

BUDGET DEADLINE AMENDMENTS

2018 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Lincoln Fillmore

House Sponsor: Susan Pulsipher

LONG TITLE

General Description:

This bill amends certain deadlines related to local government budgets.

Highlighted Provisions:

This bill:

- ▶ amends the deadline by which a taxing entity is required to adopt certain budgets;

and

- ▶ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

10-5-109, as last amended by Laws of Utah 1989, Chapter 118

10-6-118, as last amended by Laws of Utah 2001, Chapter 178

17C-1-601.5, as renumbered and amended by Laws of Utah 2016, Chapter 350

53G-7-303, as renumbered and amended by Laws of Utah 2018, Chapter 3

59-2-924, as last amended by Laws of Utah 2017, Chapter 390

63H-1-701, as last amended by Laws of Utah 2015, Chapters 258 and 377

63H-2-502, as enacted by Laws of Utah 2009, Chapter 378

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

30 Section 1. Section 10-5-109 is amended to read:

31 **10-5-109. Adoption of budgets -- Filing.**

32 [~~Prior to June 22~~]

33 (1) Before June 30 of each year, or August 17 in the case of a property tax increase
34 under Sections 59-2-919 through 59-2-923, the council shall by resolution or ordinance adopt a
35 budget for the ensuing fiscal year for each fund for which a budget is required under this
36 chapter. [A]

37 (2) The council shall file a copy of the final budget for each fund [~~shall be filed~~] with
38 the state auditor within 30 days after adoption.

39 Section 2. Section 10-6-118 is amended to read:

40 **10-6-118. Adoption of final budget -- Certification and filing.**

41 (1) Before [~~the last June 22~~] June 30 of each fiscal period, or, in the case of a property
42 tax increase under Sections 59-2-919 through 59-2-923, before August 17 of the year for which
43 a property tax increase is proposed, the governing body shall by resolution or ordinance adopt a
44 budget for the ensuing fiscal period for each fund for which a budget is required under this
45 chapter. [~~A copy of the final budget for each fund shall be certified by the budget officer and~~
46 ~~filed with the state auditor within 30 days after adoption.~~]

47 (2) The budget officer of the governing body shall certify a copy of the final budget and
48 file the copy with the state auditor within 30 days after adoption.

49 Section 3. Section 17C-1-601.5 is amended to read:

50 **17C-1-601.5. Annual agency budget -- Fiscal year -- Public hearing required --**
51 **Auditor forms -- Requirement to file form.**

52 (1) Each agency shall prepare an annual budget of the agency's revenues and
53 expenditures for each fiscal year.

54 (2) The board shall adopt each agency budget:

55 (a) for an agency created by a municipality, before June [~~22~~] 30; or

56 (b) for an agency created by a county, before December 15.

57 (3) The agency's fiscal year shall be the same as the fiscal year of the community that

58 created the agency.

59 (4) (a) Before adopting an annual budget, each board shall hold a public hearing on the
60 annual budget.

61 (b) Each agency shall provide notice of the public hearing on the annual budget by:

62 (i) (A) publishing at least one notice in a newspaper of general circulation within the
63 agency boundaries, one week before the public hearing; or

64 (B) if there is no newspaper of general circulation within the agency boundaries,
65 posting a notice of the public hearing in at least three public places within the agency
66 boundaries; and

67 (ii) publishing notice on the Utah Public Notice Website created in Section [63F-1-701](#),
68 at least one week before the public hearing.

69 (c) Each agency shall make the annual budget available for public inspection at least
70 three days before the date of the public hearing.

71 (5) The state auditor shall prescribe the budget forms and the categories to be contained
72 in each annual budget, including:

73 (a) revenues and expenditures for the budget year;

74 (b) legal fees; and

75 (c) administrative costs, including rent, supplies, and other materials, and salaries of
76 agency personnel.

77 (6) (a) Within 90 days after adopting an annual budget, each board shall file a copy of
78 the annual budget with the auditor of the county in which the agency is located, the State Tax
79 Commission, the state auditor, the State Board of Education, and each taxing entity from which
80 the agency receives project area funds.

81 (b) The requirement of Subsection (6)(a) to file a copy of the annual budget with the
82 state as a taxing entity is met if the agency files a copy with the State Tax Commission and the
83 state auditor.

84 Section 4. Section **53G-7-303** is amended to read:

85 **53G-7-303. Local governing board budget procedures.**

- 86 (1) As used in this section:
- 87 (a) "Budget officer" means:
- 88 (i) for a school district, the school district's superintendent; or
- 89 (ii) for a charter school, an individual selected by the charter school governing board.
- 90 (b) "Governing board" means:
- 91 (i) for a school district, the local school board; or
- 92 (ii) for a charter school, the charter school governing board.
- 93 (2) (a) For a school district, before June [~~22~~] 30 of each year, a local school board shall
- 94 adopt a budget and make appropriations for the next fiscal year.
- 95 (b) For a school district, if the tax rate in the school district's proposed budget exceeds
- 96 the certified tax rate defined in Section 59-2-924, the local school board shall comply with
- 97 Section 59-2-919 in adopting the budget, except as provided by Section 53F-8-301.
- 98 (3) (a) For a school district, before the adoption or amendment of a budget, a local
- 99 school board shall hold a public hearing, as defined in Section 10-9a-103, on the proposed
- 100 budget or budget amendment.
- 101 (b) In addition to complying with Title 52, Chapter 4, Open and Public Meetings Act,
- 102 in regards to the public hearing described in Subsection (3)(a), at least 10 days prior to the
- 103 public hearing, a local school board shall:
- 104 (i) publish a notice of the public hearing in a newspaper or combination of newspapers
- 105 of general circulation in the school district, except as provided in Section 45-1-101;
- 106 (ii) publish a notice of the public hearing electronically in accordance with Section
- 107 45-1-101;
- 108 (iii) file a copy of the proposed budget with the local school board's business
- 109 administrator for public inspection; and
- 110 (iv) post the proposed budget on the school district's Internet website.
- 111 (c) A notice of a public hearing on a school district's proposed budget shall include
- 112 information on how the public may access the proposed budget as provided in Subsections
- 113 (3)(b)(iii) and (iv).

114 (4) For a charter school, before June [22] 30 of each year, a charter school governing
115 board shall adopt a budget for the next fiscal year.

116 (5) Within 30 days of adopting a budget, a governing board shall file a copy of the
117 adopted budget with the state auditor and the State Board of Education.

118 Section 5. Section **59-2-924** is amended to read:

119 **59-2-924. Definitions -- Report of valuation of property to county auditor and**
120 **commission -- Transmittal by auditor to governing bodies -- Calculation of certified tax**
121 **rate -- Rulemaking authority -- Adoption of tentative budget -- Notice provided by the**
122 **commission.**

123 (1) As used in this section:

124 (a) (i) "Ad valorem property tax revenue" means revenue collected in accordance with
125 this chapter.

126 (ii) "Ad valorem property tax revenue" does not include:

127 (A) interest;

128 (B) penalties;

129 (C) collections from redemptions; or

130 (D) revenue received by a taxing entity from personal property that is semiconductor
131 manufacturing equipment assessed by a county assessor in accordance with Part 3, County
132 Assessment.

133 (b) (i) "Aggregate taxable value of all property taxed" means:

134 (A) the aggregate taxable value of all real property a county assessor assesses in
135 accordance with Part 3, County Assessment, for the current year;

136 (B) the aggregate taxable value of all real and personal property the commission
137 assesses in accordance with Part 2, Assessment of Property, for the current year; and

138 (C) the aggregate year end taxable value of all personal property a county assessor
139 assesses in accordance with Part 3, County Assessment, contained on the prior year's tax rolls
140 of the taxing entity.

141 (ii) "Aggregate taxable value of all property taxed" does not include the aggregate year

142 end taxable value of personal property that is:

143 (A) semiconductor manufacturing equipment assessed by a county assessor in
144 accordance with Part 3, County Assessment; and

145 (B) contained on the prior year's tax rolls of the taxing entity.

146 (c) "Centrally assessed benchmark value" means an amount equal to the highest year
147 end taxable value of real and personal property the commission assesses in accordance with
148 Part 2, Assessment of Property, for a previous calendar year that begins on or after January 1,
149 2015, adjusted for taxable value attributable to:

150 (i) an annexation to a taxing entity; or

151 (ii) an incorrect allocation of taxable value of real or personal property the commission
152 assesses in accordance with Part 2, Assessment of Property.

153 (d) (i) "Centrally assessed new growth" means the greater of:

154 (A) zero; or

155 (B) the amount calculated by subtracting the centrally assessed benchmark value
156 adjusted for prior year end incremental value from the taxable value of real and personal
157 property the commission assesses in accordance with Part 2, Assessment of Property, for the
158 current year, adjusted for current year incremental value.

159 (ii) "Centrally assessed new growth" does not include a change in value as a result of a
160 change in the method of apportioning the value prescribed by the Legislature, a court, or the
161 commission in an administrative rule or administrative order.

162 (e) "Certified tax rate" means a tax rate that will provide the same ad valorem property
163 tax revenue for a taxing entity as was budgeted by that taxing entity for the prior year.

164 (f) "Eligible new growth" means the greater of:

165 (i) zero; or

166 (ii) the sum of:

167 (A) locally assessed new growth;

168 (B) centrally assessed new growth; and

169 (C) project area new growth.

170 (g) "Incremental value" means the same as that term is defined in Section 17C-1-102.

171 (h) (i) "Locally assessed new growth" means the greater of:

172 (A) zero; or

173 (B) the amount calculated by subtracting the year end taxable value of real property the
174 county assessor assesses in accordance with Part 3, County Assessment, for the previous year,
175 adjusted for prior year end incremental value from the taxable value of real property the county
176 assessor assesses in accordance with Part 3, County Assessment, for the current year, adjusted
177 for current year incremental value.

178 (ii) "Locally assessed new growth" does not include a change in:

179 (A) value as a result of factoring in accordance with Section 59-2-704, reappraisal, or
180 another adjustment;

181 (B) assessed value based on whether a property is allowed a residential exemption for a
182 primary residence under Section 59-2-103;

183 (C) assessed value based on whether a property is assessed under Part 5, Farmland
184 Assessment Act; or

185 (D) assessed value based on whether a property is assessed under Part 17, Urban
186 Farming Assessment Act.

187 (i) "Project area" means the same as that term is defined in Section 17C-1-102.

188 (j) "Project area new growth" means an amount equal to the incremental value that is
189 no longer provided to an agency as tax increment.

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

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

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

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

- 198 (a) the statements described in Subsections (2)(a) and (b);
- 199 (b) an estimate of the revenue from personal property;
- 200 (c) the certified tax rate; and
- 201 (d) all forms necessary to submit a tax levy request.

202 (4) (a) Except as otherwise provided in this section, the certified tax rate shall be
203 calculated by dividing the ad valorem property tax revenue that a taxing entity budgeted for the
204 prior year by the amount calculated under Subsection (4)(b).

205 (b) For purposes of Subsection (4)(a), the legislative body of a taxing entity shall
206 calculate an amount as follows:

207 (i) calculate for the taxing entity the difference between:

- 208 (A) the aggregate taxable value of all property taxed; and
- 209 (B) any adjustments for current year incremental value;

210 (ii) after making the calculation required by Subsection (4)(b)(i), calculate an amount
211 determined by increasing or decreasing the amount calculated under Subsection (4)(b)(i) by the
212 average of the percentage net change in the value of taxable property for the equalization
213 period for the three calendar years immediately preceding the current calendar year;

214 (iii) after making the calculation required by Subsection (4)(b)(ii), calculate the product
215 of:

- 216 (A) the amount calculated under Subsection (4)(b)(ii); and
- 217 (B) the percentage of property taxes collected for the five calendar years immediately
218 preceding the current calendar year; and

219 (iv) after making the calculation required by Subsection (4)(b)(iii), calculate an amount
220 determined by subtracting eligible new growth from the amount calculated under Subsection
221 (4)(b)(iii).

222 (5) A certified tax rate for a taxing entity described in this Subsection (5) shall be
223 calculated as follows:

224 (a) except as provided in Subsection (5)(b), for a new taxing entity, the certified tax
225 rate is zero;

226 (b) for a municipality incorporated on or after July 1, 1996, the certified tax rate is:

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

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

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

235 (i) a school levy provided for under Section 53A-16-113, 53A-17a-133, or
236 53A-17a-164; and

237 (ii) a levy to pay for the costs of state legislative mandates or judicial or administrative
238 orders under Section 59-2-1602.

239 (6) (a) A judgment levy imposed under Section 59-2-1328 or 59-2-1330 may be
240 imposed at a rate that is sufficient to generate only the revenue required to satisfy one or more
241 eligible judgments.

242 (b) The ad valorem property tax revenue generated by a judgment levy described in
243 Subsection (6)(a) may not be considered in establishing a taxing entity's aggregate certified tax
244 rate.

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

246 (i) the taxable value of real property:

247 (A) the county assessor assesses in accordance with Part 3, County Assessment; and

248 (B) contained on the assessment roll;

249 (ii) the year end taxable value of personal property:

250 (A) a county assessor assesses in accordance with Part 3, County Assessment; and

251 (B) contained on the prior year's assessment roll; and

252 (iii) the taxable value of real and personal property the commission assesses in
253 accordance with Part 2, Assessment of Property.

254 (b) For purposes of Subsection (7)(a), taxable value does not include eligible new
255 growth.

256 (8) (a) On or before June [22] 30, a taxing entity shall annually adopt a tentative
257 budget.

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

260 (i) the taxing entity's intent to exceed the certified tax rate; and

261 (ii) the amount by which the taxing entity proposes to exceed the certified tax rate.

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

264 (9) (a) Subject to Subsection (9)(d), the commission shall provide notice, through
265 electronic means on or before July 31, to a taxing entity and the Revenue and Taxation Interim
266 Committee if:

267 (i) the amount calculated under Subsection (9)(b) is 10% or more of the year end
268 taxable value of the real and personal property the commission assesses in accordance with
269 Part 2, Assessment of Property, for the previous year, adjusted for prior year end incremental
270 value; and

271 (ii) the amount calculated under Subsection (9)(c) is 50% or more of the total year end
272 taxable value of the real and personal property of a taxpayer the commission assesses in
273 accordance with Part 2, Assessment of Property, for the previous year.

274 (b) For purposes of Subsection (9)(a)(i), the commission shall calculate an amount by
275 subtracting the taxable value of real and personal property the commission assesses in
276 accordance with Part 2, Assessment of Property, for the current year, adjusted for current year
277 incremental value, from the year end taxable value of the real and personal property the
278 commission assesses in accordance with Part 2, Assessment of Property, for the previous year,
279 adjusted for prior year end incremental value.

280 (c) For purposes of Subsection (9)(a)(ii), the commission shall calculate an amount by
281 subtracting the total taxable value of real and personal property of a taxpayer the commission

282 assesses in accordance with Part 2, Assessment of Property, for the current year, from the total
283 year end taxable value of the real and personal property of a taxpayer the commission assesses
284 in accordance with Part 2, Assessment of Property, for the previous year.

285 (d) The notification under Subsection (9)(a) shall include a list of taxpayers that meet
286 the requirement under Subsection (9)(a)(ii).

287 Section 6. Section **63H-1-701** is amended to read:

288 **63H-1-701. Annual authority budget -- Fiscal year -- Public hearing required --**
289 **Auditor forms -- Requirement to file form.**

290 (1) The authority shall prepare and its board adopt an annual budget of revenues and
291 expenditures for the authority for each fiscal year.

292 (2) Each annual authority budget shall be adopted before June [~~22~~] 30.

293 (3) The authority's fiscal year shall be the period from July 1 to the following June 30.

294 (4) (a) Before adopting an annual budget, the authority board shall hold a public
295 hearing on the annual budget.

296 (b) The authority shall provide notice of the public hearing on the annual budget by
297 publishing notice:

298 (i) at least once in a newspaper of general circulation within the state, one week before
299 the public hearing; and

300 (ii) on the Utah Public Notice Website created in Section **63F-1-701**, for at least one
301 week immediately before the public hearing.

302 (c) The authority shall make the annual budget available for public inspection at least
303 three days before the date of the public hearing.

304 (5) The state auditor shall prescribe the budget forms and the categories to be contained
305 in each authority budget, including:

306 (a) revenues and expenditures for the budget year;

307 (b) legal fees; and

308 (c) administrative costs, including rent, supplies, and other materials, and salaries of
309 authority personnel.

310 (6) (a) Within 30 days after adopting an annual budget, the authority board shall file a
311 copy of the annual budget with the auditor of each county in which a project area of the
312 authority is located, the State Tax Commission, the state auditor, the State Board of Education,
313 and each taxing entity that levies a tax on property from which the authority collects property
314 tax allocation.

315 (b) The requirement of Subsection (6)(a) to file a copy of the annual budget with the
316 state as a taxing entity is met if the authority files a copy with the State Tax Commission and
317 the state auditor.

318 Section 7. Section **63H-2-502** is amended to read:

319 **63H-2-502. Annual authority budget -- Auditor forms -- Requirement to file**
320 **form.**

321 (1) (a) The authority shall prepare an annual budget of revenues and expenditures for
322 the authority for each fiscal year.

323 (b) Before June ~~[22]~~ 30 of each year and subject to the other provisions of this section,
324 the board shall adopt an annual budget of revenues and expenditures of the authority for the
325 immediately following fiscal year.

326 (2) (a) Before adopting an annual budget, the board shall hold a public hearing on the
327 annual budget.

328 (b) Before holding the public hearing required by this Subsection (2), the board shall
329 post notice of the public hearing on the Utah Public Notice Website created under Section
330 **63F-1-701** no less than 14 days before the day on which the public hearing is to be held.

331 (3) The state auditor shall prescribe the budget forms and the categories to be contained
332 in each annual budget of the authority, including:

333 (a) revenues and expenditures for the budget year;

334 (b) the outstanding bonds and related expenses;

335 (c) legal fees; and

336 (d) administrative costs, including:

337 (i) rent;

338 (ii) supplies;

339 (iii) other materials; and

340 (iv) salaries of authority personnel.

341 (4) Within 30 days after adopting an annual budget, the board shall file a copy of the
342 annual budget with:

343 (a) the State Tax Commission; and

344 (b) the state auditor.

345 (5) (a) Subject to Subsection (5)(b), the board may by resolution amend an annual
346 budget of the authority.

347 (b) The board may make an amendment of an annual budget that would increase total
348 expenditures of the authority only after:

349 (i) holding a public hearing; and

350 (ii) before holding the public hearing required by this Subsection (5)(b), posting notice
351 of the public hearing on the Utah Public Notice Website created under Section [63F-1-701](#) no
352 less than 14 days before the day on which the public hearing is to be held.

353 (6) The authority may not make expenditures in excess of the total expenditures
354 established in the annual budget as it is adopted or amended.

355 **Section 8. Effective date.**

356 This bill takes effect on January 1, 2019.