

H.B. 129

Amendments to Education Financing

Representative Merlynn Newbold is sponsoring House Bill 129, *Amendments to Education Financing*. The stated purpose of the bill is to equalize school funding in Utah.

What the Bill Does

This bill consolidates seven local property tax levies into a new levy called the Local Discretionary Levy. The new levy will generate four percent of total education funding.

House Bill 129 allows revenue from the state mandated basic school levy to increase each year but requires an offsetting decrease in new Local Discretionary Levy. Twenty school districts and all of the charter schools will experience an overall increase in funding. The remaining 21 districts receive less revenue.

Districts receiving additional funding must lower their Local Discretionary Levy to offset the increase. The net result is that their funding remains flat. Districts receiving less funding face budget cuts or tax increases to make up for the funding change. Charter schools receive a budget windfall.

The bill attempts to equalize school finance by reducing the funding of 21 districts toward the levels of the remaining districts. Or, it forces the 21 districts to raise their tax rates to levels closer to those of the other districts.

Why this Bill is being Proposed

Bill proponents believe local property taxes are disrupting Utah's school funding equilibrium. They insist that in comparison to the other districts in the state, 21 Utah school districts are either overfunded or under taxed. To achieve funding parity, those 21 districts must increase taxes or cut budgets.

20 Districts

Budget →
Taxes ↓

Davis
Nebo
Jordan
Alpine
Weber
Cache
Tooele
Granite
Box Elder
So. Sanpete
San Juan
Sevier
Ogden
No. Sanpete
Tintic
Piute
Duchesne
Wayne
Juab
Garfield

21 Districts

Budget ↓
Taxes ↑

Park City
Salt Lake
Canyons
Washington
Wasatch
Murray
So. Summit
Kane
Iron
Carbon
Millard
Emery
No. Summit
Grand
Uintah
Rich
Provo
Logan
Morgan
Daggett
Beaver

Charters

Budget ↑

Why this Bill is Wrong

Doesn't Improve Education

Except for charter school students, this bill does nothing to improve the education of Utah's children. In fact, funding for the educational program in 21 school districts will be cut or local taxpayers will be saddled with a greater tax burden. Equalization should not be about bringing down one group to the level of another.

Impacts Only 4.4% of the Education Budget

This bill focuses on a small percentage of overall school funding. The Local Discretionary Levy represents only 4.4 percent of total education financing. Funding from several of the consolidated local levies is already partially equalized by state guarantees. The narrow focus on a tiny portion of funding blows any disparity out of proportion and ignores the bigger and truer picture.

When viewed in its entirety, ***Utah's school funding formula is the most equitable in the country.*** Using a combination of different statistical measures, *Education Week* ranks Utah as the most equitably funded state in the nation (Hawaii is a single district state and was not included in the comparison.) The measures include state and local funding.

Ignores Other Tax Contributions and Efforts

Proponents of this bill ignore the other tax contributions made by the negatively impacted districts. For example, taxpayers in Park City School District pay over \$88 million in state income tax and only get back \$2.6 million for the education of their children. They also pay \$182 million in federal income taxes but spend only \$1.9 million in federal education funds. This current fiscal year, Park City will contribute nearly \$3 million in property tax revenues to support other districts and charter schools. In total, Park City residents contribute \$268 million in tax funds that educate children outside of its community.

Forces Tax Increases and Budget Cuts

The Governor as well as many legislative leaders vowed not to raise taxes this session. Yet, if this bill passes, 21 school districts will be faced with the choice of raising taxes or cutting budgets. These choices will be made in addition to whatever budget cuts will be required by the recession and its impact on state revenues.

Fails to Acknowledge State Law and Policy

Representative Newbold's bill fails to acknowledge state law and policy which recognize that each locality should be empowered "to provide educational facilities and opportunities beyond the minimum program."

Punishes Districts With the Lowest Tax Rates

Of the 21 districts negatively impacted by this bill, 16 are among the school districts with lowest local school property tax rates in the state. This bill forces those districts to raise taxes or cut budgets.

Negative Impact	Lowest Tax Rates
	Cache
Beaver	
Canyons	
Carbon	Carbon
Daggett	Daggett
Emery	Emery
	Garfield
Grand	
	Granite
Iron	Iron
Kane	Kane
Logan	
Millard	Millard
Morgan	Morgan
Murray	Murray
	No. Sanpete
No. Summit	No. Summit
Park City	Park City
	Piute
Provo	
Rich	Rich
Salt Lake	Salt Lake
So. Summit	So. Summit
Uintah	Uintah
Wasatch	Wasatch
Washington	Washington