

SCHOOL DISTRICT PROPERTY TAX AMENDMENTS

2011 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Joel K. Briscoe

Senate Sponsor: _____

LONG TITLE

General Description:

This bill amends provisions in the Minimum School Program Act related to property tax authority for school districts.

Highlighted Provisions:

This bill:

- ▶ allows a school district to increase its voted leeway property tax rate from a maximum rate of .002 per dollar of taxable value to a rate of .003 per dollar of taxable value; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides retrospective operation for a taxable year beginning on January 1, 2011.

Utah Code Sections Affected:

AMENDS:

53A-17a-133, as last amended by Laws of Utah 2010, Chapter 399

53A-17a-134, as last amended by Laws of Utah 2010, Chapter 399

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



28 Section 1. Section 53A-17a-133 is amended to read:

29 **53A-17a-133. State-supported voted leeway program authorized -- Election**
30 **requirements -- State guarantee -- Reconsideration of the program.**

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

34 (2) (a) (i) To establish a voted leeway program, a majority of the electors of a school
35 district voting at an election in the manner set forth in Section 53A-16-110 must vote in favor
36 of a special tax.

37 (ii) The tax rate may not exceed [~~.002~~] .003 per dollar of taxable value.

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

40 (c) In order to receive state support the first year, a district must receive voter approval
41 no later than December 1 of the year prior to implementation.

42 (3) (a) Under the voted leeway program, the state shall contribute an amount sufficient
43 to guarantee \$25.25 per weighted pupil unit for each .0001 of the first .0016 per dollar of
44 taxable value.

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

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

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

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

58 (e) The guarantee provided under this section does not apply to the portion of a voted

59 leeway rate that exceeds the voted leeway rate that was in effect for the previous fiscal year,
60 unless an increase in the voted leeway rate was authorized in an election conducted on or after
61 July 1 of the previous fiscal year and before December 2 of the previous fiscal year.

62 (4) (a) An election to modify an existing voted leeway program is not a reconsideration
63 of the existing program unless the proposition submitted to the electors expressly so states.

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

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

70 (d) Nothing contained in this section terminates, without an election, the authority of a
71 school district to continue an existing voted leeway program previously authorized by the
72 voters.

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

77 (a) the voted leeway is approved:

78 (i) in accordance with Section 53A-16-110 on or after January 1, 2003; and

79 (ii) within the four-year period immediately preceding the year in which the school
80 district seeks to budget an increased amount of ad valorem property tax revenue derived from
81 the voted leeway; and

82 (b) for a voted leeway approved or modified in accordance with this section on or after
83 January 1, 2009, the school district complies with the requirements of Subsection (7).

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

87 (a) the levy exceeds the certified tax rate as the result of a school district budgeting an
88 increased amount of ad valorem property tax revenue derived from a voted leeway imposed
89 under this section;

90 (b) the voted leeway was approved:

91 (i) in accordance with Section 53A-16-110 on or after January 1, 2003; and

92 (ii) within the four-year period immediately preceding the year in which the school
93 district seeks to budget an increased amount of ad valorem property tax revenue derived from
94 the voted leeway; and

95 (c) for a voted leeway approved or modified in accordance with this section on or after
96 January 1, 2009, the school district complies with requirements of Subsection (7).

97 (7) For purposes of Subsection (5)(b) or (6)(c), the proposition submitted to the
98 electors regarding the adoption or modification of a voted leeway program shall contain the
99 following statement:

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

102 Section 2. Section **53A-17a-134** is amended to read:

103 **53A-17a-134. Board-approved leeway -- Purpose -- State support -- Disapproval.**

104 (1) [~~Each~~] A local school board may levy a tax rate of up to .0004 per dollar of taxable
105 value to maintain a school program above the cost of the basic school program as follows:

106 (a) a local school board shall use the monies generated by the tax for class size
107 reduction within the school district;

108 (b) if a local school board determines that the average class size in the school district is
109 not excessive, it may use the monies for other school purposes but only if the board has
110 declared the use for other school purposes in a public meeting prior to levying the tax rate; and

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

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

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

119 (c) (i) The amount of state guarantee money to which a school district would otherwise
120 be entitled to under this Subsection (2) may not be reduced for the sole reason that the district's

121 levy is reduced as a consequence of changes in the certified tax rate under Section 59-2-924
122 pursuant to changes in property valuation.

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

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

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

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

130 (3) The levy authorized under this section is not in addition to the maximum rate of
131 ~~[:002]~~ .003 authorized in Section 53A-17a-133, but is a board-authorized component of the
132 total tax rate under that section.

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

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

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

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

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

151 (b) A board-authorized leeway rate may be modified or terminated by a majority vote

152 of the board subject to disapproval procedures specified in this section.

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

154 Section 3. **Retrospective operation.**

155 This bill has retrospective operation for a taxable year beginning on January 1, 2011.

Legislative Review Note
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Office of Legislative Research and General Counsel