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
enacts:

53A-1a-103, Utah Code Annotated 1953
53A-17a-164, Utah Code Annotated 1953
Be it enacted by the Legislature of the state of Utah:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(ii) local levies for capital outlay[, maintenance, transportation,,] and other purposes
under Sections [11-2-7, 53A-16-107, 53A-16-110, 53A-17a-126, 53A-17a-127, 53A-17a-133,

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

(i) the project entity shall pay to the school district an annual fee for the state minimum
school program at the rate imposed by the school district and authorized by the Legislature
under Subsection 53A-17a-135(1); and
(ii) for all other local property tax levies authorized to be imposed by a school district,
the project entity shall pay to the school district either:
(A) an annual fee; or
(B) impact alleviation payments under contracts or determination orders provided for
in Sections 11-13-305 and 11-13-306.
(3) (a) An annual fee due a taxing jurisdiction for a particular year shall be calculated
by multiplying the tax rate or rates of the jurisdiction for that year by the product obtained by
multiplying the fee base or value determined in accordance with Subsection (4) for that year of
the portion of the project located within the jurisdiction by the percentage of the project which
is used to produce the capacity, service, or other benefit sold to the energy supplier or suppliers.
(b) As used in this section, "tax rate," when applied in respect to a school district,
includes any assessment to be made by the school district under Subsection (2) or Section
63M-5-302.
(c) There is to be credited against the annual fee due a taxing jurisdiction for each year,
an amount equal to the debt service, if any, payable in that year by the project entity on bonds,
the proceeds of which were used to provide public facilities and services for impact alleviation
in the taxing jurisdiction in accordance with Sections 11-13-305 and 11-13-306.
(d) The tax rate for the taxing jurisdiction for that year shall be computed so as to:
(i) take into account the fee base or value of the percentage of the project located
within the taxing jurisdiction determined in accordance with Subsection (4) used to produce the
capacity, service, or other benefit sold to the supplier or suppliers; and
(ii) reflect any credit to be given in that year.
(4) (a) Except as otherwise provided in this section, the annual fees required by this
section shall be paid, collected, and distributed to the taxing jurisdiction as if:
(i) the annual fees were ad valorem property taxes; and
(ii) the project were assessed at the same rate and upon the same measure of value as
taxable property in the state.
(b) (i) Notwithstanding Subsection (4)(a), for purposes of an annual fee required by
this section, the fee base of a project may be determined in accordance with an agreement
(A) the project entity; and
(B) any county that:
  (I) is due an annual fee from the project entity; and
  (II) agrees to have the fee base of the project determined in accordance with the agreement described in this Subsection (4).

(ii) The agreement described in Subsection (4)(b)(i):
  (A) shall specify each year for which the fee base determined by the agreement shall be used for purposes of an annual fee; and
  (B) may not modify any provision of this chapter except the method by which the fee base of a project is determined for purposes of an annual fee.

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

(iv) (A) If there is not agreement as to the fee base of a portion of a project for any year, for purposes of an annual fee, the State Tax Commission shall determine the value of that portion of the project for which there is not an agreement:
  (I) for that year; and
  (II) using the same measure of value as is used for taxable property in the state.
  (B) The valuation required by Subsection (4)(b)(iv)(A) shall be made by the State Tax Commission in accordance with rules made by the State Tax Commission.

(c) Payments of the annual fees shall be made from:
  (i) the proceeds of bonds issued for the project; and
  (ii) revenues derived by the project entity from the project.

(d) (i) The contracts of the project entity with the purchasers of the capacity, service, or other benefits of the project whose tangible property is not exempted by Utah Constitution Article XIII, Section 3, from the payment of ad valorem property tax shall require each purchaser, whether or not located in the state, to pay, to the extent not otherwise provided for, its share, determined in accordance with the terms of the contract, of these fees.
  (ii) It is the responsibility of the project entity to enforce the obligations of the
purchasers.

(5) (a) The responsibility of the project entity to make payment of the annual fees is limited to the extent that there is legally available to the project entity, from bond proceeds or revenues, money to make these payments, and the obligation to make payments of the annual fees is not otherwise a general obligation or liability of the project entity.

(b) No tax lien may attach upon any property or money of the project entity by virtue of any failure to pay all or any part of an annual fee.

(c) The project entity or any purchaser may contest the validity of an annual fee to the same extent as if the payment was a payment of the ad valorem property tax itself.

(d) The payments of an annual fee shall be reduced to the extent that any contest is successful.

(6) (a) The annual fee described in Subsection (1):

(i) shall be paid by a public agency that:

(A) is not a project entity; and

(B) owns an interest in a facility providing additional project capacity if the interest is otherwise exempt from taxation pursuant to Utah Constitution, Article XIII, Section 3; and

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

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

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

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

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

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

Section 3. Section 20A-1-203 is amended to read:
20A-1-203. Calling and purpose of special elections -- Two-thirds vote limitations.

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

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

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

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

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

(b) the purpose for the statewide special election.

(4) The Legislature may call a statewide special election by passing a joint or concurrent resolution that designates:

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

(b) the purpose for the statewide special election.

(5) (a) The legislative body of a local political subdivision may call a local special election only for:

(i) a vote on a bond or debt issue;

(ii) a vote on a voted local levy program authorized by Section 53A-16-110, 53A-17a-133, or 53A-17a-134;

(iii) an initiative authorized by Chapter 7, Part 5, Local Initiatives - Procedures;

(iv) a referendum authorized by Chapter 7, Part 6, Local Referenda - Procedures;

(v) if required or authorized by federal law, a vote to determine whether or not Utah's legal boundaries should be changed;

(vi) a vote authorized or required by Title 59, Chapter 12, Sales and Use Tax Act;

(vii) a vote to elect members to school district boards for a new school district and a remaining school district, as defined in Section 53A-2-117, following the creation of a new school district under Section 53A-2-118.1; or

(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
258 Section 4. Section 53A-1a-106 is amended to read:
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53A-1a-106. School district and individual school powers.
260  (1) In order to acquire and develop the characteristics listed in Section 53A-1a-104,
261 each school district and each public school within its respective district shall implement a
262 comprehensive system of accountability in which students advance through public schools by
263 demonstrating competency in required skills and mastery of required knowledge through the
264 use of diverse assessment instruments such as authentic and criterion referenced tests, projects,
265 and portfolios.
266
267  (2) (a) Each school district and public school shall:
268  (i) develop and implement programs integrating technology into the curriculum,
269 instruction, and student assessment;
270  (ii) provide for teacher and parent involvement in policymaking at the school site;
271  (iii) implement a public school choice program to give parents, students, and teachers
272 greater flexibility in designing and choosing among programs with different focuses through
273 schools within the same district and other districts, subject to space availability, demographics,
274 and legal and performance criteria;
275  (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
effective implementation of a personalized student education plan (SEP) or student
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
meeting student achievement standards as defined in U-PASS;
287 (B) planning, monitoring, and managing education and career development; and
289 (C) involving students, parents, and school personnel in preparing and implementing
SEPs and SEOPs.
291 (iii) A parent may request conferences with school personnel in addition to SEP or
SEOP conferences established by local school board policy.
293 (iv) Time spent during the school day to implement SEPs and SEOPs is considered
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
policies of a supervisory authority within the public education system in order to acquire or
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
on its activities under this section.
300 (b) The reporting process shall involve participation from teachers, parents, and the
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
(i) for each student enrolled in a charter school on the previous October 1, calculate the
district per pupil local revenues of the school district in which the student resides;
(ii) sum the district per pupil local revenues for each student enrolled in a charter
school on the previous October 1; and
(iii) divide the sum calculated under Subsection (1)(a)(ii) by the number of students
enrolled in charter schools on the previous October 1.

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

(i) (A) a voted levy imposed under Section 53A-17a-133;
(B) a board levy imposed under Section 53A-17a-134;
(C) a 10% of basic levy imposed under Section 53A-17a-145;
(D) a tort liability levy imposed under Section 63G-7-704;
(E) a capital outlay levy imposed under Section 53A-16-107; and
(F) a voted capital outlay levy imposed under Section 53A-16-110; or
(ii) (A) a voted local levy imposed under Section 53A-17a-133;
(B) a board local levy imposed under Section 53A-17a-164, excluding revenues
expended for:
   (I) recreational facilities and activities authorized under Title 11, Chapter 2,
   (II) pupil transportation, up to the amount of revenue generated by a .0003 per dollar of
taxable value of the school district's board local discretionary levy; and
   (III) the K-3 Reading Improvement Program, up to the amount of revenue generated by
a .000121 per dollar of taxable value of the school district's board local discretionary levy; and
   (C) a capital local levy imposed under Section 53A-16-113.

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

[(i) calculate the sum of a school district's revenue received from:]
[(A) a voted levy imposed under Section 53A-17a-133;]
[(B) a board levy imposed under Section 53A-17a-134;]
[(C) 10% of the cost of the basic program levy imposed under Section 53A-17a-145;]
[(D) a tort liability levy imposed under Section 63G-7-704;]
[(E) a capital outlay levy imposed under Section 53A-16-107; and]
[(F) a voted capital outlay levy imposed under Section 53A-16-110; and]
[(ii) divide the sum calculated under Subsection (1)(b)(i) by the sum of:]
(i) district local property tax revenues; divided by
(ii) the sum of:
(A) a school district's average daily membership; and
(B) the average daily membership of a school district's resident students who attend
charter schools.
[(e)] (d) "Resident student" means a student who is considered a resident of the school
district under Title 53A, Chapter 2, Part 2, District of Residency.
[(d)] (e) "Statewide average debt service revenues" means the amount determined as
follows, using data from the most recently published state superintendent's annual report:
(i) sum the revenues of each school district from the debt service levy imposed under
Section 11-14-310; and
(ii) divide the sum calculated under Subsection (1)(d)(e)(i) by statewide school
district average daily membership.
(2) (a) Charter schools shall receive funding as described in this section, except
Subsections (3) through (8) do not apply to charter schools described in Subsection (2)(b).
(b) Charter schools authorized by local school boards that are converted from district
schools or operate in district facilities without paying reasonable rent shall receive funding as
prescribed in Section 53A-1a-515.
(3) (a) Except as provided in Subsection (3)(b), a charter school shall receive state
funds, as applicable, on the same basis as a school district receives funds.
(b) In distributing funds under [Title 53A, Chapter 17a, Minimum School Program
Act, to charter schools, charter school pupils shall be weighted, where applicable, as follows:
(i) .55 for kindergarten pupils;
(ii) .9 for pupils in grades 1 through 6;
(iii) .99 for pupils in grades 7 through 8; and
(iv) 1.2 for pupils in grades 9 through 12.
(4) (a) (i) A school district shall allocate a portion of school district revenues for each
resident student of the school district who is enrolled in a charter school on October 1 equal to
25% of the lesser of:
(A) district per pupil local revenues; or
(B) charter school students' average local revenues.
(ii) Nothing in this Subsection (4)(a) affects the school bond guarantee program
established under Chapter 28, Utah School Bond Guaranty Act.
(b) The State Board of Education shall:
(i) deduct an amount equal to the allocation provided under Subsection (4)(a) from
state funds the school district is authorized to receive under [Title 52A;] Chapter 17a,
Minimum School Program Act; and
(ii) remit the money to the student's charter school.
(c) Notwithstanding the method used to transfer school district revenues to charter
schools as provided in Subsection (4)(b), a school district may deduct the allocations to charter
schools under this section from:
(i) unrestricted revenues available to the school district; or
(ii) the revenue sources listed in Subsections (1)(b)(i)(A) through (F) Subsection
(1)(b) based on the portion of the allocations to charter schools attributed to each of the
revenue sources listed in Subsections (1)(b)(i)(A) through (F) Subsection (1)(b).
(d) (i) Subject to future budget constraints, the Legislature shall provide an
appropriation for charter schools for each student enrolled on October 1 to supplement the
allocation of school district revenues under Subsection (4)(a).
(ii) Except as provided in Subsection (4)(d)(iii), the amount of money provided by the
state for a charter school student shall be the sum of:
(A) charter school students' average local revenues minus the allocation of school
district revenues under Subsection (4)(a); and
(B) statewide average debt service revenues.
(iii) If the total of a school district's allocation for a charter school student under
Subsection (4)(a) and the amount provided by the state under Subsection (4)(d)(ii) is less than
$1427, the state shall provide an additional supplement so that a charter school receives at least
$1427 per student under this Subsection (4).
(iv) (A) If the appropriation provided under this Subsection (4)(d) is less than the
amount prescribed by Subsection (4)(d)(ii) or (4)(d)(iii), the appropriation shall be allocated among charter schools in proportion to each charter school’s enrollment as a percentage of the total enrollment in charter schools.

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

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

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

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

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

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

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

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

(ii) Applications for the grants shall be filed on a form determined by the state superintendent and in conjunction with the application for a charter.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) For purposes of this section:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) (i) Notwithstanding Section 53A-17a-106, foreign exchange students may not be included in average daily membership for the purpose of determining the number of weighted pupil units in the grades 1-12 basic program.

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

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

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

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

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

(B) 328 foreign exchange students.

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

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

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

(3) A school district or charter school may:

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

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

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

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

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

(b) The affidavit shall include the following assurances:

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

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

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

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

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

(vi) that each exchange student will be given in the exchange student's native language
names and telephone numbers of agency representatives and others who could be called at any
time if a serious problem occurs; and

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

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

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

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

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

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

(i) sponsored by the same agency; and

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

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

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

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

(1) As used in this section:

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

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

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

(ii) generates funding for the school district or school pursuant to Subsection
An online student is eligible to participate in extracurricular activities at:

(a) the school within whose attendance boundaries the student's custodial parent or legal guardian resides; or

(b) the public school from which the student withdrew for the purpose of participating in an online education program.

A school other than a school described in Subsection (2)(a) or (b) may allow an online student to participate in extracurricular activities other than:

(a) interschool competitions of athletic teams sponsored and supported by a public school; or

(b) interschool contests or competitions for music, drama, or forensic groups or teams sponsored and supported by a public school.

An online student is eligible for extracurricular activities at a public school consistent with eligibility standards as applied to full-time students of the public school.

A school district or public school may not impose additional requirements on an online school student to participate in extracurricular activities that are not imposed on full-time students of the public school.

The State Board of Education shall make rules establishing fees for an online school student's participation in extracurricular activities at school district schools.

The rules shall provide that:

(i) online school students pay the same fees as other students to participate in extracurricular activities;

(ii) online school students are eligible for fee waivers pursuant to Section 53A-12-103;

(iii) for each online school student who participates in an extracurricular activity at a school district school, the online school shall pay a share of the school district's costs for the extracurricular activity; and

(iv) an online school's share of the costs of an extracurricular activity shall reflect state and local tax revenues expended, except capital facilities expenditures, for an extracurricular activity in a school district or school divided by total student enrollment of the school district or school.

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

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

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

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

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

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

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

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

(i) maintain the same level of expenditure for maintenance in the current year as it did in the preceding year, plus the annual average percentage increase applied to the maintenance and operation budget for the current year; and
(ii) identify the expenditure of capital outlay funds for maintenance by a district project number to ensure that the funds are expended in the manner intended.

(c) The State Board of Education shall establish by rule the expenditure classification for maintenance under this program using a standard classification system.

(3) Beginning January 1, 2009, and through the taxable year beginning January 1, 2011, in order to qualify for receipt of the state contribution toward the minimum school program, a local school board in a county of the first class shall impose a capital outlay levy of at least .0006 per dollar of taxable value.
(4) (a) The county treasurer of a county of the first class shall distribute revenues generated by the .0006 portion of the capital outlay levy required in Subsection (3) to school districts within the county in accordance with Section 53A-16-107.1.

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

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

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

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

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

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

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

(ii) 2500 Support Services - Central Services.

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

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

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

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

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

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

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

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

(4) (a) Within 20 days after the election, the board shall certify the amount of the
approved tax to the governing body of the county in which the school district is located.
(b) The governing body shall acknowledge receipt of the certification and levy and
collect the special tax.

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

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

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

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

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

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

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

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

(a) the amount of revenue generated during the calendar year beginning on January 1, 2011, from the sum of the following levies of a school district:
   (i) a capital outlay levy imposed under Section 53A-16-107; and
   (ii) the portion of the 10% of basic levy described in Section 53A-17a-145 that is budgeted for debt service or capital outlay; and
(b) revenue from new growth as defined in Subsection 59-2-924(4)(c).
(3) Beginning January 1, 2012, in order to qualify for receipt of the state contribution toward the minimum school program described in Section 53A-17a-103, a local school board in a county of the first class shall impose a capital local levy of a least .0006 per dollar of taxable value.
(4) (a) The county treasurer of a county of the first class shall distribute revenues generated by the .0006 portion of the capital local levy required in Subsection (2) to school districts within the county in accordance with Section 53A-16-114.
   (b) If a school district in a county of the first class imposes a capital local levy pursuant to this section that exceeds .0006 per dollar of taxable value, the county treasurer shall distribute revenues generated by the portion of the capital local levy that exceeds .0006 to the school district imposing the levy.

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

53A-16-114. School capital outlay in counties of the first class -- Allocation -- Report to Education Interim Committee.

(1) For purposes of this section:
   (a) "Average annual enrollment growth over the prior three years" means the quotient of:
      (i) (A) enrollment in the current school year, based on October 1 enrollment counts; minus
      (B) enrollment in the year three years prior, based on October 1 enrollment counts; divided by
      (ii) three.
   (b) "Capital outlay increment money" means the amount of revenue equal to
the difference between:

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

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

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

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

(2) The county treasurer of a county of the first class shall distribute revenues
generated by the .0006 portion of the capital outlay levy required in Subsection 53A-16-107(3)
or the capital local levy required in Section 53A-16-113 to school districts located within the
county of the first class as follows:

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

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

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

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

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

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

(a) how the receiving school district spent the district's capital outlay increment [monies] money during the prior fiscal year; and
(b) the receiving school district's plan to increase student capacity of existing school buildings within the district.

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

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

53A-17a-103. Definitions.

As used in this chapter:

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

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

(i) the amount of ad valorem property tax revenue to be generated statewide in the previous year from imposing a minimum basic tax rate, as specified in Subsection 53A-17a-135(1)(a); and
(ii) the product of:
(A) new growth, as defined in:
(I) Section 59-2-924; and
(II) rules of the State Tax Commission; and
(B) the minimum basic tax rate certified by the State Tax Commission for the previous year.
(b) For purposes of this Subsection (2), "ad valorem property tax revenue" does not include property tax revenue received statewide from personal property that is:
(i) assessed by a county assessor in accordance with Title 59, Chapter 2, Part 3, County Assessment; and
(ii) semiconductor manufacturing equipment.
(c) For purposes of calculating the certified revenue levy described in this Subsection (2), the State Tax Commission shall use:
(i) the taxable value of real property assessed by a county assessor contained on the assessment roll;
(ii) the taxable value of real and personal property assessed by the State Tax Commission; and
(iii) the taxable year end value of personal property assessed by a county assessor contained on the prior year's assessment roll.
[(3) "Leeway program" or "leeway" means a state-supported voted leeway program or board leeway program authorized under Section 53A-17a-133 or 53A-17a-134:]
[(4) "Pupil in average daily membership (ADM)" means a full-day equivalent pupil.
[(5) (a) "State-supported minimum school program" or "Minimum School Program" means public school programs for kindergarten, elementary, and secondary schools as described in this Subsection [(5) (4).]
(b) The minimum school program established in [the school districts and charter schools shall include the equivalent of a school term of nine months as determined by the State Board of Education.
(c) (i) The board shall establish the number of days or equivalent instructional hours that school is held for an academic school year.
(ii) Education, enhanced by utilization of technologically enriched delivery systems, when approved by local school boards or charter school governing boards, shall receive full support by the State Board of Education as it pertains to fulfilling the attendance requirements,
excluding time spent viewing commercial advertising.

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

(i) Basic School Program;

(ii) Related to Basic Programs;

(iii) Voted and Board [Lee way] Levy Programs; or

(iv) Minimum School Program.

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

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

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

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

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

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

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

(i) local contributions to the voted [lee way] local levy program or [board-approved lee way] board local levy program are overestimated; or

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

(c) to support the state supplement to local property taxes allocated to charter schools, if the state supplement is less than the amount prescribed by Subsection 53A-1a-513(4);
(d) for charter school administrative costs, if the appropriation for charter school administrative costs is insufficient to provide the amount per student prescribed in Subsection 53A-17a-108(2)(a); or
(e) to support a school district with a loss in student enrollment as provided in Section 53A-17a-139.

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

(4) If local contributions from the minimum basic tax rate imposed under Section 53A-17a-135 are underestimated, the State Board of Education shall:
   (a) spend the excess local contributions for the purposes specified in Subsection (2), giving priority to supporting the value of the weighted pupil unit in programs within the basic state-supported school program in which the number of weighted pupil units is underestimated; and
   (b) reduce the state contribution to the basic state-supported school program so the total cost of the basic state-supported school program does not exceed the total state and local funds appropriated to the basic state-supported school program plus the local contributions necessary to support the value of the weighted pupil unit in programs within the basic state-supported school program in which the number of weighted pupil units is underestimated.

(5) Except as provided in Subsection (2) or (4), the State Board of Education shall reduce the guarantee per weighted pupil unit provided under the voted [leeway] local levy program established in Section 53A-17a-133 or [board-approved leeway] board local levy program established in Section [53A-17a-134] 53A-17a-164, if:
   (a) local contributions to the voted [leeway] local levy program or [board-approved leeway] board local levy program are overestimated; or
   (b) the number of weighted pupil units within school districts qualifying for a guarantee is underestimated.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(4) (a) Approved bus routes for funding purposes shall be determined on fall data collected by October 1.
(b) Approved route funding shall be determined on the basis of the most efficient and economic routes.

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

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

(i) general funds of the district; and

(ii) a tax rate not to exceed .0003 per dollar of taxable value imposed on the district.

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

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

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

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

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

(e) Beginning January 1, 2012, a local school board may not impose a tax in accordance with this Subsection (6).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) the voted \[\text{leeway}\] local levy is approved:

(i) in accordance with \[\text{Section 53A-16-110}\] Subsections (8) and (9) on or after January 1, 2003; and

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

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

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

(a) the levy exceeds the certified tax rate as the result of a school district budgeting an increased amount of ad valorem property tax revenue derived from a voted \[\text{leeway}\] local levy imposed under this section;

(b) the voted \[\text{leeway}\] local levy was approved:

(i) in accordance with \[\text{Section 53A-16-110}\] Subsections (8) and (9) on or after January 1, 2003; and

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

(c) for a voted \[\text{leeway}\] local levy approved or modified in accordance with this section on or after January 1, 2009, the school district complies with requirements of Subsection (7).

(7) For purposes of Subsection (5)(b) or (6)(c), the proposition submitted to the electors regarding the adoption or modification of a voted \[\text{leeway program}\] local levy shall contain the following statement:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

53A-17a-143. Federal Impact Aid Program -- Offset for underestimated
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
1182 [(2) The tax rate for this purpose may not exceed .0008 per dollar of taxable value in
1183 any fiscal year.]
1184
1185 [(3) This authorization terminates for each district at the end of the third year it is
1186 used.]
1187
1188 [(4) If at the end of a fiscal year the sum of the receipts of a school district from
1189 [this special tax rate plus allocation from Public Law 81-874] a distribution from the
1190 Legislature pursuant to Subsection (1) plus the school district's allocations from the Federal
1191 Impact Aid Program for that fiscal year exceeds the amount allocated to the district from
1192 [Public Law 81-874] the Federal Impact Aid Program for the next preceding fiscal year, the
1193 excess funds are carried into the next succeeding fiscal year and become in that year a part of
1194 the district's contribution to its basic program for operation and maintenance under the state
1195 minimum school finance law.
1196 [(5) During that year the district's required tax rate for the basic program shall be
1197 reduced so that the yield from the reduced tax rate plus the carryover funds equal the district's
1198 required contribution to its basic program.
1199 [(6) A district that reduces its basic tax rate under this section shall receive state
1200 minimum school program funds as though the reduction in the tax rate had not been made.
1201
1202 Section 23. Section 53A-17a-145 is amended to read:
1203 53A-17a-145. Additional levy by district for debt service, school sites, buildings,
1204 buses, textbooks, and supplies.
1205 (1) [A] Except as provided in Subsection (5), a school district may elect to increase its
tax rate by up to 10% of the cost of the basic program.
1206 (2) The proceeds from the increase may only be used for debt service, the construction
1207 or remodeling of school buildings, or the purchase of school sites, buses, equipment, textbooks,
1208 and supplies.
(3) This section does not prohibit a district from exercising the authority granted by other laws relating to tax rates.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) As used in this section:

(a) "Program" means the K-3 Reading Improvement Program;

(b) "Program money" means:

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

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

(iii) money appropriated by the Legislature to the program.

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

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

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

(i) assessment;

(ii) intervention strategies;

(iii) professional development;

(iv) reading performance standards; and

(v) specific measurable goals that are based upon gain scores.

(b) The State Board of Education shall provide model plans which a school district or charter school may use, or the district or school may develop its own plan.
(c) Plans developed by a school district or charter school shall be approved by the State Board of Education.

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

(a) the Base Level Program;

(b) the Guarantee Program; and

(c) the Low Income Students Program.

(6) Monies appropriated to the State Board of Education for the K-3 Reading Improvement Program shall be allocated to the three funding programs as follows:

(a) 8% to the Base Level Program;

(b) 46% to the Guarantee Program; and

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

(7) (a) To participate in the Base Level Program, a school district or charter school shall submit a reading proficiency improvement plan to the State Board of Education as provided in Subsection (4) and must receive approval of the plan from the board.

(b) (i) Each school district qualifying for Base Level Program funds and the qualifying elementary charter schools combined shall receive a base amount.

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

(A) each existing charter school's prior year fall enrollment in grades kindergarten through grade 3; and

(B) each new charter school's estimated fall enrollment in grades kindergarten through grade 3.

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

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

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

(iii) levy a tax under Section 53A-17a-151 and allocate to the program other monies available to the school district, except monies provided by the state, equal to the amount of revenue that would be generated by a tax rate of .000056;

(d) To fully participate in the Low Income Students Program, a school district shall:

(i) levy a tax rate of .000065 under Section 53A-17a-151; (ii) allocate to the program money available to the school district, except money provided by the state, equal to the amount of revenue that would be generated by a tax rate of .000065;

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

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

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

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

(i) equal to the difference between $21 times the district's total WPUs and the revenue the school district is required to allocate under Subsection (8)(c) to fully participate in the Guarantee Program; and

(ii) not less than $0.

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) Except as provided in Subsection (4), a local school board may levy a tax rate of up to .000121 per dollar of taxable value for funding the school district's K-3 Reading Improvement Program created under Section 53A-17a-150.
The levy authorized under this section:
(a) is in addition to any other levy or maximum rate;
(b) does not require voter approval; and
(c) may be modified or terminated by a majority vote of the board.

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

Beginning January 1, 2012, a local school board may not levy a tax in accordance with this section.

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

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

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

(a) Except as provided in Subsection (3)(b), a tax rate imposed by a school district pursuant to this section may not exceed .0018 per dollar of taxable value in any calendar year.

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

(i) a recreation levy imposed under Section 11-2-7;
(ii) a transportation levy imposed under Section 53A-17a-127;
(iii) a board-authorized levy imposed under Section 53A-17a-134;
(iv) an impact aid levy imposed under Section 53A-17a-143;
(v) the portion of a 10% of basic levy imposed under Section 53A-17a-145 that is budgeted for purposes other than capital outlay or debt service;
(vi) a reading levy imposed under Section 53A-17a-151; and
(vii) a tort liability levy imposed under Section 63G-1-704.

(3) In addition to the revenue a school district collects from the imposition of a levy pursuant to this section, the state shall contribute an amount sufficient to guarantee that each .0001 of the first .0004 per dollar of taxable value generates an amount equal to .010544 times the value of the prior year's weighted pupil unit.
(b) (i) The amount of state guarantee money to which a school district would otherwise be entitled to under this Subsection (3) may not be reduced for the sole reason that the district's levy is reduced as a consequence of changes in the certified tax rate under Section 59-2-924 pursuant to changes in property valuation.

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

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

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

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

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

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

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

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

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

(vii) a tort liability levy imposed under Section 63G-1-704; and

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

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


As used in this chapter:

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

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

(a) the highest combined capital levy rate; and

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

(3) "Combined capital levy rate" means a rate that includes the sum of the following property tax levies:
(a) (ii) the capital outlay levy authorized in Section 53A-16-107;
[(b) (iii) the portion of the 10% of basic levy described in Section 53A-17a-145 that is budgeted for debt service or capital outlay;
[(d) (iv) the voted capital outlay leeway authorized in Section 53A-16-110]; or
(b) (i) the capital local levy authorized in Section 53A-16-113; and
(ii) the debt service levy authorized in Section 11-14-310.

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

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

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

(7) "Property tax yield per ADM" means:
(a) the product of:
(i) a school district's derived net taxable value; and
(ii) the base tax effort rate; divided by
(b) the school district's ADM.

(8) "Statewide average property tax base per ADM" means the quotient of:
(a) the sum of all school districts' derived net taxable value; divided by
(b) the sum of all school districts' ADM.

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

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

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

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

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

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

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

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

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

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

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

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

(c) the certified tax rate; and

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

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

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

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

(A) interest;

(B) penalties; and

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

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

(II) semiconductor manufacturing equipment.

(ii) "Aggregate taxable value of all property taxed" means:
(A) the aggregate taxable value of all real property assessed by a county assessor in accordance with Part 3, County Assessment, for the current year;
(B) the aggregate taxable year end value of all personal property assessed by a county assessor in accordance with Part 3, County Assessment, for the prior year; and
(C) the aggregate taxable value of all real and personal property assessed by the commission in accordance with Part 2, Assessment of Property, for the current year.

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

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

(A) calculate for the taxing entity the difference between:
(I) the aggregate taxable value of all property taxed; and
(II) any redevelopment adjustments for the current calendar year;
(B) after making the calculation required by Subsection (3)(c)(ii)(A), calculate an amount determined by increasing or decreasing the amount calculated under Subsection (3)(c)(ii)(A) by the average of the percentage net change in the value of taxable property for the equalization period for the three calendar years immediately preceding the current calendar year;
(C) after making the calculation required by Subsection (3)(c)(ii)(B), calculate the product of:
(I) the amount calculated under Subsection (3)(c)(ii)(B); and
(II) the percentage of property taxes collected for the five calendar years immediately preceding the current calendar year; and
(D) after making the calculation required by Subsection (3)(c)(ii)(C), calculate an amount determined by subtracting from the amount calculated under Subsection (3)(c)(ii)(C) any new growth as defined in this section:
(I) within the taxing entity; and
(II) for the following calendar year:
(Aa) for new growth from real property assessed by a county assessor in accordance with Part 3, County Assessment and all property assessed by the commission in accordance
with Section 59-2-201, the current calendar year; and

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

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

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

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

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

(II) semiconductor manufacturing equipment; and

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

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

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

(B) semiconductor manufacturing equipment.

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

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

(B) semiconductor manufacturing equipment.

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

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

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

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

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

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

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

(e) The certified tax rates for the taxing entities described in this Subsection (3)(e) shall be calculated as follows:

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

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

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

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

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

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

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

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

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

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

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

(ii) shall be included by the commission in establishing a certified tax rate for that
capital outlay levy determined in accordance with the calculation described in Subsection
59-2-913(3).

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

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

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

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

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

(c) "New growth" means:
(i) the difference between the increase in taxable value of the following property of the
taxing entity from the previous calendar year to the current year:
(A) real property assessed by a county assessor in accordance with Part 3, County
Assessment; and
(B) property assessed by the commission under Section 59-2-201; plus
(ii) the difference between the increase in taxable year end value of personal property
of the taxing entity from the year prior to the previous calendar year to the previous calendar
year; minus
(iii) the amount of an increase in taxable value described in Subsection (4)(e).
(d) For purposes of Subsection (4)(c)(ii), the taxable value of personal property of the
taxing entity does not include the taxable value of personal property that is:
(i) contained on the tax rolls of the taxing entity if that property is assessed by a county
assessor in accordance with Part 3, County Assessment; and
(ii) semiconductor manufacturing equipment.
(e) Subsection (4)(c)(iii) applies to the following increases in taxable value:
(i) the amount of increase to locally assessed real property taxable values resulting
from factoring, reappraisal, or any other adjustments; or
(ii) the amount of an increase in the taxable value of property assessed by the
commission under Section 59-2-201 resulting from a change in the method of apportioning the
taxable value prescribed by:
(A) the Legislature;
(B) a court;
(C) the commission in an administrative rule; or
(D) the commission in an administrative order.
(f) For purposes of Subsection (4)(a)(ii), the taxable year end value of personal
property on the prior year's assessment roll does not include:
(i) new growth as defined in Subsection (4)(c); or
(ii) the total taxable year end value of personal property contained on the prior year's
tax rolls of the taxing entity that is:
(A) assessed by a county assessor in accordance with Part 3, County Assessment; and
(B) semiconductor manufacturing equipment.
(5) (a) On or before June 22, each taxing entity shall annually adopt a tentative budget.

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

(i) its intent to exceed the certified tax rate; and

(ii) the amount by which it proposes to exceed the certified tax rate.

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

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

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

(1) As used in this section:

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

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

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

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

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

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

(3) Beginning with fiscal year 2010-11, a receiving school district shall decrease its capital outlay certified tax rate under Subsection 59-2-924(3)(g)(ii) by the amount required to offset the receiving school
district's [capital outlay] estimated capital local levy increment for the prior fiscal year.

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

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

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

[(5) Beginning with fiscal year 2010-11, a contributing school district is exempt from the notice and public hearing provisions of Section 59-2-919 for the school district's capital outlay levy certified tax rate calculated pursuant to Subsection 59-2-924(3)(g)(ii) if:

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

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

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

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

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

(b) the increased amount of ad valorem property tax revenue described in Subsection [66] (3)(a) is less than or equal to the difference between:

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

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

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

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

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

(1) As used in this section:

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

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

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

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

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

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

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

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

(iii) located in a qualifying divided school district.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) any claim, settlement, or judgment;

(b) the costs to defend against any claim, settlement, or judgment; or

(c) for the establishment and maintenance of a reserve fund for the payment of claims, settlements, or judgments that may be reasonably anticipated.

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

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

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

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

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

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

The following provisions are repealed on the following dates:
(1) Section 53-3-232, Conditional licenses, is repealed July 1, 2015.

(2) Title 53A, Chapter 1a, Part 6, Public Education Job Enhancement Program is repealed July 1, 2020.

(3) Title 53A, Chapter 1a, Part 9, Voluntary Extended-day Kindergarten Program, is repealed July 1, 2011.

(4) Section 53A-2-118.3 is repealed December 31, 2016.


(6) Subsections [53A-16-107(3) and (4)] 53A-16-113(3) and (4) are repealed December 31, 2016.


(8) Section 53A-17a-163, Performance-based Compensation Pilot Program is repealed July 1, 2011.

(9) Subsection 53C-3-203(5), which provides for the distribution of money from the Land Exchange Distribution Account to the Geological Survey for test wells, other hydrologic studies, and air quality monitoring in the West Desert, is repealed July 1, 2020.

Section 35. **Repealer.**

This bill repeals:

Section **53A-16-111, Payment of judgments and warrants -- Special tax.**

Section 36. **Effective date.**

(1) Except as provided in Subsection (2), this bill takes effect on January 1, 2012.

(2) The amendments to the following sections take effect on July 1, 2012:

(a) Section 53A-2-206;

(b) Section 53A-17a-105;

(c) Section 53A-17a-146; and

(d) Section 53A-17a-150.
STATE GOVERNMENT  (UCA 36-12-13(2)(b))
Enactment of this bill likely will not materially impact the state budget.

LOCAL GOVERNMENTS  (UCA 36-12-13(2)(c))
This bill combines school property tax rates and changes the maximum limits on potential tax rates. The maximum allowable increase to school districts is $471.2 million in FY 2013. For school districts opting to raise property tax revenue, they are required to go through truth-in-taxation.

DIRECT EXPENDITURES BY UTAH RESIDENTS AND BUSINESSES  (UCA 36-12-13(2)(d))
School districts may opt to increase property tax rates. Assuming all school districts assess the highest allowable rates, the maximum allowable property tax increase on individuals and businesses is $471.2 million in FY 2013; for an individual owning a $250,000 home, the maximum allowable increase is $329 and for a business owner with a property assessed at $1,000,000, the maximum allowable increase is $2,395. For individuals and businesses to see a tax increase, school districts are required to go through truth-in-taxation.