

School District Tax Levies Description  
July 02, 2013

**Tax Levy**

**Description**

***Basic Levy***

*(53A-17a-135; 59-2-902, 903, 905, 906)*

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.<sup>1</sup>

- a. Each school district shall impose a minimum basic (ad valorem) tax rate<sup>2</sup> on all taxable, tangible property in the school district and shall contribute the tax proceeds toward the cost of the Basic Program<sup>3</sup>. The Basic Levy is the local-state shared portion of each school district's M & O expenditures.
- b. Each school district may also impose a levy for the purpose of participating in the Voted and Board Local Levy programs.
- c. The state contributes the balance of the total costs from the Uniform School Fund.

The Basic Tax Rate is first estimated by the legislature each March during the annual legislative session so as to yield the dollar amount budgeted by the legislature for the coming fiscal year when levied by each school district. The State Tax Commission—in cooperation with the State Office of Education—sets the final tax rate the following June when more accurate assessed valuation data becomes available.<sup>4</sup>

***State Supported Voted Local Levy***

*(53A-17a-133 and 59-2-904)*

A Voted Local Levy is a state-supported program in which a levy—approved by the school district electorate under 53A-17a-133 and Administrative Rule R277-422—is authorized to cover a portion of the costs of operation and maintenance of the state-supported minimum school program in a school district. State and local funds received by a school district under the Voted

Local Levy program are free revenue and may be budgeted and expended under maintenance and operation as authorized by the local school board. To establish a Voted Local Levy program, a majority of the electors of a school district voting at an election must vote in favor of the Levy. The election may only be held on the first Tuesday after the first Monday in November [UCA 20A-1-204 (1)(d)]. However, a school district may not call a local special election unless the ordinance or resolution calling a local special election is adopted by a two-thirds majority of all members of the legislative body [20A-1-203 (5)(c)]. The Voted Local Levy allows districts to levy a tax rate (up to 0.002000) to generate property tax and state aid revenue to supplement the district's General Fund. State aid is calculated for each district based on a statutorily set dollar amount per 0.000100 of tax rate per Weighted Pupil Unit (WPU). In order to receive state support the first year, a district must receive voter approval no later than December 1 of the year prior to implementation.

***State Supported Board Local Levy***  
*(53A-17a-134, 53A-17a-164, and 59-2-904)*

Local school boards may levy a State Supported Board Local Levy (either up to 0.001800 or 0.002500)—under 53A-17a-134, 53A-17a-164 and Administrative Rule R277-422 “State Supported Voted Local Levy, Board Local Levy and Reading Improvement Program”—to maintain a school program above the cost of the basic program. In order to receive state support the first year, a district board of education must vote to establish a Board Leeway no later than December 1 of the year prior to implementation. State aid is calculated for each district based on a statutorily set dollar amount per 0.000100 of tax rate per WPU.

**Judgement Recovery**  
(59-2-102, 918.5, 924,1328, 1330)

After complying with specific public notice and hearing— as well as notice to the State Tax Commission—a school district may invoke a Judgement Recovery Levy, up to the rate required to fund a property tax judgement (plus interest) against the school district as a result of a successful appeal of over-collection of property tax. Each judgement must be greater than or equal to the lesser of \$5,000 or 2.5% of the total ad valorem property taxes collected by the taxing entity in the previous fiscal year, it must be final and unappealable, and it must have been issued no more than 14 months prior to July 22 of the year in which the judgement levy is imposed. The judgement must also be paid by the school district no later than December 31 of the year in which the judgement levy is imposed. Because school districts—as taxing entities— are liable to refund property tax funds unlawfully collected and charter schools are not taxing entities and do not share this liability, charter schools should not receive Judgement Recovery funds.

**Capital Local Levy**  
(53A-16-107, 53A-16-113)

A school district may levy a Capital Local Levy to fund the school district’s capital projects up to 0.003000. A local school board with an enrollment of 2,500 students or more may use the proceeds of up to 0.000200 of this levy for maintenance of school facilities. If this option is exercised, a maintenance of effort equal to at least the dollar amount expended for the preceding year, plus the average annual percentage increase in the district’s M & O budget for the current year is required.

***For fiscal year 2013-2014***, a local school board may utilize the proceeds of a maximum of 0.0024 per dollar of taxable value of the local school board’s annual capital local levy for general fund purposes if the proceeds are not committed or dedicated to pay debt service or bond payments,

depending on certain criteria [53A-16-113(5)(a)].

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 local levy of at least 0.000600 per dollar of taxable value. The county treasurer shall distribute those revenues generated by the 0.000600 portion of the capital outlay levy as follows: 25% 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 and 75% shall be distributed in proportion to a school district's percentage of the total current year enrollment. Further explanation of the county treasurer's distribution can be found in UCA 53A-16-11.

***Debt Service***  
***(11-14-310)***

If a school district elects to issue and sell general obligation bonds to finance its building program, the district must levy a Debt Service tax—which has no ceiling—that will derive at least its general obligation bond principal and interest debt payment annually. The full faith and credit of the school district is pledged. In addition, the State of Utah has placed its full faith and credit behind each school district bond through the Utah School Bond Guaranty Act (53A-28)—a default avoidance program—wherein the State's bonded indebtedness credit rating is extended to each school district.

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

2.Utah Code 59-2-902: Minimum basic tax levy for school districts.

3.The Basic Program is defined as all programs funded through Weighted Pupil Units (WPU's).

4.Utah Code 59-2-905: Legislature to set minimum rate of levy for state's contribution to minimum school program - Matters to be considered - Commission to transmit rate to auditors - Acknowledgment of receipt.