

Senator Lincoln Fillmore proposes the following substitute bill:

SCHOOL FUNDING REVISIONS

2018 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Lincoln Fillmore

House Sponsor: Bradley G. Last

6	Cosponsors:	Wayne A. Harper	Howard A. Stephenson
7	J. Stuart Adams	Daniel Hemmert	Daniel W. Thatcher
8	Curtis S. Bramble	Ann Millner	

LONG TITLE

General Description:

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

Highlighted Provisions:

This bill:

- ▶ amends provisions related to the Enhancement for At-Risk Students Program;
- ▶ directs the Legislature, subject to future budget constraints, to appropriate funds to increase the number of guaranteed local levy increments;
- ▶ directs the State Board of Education to use the appropriation to increase:
 - the number of guaranteed local levy increments to 20, giving first priority to guaranteed voted local levy increments and second priority to guaranteed board local levy increments; and
 - the guaranteed amount for each local levy increment per weighted pupil unit after increasing the number of guaranteed local levy increments;
- ▶ directs a local school board to use funds received from the state local levy guarantee



25 programs for public education purposes;

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

27 school districts to the same rate cap;

28 ▶ creates the Local Levy Growth Account;

29 ▶ repeals the following outdated levies prohibited since January 1, 2012:

30 • the board-approved leeway;

31 • the capital outlay levy;

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

33 and supplies; and

34 • the board leeway for reading improvement;

35 ▶ repeals outdated language, including language related to school capital outlay in

36 counties of the first class repealed December 31, 2016;

37 ▶ provides legislative intent language related to certain appropriations; and

38 ▶ makes technical and conforming changes.

39 **Money Appropriated in this Bill:**

40 This bill appropriates in fiscal year 2019:

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

43 • from the Education Fund, \$31,000,000; and

44 ▶ to the State Board of Education -- Minimum School Program -- Voted and Board

45 Local Levy Programs, as an ongoing appropriation:

46 • from the Education Fund Restricted -- Local Levy Growth Account,
47 \$31,000,000.

48 **Other Special Clauses:**

49 None

50 **Utah Code Sections Affected:**

51 AMENDS:

52 **53F-2-201**, as renumbered and amended by Laws of Utah 2018, Chapter 2

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

54 **53F-2-205**, as renumbered and amended by Laws of Utah 2018, Chapter 2

55 **53F-2-303**, as enacted by Laws of Utah 2018, Chapter 2

- 56 **53F-2-312**, as renumbered and amended by Laws of Utah 2018, Chapter 2
- 57 **53F-2-410**, as renumbered and amended by Laws of Utah 2018, Chapter 2
- 58 **53F-2-503**, as renumbered and amended by Laws of Utah 2018, Chapter 2
- 59 **53F-2-601**, as enacted by Laws of Utah 2018, Chapter 2
- 60 **53F-2-704**, as enacted by Laws of Utah 2018, Chapter 2
- 61 **53F-3-102**, as renumbered and amended by Laws of Utah 2018, Chapter 2
- 62 **53F-8-302**, as renumbered and amended by Laws of Utah 2018, Chapter 2
- 63 **53F-8-303**, as renumbered and amended by Laws of Utah 2018, Chapter 2
- 64 **53F-8-402**, as renumbered and amended by Laws of Utah 2018, Chapter 2
- 65 **53F-9-302**, as renumbered and amended by Laws of Utah 2018, Chapter 2
- 66 **53G-3-304**, as renumbered and amended by Laws of Utah 2018, Chapter 3

67 ENACTS:

68 **53F-9-305**, Utah Code Annotated 1953

69 REPEALS:

- 70 **53F-2-602**, as enacted by Laws of Utah 2018, Chapter 2
- 71 **53F-8-401**, as renumbered and amended by Laws of Utah 2018, Chapter 2
- 72 **53F-8-404**, as renumbered and amended by Laws of Utah 2018, Chapter 2
- 73 **53F-8-405**, as renumbered and amended by Laws of Utah 2018, Chapter 2
- 74 **53F-8-406**, as renumbered and amended by Laws of Utah 2018, Chapter 2



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

77 Section 1. Section **53F-2-201** is amended to read:

78 **53F-2-201. Cost of operation and maintenance of minimum school program --**

79 **Division between state and school districts.**

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

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

85 (b) Each school district may also impose a levy under Section **53F-8-301** or **53F-8-302**
86 for the purpose of participating in the respective local levy state programs [~~provided~~] described

87 in Section [53F-2-601](#) [~~or [53F-2-602](#)~~].

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

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

91 (a) the basic program; and [~~to the levy programs provided in Section [53F-2-601](#) or~~
92 [53F-2-602](#).]

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

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

95 **53F-2-203. Reduction of local education board allocation based on insufficient**
96 **revenues.**

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

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

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

101 (a) an appropriation for a state guaranteed local levy increment as described in Section
102 [53F-2-601](#); and

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

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

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

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

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

117 (a) educator salary adjustments provided in Section [53F-2-405](#);

- 118 (b) the Teacher Salary Supplement Program provided in Section 53F-2-504;
- 119 (c) the extended year for special educators provided in Section 53F-2-310;
- 120 (d) USTAR centers provided in Section 53F-2-505;
- 121 (e) the School LAND Trust Program created in Section 53F-2-404; or
- 122 (f) a special education program within the Basic School Program.

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

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

129 Section 3. Section 53F-2-205 is amended to read:

130 **53F-2-205. Powers and duties of State Board of Education to adjust Minimum**
131 **School Program allocations -- Use of remaining funds at the end of a fiscal year.**

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

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

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

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

138 (i) Basic Program;

139 (ii) Related to Basic Programs;

140 (iii) Voted and Board Levy Programs; or

141 (iv) Minimum School Program.

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

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

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

151 (b) to support the state [~~guarantee per weighted pupil unit provided under the voted~~
152 ~~local levy program established in Section 53F-2-601~~ or the board local levy program
153 ~~established in Section 53F-2-602~~] guaranteed local levy increments as defined in Section
154 53F-2-601, if:

155 (i) local contributions to the voted local levy program or board local levy program are
156 overestimated; or

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

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

161 (d) to support a school district with a loss in student enrollment as provided in Section
162 53F-2-207.

163 (4) If local contributions from the minimum basic tax rate imposed under Section
164 53F-2-301 are overestimated, the board shall reduce the value of the weighted pupil unit for all
165 programs within the basic state-supported school program so the total state contribution to the
166 basic state-supported school program does not exceed the amount of state funds appropriated.

167 (5) If local contributions from the minimum basic tax rate imposed under Section
168 53F-2-301 are underestimated, the board shall:

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

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

178 (6) Except as provided in Subsection (3) or (5), the board shall reduce the state
179 guarantee per weighted pupil unit provided under the [~~voted local levy program established~~]

180 local levy state guarantee program described in Section 53F-2-601 [~~or board local levy program~~
181 ~~established in Section 53F-2-602~~], if:

182 (a) local contributions to the voted local levy program or board local levy program are
183 overestimated; or

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

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

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

189 Section 4. Section **53F-2-303** is amended to read:

190 **53F-2-303. Foreign exchange student weighted pupil units.**

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

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

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

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

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

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

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

208 (ii) 328 foreign exchange students.

209 (b) The State Board of Education shall make rules in accordance with Title 63G,
210 Chapter 3, Utah Administrative Rulemaking Act, to administer the cap on the number of

211 foreign exchange students that may be counted for the purpose of apportioning state money
212 under Subsection (2).

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

217 Section 5. Section **53F-2-312** is amended to read:

218 **53F-2-312. Appropriation for class size reduction.**

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

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

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

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

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

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

241 (5) (a) A local education board may use up to 20% of an allocation under Subsection

242 (1) for capital facilities projects if such projects would help to reduce class size.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

278 (iv) the amount of Title I money expended for teachers in kindergarten through grade
279 8; and

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

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

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

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

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

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

295 Section 6. Section 53F-2-410 is amended to read:

296 **53F-2-410. Enhancement for At-Risk Students Program.**

297 (1) (a) Subject to the requirements of Subsection (1)(b), the State Board of Education
298 shall distribute money appropriated for the Enhancement for At-Risk Students Program to
299 school districts and charter schools according to a formula adopted by the State Board of
300 Education, after consultation with local education boards.

301 (b) (i) The State Board of Education shall appropriate \$1,200,000 from the
302 appropriation for Enhancement for At-Risk Students for a gang prevention and intervention
303 program designed to help students at-risk for gang involvement stay in school.

304 (ii) Money for the gang prevention and intervention program shall be distributed to
305 school districts and charter schools through a request for proposals process.

306 (2) In establishing a distribution formula under Subsection (1)(a), the State Board of
307 Education shall:

308 (a) use the following criteria:

309 ~~[(a)]~~ (i) low performance on statewide assessments described in Section [53E-4-301](#);

310 ~~[(b)]~~ (ii) poverty;

311 ~~[(c)]~~ (iii) mobility; ~~[and]~~

312 ~~[(d)]~~ (iv) limited English proficiency[-];

313 (v) chronic absenteeism; and

314 (vi) homelessness;

315 (b) ensure that the distribution formula distributes money on a per student and per
316 criterion basis; and

317 (c) ensure that the distribution formula provides funding for each criterion that a
318 student meets such that a student who meets:

319 (i) one criterion is counted once; and

320 (ii) more than one criterion is counted for each criterion the student meets.

321 (3) Subject to future budget constraints, the amount appropriated for the Enhancement
322 for At-Risk Students Program shall increase annually with growth in the at-risk student
323 population and changes to the value of the weighted pupil unit as defined in Section [53F-9-305](#).

324 ~~[(3)]~~ (4) A local education board shall use money distributed under this section to
325 improve the academic achievement of students who are at risk of academic failure.

326 ~~[(4)]~~ (5) The State Board of Education shall develop performance criteria to measure
327 the effectiveness of the Enhancement for At-Risk Students Program.

328 ~~[(5)]~~ (6) If a school district or charter school receives an allocation of less than \$10,000
329 under this section, the school district or charter school may use the allocation as described in
330 Section [53F-2-206](#).

331 (7) During the fiscal year that begins July 1, 2022, the Public Education Appropriations
332 Subcommittee shall evaluate:

333 (a) the impact of funding provided in this section to determine whether the funding has
334 improved educational outcomes for students who are at-risk for academic failure; and

335 (b) whether the funding should continue as established, be amended, or be consolidated
336 in the value of the weighted pupil unit.

337 Section 7. Section **53F-2-503** is amended to read:

338 **53F-2-503. K-3 Reading Improvement Program.**

339 (1) As used in this section:

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

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

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

344 (d) "Program money" means:

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

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

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

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

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

357 (i) assessment;

358 (ii) intervention strategies;

359 (iii) professional development for classroom teachers in kindergarten through grade
360 three;

361 (iv) reading performance standards; and

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

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

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

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

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

372 (d) The board shall develop uniform standards for acceptable growth goals that a local
373 education board adopts for a school district or charter school as described in this Subsection

374 (4).

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

377 (i) the Base Level Program;

378 (ii) the Guarantee Program; and

379 (iii) the Low Income Students Program.

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

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

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

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

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

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

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

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

396 (A) each existing charter school's prior year fall enrollment in grades kindergarten

397 through grade three; and

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

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

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

406 (c) For a school district to fully participate in the Guarantee Program, the local school
407 board shall allocate to the program money available to the school district, except money
408 provided by the state, equal to the amount of revenue that would be generated by a tax rate of
409 .000056.

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

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

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

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

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

425 (ii) not less than \$0.

426 (b) Except as provided in Subsection (9)(c), an elementary charter school shall receive
427 under the Guarantee Program an amount equal to \$21 times the elementary charter school's

428 total WPU.

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

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

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

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

442 (i) reading assessments; and

443 (ii) focused reading remediations that may include:

444 (A) the use of reading specialists;

445 (B) tutoring;

446 (C) before or after school programs;

447 (D) summer school programs; or

448 (E) the use of reading software; or

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

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

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

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

458 (b) If a local education board uses program money in a manner that is inconsistent with

459 Subsection (12), the school district or charter school is liable for reimbursing the board for the
460 amount of program money improperly used, up to the amount of program money received from
461 the board.

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

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

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

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

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

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

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

482 (a) includes information on:

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

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

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

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

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

492 Section 8. Section **53F-2-601** is amended to read:

493 **53F-2-601. State guaranteed local levy increments -- Appropriation to increase**
494 **number of guaranteed local levy increments -- No effect of change of minimum basic tax**
495 **rate -- Voted and board local levy funding balance -- Use of guaranteed local levy**
496 **increment funds.**

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

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

499 (b) "Guaranteed local levy increment" means a local levy increment guaranteed by the
500 state:

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

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

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

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

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

506 guaranteed local levy increments in a fiscal year; and

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

508 fund in the same fiscal year the guaranteed local levy increments as determined under this
509 section ~~[and Section [53F-2-602](#) in the same fiscal year]~~.

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

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

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

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

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

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

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

518 per dollar of taxable value].

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

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

521 authorized in Section ~~53F-8-302~~, so that the guarantee shall apply up to a total of .002 per
522 dollar of taxable value if a local school board levies a tax rate under both programs.]

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

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

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

529 (b) (i) Subject to future budget constraints and Subsection (2)(c), the Legislature shall
530 annually appropriate money from the Local Levy Growth Account established in Section
531 53F-9-305 for purposes described in Subsection (2)(b)(ii).

532 (ii) The State Board of Education shall, for a fiscal year beginning on or after July 1,
533 2018, and subject to Subsection (2)(c), allocate funds appropriated under Subsection (2)(b)(i)
534 in the following order of priority by increasing:

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

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

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

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

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

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

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

552 ~~[(5)]~~ (4) (a) The amount of state guarantee money ~~[to which]~~ that a school district
553 would otherwise be entitled to receive under this section may not be reduced for the sole reason
554 that the school district's board local levy or voted local levy is reduced as a consequence of
555 changes in the certified tax rate under Section 59-2-924 pursuant to changes in property
556 valuation.

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

559 ~~[(6)]~~ (5) The guarantee provided under this section does not apply to the portion of a
560 voted local levy rate that exceeds the voted local levy rate that was in effect for the previous
561 fiscal year, unless an increase in the voted local levy rate was authorized in an election
562 conducted on or after July 1 of the previous fiscal year and before December 2 of the previous
563 fiscal year.

564 ~~[(7)]~~ (6) (a) If a voted and board local levy funding balance exists for the prior fiscal
565 year, the State Board of Education shall:

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

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

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

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

577 Section 9. Section **53F-2-704** is amended to read:

578 **53F-2-704. Charter school levy state guarantee.**

579 (1) As used in this section:

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

582 (b) "Charter school students' average local revenues" means the amount determined as

583 follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

616 (2) (a) Subject to future budget constraints, the Legislature shall provide an
617 appropriation for charter schools for each charter school student enrolled on October 1 to
618 supplement the allocation of charter school levy per pupil revenues described in Subsection
619 53F-2-702(3)(a).

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

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

624 (ii) statewide average debt service revenues.

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

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

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

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

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

640 Section 10. Section 53F-3-102 is amended to read:

641 **53F-3-102. Definitions.**

642 As used in this chapter:

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

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

- 645 (a) the highest combined capital levy rate; and
646 (b) the average combined capital levy rate for the school districts statewide.
647 (3) "Combined capital levy rate" means a rate that includes the sum of the following
648 property tax levies:
649 [~~(a) (i) the capital outlay levy authorized in Section 53F-8-401;~~]
650 [~~(ii) the portion of the 10% of basic levy described in Section 53F-8-405 that is~~
651 ~~budgeted for debt service or capital outlay;~~]
652 [~~(iii) (a) (i) the debt service levy authorized in Section 11-14-310; and~~
653 [~~(iv) (ii) the voted capital outlay leeway authorized in Section 53F-8-402; or~~
654 (b) (i) the capital local levy authorized in Section 53F-8-303; and
655 (ii) the debt service levy authorized in Section 11-14-310.
656 (4) "Derived net taxable value" means the quotient of:
657 (a) the total property tax collections from April 1 through the following March 31 for a
658 school district for the calendar year preceding the March 31 date; divided by
659 (b) the school district's total tax rate for the calendar year preceding the March 31
660 referenced in Subsection (4)(a).
661 (5) "Highest combined capital levy rate" means the highest combined capital levy rate
662 imposed by a school district within the state for a fiscal year.
663 (6) "Property tax base per ADM" means the quotient of:
664 (a) a school district's derived net taxable value; divided by
665 (b) the school district's ADM.
666 (7) "Property tax yield per ADM" means:
667 (a) the product of:
668 (i) a school district's derived net taxable value; and
669 (ii) the base tax effort rate; divided by
670 (b) the school district's ADM.
671 (8) "Statewide average property tax base per ADM" means the quotient of:
672 (a) the sum of all school districts' derived net taxable value; divided by
673 (b) the sum of all school districts' ADM.
674 Section 11. Section 53F-8-302 is amended to read:
675 **53F-8-302. Board local levy.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

698 (4) In addition to the revenue a school district collects from the imposition of a levy
699 pursuant to this section, the state shall contribute an amount as described in Section
700 ~~[[53F-2-602](#)] [53F-2-601](#).~~

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

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

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

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

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

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

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

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

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

724 Section 12. Section 53F-8-303 is amended to read:

725 **53F-8-303. Capital local levy.**

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

728 ~~[(b)]~~ (2) A tax rate imposed by a school district pursuant to this section may not exceed
729 .0030 per dollar of taxable value in any calendar year.

730 ~~[(2) A school district that imposes a capital local levy in the calendar year beginning on~~
731 ~~January 1, 2012, is exempt from the public notice and hearing requirements of Section~~
732 ~~59-2-919 if the school district budgets an amount of ad valorem property tax revenue equal to~~
733 ~~or less than the sum of the following amounts:]~~

734 ~~[(a) the amount of revenue generated during the calendar year beginning on January 1,~~
735 ~~2011, from the sum of the following levies of a school district:]~~

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

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

738 budgeted for debt service or capital outlay; and]

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

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

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

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

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

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

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

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

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

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

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

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

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

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

753 Statistics:]

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

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

756 Section 13. Section 53F-8-402 is amended to read:

757 **53F-8-402. Special tax to buy school building sites, build and furnish**

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

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

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

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

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

763 under its control.

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

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

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

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

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

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

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

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

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

781 Section 14. Section **53F-9-302** is amended to read:

782 **53F-9-302. Minimum Basic Growth Account.**

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

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

787 (3) The account shall be funded by amounts deposited into the account in accordance
788 with Section ~~53F-2-301~~.

789 (4) The account shall earn interest.

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

791 (6) Upon appropriation by the Legislature:

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

794 (b) 20% of the money from the account shall be used to fund the Capital Outlay
795 Foundation Program as provided in Section ~~53F-3-203~~; and

796 (c) 5% of the money from the account shall be used to fund the Capital Outlay
797 Enrollment Growth Program as provided in Section ~~53F-3-203~~.

798 Section 15. Section **53F-9-305** is enacted to read:

799 **53F-9-305. Local Levy Growth Account.**

800 (1) As used in this section:

801 (a) "Account" means the Local Levy Growth Account created in this section.

802 (b) "Growth threshold" means the product of:

803 (i) the total state cost to increase by 1% the prior year value of the weighted pupil unit;

804 and

805 (ii) 3.

806 (c) "Value of the weighted pupil unit" means the amount established each year in the

807 enacted public education budget that is multiplied by the number of weighted pupil units to

808 yield the funding level for the basic state-supported school program.

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

810 "Local Levy Growth Account."

811 (3) (a) For a fiscal year beginning on July 1, 2019, and each July 1 thereafter, if

812 revenues collected from the individual income tax and the corporate franchise tax over the

813 previous fiscal year are greater than the growth threshold, the Tax Commission shall, subject to

814 Subsection (3)(b), transfer from the Education Fund to the account an amount equal to the

815 product of:

816 (i) the total state cost to increase by 1% the prior year value of the weighted pupil unit;

817 and

818 (ii) 1.02.

819 (b) The Tax Commission shall consult with the State Board of Education on the

820 amount to transfer under Subsection (3)(a).

821 (c) The account may also be funded by other legislative appropriations.

822 (4) The account shall earn interest.

823 (5) The interest earned on the account shall be deposited into the account.

824 (6) The Legislature shall appropriate money in the account to the State Board of

825 Education for purposes described in Section [53F-2-601](#).

826 Section 16. Section **53G-3-304** is amended to read:

827 **53G-3-304. Property tax levies in new district and remaining district --**

828 **Distribution of property tax revenue.**

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

830 (a) "Divided school district" or "existing district" means a school district from which a

831 new district is created.

832 (b) "New district" means a school district created under Section 53G-3-302 after May
833 10, 2011.

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

836 (i) the minimum basic tax rate imposed under Section 53F-2-301;

837 (ii) a debt service levy imposed under Section 11-14-310; or

838 (iii) a judgment levy imposed under Section 59-2-1330.

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

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

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

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

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

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

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

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

860 (5) On or before March 31, a county treasurer shall distribute revenues generated by a
861 property tax levy imposed under Subsection (2) in the prior calendar year to a new district and

862 remaining district as provided in Subsection (4).

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

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

867 (ii) the maximum rate authorized by voters for a voted local levy under Section
868 53F-8-301.

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

871 Section 17. **Repealer.**

872 This bill repeals:

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

874 Section 53F-8-401, **Capital outlay levy -- Authority to use proceeds of .0002 tax**
875 **rate for maintenance of school facilities -- Restrictions and procedure -- Limited**
876 **authority to use proceeds for general fund purposes -- Notification required when using**
877 **proceeds for general fund purposes -- Authority for small school districts to use levy**
878 **proceeds for operation and maintenance of plant services.**

879 Section 53F-8-404, **Board-approved leeway -- Purpose -- State support --**
880 **Disapproval.**

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

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

884 Section 18. **Appropriation.**

885 The following sums of money are appropriated for the fiscal year beginning July 1,
886 2018, and ending June 30, 2019. These are additions to amounts previously appropriated for
887 fiscal year 2019.

888 Subsection 17(a). **Operating and Capital Budgets.**

889 Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures Act, the
890 Legislature appropriates the following sums of money from the funds or accounts indicated for
891 the use and support of the government of the state of Utah.

892 ITEM 1

893 To State Board of Education -- Minimum School Program -- Voted and
 894 Board Local Levy Programs
 895 From Education Fund Restricted -- Local Levy Growth Account \$31,000,000

896 Schedule of Programs:

897 Voted Local Levy Program \$15,500,000
 898 Board Local Levy Program \$15,500,000

899 Subsection 17(b). **Restricted fund and account transfers.**

900 The Legislature authorizes the State Division of Finance to transfer the following
 901 amounts between the following funds or accounts as indicated. Expenditures and outlays from
 902 the funds to which the money is transferred must be authorized by an appropriation.

903 ITEM 2

904 To Education Fund Restricted -- Local Levy Growth Account
 905 From Education Fund \$31,000,000

906 Schedule of Programs:

907 Education Fund Restricted -- Local Levy
 908 Growth Account \$31,000,000