

1 **Public Education Funding Amendments**

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Lincoln Fillmore

House Sponsor:

3 **LONG TITLE**

4 **General Description:**

5 This bill removes a hold harmless provision.

6 **Highlighted Provisions:**

7 This bill:

- 8 ▶ removes a hold harmless provision related to voted and board levies;
- 9 ▶ provides for a graduated phase out of the hold harmless provision; and
- 10 ▶ makes technical corrections.

11 **Money Appropriated in this Bill:**

12 None

13 **Other Special Clauses:**

14 This bill provides a special effective date.

15 **Utah Code Sections Affected:**

16 AMENDS:

17 **53F-2-601**, as last amended by Laws of Utah 2023, Chapter 467

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

20 Section 1. Section **53F-2-601** is amended to read:

21 **53F-2-601 . State guaranteed local levy increments -- Appropriation to increase**
 22 **number of guaranteed local levy increments -- No effect of change of minimum basic tax**
 23 **rate -- Voted and board local levy funding balance -- Use of guaranteed local levy**
 24 **increment funds.**

25 (1) As used in this section:

26 (a) "Board local levy" means a local levy described in Section 53F-8-302.

27 (b) "Excess funds" means the difference between:

28 (i) the amount of state guarantee money a school district received in the 2025 fiscal
 29 year; and

30 (ii) the amount of state guarantee money a school district would receive based solely

- 31 on the certified tax rate in effect for the 2025 fiscal year.
- 32 ~~[(b)]~~ (c) "Guaranteed local levy increment" means a local levy increment guaranteed by
 33 the state~~[:]~~ as described in Subsection (2).
- 34 ~~[(i) for the board local levy, described in Subsections (2)(a)(ii)(A) and (2)(b)(ii)(B); or]~~
 35 ~~[(ii) for the voted local levy, described in Subsections (2)(a)(ii)(B) and (2)(b)(ii)(A).]~~
- 36 ~~[(e)]~~ (d) "Local levy increment" means .0001 per dollar of taxable value.
- 37 ~~[(d)(i) "Voted and board local levy funding balance" means the difference between:]~~
 38 ~~[(A) the amount appropriated for the guaranteed local levy increments in a fiscal~~
 39 ~~year; and]~~
 40 ~~[(B) the amount necessary to fund in the same fiscal year the guaranteed local levy~~
 41 ~~increments as determined under this section.]~~
- 42 ~~[(ii) "Voted and board local levy funding balance" does not include appropriations~~
 43 ~~described in Subsection (2)(b)(i).]~~
- 44 (e) "Voted local levy" means a local levy described in Section 53F-8-301.
- 45 (2)(a)(i) ~~[(h)]~~ In accordance with Subsection 53F-2-205(6) and in addition to the
 46 revenue collected from the imposition of a voted local levy or a board local levy,
 47 the state shall guarantee that a school district receives, subject to Subsections [
 48 ~~(2)(b)(ii)(C)]~~ (2)(b)(ii)(B) and (3)(a), for each guaranteed local levy increment, an
 49 amount sufficient to guarantee for a fiscal year ~~[that begins]~~ beginning on or after
 50 July 1, 2018, \$43.10 per weighted pupil unit.
- 51 ~~[(ii) Except as provided in Subsection (2)(b)(ii), the number of local levy increments~~
 52 ~~that are subject to the guarantee amount described in Subsection (2)(a)(i) are:]~~
 53 ~~[(A) for a board local levy, the first four local levy increments a local school board~~
 54 ~~imposes under the board local levy; and]~~
 55 ~~[(B) for a voted local levy, the first 16 local levy increments a local school board~~
 56 ~~imposes under the voted local levy.]~~
- 57 ~~(ii)~~ The number of guaranteed local levy increments under this Subsection (2) for a
 58 school district may not exceed 20 guaranteed local levy increments, regardless of
 59 whether the guaranteed local levy increments are from the imposition of a voted
 60 local levy, a board local levy, or a combination of the two.
- 61 (b)(i) Subject to future budget constraints~~[and Subsection (2)(e)]~~, the Legislature
 62 shall annually appropriate money from the Local Levy Growth Account
 63 established in Section 53F-9-305 for purposes described in Subsection (2)(b)(ii).
- 64 (ii) The state board shall, for a fiscal year beginning on or after July 1, 2018, ~~[and~~

- 65 subject to Subsection (2)(e),]allocate funds appropriated under Subsection
 66 (2)(b)(i) and the amount described in Subsection (3)(c) in the following order of
 67 priority by increasing:
- 68 (A) by [~~up to four increments the number of voted local levy guaranteed local levy~~
 69 ~~increments above 16] the amount described in Subsection (2)(a)(ii); and
 70 [(B) by ~~up to 16 increments the number of board local levy guaranteed local levy~~
 71 ~~increments above four; and]~~
 72 [(C)] (B) the guaranteed amount described in Subsection (2)(a)(i).~~
- 73 [(e) The number of guaranteed local levy increments under this Subsection (2) for a
 74 school district may not exceed 20 guaranteed local levy increments, regardless of
 75 whether the guaranteed local levy increments are from the imposition of a voted local
 76 levy, a board local levy, or a combination of the two.]
- 77 (3)(a) The guarantee described in Subsection (2)(a)(i) is indexed each year to the value
 78 of the weighted pupil unit by making the value of the guarantee equal to .011962
 79 times the value of the prior year's weighted pupil unit.
- 80 (b) The guarantee shall increase by .0005 times the value of the prior year's weighted
 81 pupil unit for each year subject to the Legislature appropriating funds for an increase
 82 in the guarantee.
- 83 (c) If the indexing and growth described in Subsections (3)(a) and (b) result in a cost to
 84 the state in a given fiscal year that is less than the amount the Legislature
 85 appropriated, the state board shall dedicate the difference to the allocation described
 86 in Subsection (2)(b)(ii).
- 87 (4)(a) The amount of state guarantee money that a school district would otherwise be
 88 entitled to receive under this section may not be reduced for the sole reason that the
 89 school district's board local levy or voted local levy is reduced as a consequence of
 90 changes in the certified tax rate under Section 59-2-924 pursuant to changes in
 91 property valuation.
- 92 (b) Subsection (4)(a) applies for a period of [~~five~~] one [~~years~~] year following a change in
 93 the certified tax rate as described in Subsection (4)(a).
- 94 (5) The guarantee provided under this section does not apply to the portion of a voted local
 95 levy rate that exceeds the voted local levy rate that was in effect for the previous fiscal
 96 year, unless an increase in the voted local levy rate was authorized in an election
 97 conducted on or after July 1 of the previous fiscal year and before December 2 of the
 98 previous fiscal year.

99 ~~[(6)(a) If a voted and board local levy funding balance exists for the prior fiscal year,~~
100 ~~the state board shall distribute the voted and board local levy funding balance, using~~
101 ~~the calculations for distribution of program balances for the fiscal year in which the~~
102 ~~balance occurs, to qualifying school districts in a one-time payment during the first~~
103 ~~quarter of the current fiscal year.]~~

104 ~~[(b) The state board shall report action taken under Subsection (6)(a) to the Office of the~~
105 ~~Legislative Fiscal Analyst and the Governor's Office of Planning and Budget.]~~

106 ~~[(7)] (6) A local school board of a school district that receives funds described in this section~~
107 ~~shall budget and expend the funds for public education purposes.~~

108 ~~(7)(a) Beginning with the 2026 fiscal year, the amount of state guarantee money that a~~
109 ~~school district receives under this section may be reduced as a result of changes in the~~
110 ~~certified tax rate under Section 59-2-924 pursuant to changes in property valuation.~~

111 ~~(b) For a school district receiving state guarantee money in excess of the amount the~~
112 ~~school district would receive based solely on the current certified tax rate, such~~
113 ~~excess funds:~~

114 ~~(i) may not cause the amount the school district receives to exceed the total amount~~
115 ~~of state guarantee the school district received in the 2025 fiscal year; and~~

116 ~~(ii) shall be phased out over a three-year period as follows:~~

117 ~~(A) in the 2026 fiscal year, the school district shall receive 100% of the excess~~
118 ~~funds received in the 2025 fiscal year;~~

119 ~~(B) in the 2027 fiscal year, the school district shall receive 66% of the excess~~
120 ~~funds received in the 2025 fiscal year; and~~

121 ~~(C) in the 2028 fiscal year, the school district shall receive 33% of the excess~~
122 ~~funds received in the 2025 fiscal year;~~

123 ~~(D) in the 2029 fiscal year, the school district shall receive no excess funds.~~

124 ~~(c) The state board shall:~~

125 ~~(i) calculate the amount of excess funds for each affected school district;~~

126 ~~(ii) notify each affected school district of the phase-out schedule for the excess funds;~~
127 ~~and~~

128 ~~(iii) oversee the phase-out process described in this Subsection (7).~~

129 **Section 2. Effective Date.**

130 This bill takes effect on July 1, 2025.