

SCHOOL DISTRICT PROPERTY TAX REVISIONS

2011 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Merlynn T. Newbold

Senate Sponsor: Curtis S. Bramble

LONG TITLE

General Description:

This bill modifies the authority of a school district to impose certain property tax levies.

Highlighted Provisions:

This bill:

- ▶ repeals the authority of a school district to impose certain property tax levies;
- ▶ authorizes a school district to impose a board local levy and a capital local levy;
- ▶ provides that in setting a board local levy or capital local levy for the calendar year

beginning on January 1, 2012, a school is exempt from truth in taxation notice and hearing requirements if the school district budgets a certain amount of ad valorem property tax revenue; and

- ▶ makes technical amendments.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides an effective date.

Utah Code Sections Affected:

AMENDS:

11-2-7, as last amended by Laws of Utah 1961, Chapters 25 and 30

11-13-302, as last amended by Laws of Utah 2008, Chapters 236 and 382

20A-1-203, as last amended by Laws of Utah 2010, Chapter 221

53A-1a-106, as last amended by Laws of Utah 2003, Chapter 221

53A-1a-513, as last amended by Laws of Utah 2010, Chapters 3 and 399

- 30 **53A-2-114**, as last amended by Laws of Utah 2008, Chapter 236
- 31 **53A-2-115**, as last amended by Laws of Utah 2008, Chapter 236
- 32 **53A-2-118.2**, as enacted by Laws of Utah 2007, Chapter 297
- 33 **53A-2-118.3**, as last amended by Laws of Utah 2010, Chapter 3
- 34 **53A-2-206**, as last amended by Laws of Utah 2010, Chapter 349
- 35 **53A-2-214**, as enacted by Laws of Utah 2008, Chapter 233
- 36 **53A-16-107**, as last amended by Laws of Utah 2010, Chapters 3, 135, and 160
- 37 **53A-16-110**, as last amended by Laws of Utah 2008, Chapter 236
- 38 **53A-17a-103**, as last amended by Laws of Utah 2010, Chapter 3
- 39 **53A-17a-105**, as repealed and reenacted by Laws of Utah 2010, Chapter 399
- 40 **53A-17a-127**, as last amended by Laws of Utah 2010, Chapter 305
- 41 **53A-17a-133**, as last amended by Laws of Utah 2010, Chapter 399
- 42 **53A-17a-134**, as last amended by Laws of Utah 2010, Chapter 399
- 43 **53A-17a-136**, as renumbered and amended by Laws of Utah 1991, Chapter 72
- 44 **53A-17a-143**, as last amended by Laws of Utah 1995, Chapter 271
- 45 **53A-17a-145**, as renumbered and amended by Laws of Utah 1991, Chapter 72
- 46 **53A-17a-146**, as last amended by Laws of Utah 2010, Chapters 3 and 399
- 47 **53A-17a-150**, as enacted by Laws of Utah 2004, Chapter 305
- 48 **53A-17a-151**, as enacted by Laws of Utah 2004, Chapter 305
- 49 **53A-21-101.5**, as last amended by Laws of Utah 2010, Chapter 185
- 50 **59-2-904**, as last amended by Laws of Utah 1993, Chapter 4
- 51 **59-2-924**, as last amended by Laws of Utah 2010, Chapter 131
- 52 **59-2-924.3**, as last amended by Laws of Utah 2009, Chapter 204
- 53 **59-2-924.4**, as last amended by Laws of Utah 2009, Chapter 204
- 54 **63G-7-704**, as renumbered and amended by Laws of Utah 2008, Chapter 382
- 55 **63I-1-253**, as last amended by Laws of Utah 2010, Chapters 79, 160, and 319
- 56 ENACTS:
- 57 **53A-16-113**, Utah Code Annotated 1953

58 **53A-17a-164**, Utah Code Annotated 1953

59 RENUMBERS AND AMENDS:

60 **53A-16-114**, (Renumbered from 53A-16-107.1, as last amended by Laws of Utah 2010,
61 Chapter 160)

62 REPEALS:

63 **53A-16-111**, as enacted by Laws of Utah 1988, Chapter 2



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

66 Section 1. Section **11-2-7** is amended to read:

67 **11-2-7. Expenses -- Payment of -- Authority to appropriate and tax -- Licensing**
68 **of television owners and users -- Collection of license fees.**

69 (1) (a) All expenses incurred in the equipment, operation and maintenance of such
70 recreational facilities and activities shall be paid from the treasuries of the respective cities,
71 towns, counties, or school districts~~[, and]~~.

72 (b) Except as provided in Subsection (3), the governing bodies of the same may
73 annually appropriate, and cause to be raised by taxation, money for such purposes.

74 (2) In areas so remote from regular transmission points of the large television stations
75 that television reception is impossible without special equipment and adequate, economical and
76 proper television is not available to the public by private sources, said local authorities may
77 also, by ordinance, license, for the purpose of raising revenue to equip, operate and maintain
78 television transmission and relay facilities, all users or owners of television sets within the
79 jurisdiction of said local authorities, and may provide for the collection of the license fees by
80 suit or otherwise and may also enforce obedience to such ordinances with such fine and
81 imprisonment as the local authorities ~~[deem]~~ consider proper; provided that the punishment for
82 any violation of such ordinances shall be by a fine not exceeding [~~\$50.00~~] \$50 or by
83 imprisonment not exceeding one day for each [~~\$5.00~~] \$5 of said fine, if the fine is not paid.

84 (3) Beginning January 1, 2012, a local school board may not levy a tax in accordance
85 with this section.

86 Section 2. Section **11-13-302** is amended to read:

87 **11-13-302. Payment of fee in lieu of ad valorem property tax by certain energy**
88 **suppliers -- Method of calculating -- Collection -- Extent of tax lien.**

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

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

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

97 (i) with respect to each taxing jurisdiction that is a candidate receiving the benefit of
98 impact alleviation payments under contracts or determination orders provided for in Sections
99 11-13-305 and 11-13-306, with the fiscal year of the candidate following the fiscal year of the
100 candidate in which the date of commercial operation of the last generating unit, other than any
101 generating unit providing additional project capacity, of the project occurs, or, in the case of
102 any facilities providing additional project capacity, with the fiscal year of the candidate
103 following the fiscal year of the candidate in which the date of commercial operation of the
104 generating unit providing the additional project capacity occurs; and

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

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

111 (2) (a) The annual fees due a school district shall be as provided in Subsection (2)(b)
112 because the ad valorem property tax imposed by a school district and authorized by the
113 Legislature [~~under Section 53A-17a-135~~] represents both:

114 (i) a levy mandated by the state for the state minimum school program under Section
115 53A-17a-135; and

116 (ii) local levies for capital outlay[, maintenance, transportation,] and other purposes
117 under Sections [~~11-2-7, 53A-16-107, 53A-16-110, 53A-17a-126, 53A-17a-127, 53A-17a-133,~~
118 ~~53A-17a-134, 53A-17a-143, and 53A-17a-145~~] 53A-16-113, 53A-17a-133, and 53A-17a-164.

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

120 (i) the project entity shall pay to the school district an annual fee for the state minimum
121 school program at the rate imposed by the school district and authorized by the Legislature
122 under Subsection 53A-17a-135(1); and

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

125 (A) an annual fee; or

126 (B) impact alleviation payments under contracts or determination orders provided for
127 in Sections 11-13-305 and 11-13-306.

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

133 (b) As used in this section, "tax rate," when applied in respect to a school district,
134 includes any assessment to be made by the school district under Subsection (2) or Section
135 63M-5-302.

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

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

141 (i) take into account the fee base or value of the percentage of the project located

142 within the taxing jurisdiction determined in accordance with Subsection (4) used to produce the
143 capacity, service, or other benefit sold to the supplier or suppliers; and

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

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

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

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

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

153 (A) the project entity; and

154 (B) any county that:

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

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

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

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

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

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

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

170 (I) for that year; and
171 (II) using the same measure of value as is used for taxable property in the state.
172 (B) The valuation required by Subsection (4)(b)(iv)(A) shall be made by the State Tax
173 Commission in accordance with rules made by the State Tax Commission.
174 (c) Payments of the annual fees shall be made from:
175 (i) the proceeds of bonds issued for the project; and
176 (ii) revenues derived by the project entity from the project.
177 (d) (i) The contracts of the project entity with the purchasers of the capacity, service, or
178 other benefits of the project whose tangible property is not exempted by Utah Constitution
179 Article XIII, Section 3, from the payment of ad valorem property tax shall require each
180 purchaser, whether or not located in the state, to pay, to the extent not otherwise provided for,
181 its share, determined in accordance with the terms of the contract, of these fees.
182 (ii) It is the responsibility of the project entity to enforce the obligations of the
183 purchasers.
184 (5) (a) The responsibility of the project entity to make payment of the annual fees is
185 limited to the extent that there is legally available to the project entity, from bond proceeds or
186 revenues, money to make these payments, and the obligation to make payments of the annual
187 fees is not otherwise a general obligation or liability of the project entity.
188 (b) No tax lien may attach upon any property or money of the project entity by virtue of
189 any failure to pay all or any part of an annual fee.
190 (c) The project entity or any purchaser may contest the validity of an annual fee to the
191 same extent as if the payment was a payment of the ad valorem property tax itself.
192 (d) The payments of an annual fee shall be reduced to the extent that any contest is
193 successful.
194 (6) (a) The annual fee described in Subsection (1):
195 (i) shall be paid by a public agency that:
196 (A) is not a project entity; and
197 (B) owns an interest in a facility providing additional project capacity if the interest is

198 otherwise exempt from taxation pursuant to Utah Constitution, Article XIII, Section 3; and

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

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

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

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

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

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

213 Section 3. Section **20A-1-203** is amended to read:

214 **20A-1-203. Calling and purpose of special elections -- Two-thirds vote**
215 **limitations.**

216 (1) Statewide and local special elections may be held for any purpose authorized by
217 law.

218 (2) (a) Statewide special elections shall be conducted using the procedure for regular
219 general elections.

220 (b) Except as otherwise provided in this title, local special elections shall be conducted
221 using the procedures for regular municipal elections.

222 (3) The governor may call a statewide special election by issuing an executive order
223 that designates:

224 (a) the date for the statewide special election; and

225 (b) the purpose for the statewide special election.

- 226 (4) The Legislature may call a statewide special election by passing a joint or
227 concurrent resolution that designates:
- 228 (a) the date for the statewide special election; and
 - 229 (b) the purpose for the statewide special election.
- 230 (5) (a) The legislative body of a local political subdivision may call a local special
231 election only for:
- 232 (i) a vote on a bond or debt issue;
 - 233 (ii) a vote on a voted [~~leeway or levy program~~] local levy authorized by Section
234 [~~53A-16-110;~~] 53A-17a-133[~~;~~ ~~or 53A-17a-134~~];
 - 235 (iii) an initiative authorized by Chapter 7, Part 5, Local Initiatives - [~~Procedure~~]
236 Procedures;
 - 237 (iv) a referendum authorized by Chapter 7, Part 6, Local Referenda - Procedures;
 - 238 (v) if required or authorized by federal law, a vote to determine whether or not Utah's
239 legal boundaries should be changed;
 - 240 (vi) a vote authorized or required by Title 59, Chapter 12, Sales and Use Tax Act;
 - 241 (vii) a vote to elect members to school district boards for a new school district and a
242 remaining school district, as defined in Section 53A-2-117, following the creation of a new
243 school district under Section 53A-2-118.1; or
 - 244 (viii) an election of town officers of a newly incorporated town under Subsection
245 10-2-125(9).
- 246 (b) The legislative body of a local political subdivision may call a local special election
247 by adopting an ordinance or resolution that designates:
- 248 (i) the date for the local special election; and
 - 249 (ii) the purpose for the local special election.
- 250 (c) A local political subdivision may not call a local special election unless the
251 ordinance or resolution calling a local special election under Subsection (5)(b) is adopted by a
252 two-thirds majority of all members of the legislative body, if the local special election is for:
- 253 (i) a vote on a bond or debt issue as described in Subsection (5)(a)(I);

254 (ii) a vote on a voted leeway or levy program as described in Subsection (5)(a)(ii); or
255 (iii) a vote authorized or required for a sales tax issue as described in Subsection
256 (5)(a)(vi).

257 Section 4. Section **53A-1a-106** is amended to read:

258 **53A-1a-106. School district and individual school powers.**

259 (1) In order to acquire and develop the characteristics listed in Section 53A-1a-104,
260 each school district and each public school within its respective district shall implement a
261 comprehensive system of accountability in which students advance through public schools by
262 demonstrating competency in required skills and mastery of required knowledge through the
263 use of diverse assessment instruments such as authentic and criterion referenced tests, projects,
264 and portfolios.

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

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

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

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

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

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

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

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

281 (b) (i) Each local school board, in consultation with school personnel, parents, and

282 school community councils or similar entities shall establish policies to provide for the
283 effective implementation of a personalized student education plan (SEP) or student
284 education/occupation plan (SEOP) for each student at the school site.

285 (ii) The policies shall include guidelines and expectations for:

286 (A) recognizing the student's accomplishments, strengths, and progress towards
287 meeting student achievement standards as defined in U-PASS;

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

289 (C) involving students, parents, and school personnel in preparing and implementing
290 SEPs and SEOPs.

291 (iii) A parent may request conferences with school personnel in addition to SEP or
292 SEOP conferences established by local school board policy.

293 (iv) Time spent during the school day to implement SEPs and SEOPs is considered
294 part of the school term referred to in Subsection 53A-17a-103~~(5)~~(4).

295 (3) A school district or public school may submit proposals to modify or waive rules or
296 policies of a supervisory authority within the public education system in order to acquire or
297 develop the characteristics listed in Section 53A-1a-104.

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

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

302 Section 5. Section **53A-1a-513** is amended to read:

303 **53A-1a-513. Funding for charter schools.**

304 (1) As used in this section:

305 (a) "Charter school students' average local revenues" means the amount determined as
306 follows:

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

309 (ii) sum the district per pupil local revenues for each student enrolled in a charter

310 school on the previous October 1; and

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

313 (b) "District local property tax revenues" means the sum of a school district's revenue
314 received from the following levies:

315 (i) (A) a voted levy imposed under Section 53A-17a-133;

316 (B) a board levy imposed under Section 53A-17a-134;

317 (C) a 10% of basic levy imposed under Section 53A-17a-145;

318 (D) a tort liability levy imposed under Section 63G-7-704;

319 (E) a capital outlay levy imposed under Section 53A-16-107; and

320 (F) a voted capital outlay levy imposed under Section 53A-16-110; or

321 (ii) (A) a voted local levy imposed under Section 53A-17a-133;

322 (B) a board local levy imposed under Section 53A-17a-164, excluding revenues
323 expended for:

324 (I) recreational facilities and activities authorized under Title 11, Chapter 2,
325 Playgrounds;

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

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

330 (C) a capital local levy imposed under Section 53A-16-113.

331 ~~[(b)]~~ (c) "District per pupil local revenues" means [the] an amount [determined as
332 follows] equal to the following, using data from the most recently published school district
333 annual financial reports and state superintendent's annual report:

334 ~~[(i) calculate the sum of a school district's revenue received from:]~~

335 ~~[(A) a voted levy imposed under Section 53A-17a-133;]~~

336 ~~[(B) a board levy imposed under Section 53A-17a-134;]~~

337 ~~[(C) 10% of the cost of the basic program levy imposed under Section 53A-17a-145;]~~

338 ~~[(D) a tort liability levy imposed under Section 63G-7-704;]~~
339 ~~[(E) a capital outlay levy imposed under Section 53A-16-107; and]~~
340 ~~[(F) a voted capital outlay levy imposed under Section 53A-16-110; and]~~
341 ~~[(ii) divide the sum calculated under Subsection (1)(b)(i) by the sum of:]~~
342 (i) district local property tax revenues; divided by
343 (ii) the sum of:
344 (A) a school district's average daily membership; and
345 (B) the average daily membership of a school district's resident students who attend
346 charter schools.
347 ~~[(e)]~~ (d) "Resident student" means a student who is considered a resident of the school
348 district under Title 53A, Chapter 2, Part 2, District of Residency.
349 ~~[(d)]~~ (e) "Statewide average debt service revenues" means the amount determined as
350 follows, using data from the most recently published state superintendent's annual report:
351 (i) sum the revenues of each school district from the debt service levy imposed under
352 Section 11-14-310; and
353 (ii) divide the sum calculated under Subsection (1)~~[(d)]~~(e)(i) by statewide school
354 district average daily membership.
355 (2) (a) Charter schools shall receive funding as described in this section, except
356 Subsections (3) through (8) do not apply to charter schools described in Subsection (2)(b).
357 (b) Charter schools authorized by local school boards that are converted from district
358 schools or operate in district facilities without paying reasonable rent shall receive funding as
359 prescribed in Section 53A-1a-515.
360 (3) (a) Except as provided in Subsection (3)(b), a charter school shall receive state
361 funds, as applicable, on the same basis as a school district receives funds.
362 (b) In distributing funds under ~~[Title 53A;]~~ Chapter 17a, Minimum School Program
363 Act, to charter schools, charter school pupils shall be weighted, where applicable, as follows:
364 (i) .55 for kindergarten pupils;
365 (ii) .9 for pupils in grades 1 through 6;

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

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

368 (4) (a) (i) A school district shall allocate a portion of school district revenues for each
369 resident student of the school district who is enrolled in a charter school on October 1 equal to
370 25% of the lesser of:

371 (A) district per pupil local revenues; or

372 (B) charter school students' average local revenues.

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

375 (b) The State Board of Education shall:

376 (i) deduct an amount equal to the allocation provided under Subsection (4)(a) from
377 state funds the school district is authorized to receive under [~~Title 53A,~~] Chapter 17a,
378 Minimum School Program Act; and

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

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

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

384 (ii) the revenue sources listed in [~~Subsections (1)(b)(i)(A) through (F)] Subsection
385 (1)(b) based on the portion of the allocations to charter schools attributed to each of the
386 revenue sources listed in [~~Subsections (1)(b)(i)(A) through (F)] Subsection (1)(b).~~~~

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

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

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

394 (B) statewide average debt service revenues.

395 (iii) If the total of a school district's allocation for a charter school student under
396 Subsection (4)(a) and the amount provided by the state under Subsection (4)(d)(ii) is less than
397 \$1427, the state shall provide an additional supplement so that a charter school receives at least
398 \$1427 per student under this Subsection (4).

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

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

406 (e) Of the money provided to a charter school under this Subsection (4), 10% shall be
407 expended for funding school facilities only.

408 (5) Charter schools are eligible to receive federal funds if they meet all applicable
409 federal requirements and comply with relevant federal regulations.

410 (6) The State Board of Education shall distribute funds for charter school students
411 directly to the charter school.

412 (7) (a) Notwithstanding Subsection (3), a charter school is not eligible to receive state
413 transportation funding.

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

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

418 (8) (a) (i) The state superintendent of public instruction may allocate grants for both
419 start-up and ongoing costs to eligible charter school applicants from money appropriated for
420 the implementation of this part.

421 (ii) Applications for the grants shall be filed on a form determined by the state

422 superintendent and in conjunction with the application for a charter.

423 (iii) The amount of a grant may vary based upon the size, scope, and special
424 circumstances of the charter school.

425 (iv) The governing board of the charter school shall use the grant to meet the expenses
426 of the school as established in the school's charter.

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

430 (9) (a) A charter school may receive, hold, manage and use any devise, bequest, grant,
431 endowment, gift, or donation of any property made to the school for any of the purposes of this
432 part.

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

437 Section 6. Section **53A-2-114** is amended to read:

438 **53A-2-114. Additional levies -- School board options to abolish or continue after**
439 **consolidation.**

440 (1) If a school district [~~which~~ that] has approved an additional levy under Section
441 [~~53A-16-110, 53A-17a-133, 53A-17a-134, or 53A-17a-145~~] 53A-17a-133 is consolidated with
442 a district which does not have such a levy, the board of education of the consolidated district
443 may choose to abolish the levy, or apply it in whole or in part to the entire consolidated district.

444 (2) If the board chooses to apply any part of the levy to the entire district, the levy may
445 continue in force for no more than three years, unless approved by the electors of the
446 consolidated district in the manner set forth in Section [~~53A-16-110~~] 53A-17a-133.

447 Section 7. Section **53A-2-115** is amended to read:

448 **53A-2-115. Additional levies in transferred territory -- Transferee board option**
449 **to abolish or continue.**

450 If two or more districts undergo restructuring that results in a district receiving territory
451 that increases the population of the district by at least 25%, and if the transferred territory was,
452 at the time of transfer, subject to an additional levy under Section [~~53A-16-110, 53A-17a-133,~~
453 ~~53A-17a-134, or 53A-17a-145~~] 53A-17a-133, the board of education of the transferee district
454 may abolish the levy or apply the levy in whole or in part to the entire restructured district.
455 Any such levy made applicable to the entire district may continue in force for no more than five
456 years, unless approved by the electors of the restructured district in the manner set forth in
457 Section [~~53A-16-110~~] 53A-17a-133.

458 Section 8. Section **53A-2-118.2** is amended to read:

459 **53A-2-118.2. New school district property tax -- Limitations.**

460 (1) (a) A new school district created under Section 53A-2-118.1 may not impose a
461 property tax prior to the fiscal year in which the new school district assumes responsibility for
462 providing student instruction.

463 (b) The remaining school district retains authority to impose property taxes on the
464 existing school district, including the territory of the new school district, until the fiscal year in
465 which the new school district assumes responsibility for providing student instruction.

466 (2) (a) If at the time a new school district created pursuant to Section 53A-2-118.1
467 assumes responsibility for student instruction any portion of the territory within the new school
468 district was subject to a levy pursuant to Section [~~53A-16-110 or~~] 53A-17a-133, the new
469 school district's board may:

470 (i) discontinue the levy for the new school district;

471 (ii) impose a levy on the new school district as provided in Section [~~53A-16-110 or~~]
472 53A-17a-133; or

473 (iii) impose the levy on the new school district, subject to Subsection (2)(b).

474 (b) If the new school district's board applies a levy to the new school district pursuant
475 to Subsection (2)(a)(iii), the levy may not exceed the maximum duration or rate authorized by
476 the voters of the existing district or districts at the time of the vote to create the new school
477 district.

478 Section 9. Section **53A-2-118.3** is amended to read:

479 **53A-2-118.3. Imposition of the capital outlay levy in qualifying divided school**
480 **districts.**

481 (1) For purposes of this section:

482 (a) "Qualifying divided school district" means a divided school district:

483 (i) located within a county of the second through sixth class; and

484 (ii) with a new school district created under Section 53A-2-118.1 that begins to provide
485 educational services after July 1, 2008.

486 (b) "Qualifying taxable year" means the calendar year in which a new school district
487 begins to provide educational services.

488 (2) Beginning with the qualifying taxable year, in order to qualify for receipt of the
489 state contribution toward the minimum school program, a school district within a qualifying
490 divided school district shall impose a capital ~~[outlay]~~ local levy described in Section
491 ~~[53A-16-107]~~ 53A-16-113 of at least .0006 per dollar of taxable value.

492 (3) The county treasurer of a county with a qualifying divided school district shall
493 distribute revenues generated by the .0006 portion of the capital ~~[outlay]~~ local levy required in
494 Subsection (2) to the school districts located within the boundaries of the qualifying divided
495 school district as follows:

496 (a) 25% of the revenues shall be distributed in proportion to a school district's
497 percentage of the total enrollment growth in all of the school districts within the qualifying
498 divided school district that have an increase in enrollment, calculated on the basis of the
499 average annual enrollment growth over the prior three years in all of the school districts within
500 the qualifying divided school district that have an increase in enrollment over the prior three
501 years, as of the October 1 enrollment counts; and

502 (b) 75% of the revenues shall be distributed in proportion to a school district's
503 percentage of the total current year enrollment in all of the school districts within the qualifying
504 divided school district, as of the October 1 enrollment counts.

505 (4) If a new school district is created or school district boundaries are adjusted, the

506 enrollment and average annual enrollment growth for each affected school district shall be
507 calculated on the basis of enrollment in school district schools located within that school
508 district's newly created or adjusted boundaries, as of October 1 enrollment counts.

509 (5) On or before December 31 of each year, the State Board of Education shall provide
510 a county treasurer with audited enrollment information from the fall enrollment audit necessary
511 to distribute revenues as required by this section.

512 (6) On or before March 31 of each year, a county treasurer in a county with a
513 qualifying divided school district shall distribute, in accordance with Subsection (3), the
514 revenue generated within the qualifying divided school district during the prior calendar year
515 from the capital ~~outlay~~ local levy required in Subsection (2).

516 Section 10. Section **53A-2-206** is amended to read:

517 **53A-2-206. Interstate compact students -- Inclusion in attendance count --**
518 **Funding for foreign exchange students -- Annual report -- Requirements for exchange**
519 **student agencies.**

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

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

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

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

532 (b) (i) Notwithstanding Section 53A-17a-106, foreign exchange students may not be
533 included in average daily membership for the purpose of determining the number of weighted

534 pupil units in the grades 1-12 basic program.

535 (ii) Subject to the limitation in Subsection (2)(c), the number of weighted pupil units in
536 the grades 1-12 basic program attributed to foreign exchange students shall be equal to the
537 number of foreign exchange students who were:

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

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

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

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

546 (B) 328 foreign exchange students.

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

551 (d) Notwithstanding Sections 53A-17a-133 and ~~[53A-17a-134]~~ 53A-17a-164, weighted
552 pupil units in the grades 1 through 12 basic program for foreign exchange students, as
553 determined by Subsections (2)(b) and (c), may not be included for the purposes of determining
554 a school district's state guarantee money under the voted or board ~~[fee~~ way programs] local
555 levies.

556 (e) Notwithstanding Section 53A-17a-125, foreign exchange students may not be
557 included in enrollment when calculating student growth for the purpose of adjusting the annual
558 appropriation for retirement and Social Security.

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

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

561 (b) pay for the costs of those students with other funds available to the school district

562 or charter school.

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

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

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

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

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

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

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

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

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

588 (vi) that each exchange student will be given in the exchange student's native language
589 names and telephone numbers of agency representatives and others who could be called at any

590 time if a serious problem occurs; and

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

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

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

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

602 (a) is sponsored by an agency approved by the State Board of Education;

603 (b) attends the same school during the same time period that another student from the
604 school is:

605 (i) sponsored by the same agency; and

606 (ii) enrolled in a school in a foreign country; and

607 (c) is enrolled in the school for one year or less.

608 Section 11. Section **53A-2-214** is amended to read:

609 **53A-2-214. Online students' participation in extracurricular activities.**

610 (1) As used in this section:

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

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

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

616 (ii) generates funding for the school district or school pursuant to Subsection
617 53A-17a-103~~(5)~~(4) and rules of the State Board of Education.

- 618 (2) An online student is eligible to participate in extracurricular activities at:
- 619 (a) the school within whose attendance boundaries the student's custodial parent or
- 620 legal guardian resides; or
- 621 (b) the public school from which the student withdrew for the purpose of participating
- 622 in an online education program.
- 623 (3) A school other than a school described in Subsection (2)(a) or (b) may allow an
- 624 online student to participate in extracurricular activities other than:
- 625 (a) interschool competitions of athletic teams sponsored and supported by a public
- 626 school; or
- 627 (b) interschool contests or competitions for music, drama, or forensic groups or teams
- 628 sponsored and supported by a public school.
- 629 (4) An online student is eligible for extracurricular activities at a public school
- 630 consistent with eligibility standards as applied to full-time students of the public school.
- 631 (5) A school district or public school may not impose additional requirements on an
- 632 online school student to participate in extracurricular activities that are not imposed on
- 633 full-time students of the public school.
- 634 (6) (a) The State Board of Education shall make rules establishing fees for an online
- 635 school student's participation in extracurricular activities at school district schools.
- 636 (b) The rules shall provide that:
- 637 (i) online school students pay the same fees as other students to participate in
- 638 extracurricular activities;
- 639 (ii) online school students are eligible for fee waivers pursuant to Section 53A-12-103;
- 640 (iii) for each online school student who participates in an extracurricular activity at a
- 641 school district school, the online school shall pay a share of the school district's costs for the
- 642 extracurricular activity; and
- 643 (iv) an online school's share of the costs of an extracurricular activity shall reflect state
- 644 and local tax revenues expended, except capital facilities expenditures, for an extracurricular
- 645 activity in a school district or school divided by total student enrollment of the school district

646 or school.

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

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

653 Section 12. Section **53A-16-107** is amended to read:

654 **53A-16-107. Capital outlay levy -- Maintenance of school facilities -- Authority to**
655 **use proceeds of .0002 tax rate -- Restrictions and procedure -- Limited authority to use**
656 **proceeds for general fund purposes -- Notification required when using proceeds for**
657 **general fund purposes.**

658 (1) Subject to Subsection (3) and except as provided in [~~Subsection~~] Subsections (5)
659 and (6), a local school board may annually impose a capital outlay levy not to exceed .0024 per
660 dollar of taxable value to be used for:

- 661 (a) capital outlay;
- 662 (b) debt service; and
- 663 (c) subject to Subsection (2), school facility maintenance.

664 (2) (a) A local school board may utilize the proceeds of a maximum of .0002 per dollar
665 of taxable value of the local school board's annual capital outlay levy for the maintenance of
666 school facilities in the school district.

667 (b) A local school board that uses the option provided under Subsection (2)(a) shall:

668 (i) maintain the same level of expenditure for maintenance in the current year as it did
669 in the preceding year, plus the annual average percentage increase applied to the maintenance
670 and operation budget for the current year; and

671 (ii) identify the expenditure of capital outlay funds for maintenance by a district project
672 number to ensure that the funds are expended in the manner intended.

673 (c) The State Board of Education shall establish by rule the expenditure classification

674 for maintenance under this program using a standard classification system.

675 (3) Beginning January 1, 2009, and through the taxable year beginning January 1,
676 2011, in order to qualify for receipt of the state contribution toward the minimum school
677 program, a local school board in a county of the first class shall impose a capital outlay levy of
678 at least .0006 per dollar of taxable value.

679 (4) (a) The county treasurer of a county of the first class shall distribute revenues
680 generated by the .0006 portion of the capital outlay levy required in Subsection (3) to school
681 districts within the county in accordance with Section 53A-16-107.1.

682 (b) If a school district in a county of the first class imposes a capital outlay levy
683 pursuant to this section which exceeds .0006 per dollar of taxable value, the county treasurer of
684 a county of the first class shall distribute revenues generated by the portion of the capital outlay
685 levy which exceeds .0006 to the school district imposing the levy.

686 (5) (a) Notwithstanding Subsections (1)(a), (b), and (c) and subject to Subsections
687 (5)(b), (c), and (d), for fiscal years 2010-11 and 2011-12, a local school board may use the
688 proceeds of the local school board's capital outlay levy for general fund purposes if the
689 proceeds are not committed or dedicated to pay debt service or bond payments.

690 (b) If a local school board uses the proceeds described in Subsection (5)(a) for general
691 fund purposes, the local school board shall notify the public of the local school board's use of
692 the capital outlay levy proceeds for general fund purposes:

693 (i) prior to the board's budget hearing in accordance with the notification requirements
694 described in Section 53A-19-102; and

695 (ii) at a budget hearing required in Section 53A-19-102.

696 (c) A local school board may not use the proceeds described in Subsection (5)(a) to
697 fund the following accounting function classifications as provided in the Financial Accounting
698 for Local and State School Systems guidelines developed by the National Center for Education
699 Statistics:

700 (i) 2300 Support Services - General District Administration; or

701 (ii) 2500 Support Services - Central Services.

702 (d) A local school board may not use the proceeds from a distribution described in
703 Section 53A-16-107.1 for general fund purposes.

704 (6) Beginning January 1, 2012, a local school board may not levy a tax in accordance
705 with this section.

706 Section 13. Section **53A-16-110** is amended to read:

707 **53A-16-110. Special tax to buy school building sites, build and furnish**
708 **schoolhouses, or improve school property.**

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

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

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

718 (3) If a majority of those voting on the proposition vote in favor of the tax, it is levied
719 in addition to a levy authorized under Section 53A-17a-145 and computed on the valuation of
720 the county assessment roll for that year.

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

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

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

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

729 (6) Notwithstanding Subsections (3) and (4), beginning January 1, 2012, a local school

730 board may not levy a tax in accordance with this section.

731 Section 14. Section **53A-16-113** is enacted to read:

732 **53A-16-113. Capital local levy -- First class county required levy.**

733 (1) (a) Subject to the other requirements of this section, for a calendar year beginning
734 on or after January 1, 2012, a local school board may levy a tax to fund the school district's
735 capital projects.

736 (b) A tax rate imposed by a school district pursuant to this section may not exceed
737 .0030 per dollar of taxable value in any calendar year.

738 (2) A school district that imposes a capital local levy in the calendar year beginning on
739 January 1, 2012, is exempt from the public notice and hearing requirements of Section
740 59-2-919 if the school district budgets an amount of ad valorem property tax revenue equal to
741 or less than the sum of the following amounts:

742 (a) the amount of revenue generated during the calendar year beginning on January 1,
743 2011, from the sum of the following levies of a school district:

744 (i) a capital outlay levy imposed under Section 53A-16-107; and

745 (ii) the portion of the 10% of basic levy described in Section 53A-17a-145 that is
746 budgeted for debt service or capital outlay; and

747 (b) revenue from new growth as defined in Subsection 59-2-924(4)(c).

748 (3) Beginning January 1, 2012, in order to qualify for receipt of the state contribution
749 toward the Minimum School Program described in Section 53A-17a-103, a local school board
750 in a county of the first class shall impose a capital local levy of a least .0006 per dollar of
751 taxable value.

752 (4) (a) The county treasurer of a county of the first class shall distribute revenues
753 generated by the .0006 portion of the capital local levy required in Subsection (2) to school
754 districts within the county in accordance with Section 53A-16-114.

755 (b) If a school district in a county of the first class imposes a capital local levy pursuant
756 to this section that exceeds .0006 per dollar of taxable value, the county treasurer shall
757 distribute revenues generated by the portion of the capital local levy that exceeds .0006 to the

758 school district imposing the levy.

759 Section 15. Section **53A-16-114**, which is renumbered from Section 53A-16-107.1 is
760 renumbered and amended to read:

761 ~~[53A-16-107.1].~~ **53A-16-114. School capital outlay in counties of the first**
762 **class -- Allocation -- Report to Education Interim Committee.**

763 (1) For purposes of this section:

764 (a) "Average annual enrollment growth over the prior three years" means the quotient
765 of:

766 (i) (A) enrollment in the current school year, based on October 1 enrollment counts;
767 minus

768 (B) enrollment in the year three years prior, based on October 1 enrollment counts;
769 divided by

770 (ii) three.

771 (b) "Capital outlay increment [~~monies~~] money" means the amount of revenue equal to
772 the difference between:

773 (i) the amount of revenue generated by a levy of .0006 per dollar of taxable value
774 within a receiving school district during a fiscal year; and

775 (ii) the amount of revenue the receiving school district received during the same fiscal
776 year from the distribution described in Subsection (2).

777 (c) "Contributing school district" means a school district in a county of the first class
778 that in a fiscal year receives less revenue from the distribution described in Subsection (2) than
779 it would have received during the same fiscal year from a levy imposed within the school
780 district of .0006 per dollar of taxable value.

781 (d) "Receiving school district" means a school district in a county of the first class that
782 in a fiscal year receives more revenue from the distribution described in Subsection (2) than it
783 would have received during the same fiscal year from a levy imposed within the school district
784 of .0006 per dollar of taxable value.

785 (2) The county treasurer of a county of the first class shall distribute revenues

786 generated by the .0006 portion of the capital outlay levy required in Subsection 53A-16-107(3)
787 or the capital local levy required in Section 53A-16-113 to school districts located within the
788 county of the first class as follows:

789 (a) 25% of the revenues shall be distributed in proportion to a school district's
790 percentage of the total enrollment growth in all of the school districts within the county that
791 have an increase in enrollment, calculated on the basis of the average annual enrollment growth
792 over the prior three years in all of the school districts within the county that have an increase in
793 enrollment over the prior three years, as of the October 1 enrollment counts; and

794 (b) 75% of the revenues shall be distributed in proportion to a school district's
795 percentage of the total current year enrollment in all of the school districts within the county, as
796 of the October 1 enrollment counts.

797 (3) If a new school district is created or school district boundaries are adjusted, the
798 enrollment and average annual enrollment growth for each affected school district shall be
799 calculated on the basis of enrollment in school district schools located within that school
800 district's newly created or adjusted boundaries, as of October 1 enrollment counts.

801 (4) On or before December 31 of each year, the State Board of Education shall provide
802 a county treasurer with audited enrollment information from the fall enrollment audit necessary
803 to distribute revenues as required by this section.

804 (5) On or before March 31 of each year, a county treasurer in a county of the first class
805 shall distribute the revenue generated within the county of the first class during the prior
806 calendar year from the capital outlay levy described in Section 53A-16-107 or the capital local
807 levy described in Section 53A-17a-113.

808 (6) On or before the November meeting of the Education Interim Committee of each
809 year, a receiving school district shall report to the committee:

810 (a) how the receiving school district spent the district's capital outlay increment
811 [~~monies~~] money during the prior fiscal year; and

812 (b) the receiving school district's plan to increase student capacity of existing school
813 buildings within the district.

814 (7) The Education Interim Committee shall consider the reports of receiving school
815 districts described in Subsection (6) as part of a review to reauthorize this section and
816 provisions related to this section, if the committee is directed to conduct a review pursuant to
817 Title 63I, Chapter 1, Legislative Oversight and Sunset Act.

818 Section 16. Section **53A-17a-103** is amended to read:

819 **53A-17a-103. Definitions.**

820 As used in this chapter:

821 (1) "Basic state-supported school program" or "basic program" means public education
822 programs for kindergarten, elementary, and secondary school students that are operated and
823 maintained for the amount derived by multiplying the number of weighted pupil units for each
824 school district or charter school by the value established each year in statute, except as
825 otherwise provided in this chapter.

826 (2) (a) "Certified revenue levy" means a property tax levy that provides an amount of
827 ad valorem property tax revenue equal to the sum of:

828 (i) the amount of ad valorem property tax revenue to be generated statewide in the
829 previous year from imposing a minimum basic tax rate, as specified in Subsection
830 53A-17a-135(1)(a); and

831 (ii) the product of:

832 (A) new growth, as defined in:

833 (I) Section 59-2-924; and

834 (II) rules of the State Tax Commission; and

835 (B) the minimum basic tax rate certified by the State Tax Commission for the previous
836 year.

837 (b) For purposes of this Subsection (2), "ad valorem property tax revenue" does not
838 include property tax revenue received statewide from personal property that is:

839 (i) assessed by a county assessor in accordance with Title 59, Chapter 2, Part 3, County
840 Assessment; and

841 (ii) semiconductor manufacturing equipment.

842 (c) For purposes of calculating the certified revenue levy described in this Subsection
843 (2), the State Tax Commission shall use:

844 (i) the taxable value of real property assessed by a county assessor contained on the
845 assessment roll;

846 (ii) the taxable value of real and personal property assessed by the State Tax
847 Commission; and

848 (iii) the taxable year end value of personal property assessed by a county assessor
849 contained on the prior year's assessment roll.

850 ~~[(3) "Leeway program" or "leeway" means a state-supported voted leeway program or~~
851 ~~board leeway program authorized under Section 53A-17a-133 or 53A-17a-134.]~~

852 ~~[(4)]~~ (3) "Pupil in average daily membership (ADM)" means a full-day equivalent
853 pupil.

854 ~~[(5)]~~ (4) (a) "State-supported minimum school program" or "Minimum School
855 Program" means public school programs for kindergarten, elementary, and secondary schools
856 as described in this Subsection ~~[(5)]~~ (4).

857 (b) The minimum school program established in ~~[the]~~ school districts and charter
858 schools shall include the equivalent of a school term of nine months as determined by the State
859 Board of Education.

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

862 (ii) Education, enhanced by utilization of technologically enriched delivery systems,
863 when approved by local school boards or charter school governing boards, shall receive full
864 support by the State Board of Education as it pertains to fulfilling the attendance requirements,
865 excluding time spent viewing commercial advertising.

866 (d) The Minimum School Program includes a program or allocation funded by a line
867 item appropriation or other appropriation designated as follows:

868 (i) Basic School Program;

869 (ii) Related to Basic Programs;

870 (iii) Voted and Board ~~[Leeway]~~ Levy Programs; or

871 (iv) Minimum School Program.

872 ~~[(6)]~~ (5) "Weighted pupil unit or units or WPU or WPUs" means the unit of measure of
873 factors that is computed in accordance with this chapter for the purpose of determining the
874 costs of a program on a uniform basis for each district.

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

876 **53A-17a-105. Powers and duties of State Board of Education to adjust Minimum**
877 **School Program allocations.**

878 (1) Except as provided in Subsection (2) or (4), if the number of weighted pupil units
879 in a program is underestimated, the State Board of Education shall reduce the value of the
880 weighted pupil unit in that program so that the total amount paid for the program does not
881 exceed the amount appropriated for the program.

882 (2) If the number of weighted pupil units in a program is overestimated, the State
883 Board of Education shall spend excess ~~[monies]~~ money appropriated for the following
884 purposes giving priority to the purpose described in Subsection (2)(a):

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

887 (b) to support the state guarantee per weighted pupil unit provided under the voted
888 ~~[Leeway]~~ local levy program established in Section 53A-17a-133 or the ~~[board-approved~~
889 ~~Leeway]~~ board local levy program established in Section ~~[53A-17a-134]~~ 53A-17a-164, if:

890 (i) local contributions to the voted ~~[Leeway]~~ local levy program or ~~[board-approved~~
891 ~~Leeway]~~ board local levy program are overestimated; or

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

894 (c) to support the state supplement to local property taxes allocated to charter schools,
895 if the state supplement is less than the amount prescribed by Subsection 53A-1a-513(4);

896 (d) for charter school administrative costs, if the appropriation for charter school
897 administrative costs is insufficient to provide the amount per student prescribed in Subsection

898 53A-17a-108(2)(a); or

899 (e) to support a school district with a loss in student enrollment as provided in Section
900 53A-17a-139.

901 (3) If local contributions from the minimum basic tax rate imposed under Section
902 53A-17a-135 are overestimated, the State Board of Education shall reduce the value of the
903 weighted pupil unit for all programs within the basic state-supported school program so the
904 total state contribution to the basic state-supported school program does not exceed the amount
905 of state funds appropriated.

906 (4) If local contributions from the minimum basic tax rate imposed under Section
907 53A-17a-135 are underestimated, the State Board of Education shall:

908 (a) spend the excess local contributions for the purposes specified in Subsection (2),
909 giving priority to supporting the value of the weighted pupil unit in programs within the basic
910 state-supported school program in which the number of weighted pupil units is underestimated;
911 and

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

917 (5) Except as provided in Subsection (2) or (4), the State Board of Education shall
918 reduce the guarantee per weighted pupil unit provided under the voted [~~teeway~~] local levy
919 program established in Section 53A-17a-133 or [~~board-approved teeway~~] board local levy
920 program established in Section [~~53A-17a-134~~] 53A-17a-164, if:

921 (a) local contributions to the voted [~~teeway~~] local levy program or [~~board-approved~~
922 ~~teeway~~] board local levy program are overestimated; or

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

925 (6) Monies appropriated to the State Board of Education are nonlapsing.

926 (7) The State Board of Education shall report actions taken by the board under this
927 section to the Office of the Legislative Fiscal Analyst and the Governor's Office of Planning
928 and Budget.

929 Section 18. Section **53A-17a-127** is amended to read:

930 **53A-17a-127. Eligibility for state-supported transportation -- Approved bus**
931 **routes -- Additional local tax.**

932 (1) A student eligible for state-supported transportation means:

933 (a) a student enrolled in kindergarten through grade six who lives at least 1-1/2 miles
934 from school;

935 (b) a student enrolled in grades seven through 12 who lives at least two miles from
936 school; and

937 (c) a student enrolled in a special program offered by a school district and approved by
938 the State Board of Education for trainable, motor, multiple-disabled, or other students with
939 severe disabilities who are incapable of walking to school or where it is unsafe for students to
940 walk because of their disabling condition, without reference to distance from school.

941 (2) If a school district implements double sessions as an alternative to new building
942 construction, with the approval of the State Board of Education, those affected elementary
943 school students residing less than 1-1/2 miles from school may be transported one way to or
944 from school because of safety factors relating to darkness or other hazardous conditions as
945 determined by the local school board.

946 (3) (a) The State Board of Education shall distribute transportation money to school
947 districts based on:

948 (i) an allowance per mile for approved bus routes;

949 (ii) an allowance per hour for approved bus routes; and

950 (iii) a minimum allocation for each school district eligible for transportation funding.

951 (b) The State Board of Education shall distribute appropriated transportation funds
952 based on the prior year's eligible transportation costs as legally reported under Subsection
953 53A-17a-126(3).

954 (c) The State Board of Education shall annually review the allowance per mile and the
955 allowance per hour and adjust the allowances to reflect current economic conditions.

956 (4) (a) Approved bus routes for funding purposes shall be determined on fall data
957 collected by October 1.

958 (b) Approved route funding shall be determined on the basis of the most efficient and
959 economic routes.

960 (5) A Transportation Advisory Committee with representation from local school
961 superintendents, business officials, school district transportation supervisors, and the state
962 superintendent's staff shall serve as a review committee for addressing school transportation
963 needs, including recommended approved bus routes.

964 (6) (a) ~~[A]~~ Except as provided in Subsection (6)(e), a local school board may provide
965 for the transportation of students regardless of the distance from school, from:

- 966 (i) general funds of the district; and
- 967 (ii) a tax rate not to exceed .0003 per dollar of taxable value imposed on the district.

968 (b) A local school board may use revenue from the tax described in Subsection
969 (6)(a)(ii) to pay for transporting students and for the replacement of school buses.

970 (c) (i) If a local school board levies a tax under Subsection (6)(a)(ii) of at least .0002,
971 the state may contribute an amount not to exceed 85% of the state average cost per mile,
972 contingent upon the Legislature appropriating funds for a state contribution.

973 (ii) The state superintendent's staff shall distribute the state contribution according to
974 rules enacted by the State Board of Education.

975 (d) (i) The amount of state guarantee money which a school district would otherwise be
976 entitled to receive under Subsection (6)(c) may not be reduced for the sole reason that the
977 district's levy is reduced as a consequence of changes in the certified tax rate under Section
978 59-2-924 due to changes in property valuation.

979 (ii) Subsection (6)(d)(i) applies for a period of two years following the change in the
980 certified tax rate.

981 (e) Beginning January 1, 2012, a local school board may not impose a tax in

982 accordance with this Subsection (6).

983 (7) (a) (i) If a local school board expends an amount of revenue equal to at least .0002
984 per dollar of taxable value of the school district's board local levy imposed under Section
985 53A-17a-164 for the uses described in Subsection (7)(b), the state may contribute an amount
986 not to exceed 85% of the state average cost per mile, contingent upon the Legislature
987 appropriating funds for a state contribution.

988 (ii) The state superintendent's staff shall distribute the state contribution according to
989 rules enacted by the State Board of Education.

990 (b) (i) The amount of state guarantee money that a school district would otherwise be
991 entitled to receive under Subsection (7)(a) may not be reduced for the sole reason that the
992 district's levy is reduced as a consequence of changes in the certified tax rate under Section
993 59-2-924 due to changes in property valuation.

994 (ii) Subsection (7)(b)(i) applies for a period of two years following the change in the
995 certified tax rate.

996 Section 19. Section **53A-17a-133** is amended to read:

997 **53A-17a-133. State-supported voted local levy authorized -- Election**
998 **requirements -- State guarantee -- Reconsideration of the program.**

999 (1) An election to consider adoption or modification of a voted [~~leeway program~~] local
1000 levy is required if initiative petitions signed by 10% of the number of electors who voted at the
1001 last preceding general election are presented to the local school board or by action of the board.

1002 (2) (a) (i) To [~~establish a voted leeway program~~] impose a voted local levy, a majority
1003 of the electors of a district voting at an election in the manner set forth in [~~Section 53A-16-110~~]
1004 Subsections (8) and (9) must vote in favor of a special tax.

1005 (ii) The tax rate may not exceed .002 per dollar of taxable value.

1006 [~~(b) The district may maintain a school program which exceeds the cost of the program~~
1007 ~~referred to in Section 53A-17a-145 with this voted leeway.~~]

1008 [~~(c) In~~] (b) Except as provided in Subsection (2)(c), in order to receive state support
1009 the first year, a district must receive voter approval no later than December 1 of the year prior

1010 to implementation.

1011 (c) Beginning on or after January 1, 2012, a school district may receive state support in
1012 accordance with Subsection (3) without complying with the requirements of Subsection (2)(b)
1013 if the local school board imposed a tax in accordance with this section during the taxable year
1014 beginning on January 1, 2011 and ending on December 31, 2011.

1015 (3) (a) [~~Under the voted leeway program~~] In addition to the revenue a school district
1016 collects from the imposition of a levy pursuant to this section, the state shall contribute an
1017 amount sufficient to guarantee \$25.25 per weighted pupil unit for each .0001 of the first .0016
1018 per dollar of taxable value.

1019 (b) The same dollar amount guarantee per weighted pupil unit for the .0016 per dollar
1020 of taxable value under Subsection (3)(a) shall apply to the [~~board-approved leeway~~] portion of
1021 the board local levy authorized in Section [~~53A-17a-134~~] 53A-17a-164, so that the guarantee
1022 shall apply up to a total of .002 per dollar of taxable value if a school district levies a tax rate
1023 under both programs.

1024 (c) Beginning July 1, 2011, the \$25.25 guarantee under Subsections (3)(a) and (b) shall
1025 be indexed each year to the value of the weighted pupil unit by making the value of the
1026 guarantee equal to .010544 times the value of the prior year's weighted pupil unit.

1027 (d) (i) The amount of state guarantee money to which a school district would otherwise
1028 be entitled to receive under this Subsection (3) may not be reduced for the sole reason that the
1029 district's levy is reduced as a consequence of changes in the certified tax rate under Section
1030 59-2-924 pursuant to changes in property valuation.

1031 (ii) Subsection (3)(d)(i) applies for a period of five years following any such change in
1032 the certified tax rate.

1033 (e) The guarantee provided under this section does not apply to the portion of a voted
1034 [~~leeway~~] local levy rate that exceeds the voted [~~leeway~~] local levy rate that was in effect for the
1035 previous fiscal year, unless an increase in the voted [~~leeway~~] local levy rate was authorized in
1036 an election conducted on or after July 1 of the previous fiscal year and before December 2 of
1037 the previous fiscal year.

1038 (4) (a) An election to modify an existing voted [~~leeway program~~] local levy is not a
1039 reconsideration of the existing [~~program~~] authority unless the proposition submitted to the
1040 electors expressly so states.

1041 (b) A majority vote opposing a modification does not deprive the district of authority to
1042 continue [~~an existing program~~] the levy.

1043 (c) If adoption of a [~~leeway program~~] voted local levy is contingent upon an offset
1044 reducing other local school board levies, the board must allow the electors, in an election, to
1045 consider modifying or discontinuing the [~~program~~] imposition of the levy prior to a subsequent
1046 increase in other levies that would increase the total local school board levy.

1047 (d) Nothing contained in this section terminates, without an election, the authority of a
1048 school district to continue [~~an existing voted leeway program~~] imposing an existing voted local
1049 levy previously authorized by the voters as a voted leeway program.

1050 (5) Notwithstanding Section 59-2-919, a school district may budget an increased
1051 amount of ad valorem property tax revenue derived from a voted [~~leeway~~] local levy imposed
1052 under this section in addition to revenue from new growth as defined in Subsection
1053 59-2-924(4), without having to comply with the notice requirements of Section 59-2-919, if:

1054 (a) the voted [~~leeway~~] local levy is approved:

1055 (i) in accordance with [~~Section 53A-16-110~~] Subsections (8) and (9) on or after
1056 January 1, 2003; and

1057 (ii) within the four-year period immediately preceding the year in which the school
1058 district seeks to budget an increased amount of ad valorem property tax revenue derived from
1059 the voted [~~leeway~~] local levy; and

1060 (b) for a voted [~~leeway~~] local levy approved or modified in accordance with this
1061 section on or after January 1, 2009, the school district complies with the requirements of
1062 Subsection (7).

1063 (6) Notwithstanding Section 59-2-919, a school district may levy a tax rate under this
1064 section that exceeds the certified tax rate without having to comply with the notice
1065 requirements of Section 59-2-919 if:

1066 (a) the levy exceeds the certified tax rate as the result of a school district budgeting an
1067 increased amount of ad valorem property tax revenue derived from a voted [~~teeway~~] local levy
1068 imposed under this section;

1069 (b) the voted [~~teeway~~] local levy was approved:

1070 (i) in accordance with [~~Section 53A-16-110~~] Subsections (8) and (9) on or after
1071 January 1, 2003; and

1072 (ii) within the four-year period immediately preceding the year in which the school
1073 district seeks to budget an increased amount of ad valorem property tax revenue derived from
1074 the voted [~~teeway~~] local levy; and

1075 (c) for a voted [~~teeway~~] local levy approved or modified in accordance with this
1076 section on or after January 1, 2009, the school district complies with requirements of
1077 Subsection (7).

1078 (7) For purposes of Subsection (5)(b) or (6)(c), the proposition submitted to the
1079 electors regarding the adoption or modification of a voted [~~teeway program~~] local levy shall
1080 contain the following statement:

1081 "A vote in favor of this tax means that (name of the school district) may increase
1082 revenue from this property tax without advertising the increase for the next five years."

1083 (8) (a) Before imposing a property tax levy pursuant to this section, a school district
1084 shall submit an opinion question to the school district's registered voters voting on the
1085 imposition of the tax rate so that each registered voter has the opportunity to express the
1086 registered voter's opinion on whether the tax rate should be imposed.

1087 (b) The election required by this Subsection (8) shall be held:

1088 (i) at a regular general election conducted in accordance with the procedures and
1089 requirements of Title 20A, Election Code, governing regular elections;

1090 (ii) at a municipal general election conducted in accordance with the procedures and
1091 requirements of Section 20A-1-202; or

1092 (iii) at a local special election conducted in accordance with the procedures and
1093 requirements of Section 20A-1-203.

1094 (c) Notwithstanding the requirements of Subsections (8)(a) and (b), beginning on or
 1095 after January 1, 2012, a school district may levy a tax rate in accordance with this section
 1096 without complying with the requirements of Subsections (8)(a) and (b) if the school district
 1097 imposed a tax in accordance with this section at any time during the taxable year beginning on
 1098 January 1, 2011, and ending on December 31, 2011.

1099 (9) If a school district determines that a majority of the school district's registered
 1100 voters voting on the imposition of the tax rate have voted in favor of the imposition of the tax
 1101 rate in accordance with Subsection (8), the school district may impose the tax rate.

1102 Section 20. Section **53A-17a-134** is amended to read:

1103 **53A-17a-134. Board-approved leeway -- Purpose -- State support -- Disapproval.**

1104 (1) ~~[Each]~~ Except as provided in Subsection (9), a local school board may levy a tax
 1105 rate of up to .0004 per dollar of taxable value to maintain a school program above the cost of
 1106 the basic school program as follows:

1107 (a) a local school board shall use the ~~[monies]~~ money generated by the tax for class
 1108 size reduction within the school district;

1109 (b) if a local school board determines that the average class size in the school district is
 1110 not excessive, it may use the ~~[monies]~~ money for other school purposes but only if the board
 1111 has declared the use for other school purposes in a public meeting prior to levying the tax rate;
 1112 and

1113 (c) a district may not use the ~~[monies]~~ money for other school purposes under
 1114 Subsection (1)(b) until it has certified in writing that its class size needs are already being met
 1115 and has identified the other school purposes for which the ~~[monies]~~ money will be used to the
 1116 State Board of Education and the state board has approved their use for other school purposes.

1117 (2) (a) The state shall contribute an amount sufficient to guarantee \$25.25 per weighted
 1118 pupil unit for each .0001 per dollar of taxable value.

1119 (b) The guarantee shall increase in the same manner as provided for the voted ~~[leeway]~~
 1120 local levy guarantee in Subsection 53A-17a-133(3)(c).

1121 (c) (i) The amount of state guarantee money to which a school district would otherwise

1122 be entitled to under this Subsection (2) may not be reduced for the sole reason that the district's
1123 levy is reduced as a consequence of changes in the certified tax rate under Section 59-2-924
1124 pursuant to changes in property valuation.

1125 (ii) Subsection (2)(c)(i) applies for a period of five years following any such change in
1126 the certified tax rate.

1127 (d) The guarantee provided under this section does not apply to:

1128 (i) a board-authorized leeway in the first fiscal year the leeway is in effect, unless the
1129 leeway was approved by voters pursuant to Subsections (4) through (6); or

1130 (ii) the portion of a board-authorized leeway rate that is in excess of the
1131 board-authorized leeway rate that was in effect for the previous fiscal year.

1132 (3) The levy authorized under this section is not in addition to the maximum rate of
1133 .002 authorized in Section 53A-17a-133, but is a board-authorized component of the total tax
1134 rate under that section.

1135 (4) As an exception to Section 53A-17a-133, the board-authorized levy does not
1136 require voter approval, but the board may require voter approval if requested by a majority of
1137 the board.

1138 (5) An election to consider disapproval of the board-authorized levy is required, if
1139 within 60 days after the levy is established by the board, referendum petitions signed by the
1140 number of legal voters required in Section 20A-7-301, who reside within the school district, are
1141 filed with the school district.

1142 (6) (a) A local school board shall establish its board-approved levy by April 1 to have
1143 the levy apply to the fiscal year beginning July 1 in that same calendar year except that if an
1144 election is required under this section, the levy applies to the fiscal year beginning July 1 of the
1145 next calendar year.

1146 (b) The approval and disapproval votes authorized in Subsections (4) and (5) shall
1147 occur at a general election in even-numbered years, except that a vote required under this
1148 section in odd-numbered years shall occur at a special election held on a day in odd-numbered
1149 years that corresponds to the general election date. The school district shall pay for the cost of

1150 a special election.

1151 (7) (a) Modification or termination of a voter-approved leeway rate authorized under
1152 this section is governed by Section 53A-17a-133.

1153 (b) A board-authorized leeway rate may be modified or terminated by a majority vote
1154 of the board subject to disapproval procedures specified in this section.

1155 (8) A board levy election does not require publication of a voter information pamphlet.

1156 (9) Beginning January 1, 2012, a local school board may not levy a tax in accordance
1157 with this section.

1158 Section 21. Section **53A-17a-136** is amended to read:

1159 **53A-17a-136. Cost of operation and maintenance of minimum school program --**
1160 **Division between state and school districts.**

1161 (1) The total cost of operation and maintenance of the minimum school program in the
1162 state is divided between the state and school districts as follows:

1163 (a) Each school district shall impose a minimum basic tax rate on all taxable, tangible
1164 property in the school district and shall contribute the tax proceeds toward the cost of the basic
1165 program as provided in this chapter.

1166 (b) Each school district may also impose a levy for the purpose of participating in the
1167 [~~leeway~~] levy programs provided in [this chapter] Section 53A-17a-133 or 53A-17a-164.

1168 (c) The state shall contribute the balance of the total costs.

1169 (2) The contributions by the school districts and by the state are computed separately
1170 for the purpose of determining their respective contributions to the basic program and to the
1171 [~~leeway~~] levy programs provided in [this chapter] Section 53A-17a-133 or 53A-17a-164.

1172 Section 22. Section **53A-17a-143** is amended to read:

1173 **53A-17a-143. Federal Impact Aid Program -- Offset for underestimated**
1174 **allocations from the Federal Impact Aid Program.**

1175 (1) In addition to the revenues received from the levy imposed by each school district
1176 and authorized by the Legislature under Section 53A-17a-135, [~~a local school board may~~
1177 ~~increase its tax rate to~~] the Legislature shall provide an amount equal to the difference between

1178 the district's anticipated receipts under the entitlement for the fiscal year from [~~Public Law~~
1179 ~~81-874~~] the Federal Impact Aid Program and the amount the district actually received from this
1180 source for the next preceding fiscal year.

1181 [~~(2) The tax rate for this purpose may not exceed .0008 per dollar of taxable value in~~
1182 ~~any fiscal year.~~]

1183 [~~(3) This authorization terminates for each district at the end of the third year it is~~
1184 ~~used.~~]

1185 [~~(4)~~ (2) If at the end of a fiscal year the sum of the receipts of a school district from
1186 [~~this special tax rate plus allocation from Public Law 81-874~~] a distribution from the
1187 Legislature pursuant to Subsection (1) plus the school district's allocations from the Federal
1188 Impact Aid Program for that fiscal year exceeds the amount allocated to the district from
1189 [~~Public Law 81-874~~] the Federal Impact Aid Program for the next preceding fiscal year, the
1190 excess funds are carried into the next succeeding fiscal year and become in that year a part of
1191 the district's contribution to its basic program for operation and maintenance under the state
1192 minimum school finance law.

1193 [~~(5)~~ (3) During that year the district's required tax rate for the basic program shall be
1194 reduced so that the yield from the reduced tax rate plus the carryover funds equal the district's
1195 required contribution to its basic program.

1196 [~~(6)~~ (4) A district that reduces its basic tax rate under this section shall receive state
1197 minimum school program funds as though the reduction in the tax rate had not been made.

1198 Section 23. Section **53A-17a-145** is amended to read:

1199 **53A-17a-145. Additional levy by district for debt service, school sites, buildings,**
1200 **buses, textbooks, and supplies.**

1201 (1) [~~A~~] Except as provided in Subsection (5), a school district may elect to increase its
1202 tax rate by up to 10% of the cost of the basic program.

1203 (2) The proceeds from the increase may only be used for debt service, the construction
1204 or remodeling of school buildings, or the purchase of school sites, buses, equipment, textbooks,
1205 and supplies.

1206 (3) This section does not prohibit a district from exercising the authority granted by
1207 other laws relating to tax rates.

1208 (4) This increase in the tax rate is not included in determining the apportionment of the
1209 State School Fund, and is in addition to other tax rates authorized by law.

1210 (5) Beginning January 1, 2012, a school district may not:

1211 (a) levy a tax rate in accordance with this section; or

1212 (b) increase its tax rate as described in Subsection (1).

1213 Section 24. Section **53A-17a-146** is amended to read:

1214 **53A-17a-146. Reduction of district allocation based on insufficient revenues.**

1215 (1) As used in this section, "Minimum School Program funds" means the total of state
1216 and local funds appropriated for the Minimum School Program, excluding:

1217 (a) the state-supported [~~voter leeway~~] voted local levy program pursuant to Section
1218 53A-17a-133;

1219 (b) the state-supported board [~~leeway~~] local levy program pursuant to Section
1220 [~~53A-17a-134~~] 53A-17a-164; and

1221 (c) the appropriation to charter schools to replace local property tax revenues pursuant
1222 to Section 53A-1a-513.

1223 (2) If the Legislature reduces appropriations made to support public schools under
1224 [~~Title 53A, Chapter 17a, Minimum School Program Act,~~] this chapter because an Education
1225 Fund budget deficit, as defined in Section 63J-1-312, exists, the State Board of Education, after
1226 consultation with each school district and charter school, shall allocate the reduction among
1227 school districts and charter schools in proportion to each school district's or charter school's
1228 percentage share of Minimum School Program funds.

1229 (3) Except as provided in Subsection (5), a school district or charter school shall
1230 determine which programs are affected by a reduction pursuant to Subsection (2) and the
1231 amount each program is reduced.

1232 (4) Except as provided in Subsections (5) and (6), the requirement to spend a specified
1233 amount in any particular program is waived if reductions are made pursuant to Subsection (2).

1234 (5) A school district or charter school may not reduce or reallocate spending of funds
1235 distributed to the school district or charter school for the following programs:

- 1236 (a) educator salary adjustments provided in Section 53A-17a-153;
- 1237 (b) the Teacher Salary Supplement Program provided in Section 53A-17a-156;
- 1238 (c) the extended year for special educators provided in Section 53A-17a-158;
- 1239 (d) USTAR centers provided in Section 53A-17a-159;
- 1240 (e) the School LAND Trust Program created in Section 53A-16-101.5; or
- 1241 (f) a special education program within the Basic School Program.

1242 (6) A school district or charter school may not reallocate spending of funds distributed
1243 to the school district or charter school to a reserve account.

1244 Section 25. Section **53A-17a-150** is amended to read:

1245 **53A-17a-150. K-3 Reading Improvement Program.**

1246 (1) As used in this section:

1247 (a) "Program" means the K-3 Reading Improvement Program~~[; and]~~.

1248 (b) "Program [~~monies~~] money" means:

1249 [~~(i) school district revenue from the levy authorized under Section 53A-17a-151;~~]

1250 [(~~ii~~)] (i) school district revenue allocated to the program from [~~other monies~~] money

1251 available to the school district, except [~~monies~~] money provided by the state, for the purpose of
1252 receiving state funds under this section; and

1253 [~~(iii) monies~~] (ii) money appropriated by the Legislature to the program.

1254 (2) The K-3 Reading Improvement Program consists of program [~~monies~~] money and
1255 is created to achieve the state's goal of having third graders reading at or above grade level.

1256 (3) Subject to future budget constraints, the Legislature may annually appropriate
1257 money to the K-3 Reading Improvement Program.

1258 (4) (a) Prior to using program [~~monies~~] money, a school district or charter school shall
1259 submit a plan to the State Board of Education for reading proficiency improvement that
1260 incorporates the following components:

- 1261 (i) assessment;

- 1262 (ii) intervention strategies;
- 1263 (iii) professional development;
- 1264 (iv) reading performance standards; and
- 1265 (v) specific measurable goals that are based upon gain scores.
- 1266 (b) The State Board of Education shall provide model plans which a school district or
- 1267 charter school may use, or the district or school may develop its own plan.
- 1268 (c) Plans developed by a school district or charter school shall be approved by the State
- 1269 Board of Education.
- 1270 (5) There is created within the K-3 Reading Achievement Program three funding
- 1271 programs:
- 1272 (a) the Base Level Program;
- 1273 (b) the Guarantee Program; and
- 1274 (c) the Low Income Students Program.
- 1275 (6) Monies appropriated to the State Board of Education for the K-3 Reading
- 1276 Improvement Program shall be allocated to the three funding programs as follows:
- 1277 (a) 8% to the Base Level Program;
- 1278 (b) 46% to the Guarantee Program; and
- 1279 (c) 46% to the Low Income Students Program.
- 1280 (7) (a) To participate in the Base Level Program, a school district or charter school
- 1281 shall submit a reading proficiency improvement plan to the State Board of Education as
- 1282 provided in Subsection (4) and must receive approval of the plan from the board.
- 1283 (b) (i) Each school district qualifying for Base Level Program funds and the qualifying
- 1284 elementary charter schools combined shall receive a base amount.
- 1285 (ii) The base amount for the qualifying elementary charter schools combined shall be
- 1286 allocated among each school in an amount proportionate to:
- 1287 (A) each existing charter school's prior year fall enrollment in grades kindergarten
- 1288 through grade 3; and
- 1289 (B) each new charter school's estimated fall enrollment in grades kindergarten through

1290 grade 3.

1291 (8) (a) A school district that applies for program [~~monies~~] money in excess of the Base
1292 Level Program funds shall choose to first participate in either the Guarantee Program or the
1293 Low Income Students Program.

1294 (b) A school district must fully participate in either the Guarantee Program or the Low
1295 Income Students Program before it may elect to either fully or partially participate in the other
1296 program.

1297 (c) To fully participate in the Guarantee Program, a school district shall[~~:(i) levy a tax~~
1298 ~~rate of .000056 under Section 53A-17a-151; (ii)] allocate to the program [~~other monies~~] money
1299 available to the school district, except [~~monies~~] money provided by the state, equal to the
1300 amount of revenue that would be generated by a tax rate of .000056[~~;-or~~].~~

1301 [~~(iii) levy a tax under Section 53A-17a-151 and allocate to the program other monies~~
1302 ~~available to the school district, except monies provided by the state, so that the total revenue~~
1303 ~~from the combined revenue sources equals the amount of revenue that would be generated by a~~
1304 ~~tax rate of .000056.]~~

1305 (d) To fully participate in the Low Income Students Program, a school district shall[~~:(i)~~
1306 ~~levy a tax rate of .000065 under Section 53A-17a-151; (ii)] allocate to the program [~~other~~
1307 ~~monies~~] money available to the school district, except [~~monies~~] money provided by the state,
1308 equal to the amount of revenue that would be generated by a tax rate of .000065[~~;-or~~].~~

1309 [~~(iii) levy a tax under Section 53A-17a-151 and allocate to the program other monies~~
1310 ~~available to the school district, except monies provided by the state, so that the total revenue~~
1311 ~~from the combined revenue sources equals the amount of revenue that would be generated by a~~
1312 ~~tax rate of .000065.]~~

1313 (e) (i) The State Board of Education shall verify that a school district allocates the
1314 money required in accordance with Subsections (8)(c) and (d) before it distributes funds in
1315 accordance with this section.

1316 (ii) The State Tax Commission shall provide the State Board of Education the
1317 information the State Board of Education needs to comply with Subsection (8)(e)(I).

1318 (9) (a) A school district that fully participates in the Guarantee Program shall receive
1319 state funds in an amount that is:

1320 (i) equal to the difference between \$21 times the district's total WPU's and the revenue
1321 the school district is required to ~~generate or~~ allocate under Subsection (8)(c) to fully
1322 participate in the Guarantee Program; and

1323 (ii) not less than \$0.

1324 (b) An elementary charter school shall receive under the Guarantee Program an amount
1325 equal to \$21 times the school's total WPU's.

1326 (10) The State Board of Education shall distribute Low Income Students Program
1327 funds in an amount proportionate to the number of students in each school district or charter
1328 school who qualify for free or reduced price school lunch multiplied by two.

1329 (11) A school district that partially participates in the Guarantee Program or Low
1330 Income Students Program shall receive program funds based on the amount of district revenue
1331 ~~generated for or~~ allocated to the program as a percentage of the amount of revenue that could
1332 have been ~~generated or~~ allocated if the district had fully participated in the program.

1333 (12) (a) Each school district and charter school shall use program ~~monies~~ money for
1334 reading proficiency improvement in grades kindergarten through grade three.

1335 (b) Program ~~monies~~ money may not be used to supplant funds for existing programs,
1336 but may be used to augment existing programs.

1337 (13) (a) Each school district and charter school shall annually submit a report to the
1338 State Board of Education accounting for the expenditure of program ~~monies~~ money in
1339 accordance with its plan for reading proficiency improvement.

1340 (b) If a school district or charter school uses program ~~monies~~ money in a manner that
1341 is inconsistent with Subsection (12), the school district or charter school is liable for
1342 reimbursing the State Board of Education for the amount of program ~~monies~~ money
1343 improperly used, up to the amount of program ~~monies~~ money received from the State Board
1344 of Education.

1345 (14) (a) The State Board of Education shall make rules to implement the program.

1346 (b) (i) The rules under Subsection (14)(a) shall require each school district or charter
1347 school to annually report progress in meeting goals stated in the district's or charter school's
1348 plan for student reading proficiency as measured by gain scores.

1349 (ii) If a school district or charter school does not meet or exceed the goals, the school
1350 district or charter school shall prepare a new plan which corrects deficiencies. The new plan
1351 must be approved by the State Board of Education before the school district or charter school
1352 receives an allocation for the next year.

1353 ~~[(15) If after 36 months of program operation, a school district fails to meet goals~~
1354 ~~stated in the district's plan for student reading proficiency as measured by gain scores, the~~
1355 ~~school district shall terminate any levy imposed under Section 53A-17a-151.]~~

1356 Section 26. Section **53A-17a-151** is amended to read:

1357 **53A-17a-151. Board leeway for reading improvement.**

1358 (1) ~~[Each]~~ Except as provided in Subsection (4), a local school board may levy a tax
1359 rate of up to .000121 per dollar of taxable value for funding the school district's K-3 Reading
1360 Improvement Program created under Section 53A-17a-150.

1361 (2) The levy authorized under this section:

1362 (a) is in addition to any other levy or maximum rate;

1363 (b) does not require voter approval; and

1364 (c) may be modified or terminated by a majority vote of the board.

1365 (3) A local school board shall establish its board-approved levy under this section by
1366 June 1 to have the levy apply to the fiscal year beginning July 1 in that same calendar year.

1367 (4) Beginning January 1, 2012, a local school board may not levy a tax in accordance
1368 with this section.

1369 Section 27. Section **53A-17a-164** is enacted to read:

1370 **53A-17a-164. Board local levy -- State guarantee.**

1371 (1) Subject to the other requirements of this section, for a calendar year beginning on
1372 or after January 1, 2012, a local school board may levy a tax to fund the school district's
1373 general fund.

1374 (2) (a) Except as provided in Subsection (2)(b), a tax rate imposed by a school district
1375 pursuant to this section may not exceed .0018 per dollar of taxable value in any calendar year.

1376 (b) A tax rate imposed by a school district pursuant to this section may not exceed
1377 .0025 per dollar of taxable value in any calendar year if, during the calendar year beginning on
1378 January 1, 2011, the school district's combined tax rate for the following levies was greater
1379 than .0018 per dollar of taxable value:

1380 (i) a recreation levy imposed under Section 11-2-7;

1381 (ii) a transportation levy imposed under Section 53A-17a-127;

1382 (iii) a board-authorized levy imposed under Section 53A-17a-134;

1383 (iv) an impact aid levy imposed under Section 53A-17a-143;

1384 (v) the portion of a 10% of basic levy imposed under Section 53A-17a-145 that is
1385 budgeted for purposes other than capital outlay or debt service;

1386 (vi) a reading levy imposed under Section 53A-17a-151; and

1387 (vii) a tort liability levy imposed under Section 63G-1-704.

1388 (3) (a) In addition to the revenue a school district collects from the imposition of a levy
1389 pursuant to this section, the state shall contribute an amount sufficient to guarantee that each
1390 .0001 of the first .0004 per dollar of taxable value generates an amount equal to .010544 times
1391 the value of the prior year's weighted pupil unit.

1392 (b) (i) The amount of state guarantee money to which a school district would otherwise
1393 be entitled to under this Subsection (3) may not be reduced for the sole reason that the district's
1394 levy is reduced as a consequence of changes in the certified tax rate under Section 59-2-924
1395 pursuant to changes in property valuation.

1396 (ii) Subsection (3)(b)(i) applies for a period of five years following any changes in the
1397 certified tax rate.

1398 (4) A school district that imposes a board local levy in the calendar year beginning on
1399 January 1, 2012, is exempt from the public notice and hearing requirements of Section
1400 59-2-919 if the school district budgets an amount of ad valorem property tax revenue equal to
1401 or less than the sum of the following amounts:

1402 (a) the amount of revenue generated during the calendar year beginning on January 1,
1403 2011, from the sum of the following levies of a school district:

- 1404 (i) a recreation levy imposed under Section 11-2-7;
- 1405 (ii) a transportation levy imposed under Section 53A-17a-127;
- 1406 (iii) a board-authorized levy imposed under Section 53A-17a-134;
- 1407 (iv) an impact aid levy imposed under Section 53A-17a-143;
- 1408 (v) the portion of a 10% of basic levy imposed under Section 53A-17a-145 that is
1409 budgeted for purposes other than capital outlay or debt service;

- 1410 (vi) a reading levy imposed under Section 53A-17a-151; and
- 1411 (vii) a tort liability levy imposed under Section 63G-1-704; and

1412 (b) revenue from new growth as defined in Subsection 59-2-924(4)(c).

1413 Section 28. Section **53A-21-101.5** is amended to read:

1414 **53A-21-101.5. Definitions.**

1415 As used in this chapter:

1416 (1) "ADM" or "pupil in average daily membership" is as defined in Section
1417 53A-17a-103.

1418 (2) "Base tax effort rate" means the average of:

- 1419 (a) the highest combined capital levy rate; and
- 1420 (b) the average combined capital levy rate for the school districts statewide.

1421 (3) "Combined capital levy rate" means a rate that includes the sum of the following
1422 property tax levies:

- 1423 (a) (i) the capital outlay levy authorized in Section 53A-16-107;
- 1424 ~~[(b)]~~ (ii) the portion of the 10% of basic levy described in Section 53A-17a-145 that is
1425 budgeted for debt service or capital outlay;
- 1426 ~~[(c)]~~ (iii) the debt service levy authorized in Section 11-14-310; and
- 1427 ~~[(d)]~~ (iv) the voted capital outlay leeway authorized in Section 53A-16-110[:]; or
- 1428 (b) (i) the capital local levy authorized in Section 53A-16-113; and
- 1429 (ii) the debt service levy authorized in Section 11-14-310.

1430 (4) "Derived net taxable value" means the quotient of:
 1431 (a) the total property tax collections from April 1 through the following March 31 for a
 1432 school district for the calendar year preceding the March 31 date; divided by
 1433 (b) the school district's total tax rate for the calendar year preceding the March 31
 1434 referenced in Subsection (4)(a).

1435 (5) "Highest combined capital levy rate" means the highest combined capital levy rate
 1436 imposed by a school district within the state for a fiscal year.

1437 (6) "Property tax base per ADM" means the quotient of:
 1438 (a) a school district's derived net taxable value; divided by
 1439 (b) the school district's ADM.

1440 (7) "Property tax yield per ADM" means:

1441 (a) the product of:
 1442 (i) a school district's derived net taxable value; and
 1443 (ii) the base tax effort rate; divided by
 1444 (b) the school district's ADM.

1445 (8) "Statewide average property tax base per ADM" means the quotient of:

1446 (a) the sum of all school districts' derived net taxable value; divided by
 1447 (b) the sum of all school districts' ADM.

1448 Section 29. Section **59-2-904** is amended to read:

1449 **59-2-904. Participation by district in state's contributions to state-supported levy**
 1450 **program.**

1451 (1) In addition to the basic state contribution provided in Section 59-2-902, ~~[each]~~ a
 1452 school district may participate in the state's contributions to the state-supported ~~[leeway]~~ levy
 1453 program by conforming to the requirements of the Minimum School Program Act and by
 1454 making the required additional levy. ~~[Each district shall participate]~~

1455 (2) A school district that participates in the state-supported ~~[leeway]~~ levy program~~;~~
 1456 ~~and]~~ shall certify to the State Board of Education the results of its determination and the
 1457 amount of ~~[additional levy which]~~ the board or voted local levy that the district will impose.

1458 Section 30. Section **59-2-924** is amended to read:

1459 **59-2-924. Report of valuation of property to county auditor and commission --**
1460 **Transmittal by auditor to governing bodies -- Certified tax rate -- Calculation of certified**
1461 **tax rate -- Rulemaking authority -- Adoption of tentative budget.**

1462 (1) Before June 1 of each year, the county assessor of each county shall deliver to the
1463 county auditor and the commission the following statements:

1464 (a) a statement containing the aggregate valuation of all taxable real property assessed
1465 by a county assessor in accordance with Part 3, County Assessment, for each taxing entity; and

1466 (b) a statement containing the taxable value of all personal property assessed by a
1467 county assessor in accordance with Part 3, County Assessment, from the prior year end values.

1468 (2) The county auditor shall, on or before June 8, transmit to the governing body of
1469 each taxing entity:

1470 (a) the statements described in Subsections (1)(a) and (b);

1471 (b) an estimate of the revenue from personal property;

1472 (c) the certified tax rate; and

1473 (d) all forms necessary to submit a tax levy request.

1474 (3) (a) The "certified tax rate" means a tax rate that will provide the same ad valorem
1475 property tax revenues for a taxing entity as were budgeted by that taxing entity for the prior
1476 year.

1477 (b) For purposes of this Subsection (3):

1478 (i) "Ad valorem property tax revenues" do not include:

1479 (A) interest;

1480 (B) penalties; and

1481 (C) revenue received by a taxing entity from personal property that is:

1482 (I) assessed by a county assessor in accordance with Part 3, County Assessment; and

1483 (II) semiconductor manufacturing equipment.

1484 (ii) "Aggregate taxable value of all property taxed" means:

1485 (A) the aggregate taxable value of all real property assessed by a county assessor in

1486 accordance with Part 3, County Assessment, for the current year;

1487 (B) the aggregate taxable year end value of all personal property assessed by a county
1488 assessor in accordance with Part 3, County Assessment, for the prior year; and

1489 (C) the aggregate taxable value of all real and personal property assessed by the
1490 commission in accordance with Part 2, Assessment of Property, for the current year.

1491 (c) (i) Except as otherwise provided in this section, the certified tax rate shall be
1492 calculated by dividing the ad valorem property tax revenues budgeted for the prior year by the
1493 taxing entity by the amount calculated under Subsection (3)(c)(ii).

1494 (ii) For purposes of Subsection (3)(c)(i), the legislative body of a taxing entity shall
1495 calculate an amount as follows:

1496 (A) calculate for the taxing entity the difference between:

1497 (I) the aggregate taxable value of all property taxed; and

1498 (II) any redevelopment adjustments for the current calendar year;

1499 (B) after making the calculation required by Subsection (3)(c)(ii)(A), calculate an
1500 amount determined by increasing or decreasing the amount calculated under Subsection
1501 (3)(c)(ii)(A) by the average of the percentage net change in the value of taxable property for the
1502 equalization period for the three calendar years immediately preceding the current calendar
1503 year;

1504 (C) after making the calculation required by Subsection (3)(c)(ii)(B), calculate the
1505 product of:

1506 (I) the amount calculated under Subsection (3)(c)(ii)(B); and

1507 (II) the percentage of property taxes collected for the five calendar years immediately
1508 preceding the current calendar year; and

1509 (D) after making the calculation required by Subsection (3)(c)(ii)(C), calculate an
1510 amount determined by subtracting from the amount calculated under Subsection (3)(c)(ii)(C)
1511 any new growth as defined in this section:

1512 (I) within the taxing entity; and

1513 (II) for the following calendar year:

1514 (Aa) for new growth from real property assessed by a county assessor in accordance
1515 with Part 3, County Assessment and all property assessed by the commission in accordance
1516 with Section 59-2-201, the current calendar year; and

1517 (Bb) for new growth from personal property assessed by a county assessor in
1518 accordance with Part 3, County Assessment, the prior calendar year.

1519 (iii) For purposes of Subsection (3)(c)(ii)(A), the aggregate taxable value of all
1520 property taxed:

1521 (A) except as provided in Subsection (3)(c)(iii)(B) or (3)(c)(ii)(C), is as defined in
1522 Subsection (3)(b)(ii);

1523 (B) does not include the total taxable value of personal property contained on the tax
1524 rolls of the taxing entity that is:

1525 (I) assessed by a county assessor in accordance with Part 3, County Assessment; and

1526 (II) semiconductor manufacturing equipment; and

1527 (C) for personal property assessed by a county assessor in accordance with Part 3,
1528 County Assessment, the taxable value of personal property is the year end value of the personal
1529 property contained on the prior year's tax rolls of the entity.

1530 (iv) For purposes of Subsection (3)(c)(ii)(B), for calendar years beginning on or after
1531 January 1, 2007, the value of taxable property does not include the value of personal property
1532 that is:

1533 (A) within the taxing entity assessed by a county assessor in accordance with Part 3,
1534 County Assessment; and

1535 (B) semiconductor manufacturing equipment.

1536 (v) For purposes of Subsection (3)(c)(ii)(C)(II), for calendar years beginning on or after
1537 January 1, 2007, the percentage of property taxes collected does not include property taxes
1538 collected from personal property that is:

1539 (A) within the taxing entity assessed by a county assessor in accordance with Part 3,
1540 County Assessment; and

1541 (B) semiconductor manufacturing equipment.

1542 (vi) For purposes of Subsection (3)(c)(ii)(B), for calendar years beginning on or after
1543 January 1, 2009, the value of taxable property does not include the value of personal property
1544 that is within the taxing entity assessed by a county assessor in accordance with Part 3, County
1545 Assessment.

1546 (vii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
1547 the commission may prescribe rules for calculating redevelopment adjustments for a calendar
1548 year.

1549 (viii) (A) (I) For purposes of Subsection (3)(c)(i), for a calendar year beginning on or
1550 after January 1, 2010, a taxing entity's ad valorem property tax revenues budgeted for the prior
1551 year shall be decreased by an amount of revenue equal to the five-year average of the most
1552 recent prior five years of redemptions as reported on the county treasurer's final annual
1553 settlement required under Subsection 59-2-1365(2).

1554 (II) A decrease under Subsection (3)(c)(viii)(A)(I) does not apply to the multicounty
1555 assessing and collecting levy authorized in Subsection 59-2-1602(2)(a), the certified revenue
1556 levy, or the minimum basic tax rate established in Section 53A-17a-135.

1557 (B) For the calendar year beginning on January 1, 2010 and ending on December 31,
1558 2010, a taxing entity is exempt from the notice and public hearing provisions of Section
1559 59-2-919 if the taxing entity budgets an increased amount of ad valorem property tax revenue
1560 equal to or less than the taxing entity's five-year average of the most recent prior five years of
1561 redemptions as reported on the county treasurer's final annual settlement required under
1562 Subsection 59-2-1365(2).

1563 (d) (i) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
1564 the commission shall make rules determining the calculation of ad valorem property tax
1565 revenues budgeted by a taxing entity.

1566 (ii) For purposes of Subsection (3)(d)(i), ad valorem property tax revenues budgeted by
1567 a taxing entity shall be calculated in the same manner as budgeted property tax revenues are
1568 calculated for purposes of Section 59-2-913.

1569 (e) The certified tax rates for the taxing entities described in this Subsection (3)(e) shall

1570 be calculated as follows:

1571 (i) except as provided in Subsection (3)(e)(ii), for new taxing entities the certified tax
1572 rate is zero;

1573 (ii) for each municipality incorporated on or after July 1, 1996, the certified tax rate is:

1574 (A) in a county of the first, second, or third class, the levy imposed for municipal-type
1575 services under Sections 17-34-1 and 17-36-9; and

1576 (B) in a county of the fourth, fifth, or sixth class, the levy imposed for general county
1577 purposes and such other levies imposed solely for the municipal-type services identified in
1578 Section 17-34-1 and Subsection 17-36-3(22); and

1579 (iii) for debt service voted on by the public, the certified tax rate shall be the actual
1580 levy imposed by that section, except that the certified tax rates for the following levies shall be
1581 calculated in accordance with Section 59-2-913 and this section:

1582 (A) school [~~highways~~] levies provided for under Sections [~~11-2-7, 53A-16-110,~~
1583 ~~53A-17a-127, 53A-17a-133, 53A-17a-134, 53A-17a-143, and 53A-17a-145]~~ 53A-16-113,
1584 53A-17a-133, and 53A-17a-164; and

1585 (B) levies to pay for the costs of state legislative mandates or judicial or administrative
1586 orders under Section 59-2-1604.

1587 (f) (i) A judgment levy imposed under Section 59-2-1328 or 59-2-1330 shall be
1588 established at that rate which is sufficient to generate only the revenue required to satisfy one
1589 or more eligible judgments, as defined in Section 59-2-102.

1590 (ii) The ad valorem property tax revenue generated by the judgment levy shall not be
1591 considered in establishing the taxing entity's aggregate certified tax rate.

1592 (g) The ad valorem property tax revenue generated by the capital [~~outlay~~] local levy
1593 described in Section [~~53A-16-107]~~ 53A-16-113 within a taxing entity in a county of the first
1594 class:

1595 (i) may not be considered in establishing the school district's aggregate certified tax
1596 rate; and

1597 (ii) shall be included by the commission in establishing a certified tax rate for that

1598 capital outlay levy determined in accordance with the calculation described in Subsection
1599 59-2-913(3).

1600 (4) (a) For the purpose of calculating the certified tax rate, the county auditor shall use:

1601 (i) the taxable value of real property assessed by a county assessor contained on the
1602 assessment roll;

1603 (ii) the taxable value of real and personal property assessed by the commission; and

1604 (iii) the taxable year end value of personal property assessed by a county assessor
1605 contained on the prior year's assessment roll.

1606 (b) For purposes of Subsection (4)(a)(i), the taxable value of real property on the
1607 assessment roll does not include new growth as defined in Subsection (4)(c).

1608 (c) "New growth" means:

1609 (i) the difference between the increase in taxable value of the following property of the
1610 taxing entity from the previous calendar year to the current year:

1611 (A) real property assessed by a county assessor in accordance with Part 3, County
1612 Assessment; and

1613 (B) property assessed by the commission under Section 59-2-201; plus

1614 (ii) the difference between the increase in taxable year end value of personal property
1615 of the taxing entity from the year prior to the previous calendar year to the previous calendar
1616 year; minus

1617 (iii) the amount of an increase in taxable value described in Subsection (4)(e).

1618 (d) For purposes of Subsection (4)(c)(ii), the taxable value of personal property of the
1619 taxing entity does not include the taxable value of personal property that is:

1620 (i) contained on the tax rolls of the taxing entity if that property is assessed by a county
1621 assessor in accordance with Part 3, County Assessment; and

1622 (ii) semiconductor manufacturing equipment.

1623 (e) Subsection (4)(c)(iii) applies to the following increases in taxable value:

1624 (i) the amount of increase to locally assessed real property taxable values resulting
1625 from factoring, reappraisal, or any other adjustments; or

1626 (ii) the amount of an increase in the taxable value of property assessed by the
1627 commission under Section 59-2-201 resulting from a change in the method of apportioning the
1628 taxable value prescribed by:

- 1629 (A) the Legislature;
- 1630 (B) a court;
- 1631 (C) the commission in an administrative rule; or
- 1632 (D) the commission in an administrative order.

1633 (f) For purposes of Subsection (4)(a)(ii), the taxable year end value of personal
1634 property on the prior year's assessment roll does not include:

- 1635 (i) new growth as defined in Subsection (4)(c); or
- 1636 (ii) the total taxable year end value of personal property contained on the prior year's
1637 tax rolls of the taxing entity that is:

- 1638 (A) assessed by a county assessor in accordance with Part 3, County Assessment; and
- 1639 (B) semiconductor manufacturing equipment.

1640 (5) (a) On or before June 22, each taxing entity shall annually adopt a tentative budget.

1641 (b) If the taxing entity intends to exceed the certified tax rate, it shall notify the county
1642 auditor of:

- 1643 (i) its intent to exceed the certified tax rate; and
- 1644 (ii) the amount by which it proposes to exceed the certified tax rate.

1645 (c) The county auditor shall notify property owners of any intent to levy a tax rate that
1646 exceeds the certified tax rate in accordance with Sections 59-2-919 and 59-2-919.1.

1647 Section 31. Section **59-2-924.3** is amended to read:

1648 **59-2-924.3. Adjustment of the calculation of the certified tax rate for a school**
1649 **district imposing a capital outlay levy in a county of the first class.**

1650 (1) As used in this section:

1651 (a) "Capital [~~outlay~~] local levy increment" means the amount of revenue equal to the
1652 difference between:

- 1653 (i) the amount of revenue generated by a levy of .0006 per dollar of taxable value

1654 within a school district during a fiscal year; and

1655 (ii) the amount of revenue the school district received during the same fiscal year from
1656 the distribution described in [~~Subsection 53A-16-107.1(1)~~] Section 53A-16-114.

1657 (b) "Contributing school district" means a school district in a county of the first class
1658 that in a fiscal year receives less revenue from the distribution described in [~~Subsection~~
1659 ~~53A-16-107.1(1)~~] Section 53A-16-114 than it would have received during the same fiscal year
1660 from a levy imposed within the school district of .0006 per dollar of taxable value.

1661 (c) "Receiving school district" means a school district in a county of the first class that
1662 in a fiscal year receives more revenue from the distribution described in [~~Subsection~~
1663 ~~53A-16-107.1(1)~~] Section 53A-16-114 than it would have received during the same fiscal year
1664 from a levy imposed within the school district of .0006 per dollar of taxable value.

1665 [~~(2) For fiscal year 2009-10, a receiving school district shall decrease its capital outlay~~
1666 ~~certified tax rate under Subsection 59-2-924(3)(g)(ii) by an amount required to offset the~~
1667 ~~receiving school district's estimated capital outlay increment for the current fiscal year.]~~

1668 [~~(3) Beginning with fiscal year 2010-11, a~~

1669 (2) A receiving school district shall decrease its capital [~~outlay~~] local levy certified tax
1670 rate under Subsection 59-2-924(3)(g)(ii) by the amount required to offset the receiving school
1671 district's [~~capital outlay~~] estimated capital local levy increment for the prior fiscal year.

1672 [~~(4) For fiscal year 2009-10, a contributing school district is exempt from the notice~~
1673 ~~and public hearing provisions of Section 59-2-919 for the school district's capital outlay levy~~
1674 ~~certified tax rate calculated pursuant to Subsection 59-2-924(3)(g)(ii) if:]~~

1675 [~~(a) the contributing school district budgets an increased amount of ad valorem~~
1676 ~~property tax revenue exclusive of new growth as defined in Subsection 59-2-924(4) for the~~
1677 ~~capital outlay levy described in Section 53A-16-107; and]~~

1678 [~~(b) the increased amount of ad valorem property tax revenue described in Subsection~~
1679 ~~(4)(a) is less than or equal to that contributing school district's estimated capital outlay~~
1680 ~~increment for the current fiscal year.]~~

1681 [~~(5) Beginning with fiscal year 2010-11, a contributing school district is exempt from~~

1682 the notice and public hearing provisions of Section 59-2-919 for the school district's capital
1683 outlay levy certified tax rate calculated pursuant to Subsection 59-2-924(3)(g)(ii) if:]

1684 [(a) the contributing school district budgets an increased amount of ad valorem
1685 property tax revenue exclusive of new growth as defined in Subsection 59-2-924(4) for the
1686 capital outlay levy described in Section 53A-16-107; and]

1687 [(b) the increased amount of ad valorem property tax revenue described in Subsection
1688 (5)(a) is less than or equal to that contributing school district's capital outlay increment for the
1689 prior year.]

1690 [~~(6) Beginning with fiscal year 2011-12, a~~]

1691 (3) A contributing school district is exempt from the notice and public hearing
1692 provisions of Section 59-2-919 for the school district's capital [outlay] local levy certified tax
1693 rate calculated pursuant to Subsection 59-2-924(3)(g)(ii) if:

1694 (a) the contributing school district budgets an increased amount of ad valorem property
1695 tax revenue exclusive of new growth as defined in Subsection 59-2-924(4) for the capital
1696 [outlay] local levy described in Section [~~53A-16-107~~] 53A-16-113; and

1697 (b) the increased amount of ad valorem property tax revenue described in Subsection
1698 [~~(6)~~] (3)(a) is less than or equal to the difference between:

1699 (i) the amount of revenue generated by a levy of .0006 per dollar of taxable value
1700 imposed within the contributing school district during the current taxable year; and

1701 (ii) the amount of revenue generated by a levy of .0006 per dollar of taxable value
1702 imposed within the contributing school district during the prior taxable year.

1703 [~~(7)~~] (4) Regardless of the amount a school district receives from the revenue collected
1704 from the .0006 portion of the capital [outlay] local levy required in [~~Subsection~~
1705 ~~53A-16-107(3)~~] Section 53A-16-113, the revenue generated within the school district from the
1706 .0006 portion of the capital [outlay] local levy required in [~~Subsection 53A-16-107(3)~~] Section
1707 53A-16-113 shall be considered to be budgeted ad valorem property tax revenues of the school
1708 district that levies the .0006 portion of the capital [outlay] local levy for purposes of calculating
1709 the school district's certified tax rate in accordance with Subsection 59-2-924(3)(g)(ii).

1710 Section 32. Section **59-2-924.4** is amended to read:

1711 **59-2-924.4. Adjustment of the calculation of the certified tax rate for certain**
1712 **divided school districts.**

1713 (1) As used in this section:

1714 (a) "Capital [~~outlay~~] local levy increment" means the amount of revenue equal to the
1715 difference between:

1716 (i) the amount of revenue generated by a levy of .0006 per dollar of taxable value
1717 within a qualifying divided school district during a fiscal year; and

1718 (ii) the amount of revenue the qualifying divided school district received during the
1719 same fiscal year from the distribution described in Section 53A-2-118.3.

1720 (b) "Contributing divided school district" means a school district located within a
1721 qualifying divided school district that in a fiscal year receives less revenue from the distribution
1722 described in Section 53A-2-118.3 than it would have received during the same fiscal year from
1723 a levy imposed within the school district of .0006 per dollar of taxable value.

1724 (c) "Divided school district" means a school district from which a new school district is
1725 created.

1726 (d) "New school district" means a school district:

1727 (i) created under Section 53A-2-118.1;

1728 (ii) that begins to provide educational services after July 1, 2008; and

1729 (iii) located in a qualifying divided school district.

1730 (e) "Qualifying divided school district" means a divided school district:

1731 (i) located within a county of the second through sixth class; and

1732 (ii) with a new school district created under Section 53A-2-118.1 that begins to provide
1733 educational services after July 1, 2008.

1734 (f) "Qualifying fiscal year" means the first fiscal year that a new school district begins
1735 to provide educational services.

1736 (g) "Receiving divided school district" means a school district located within a
1737 qualifying divided school district that in a fiscal year receives more revenue from the

1738 distribution described in Section 53A-2-118.3 than it would have received during the same
1739 fiscal year from a levy imposed within the school district of .0006 per dollar of taxable value.

1740 (2) A receiving divided school district shall decrease its certified tax rate calculated in
1741 accordance with Section 59-2-924 by the amount required to offset the receiving divided
1742 school district's capital [~~outlay~~] local levy increment for the prior fiscal year.

1743 (3) Beginning with the fiscal year after the qualifying fiscal year, a contributing divided
1744 school district is exempt from the notice and public hearing provisions of Section 59-2-919 for
1745 the contributing divided school district's certified tax rate calculated pursuant to Section
1746 59-2-924 if:

1747 (a) the contributing divided school district budgets an increased amount of ad valorem
1748 property tax revenue exclusive of new growth as defined in Subsection 59-2-924(4) for the
1749 capital [~~outlay~~] local levy required in Section 53A-2-118.3; and

1750 (b) the increased amount of ad valorem property tax revenue described in Subsection
1751 (3)(a) is less than or equal to that contributing divided school district's capital [~~outlay~~] local
1752 levy increment for the prior year.

1753 (4) Beginning with the fiscal year that is two years after the qualifying fiscal year, a
1754 contributing divided school district is exempt from the notice and public hearing provisions of
1755 Section 59-2-919 for the contributing divided school district's certified tax rate calculated
1756 pursuant to Section 59-2-924 if:

1757 (a) the contributing divided school district budgets an increased amount of ad valorem
1758 property tax revenue exclusive of new growth as defined in Subsection 59-2-924(4) for the
1759 capital [~~outlay~~] local levy described in Section 53A-2-118.3; and

1760 (b) the increased amount of ad valorem property tax revenue described in Subsection
1761 (4)(a) is less than or equal to the difference between:

1762 (i) the amount of revenue generated by a levy of .0006 per dollar of taxable value
1763 imposed within the contributing divided school district during the current taxable year; and

1764 (ii) the amount of revenue generated by a levy of .0006 per dollar of taxable value
1765 imposed within the contributing divided school district during the prior taxable year.

1766 (5) Regardless of the amount a school district receives from the revenue collected from
 1767 the .0006 portion of the capital [outlay] local levy described in Section 53A-2-118.3, the
 1768 revenue generated within the school district from the .0006 portion of the capital [outlay] local
 1769 levy described in Section 53A-2-118.3 shall be considered to be budgeted ad valorem property
 1770 tax revenues of the school district that levies the .0006 portion of the capital [outlay] local levy
 1771 for purposes of calculating the school district's certified tax rate in accordance with Section
 1772 59-2-924.

1773 Section 33. Section **63G-7-704** is amended to read:

1774 **63G-7-704. Tax levy by political subdivisions for payment of claims, judgments,**
 1775 **or insurance premiums.**

1776 (1) Notwithstanding any provision of law to the contrary, a political subdivision may
 1777 levy an annual property tax sufficient to pay:

- 1778 (a) any claim, settlement, or judgment;
- 1779 (b) the costs to defend against any claim, settlement, or judgment; or
- 1780 (c) for the establishment and maintenance of a reserve fund for the payment of claims,
 1781 settlements, or judgments that may be reasonably anticipated.

1782 (2) (a) The payments authorized to pay for punitive damages or to pay the premium for
 1783 authorized insurance is money spent for a public purpose within the meaning of this section
 1784 and Article XIII, Sec. 5, Utah Constitution, even though, as a result of the levy, the maximum
 1785 levy as otherwise restricted by law is exceeded.

1786 (b) No levy under this section may exceed .0001 per dollar of taxable value of taxable
 1787 property.

1788 (c) The revenues derived from this levy may not be used for any purpose other than
 1789 those specified in this section.

1790 (3) Beginning January 1, 2012, a local school board may not levy a tax in accordance
 1791 with this section.

1792 Section 34. Section **63I-1-253** is amended to read:

1793 **63I-1-253. Repeal dates, Titles 53, 53A, and 53B.**

- 1794 The following provisions are repealed on the following dates:
- 1795 (1) Section 53-3-232, Conditional licenses, is repealed July 1, 2015.
- 1796 (2) Title 53A, Chapter 1a, Part 6, Public Education Job Enhancement Program is
1797 repealed July 1, 2020.
- 1798 (3) Title 53A, Chapter 1a, Part 9, Voluntary Extended-day Kindergarten Program, is
1799 repealed July 1, 2011.
- 1800 (4) Section 53A-2-118.3 is repealed December 31, 2016.
- 1801 (5) The State Instructional Materials Commission, created in Section 53A-14-101, is
1802 repealed July 1, 2011.
- 1803 (6) Subsections [~~53A-16-107(3) and (4)~~] 53A-16-113(3) and (4) are repealed
1804 December 31, 2016.
- 1805 (7) Section [~~53A-16-107.1~~] 53A-16-114 is repealed December 31, 2016.
- 1806 (8) Section 53A-17a-163, Performance-based Compensation Pilot Program is repealed
1807 July 1, 2011.
- 1808 (9) Subsection 53C-3-203(5), which provides for the distribution of money from the
1809 Land Exchange Distribution Account to the Geological Survey for test wells, other hydrologic
1810 studies, and air quality monitoring in the West Desert, is repealed July 1, 2020.
- 1811 Section 35. **Repealer.**
- 1812 This bill repeals:
- 1813 Section **53A-16-111, Payment of judgments and warrants -- Special tax.**
- 1814 Section 36. **Effective date.**
- 1815 (1) Except as provided in Subsection (2), this bill takes effect on January 1, 2012.
- 1816 (2) The amendments to the following sections take effect on July 1, 2012:
- 1817 (a) Section 53A-2-206;
- 1818 (b) Section 53A-17a-105;
- 1819 (c) Section 53A-17a-146; and
- 1820 (d) Section 53A-17a-150.