost to the basic school program to increase the WPU value over the WPU
58 value in the prior fiscal year; or]~~

59 ~~[(ii) the total cost to the basic school program to increase the WPU value by 4% over~~
 60 ~~the WPU value in the prior fiscal year.]~~

61 ~~[(i) "WPU value rate" means a tax rate certified by the commission that will generate~~
 62 ~~an amount of revenue equal to the WPU value amount described in Subsection (3)(a).]~~

63 (2) (a) The minimum basic local amount for the fiscal year that begins on July 1,
 64 ~~[2023, is \$708,960,800]~~ 2024, is \$684,529,000 in revenue statewide.

65 (b) The preliminary estimate of the minimum basic tax rate for a fiscal year that begins
 66 on July 1, ~~[2023, is .001356]~~ 2024, is 0.001288.

67 ~~[(3)(a) The WPU value amount for the fiscal year that begins on July 1, 2023, is~~
 68 ~~\$27,113,600 in revenue statewide.]~~

69 ~~[(b) The preliminary estimate of the WPU value rate for the fiscal year that begins on~~
 70 ~~July 1, 2023, is .000052.]~~

71 ~~[(4)]~~ (3) (a) On or before June 22, the commission shall certify ~~[for the year: (i)]~~ the
 72 minimum basic tax rate~~;~~ and] for the year.

73 ~~[(ii) the WPU value rate.]~~

74 (b) The estimate of the minimum basic tax rate provided in Subsection (2)(b) ~~[and the~~
 75 ~~estimate of the WPU value rate provided in Subsection (3)(b) are]~~ is based on a forecast for
 76 property values for the next calendar year.

77 (c) The certified minimum basic tax rate described in Subsection ~~[(4)(a)(i) and the~~
 78 ~~certified WPU value rate described in Subsection (4)(a)(ii) are]~~ (3)(a) is based on property
 79 values as of January 1 of the current calendar year, except personal property, which is based on
 80 values from the previous calendar year.

81 ~~[(5)]~~ (4) (a) To qualify for receipt of the state contribution toward the basic school
 82 program and as a school district's contribution toward the cost of the basic school program for
 83 the school district, each local school board shall impose the ~~[combined basic]~~ minimum basic
 84 tax rate.

85 (b) (i) The state is not subject to the notice requirements of Section [59-2-926](#) before
 86 imposing the tax rates described in this Subsection ~~[(5)]~~ (4).

87 (ii) The state is subject to the notice requirements of Section [59-2-926](#) if the state
 88 authorizes a tax rate that exceeds the tax rates described in this Subsection ~~[(5)]~~ (4).

89 ~~[(6)]~~ (5) (a) The state shall contribute to each school district toward the cost of the

90 basic school program in the school district an amount of money that is the difference between
91 the cost of the school district's basic school program and the sum of revenue generated by the
92 school district by the following:

93 (i) the ~~[combined basic]~~ minimum basic tax rate; and

94 (ii) the basic levy increment rate.

95 (b) (i) If the difference described in Subsection ~~[(6)(a)]~~ (5)(a) equals or exceeds the
96 cost of the basic school program in a school district, no state contribution shall be made to the
97 basic school program for the school district.

98 (ii) The proceeds of the difference described in Subsection ~~[(6)(a)]~~ (5)(a) that exceed
99 the cost of the basic school program shall be paid into the Uniform School Fund as provided by
100 law and by the close of the fiscal year in which the proceeds were calculated.

101 ~~[(7)]~~ (6) Upon appropriation by the Legislature, the Division of Finance shall deposit
102 an amount equal to the proceeds generated statewide~~[-(a)]~~ by the basic levy increment rate into
103 the Minimum Basic Growth Account created in Section 53F-9-302~~[-and]~~.

104 ~~[(b) by the WPU value rate into the Teacher and Student Success Account created in~~
105 ~~Section 53F-9-306.]~~

106 Section 2. Section **59-2-919.1** is amended to read:

107 **59-2-919.1. Notice of property valuation and tax changes.**

108 (1) In addition to the notice requirements of Section 59-2-919, the county auditor, on or
109 before July 22 of each year, shall notify each owner of real estate who is listed on the
110 assessment roll.

111 (2) The notice described in Subsection (1) shall:

112 (a) except as provided in Subsection (4), be sent to all owners of real property by mail
113 10 or more days before the day on which:

114 (i) the county board of equalization meets; and

115 (ii) the taxing entity holds a public hearing on the proposed increase in the certified tax
116 rate;

117 (b) be on a form that is:

118 (i) approved by the commission; and

119 (ii) uniform in content in all counties in the state; and

120 (c) contain for each property:

- 121 (i) the assessor's determination of the value of the property;
- 122 (ii) the taxable value of the property;
- 123 (iii) (A) the deadline for the taxpayer to make an application to appeal the valuation or
124 equalization of the property under Section 59-2-1004; or
125 (B) for property assessed by the commission, the deadline for the taxpayer to apply to
126 the commission for a hearing on an objection to the valuation or equalization of the property
127 under Section 59-2-1007;
- 128 (iv) for a property assessed by the commission, a statement that the taxpayer may not
129 appeal the valuation or equalization of the property to the county board of equalization;
- 130 (v) itemized tax information for all applicable taxing entities, including:
- 131 (A) the dollar amount of the taxpayer's tax liability for the property in the prior year;
- 132 and
- 133 (B) the dollar amount of the taxpayer's tax liability under the current rate;
- 134 (vi) the following, stated separately:
- 135 (A) the charter school levy described in Section 53F-2-703;
- 136 (B) the multicounty assessing and collecting levy described in Subsection
137 59-2-1602(2);
- 138 (C) the county assessing and collecting levy described in Subsection 59-2-1602(4); and
- 139 (D) for a fiscal year that begins on or after July 1, 2023, the [~~combined basic~~
140 minimum basic tax rate as defined in Section 53F-2-301;
- 141 (vii) the tax impact on the property;
- 142 (viii) the time and place of the required public hearing for each entity;
- 143 (ix) property tax information pertaining to:
- 144 (A) taxpayer relief;
- 145 (B) options for payment of taxes;
- 146 (C) collection procedures; and
- 147 (D) the residential exemption described in Section 59-2-103;
- 148 (x) information specifically authorized to be included on the notice under this chapter;
- 149 (xi) the last property review date of the property as described in Subsection
150 59-2-303.1(1)(c); and
- 151 (xii) other property tax information approved by the commission.

152 (3) If a taxing entity that is subject to the notice and hearing requirements of
153 Subsection 59-2-919(4) proposes a tax increase, the notice described in Subsection (1) shall
154 state, in addition to the information required by Subsection (2):

155 (a) the dollar amount of the taxpayer's tax liability if the proposed increase is approved;

156 (b) the difference between the dollar amount of the taxpayer's tax liability if the
157 proposed increase is approved and the dollar amount of the taxpayer's tax liability under the
158 current rate, placed in close proximity to the information described in Subsection (2)(c)(viii);
159 and

160 (c) the percentage increase that the dollar amount of the taxpayer's tax liability under
161 the proposed tax rate represents as compared to the dollar amount of the taxpayer's tax liability
162 under the current tax rate.

163 (4) (a) Subject to the other provisions of this Subsection (4), a county auditor may, at
164 the county auditor's discretion, provide the notice required by this section to a taxpayer by
165 electronic means if a taxpayer makes an election, according to procedures determined by the
166 county auditor, to receive the notice by electronic means.

167 (b) (i) If a notice required by this section is sent by electronic means, a county auditor
168 shall attempt to verify whether a taxpayer receives the notice.

169 (ii) If receipt of the notice sent by electronic means cannot be verified 14 days or more
170 before the county board of equalization meets and the taxing entity holds a public hearing on a
171 proposed increase in the certified tax rate, the notice required by this section shall also be sent
172 by mail as provided in Subsection (2).

173 (c) A taxpayer may revoke an election to receive the notice required by this section by
174 electronic means if the taxpayer provides written notice to the county auditor on or before April
175 30.

176 (d) An election or a revocation of an election under this Subsection (4):

177 (i) does not relieve a taxpayer of the duty to pay a tax due under this chapter on or
178 before the due date for paying the tax; or

179 (ii) does not alter the requirement that a taxpayer appealing the valuation or the
180 equalization of the taxpayer's real property submit the application for appeal within the time
181 period provided in Subsection 59-2-1004(3).

182 (e) A county auditor shall provide the notice required by this section as provided in

183 Subsection (2), until a taxpayer makes a new election in accordance with this Subsection (4), if:

184 (i) the taxpayer revokes an election in accordance with Subsection (4)(c) to receive the
185 notice required by this section by electronic means; or

186 (ii) the county auditor finds that the taxpayer's electronic contact information is invalid.

187 (f) A person is considered to be a taxpayer for purposes of this Subsection (4)
188 regardless of whether the property that is the subject of the notice required by this section is
189 exempt from taxation.

190 Section 3. Section 59-2-926 is amended to read:

191 **59-2-926. Proposed tax increase by state -- Notice -- Contents -- Dates.**

192 If the state authorizes a tax rate that exceeds the [~~combined basic~~] minimum basic tax
193 rate described in Section 53F-2-301, or authorizes a levy pursuant to Section 59-2-1602 that
194 exceeds the certified revenue levy as defined in Section 59-2-102, the state shall publish a
195 notice no later than 10 days after the last day of the annual legislative general session that
196 meets the following requirements:

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

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

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

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

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

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

209 (iii) shall be run once.

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

211 "NOTICE OF TAX INCREASE

212 The state has budgeted an increase in its property tax revenue from \$_____ to
213 \$_____ or ____%. The increase in property tax revenues will come from the following

214 sources (include all of the following provisions):

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

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

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

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

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

227 **Section 4. Effective date.**

228 This bill takes effect on July 1, 2024.