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**ONLINE STUDENT FUNDING AMENDMENTS**  
2024 GENERAL SESSION  
STATE OF UTAH  
**Chief Sponsor: Lincoln Fillmore**  
House Sponsor: Carol S. Moss

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**LONG TITLE**

**General Description:**

This bill requires the exclusion of a fully online student from [an] a local education agency's (LEA) capital outlay funding formulas.

**Highlighted Provisions:**

This bill:

- ▶ amends the capital outlay foundation distribution formula;
- ▶ amends the capital outlay enrollment growth distribution formula; and
- ▶ makes technical changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides a special effective date.

**Utah Code Sections Affected:**

AMENDS:

**53F-3-202**, as last amended by Laws of Utah 2019, Chapter 186

**53F-3-203**, as last amended by Laws of Utah 2019, Chapter 186

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

Section 1. Section **53F-3-202** is amended to read:

**53F-3-202 . Capital Outlay Foundation Program created -- Distribution formulas -- Allocations.**

(1) As used in this section:

- (a) "ADM" or "pupil in average daily membership" means the same as that term is defined in Section 53F-2-102 excluding a pupil fully enrolled in an online education program for at least 180 days.

- 29        (b) "Foundation guarantee level per ADM" means a minimum revenue amount per  
 30        ADM generated by the base tax effort rate, including the following:
- 31        (i) the revenue generated locally from a school district's combined capital levy rate;  
 32        and  
 33        (ii) the revenue allocated to a school district by the state board in accordance with  
 34        Section 53F-3-202.
- 35        [~~(b)~~] (c) "Qualifying school district" means a school district with a property tax yield per  
 36        ADM less than the foundation guarantee level per ADM.
- 37        [~~(c)~~] (d) "Small school district" means a school district that has fewer than 1,000 pupils  
 38        in average daily membership.
- 39        (2) There is created the Capital Outlay Foundation Program to provide capital outlay  
 40        funding to a school district based on a district's local property tax effort and property tax  
 41        yield per student compared to a foundation guarantee funding level.
- 42        (3) (a) The state board shall determine the foundation guarantee level per ADM that  
 43        fully allocates the funds appropriated to the state board for distribution under this  
 44        section.
- 45        (b) In determining the foundation guarantee level per ADM and a school district's  
 46        allocation of funds under this section, the state board shall use data from the fiscal  
 47        year that is two years prior to the fiscal year the school district receives the  
 48        allocation, including the:
- 49        (i) number of pupils in average daily membership;  
 50        (ii) tax rates; and  
 51        (iii) derived net taxable value.
- 52        (4) By June 1, a county treasurer shall report to the state board the actual collections of  
 53        property taxes in the school districts located within the county treasurer's county for the  
 54        period beginning April 1 through the following March 31 immediately preceding that  
 55        June 1.
- 56        (5) If a qualifying school district imposes a combined capital levy rate that is greater than or  
 57        equal to the base tax effort rate, the state board shall allocate to the qualifying school  
 58        district an amount equal to the product of the following:
- 59        (a) the qualifying school district's ADM; and  
 60        (b) an amount equal to the difference between the following:
- 61        (i) the foundation guarantee level per ADM, as determined in accordance with  
 62        Subsection (3); and

- 63 (ii) the qualifying school district's property tax yield per ADM.
- 64 (6) If a qualifying school district imposes a combined capital levy rate less than the base tax  
65 effort rate, the state board shall allocate to the qualifying school district an amount equal  
66 to the product of the following:
- 67 (a) the qualifying school district's ADM;
- 68 (b) an amount equal to the difference between the following:
- 69 (i) the foundation guarantee level per ADM; and
- 70 (ii) the qualifying school district's property tax yield per ADM; and
- 71 (c) a percentage equal to:
- 72 (i) the qualifying school district's combined capital levy rate; divided by
- 73 (ii) the base tax effort rate.
- 74 (7) (a) The state board shall allocate:
- 75 (i) a minimum of \$200,000 to each small school district with a property tax base per  
76 ADM less than or equal to the statewide average property tax base per ADM;
- 77 (ii) a minimum of \$100,000 to each small school district with a property tax base per  
78 ADM that is:
- 79 (A) greater than the statewide average property tax base per ADM; and
- 80 (B) less than or equal to two times the statewide average property tax base per  
81 ADM; and
- 82 (iii) a minimum of \$50,000 to each small school district with a property tax base per  
83 ADM that is:
- 84 (A) greater than two times the statewide average property tax base per ADM; and
- 85 (B) less than or equal to five times the statewide average property tax base per  
86 ADM.
- 87 (b) The state board shall incorporate the minimum allocations described in Subsection  
88 (7)(a) in its calculation of the foundation guarantee level per ADM determined in  
89 accordance with Subsection (3).

90 Section 2. Section **53F-3-203** is amended to read:

91 **53F-3-203 . Capital Outlay Enrollment Growth Program created -- Distribution**  
92 **formulas -- Allocations.**

- 93 (1) As used in this section:
- 94 (a) "Average annual net enrollment increase" means the quotient of:
- 95 (i) (A) enrollment in the prior fiscal year, based on October 1 enrollment counts  
96 excluding a pupil fully enrolled in an online education program for at least 180

97                    days; minus

98                    (B) enrollment in the year four years prior, based on October 1 enrollment counts

99                    excluding a pupil fully enrolled in an online education program for at least 180

100                   days; divided by

101                   (ii) three.

102                   (b) "Eligible district" or "eligible school district" means a school district that:

103                   (i) has an average annual net enrollment increase; and

104                   (ii) has a property tax base per ADM in the year two years prior that is less than two  
105                   times the statewide average property tax base per ADM in the year two years prior.

106                   (2) There is created the Capital Outlay Enrollment Growth Program to provide capital  
107                   outlay funding to school districts experiencing net enrollment increases.

108                   (3) [~~For fiscal years beginning on or after July 1, 2008, the~~] The state board shall annually  
109                   allocate appropriated funds to eligible school districts in accordance with Subsection (4).

110                   (4) The state board shall allocate to an eligible school district an amount equal to the  
111                   product of:

112                   (a) the quotient of:

113                   (i) the eligible school district's average annual net enrollment increase; divided by

114                   (ii) the sum of the average annual net enrollment increase in all eligible school  
115                   districts; and

116                   (b) the total amount appropriated for the Capital Outlay Enrollment Growth Program in  
117                   that fiscal year.

118                   Section 3. **Effective date.**

119                   This bill takes effect on July 1, 2024.