

School District Modifications

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Keith Grover

House Sponsor:

LONG TITLE**General Description:**

This bill addresses creation of new school districts and the transition process from divided to new school districts.

Highlighted Provisions:

This bill:

- defines terms;
- enacts dates regarding the redistricting of local school board districts after the creation of certain new school districts;
- amends the duties of the Office of the Legislative Auditor General to include certain involvement in the transition process from divided to new school districts;
- extends, by an additional year, the rights of transferred employees regarding salary and benefits;
- reduces the body of voters whose approval is required to create a new school district to voters within the proposed new school district;
- reduces the threshold for interlocal participants to propose a new school district to a majority of municipalities that are participants in the interlocal agreement;
- allows municipal legislative bodies to create a new school district from within the area of a divided school district remaining after an election that created a new school district;
- amends certain dates regarding election cycles following the creation of a new school district;
- amends certain deadlines for the duties of municipal legislative bodies, county legislative bodies, local school boards, and other entities under certain circumstances after the creation of a new school district;
- enacts provisions regarding the transition from a divided school district to new and reorganized new school districts, including:
 - oversight from the state auditor;
 - school district employee and other personnel issues;

- 31 • records of the divided school district;
- 32 • certain feasibility studies and seismic safety evaluations;
- 33 • certain reports and plans regarding the transition and the allocation of funds, property,
- 34 assets, and liabilities;
- 35 • the actual transfer of funds, property, assets, and liabilities;
- 36 • retrospectively voiding certain agreements or policies; and
- 37 • resolution of disputes between school districts through the Office of the Legislative
- 38 Auditor General;
- 39 ▸ prohibits a government entity from charging a fee for certain requests related to the
- 40 school district creation and transition processes;
- 41 ▸ requires a government entity to send an invoice before requiring payment of past fees
- 42 before processing a new request; and
- 43 ▸ makes technical and conforming changes.

44 Money Appropriated in this Bill:

45 None

46 Other Special Clauses:

47 This bill provides a special effective date.

48 This bill provides retrospective operation.

49 Utah Code Sections Affected:**50 AMENDS:**

51 **20A-14-201 (Effective upon governor's approval)**, as last amended by Laws of Utah
52 2024, Third Special Session, Chapter 3

53 **36-12-15 (Effective upon governor's approval)**, as last amended by Laws of Utah 2024,
54 Third Special Session, Chapter 3

55 **53G-3-102 (Effective upon governor's approval)**, as last amended by Laws of Utah 2024,
56 Third Special Session, Chapter 3

57 **53G-3-202 (Effective upon governor's approval)**, as last amended by Laws of Utah 2024,
58 Third Special Session, Chapter 3

59 **53G-3-205 (Effective upon governor's approval)**, as renumbered and amended by Laws
60 of Utah 2018, Chapter 3

61 **53G-3-301 (Effective upon governor's approval)**, as last amended by Laws of Utah 2024,
62 Third Special Session, Chapter 3

63 **53G-3-301.1 (Effective upon governor's approval)**, as last amended by Laws of Utah
64 2024, Third Special Session, Chapter 3

53G-3-301.3 (Effective upon governor's approval), as last amended by Laws of Utah 2024, Third Special Session, Chapter 3

53G-3-301.4 (Effective upon governor's approval), as last amended by Laws of Utah 2024, Third Special Session, Chapter 3

53G-3-302 (Effective upon governor's approval) (Applies beginning 11/04/24), as last amended by Laws of Utah 2024, Third Special Session, Chapter 3

53G-3-303 (Effective upon governor's approval), as last amended by Laws of Utah 2024, Third Special Session, Chapter 3

53G-3-305 (Effective upon governor's approval), as last amended by Laws of Utah 2024, Third Special Session, Chapter 3

53G-3-307 (Effective upon governor's approval), as last amended by Laws of Utah 2024, Chapter 526

63G-2-203 (Effective upon governor's approval), as last amended by Laws of Utah 2022, Chapter 128

67-3-1 (Effective upon governor's approval), as last amended by Laws of Utah 2024, Chapters 3, 158

ENACTS:

53G-3-301.5 (Effective upon governor's approval), Utah Code Annotated 1953

53G-3-301.6 (Effective upon governor's approval), Utah Code Annotated 1953

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

Section 1. Section **20A-14-201** is amended to read:

20A-14-201 (Effective upon governor's approval). Boards of education -- School board districts -- Creation -- Redistricting.

(1) The county legislative body, for local school districts whose boundaries encompass more than a single municipality, and the municipal legislative body, for local school districts contained completely within a municipality, shall divide the local school district into local school board districts as required under Subsection 20A-14-202(1).

(2) The county and municipal legislative bodies shall divide the school district so that the local school board districts are substantially equal in population and are as contiguous and compact as practicable.

(3) County and municipal legislative bodies shall redistrict local school board districts to meet the population, compactness, and contiguity requirements of this section:

(a) at least once every 10 years;

(b) for a new school district or a reorganized new school district that is approved by the voters at a regular general election under Section 53G-3-301.1, 53G-3-301.3, or 53G-3-301.4, before April 1 of the following year;

(c) for a new school district or a reorganized new school district that is created by municipal legislative bodies or interlocal agreement participants from within a reorganized new school district resulting from the 2024 regular general election under Section 53G-3-301.5 or 53G-3-301.6, before 75 days after the effective date of this bill;

~~[(e)]~~ (d) whenever school districts are consolidated;

~~[(d)]~~ (e) whenever a school district loses more than 20% of the population of the entire school district to another school district;

~~[(e)]~~ (f) whenever a school district loses more than 50% of the population of a local school board district to another school district;

~~[(f)]~~ (g) whenever a school district receives new residents equal to at least 20% of the population of the school district at the time of the last redistricting because of a transfer of territory from another school district; and

~~[(g)]~~ (h) whenever it is necessary to increase the membership of a board as a result of changes in student membership under Section 20A-14-202.

(4) If a school district receives territory containing less than 20% of the population of the transferee district at the time of the last redistricting, the local school board may assign the new territory to one or more existing school board districts.

(5) Except as provided in Subsection 53G-3-302(1)(b)(ii), redistricting does not affect the right of any school board member to complete the term for which the member was elected.

(6)(a) After redistricting, representation in a local school board district shall be determined as provided in this Subsection (6).

(b) If, after redistricting, only one board member whose term extends beyond redistricting lives within a local school board district, that board member shall represent that local school board district.

(c) If, after redistricting, two or more members whose terms extend beyond redistricting live within a local school board district, the members involved shall select one member by lot to represent the local school board district.

(d) The other members shall serve at-large for the remainder of their terms.

(e) The at-large board members shall serve in addition to the designated number of

board members for the board in question for the remainder of their terms.

- (f) If there is no board member living within a local school board district whose term extends beyond redistricting, the seat shall be treated as vacant and filled as provided in this part.

- (7)(a) If, before an election affected by redistricting, the county or municipal legislative body that conducted the redistricting determines that one or more members shall be elected to terms of two years to meet this part's requirements for staggered terms, the legislative body shall determine by lot which of the redistricted local school board districts will elect members to two-year terms and which will elect members to four-year terms.

- (b) All subsequent elections are for four-year terms.

- (8) Within 10 days after any local school board district boundary change, the county or municipal legislative body making the change shall send an accurate map or plat of the boundary change to the Utah Geospatial Resource Center created under Section 63A-16-505.

- (9) Subsections (4) through (7) do not apply to a redistricting that occurs under Subsection (3)(b).

Section 2. Section **36-12-15** is amended to read:

36-12-15 (Effective upon governor's approval). Office of the Legislative Auditor General established -- Qualifications -- Powers, functions, and duties -- Reporting -- Criminal penalty -- Employment.

- (1) As used in this section:

- (a) "Audit action" means an audit, examination, investigation, or review of an entity conducted by the office.

- (b) "Entity" means:

- (i) a government organization; or
(ii) a receiving organization.

- (c) "Government organization" means:

- (i) a state branch, department, or agency; or
(ii) a political subdivision, including a county, municipality, special district, special service district, school district, interlocal entity as defined in Section 11-13-103, or any other local government unit.

- (d) "Office" means the Office of the Legislative Auditor General.

- (e) "Receiving organization" means an organization that receives public funds that is not

167 a government organization.

168 (2) There is created the Office of the Legislative Auditor General as a permanent staff
169 office for the Legislature.

170 (3) The legislative auditor general shall be a licensed certified public accountant or certified
171 internal auditor with at least seven years of experience in the auditing or public
172 accounting profession, or the equivalent, prior to appointment.

173 (4) The legislative auditor general shall appoint and develop a professional staff within
174 budget limitations.

175 (5) The office shall exercise the constitutional authority provided in Utah Constitution,
176 Article VI, Section 33.

177 (6) Under the direction of the legislative auditor general, the office shall:

178 (a) conduct comprehensive and special purpose audits, examinations, investigations, or
179 reviews of entity funds, functions, and accounts;

180 (b) prepare and submit a written report on each audit action to the Audit Subcommittee
181 created in Section 36-12-8 and make the report available to all members of the
182 Legislature within 75 days after the audit action is completed;

183 (c) monitor, conduct a risk assessment of, or audit any efficiency evaluations that the
184 legislative auditor general determines necessary, in accordance with Title 63J,
185 Chapter 1, Part 9, Government Performance Reporting and Efficiency Process, and
186 legislative rule;

187 (d) create, manage, and report to the Audit Subcommittee a list of high risk programs
188 and operations that:

189 (i) threaten public funds or programs;

190 (ii) are vulnerable to inefficiency, waste, fraud, abuse, or mismanagement; or

191 (iii) require transformation;

192 (e) monitor and report to the Audit Subcommittee the health of a government
193 organization's internal audit functions;

194 (f) make recommendations to increase the independence and value added of internal
195 audit functions throughout the state;

196 (g) implement a process to track, monitor, and report whether the subject of an audit has
197 implemented recommendations made in the audit report;

198 (h) establish, train, and maintain individuals within the office to conduct investigations
199 and represent themselves as lawful investigators on behalf of the office;

200 (i) establish policies, procedures, methods, and standards of audit work and

investigations for the office and staff;

(j) prepare and submit each audit and investigative report independent of any influence external of the office, including the content of the report, the conclusions reached in the report, and the manner of disclosing the legislative auditor general's findings;

(k) prepare and submit the annual budget request for the office; and

(l) perform other duties as prescribed by the Legislature.

(7) In conducting an audit action of an entity, the office may include a determination of any or all of the following:

(a) the honesty and integrity of any of the entity's fiscal affairs;

(b) the accuracy and reliability of the entity's internal control systems and specific financial statements and reports;

(c) whether or not the entity's financial controls are adequate and effective to properly record and safeguard the entity's acquisition, custody, use, and accounting of public funds;

(d) whether the entity's administrators have complied with legislative intent;

(e) whether the entity's operations have been conducted in an efficient, effective, and cost efficient manner;

(f) whether the entity's programs have been effective in accomplishing intended objectives; and

(g) whether the entity's management control and information systems are adequate and effective.

(8)(a) If requested by the office, each entity that the legislative auditor general is authorized to audit under Utah Constitution, Article VI, Section 33, or this section shall, notwithstanding any other provision of law except as provided in Subsection (8)(b), provide the office with access to information, materials, or resources the office determines are necessary to conduct an audit, examination, investigation, or review, including:

(i) the following in the possession or custody of the entity in the format identified by the office:

(A) a record, document, and report; and

(B) films, tapes, recordings, and electronically stored information;

(ii) entity personnel; and

(iii) each official or unofficial recording of formal or informal meetings or conversations to which the entity has access.

(b) To the extent compliance would violate federal law, the requirements of Subsection (8)(a) do not apply.

(9)(a) In carrying out the duties provided for in this section and under Utah Constitution, Article VI, Section 33, the legislative auditor general may issue a subpoena to access information, materials, or resources in accordance with Chapter 14, Legislative Subpoena Powers.

(b) The legislative auditor general may issue a subpoena, as described in Subsection (9)(a), to a financial institution or any other entity to obtain information as part of an investigation of fraud, waste, or abuse, including any suspected malfeasance, misfeasance, or nonfeasance involving public funds.

(10) To preserve the professional integrity and independence of the office:

(a) no legislator or public official may urge the appointment of any person to the office; and

(b) the legislative auditor general may not be appointed to serve on any board, authority, commission, or other agency of the state during the legislative auditor general's term as legislative auditor general.

(11)(a) The following records in the custody or control of the legislative auditor general are protected records under Title 63G, Chapter 2, Government Records Access and Management Act:

(i) records and audit work papers that would disclose information relating to allegations of personal misconduct, gross mismanagement, or illegal activity of a past or present governmental employee if the information or allegation cannot be corroborated by the legislative auditor general through other documents or evidence, and the records relating to the allegation are not relied upon by the legislative auditor general in preparing a final audit report;

(ii) records and audit workpapers that would disclose the identity of a person who, during the course of a legislative audit, communicated the existence of:

(A) unethical behavior;

(B) waste of public funds, property, or personnel; or

(C) a violation or suspected violation of a United States, Utah state, or political subdivision law, rule, ordinance, or regulation, if the person disclosed on the condition that the identity of the person be protected;

(iii) before an audit is completed and the final audit report is released, records or drafts circulated to a person who is not an employee or head of an entity for

- 269 review, response, or information;
- 270 (iv) records that would disclose:
- 271 (A) an outline;
- 272 (B) all or part of an audit survey, audit risk assessment plan, or audit program; or
- 273 (C) other procedural documents necessary to fulfill the duties of the office; and
- 274 (v) requests for audits, if disclosure would risk circumvention of an audit.
- 275 (b) The provisions of Subsection (11)(a) do not prohibit the disclosure of records or
- 276 information to a government prosecutor or peace officer if those records or
- 277 information relate to a violation of the law by an entity or entity employee.
- 278 (c) A record, as defined in Section 63G-2-103, created by the office in a closed meeting
- 279 held in accordance with Section 52-4-205:
- 280 (i) is a protected record, as defined in Section 63G-2-103;
- 281 (ii) to the extent the record contains information:
- 282 (A) described in Section 63G-2-302, is a private record; or
- 283 (B) described in Section 63G-2-304, is a controlled record; and
- 284 (iii) may not be reclassified by the office.
- 285 (d) The provisions of this section do not limit the authority otherwise given to the
- 286 legislative auditor general to maintain the private, controlled, or protected record
- 287 status of a shared record in the legislative auditor general's possession or classify a
- 288 document as public, private, controlled, or protected under Title 63G, Chapter 2,
- 289 Government Records Access and Management Act.
- 290 (12) The legislative auditor general shall:
- 291 (a) be available to the Legislature and to the Legislature's committees for consultation on
- 292 matters relevant to areas of the legislative auditor general's professional competence;
- 293 (b) conduct special audits as requested by the Audit Subcommittee;
- 294 (c) report immediately to the Audit Subcommittee any apparent violation of penal
- 295 statutes disclosed by the audit of an entity and furnish to the Audit Subcommittee all
- 296 information relative to the apparent violation;
- 297 (d) report immediately to the Audit Subcommittee any apparent instances of
- 298 malfeasance or nonfeasance by an entity officer or employee disclosed by the audit of
- 299 an entity; and
- 300 (e) make any recommendations to the Audit Subcommittee with respect to the alteration
- 301 or improvement of the accounting system used by an entity.
- 302 (13) If the legislative auditor general conducts an audit of an entity that has previously been

audited and finds that the entity has not implemented a recommendation made by the legislative auditor general in a previous audit report, the legislative auditor general shall report to the Audit Subcommittee that the entity has not implemented the recommendation.

(14) Before each annual general session, the legislative auditor general shall:

(a) prepare an annual report that:

(i) summarizes the audits, examinations, investigations, and reviews conducted by the office since the last annual report; and

(ii) evaluate and report the degree to which an entity that has been the subject of an audit has implemented the audit recommendations;

(b) include in the report any items and recommendations that the legislative auditor general believes the Legislature should consider in the annual general session; and

(c) deliver the report to the Legislature and to the appropriate committees of the Legislature.

(15)(a) If the chief officer of an entity has actual knowledge or reasonable cause to believe that there is misappropriation of the entity's public funds or assets, or another entity officer has actual knowledge or reasonable cause to believe that the chief officer is misappropriating the entity's public funds or assets, the chief officer or, alternatively, the other entity officer, shall immediately notify, in writing:

(i) the office;

(ii) the attorney general, county attorney, or district attorney; and

(iii)(A) for a state government organization, the chief executive officer;

(B) for a political subdivision government organization, the legislative body or governing board; or

(C) for a receiving organization, the governing board or chief executive officer unless the chief executive officer is believed to be misappropriating the funds or assets, in which case the next highest officer of the receiving organization.

(b) As described in Subsection (15)(a), the entity chief officer or, if applicable, another entity officer, is subject to the protections of Title 67, Chapter 21, Utah Protection of Public Employees Act.

(c) If the Office of the Legislative Auditor General receives a notification under Subsection (15)(a) or other information of misappropriation of public funds or assets of an entity, the office shall inform the Audit Subcommittee.

(d) The attorney general, county attorney, or district attorney shall notify, in writing, the

Office of the Legislative Auditor General whether the attorney general, county attorney, or district attorney pursued criminal or civil sanctions in the matter.

(16)(a) An actor commits interference with a legislative audit if the actor uses force, violence, intimidation, or engages in any other unlawful act with a purpose to interfere with:

(i) a legislative audit action; or

(ii) the office's decisions relating to:

(A) the content of the office's report;

(B) the conclusions reached in the office's report; or

(C) the manner of disclosing the results and findings of the office.

(b) A violation of Subsection (16)(a) is a class B misdemeanor.

(17)(a) The office may require any current employee, or any applicant for employment, to submit to a fingerprint-based local, regional, and criminal history background check as an ongoing condition of employment.

(b) An employee or applicant for employment shall provide a completed fingerprint card to the office upon request.

(c) The office shall require that an individual required to submit to a background check under this Subsection (17) also provide a signed waiver on a form provided by the office that meets the requirements of Subsection 53-10-108(4).

(d) For a noncriminal justice background search and registration in accordance with Subsection 53-10-108(13), the office shall submit to the Bureau of Criminal Identification:

(i) the employee's or applicant's personal identifying information and fingerprints for a criminal history search of applicable local, regional, and national databases; and

(ii) a request for all information received as a result of the local, regional, and nationwide background check.

(18) Subject to prioritization of the Legislative Audit Subcommittee, the Office of the Legislative Auditor General shall[-] :

(a) conduct a feasibility study [under Section 53G-3-301.1, 53G-3-301.3, or 53G-3-301.4.] that an entity requests under Title 53G, Chapter 3, Part 3, Creating a New School District; and

(b) accept and maintain submissions and resolve disputes between local school boards in accordance with Section 53G-3-302.

Section 3. Section **53G-3-102** is amended to read:

53G-3-102 (Effective upon governor's approval). Definitions.

As used in this chapter:

(1) "Allocation date" means:

(a) July 1 of the second calendar year following the local school board election date as described in Section 53G-3-302; or

(b) another date to which the new local school board and reorganized school board agree.

(2) "Creation date" means[-] :

(a) the date on which voters approve the creation of a new school district under Section 53G-3-301.1, 53G-3-301.3, or 53G-3-301.4[-] , for any new school district and any reorganized new school district resulting from the election that created the new school district;

(b) the date on which a municipal legislative body creates a new school district under Section 53G-3-301.5; or

(c) the date on which participants in an interlocal agreement create a new school district under Section 53G-3-301.6.

(3) "Divided school district" means:

(a) an existing school district from which a new school district is created under Section 53G-3-301.1, 53G-3-301.3, ~~[or]~~ 53G-3-301.4, 53G-3-301.5, or 53G-3-301.6; and

(b) an existing school district from which a reorganized new school district is created.

(4)~~(a)~~ "Feasibility study" means a study:

~~[(i)]~~ (a) ~~[conducted by]~~ that one of the following conducts:

~~[(A)]~~ (i) a school district, municipal legislative body, or interlocal agreement participants~~[before July 1, 2024]~~; or

~~[(B)]~~ (ii) the Office of the Legislative Auditor General, subject to prioritization by the Legislative Audit Subcommittee; and

~~[(ii)]~~ (b) to determine:

~~[(A)]~~ (i) the financial viability for a new school district and reorganized new school district that is contained within the boundaries of a divided school district;

~~[(B)]~~ (ii) the financial impact on a new school district and reorganized new school district that is contained within the boundaries of a divided school district; and

~~[(C)]~~ (iii) the impact of the tax burden on taxpayers within the boundaries of the proposed new school district.

(5) "Interlocal agreement participant" means a public agency, as that term is defined in

Section 11-13-103, that enters into an agreement with one or more other public agencies

for the purpose described in and in accordance with Title 11, Chapter 13, Interlocal Cooperation Act.

(6) "Isolated area" means an area that:

- (a) is entirely within the boundaries of an existing school district;
- (b) is contiguous to the proposed new school district;
- (c) has a combined student population of fewer than 5,000 students; and
- (d) because of the creation of a new school district from the existing district in which the area is located, would become completely geographically isolated.

(7) "Municipality" means the same as that term is defined in Section 10-1-104.

(8) "New school district" means a school district created under Section 53G-3-301.1, 53G-3-301.3, ~~or~~ 53G-3-301.4, 53G-3-301.5, or 53G-3-301.6.

(9) "Public hearing" means the same as that term is defined in Section 10-9a-103.

~~[(9)]~~ (10) "Reorganized new school district" means the remaining portion of the divided school district after:

- (a) voters approve the creation of a new school district under [Subsection] Section 53G-3-301.1, 53G-3-301.3, or 53G-3-301.4[-] , when:
 - (i) the entire geographical area of the reorganized new school district is not included in a proposal for the new school district; or
 - (ii) the entire geographical area of the reorganized new school district is:
 - (A) included in a proposal for a new school district that voters do not approve; and
 - (B) within the boundaries of an existing district that contains an area that is included in the new district for which voters approve the creation; or
- (b) the creation of a new school district from a reorganized new school district under Section 53G-3-301.5 or 53G-3-301.6.

Section 4. Section **53G-3-202** is amended to read:

53G-3-202 (Effective upon governor's approval). School districts independent of municipal and county governments -- School district name -- Control of property.

(1)(a) ~~[Each school district shall be controlled by its]~~ Except for the duties described in Section 53G-3-302, each school district is:

- (i) under the control of the district's local school board; and[-shall be-]
- (ii) independent of municipal and county governments.
- (b) The name of each school district created after May 1, 2000, including a reorganized new school district, shall[-] :
 - (i) comply with Section 17-50-103[-] ; and

(ii) be a name that another school district has not previously chosen and recorded.

(2) The local school board~~[-shall have]~~ :

(a) has direction and control of all school property in the district; and~~[-]~~

(b) may enter into cooperative agreements with other local school boards to provide educational services that best ~~[utilize]~~ use resources for overall operation of the public school system.

(3)(a) On or before ~~[30]~~ 60 days following the day on which the creation of a new school district occurs under Section 53G-3-301.1, 53G-3-301.3, ~~[or]~~ 53G-3-301.4, 53G-3-301.5, or 53G-3-301.6, and in accordance with Section 67-1a-15, the following shall register a new school district~~[-shall be registered]~~ as a limited purpose entity~~[-by]~~:

(i) the municipal legislative body of the municipality in which the boundaries for the new school district ~~[is]~~ are entirely located; or

(ii) the legislative body of interlocal agreement participants in which the new school district is located.

(b) Each school district shall ~~[register and]~~ maintain the school district's registration as a limited purpose entity in accordance with Section 67-1a-15.

(c) A school district that fails to comply with Subsections (3)(a) and (b) or Section 67-1a-15 is subject to enforcement by the state auditor in accordance with Section 67-3-1.

Section 5. Section **53G-3-205** is amended to read:

53G-3-205 (Effective upon governor's approval). Rights of transferred employees -- Salary during first two years -- Leave and tenure benefits.

(1) If a school employee is transferred from one district to another because of district consolidation, creation, or restructuring, the employee's salary may not be less, during the first ~~[year]~~ two years after the transfer, than ~~[it]~~ the employee's salary would have been had the transfer not taken place.

(2) The district to which an employee is transferred under Subsection (1) shall credit the employee with all accumulated leave and tenure recognized by the district from which the employee was transferred.

(3) If the district to which an employee is transferred does not have a leave benefit which reasonably corresponds to one the employee seeks to transfer, that district shall compensate the employee for the benefit on the same basis as would have been done had the employee retired.

Section 6. Section **53G-3-301** is amended to read:

53G-3-301 (Effective upon governor's approval). Creation of new school district

-- Initiation of process -- Procedures to be followed.

- (1) A new school district may be created from one or more existing school districts, as provided in this chapter.
- (2) The process to create a new school district may be initiated:
- (a) through a citizens' petition in accordance with Section 53G-3-301.1;
 - (b) at the request of a municipality within the boundaries of the school district in accordance with Section 53G-3-301.3; ~~[-or]~~
 - (c) at the request of interlocal agreement participants in accordance with Section 53G-3-301.4 ~~[-]~~ ;
 - (d) through an action of a municipal legislative body within a reorganized new school district under Section 53G-3-301.5; or
 - (e) through an action of interlocal agreement participants within a reorganized new school district under Section 53G-10-301.6.
- (3) ~~[Except as provided in Sections 53G-3-301.3 and 53G-3-301.4, a]~~ A request or petition under Subsection (2) may not form a new school district unless the new school district boundaries and the reorganized new school district boundaries:
- (a) are contiguous;
 - (b) do not create an isolated area, as defined in Section 53G-3-102; and
 - (c) include the entire boundaries of each participant municipality or town, unless the excluded portion of the municipality or town is not within the divided school district.
- (4) For each new school district, each county legislative body shall comply with the notice and plat filing requirements of Section 53G-3-203.
- ~~[(5) If a new school district is created, the new district shall reimburse the reorganized new district's documented costs to study and implement the proposal in proportion to the student population of each school district.]~~
- (5) Each new school district shall reimburse each relevant reorganized new school district described in Subsection 53G-3-102(10)(a)(i) for the reorganized new school district startup costs, as defined in Section 53G-3-302, in proportion to the percentage of the student population of each new school district and each reorganized new school district as of the creation date.
- (6) An inadequacy of a feasibility study, as defined in Section 53G-3-102, may not be the basis of a legal action or other challenge to:

(a) an election for voter approval of the creation of a new school district; or

(b) the creation of the new school district.

(7) Notwithstanding the creation of a new district as provided in this part:

(a) a new school district and a reorganized new school district may not begin to provide educational services to the area within the new school district and reorganized new school district until July 1 of the second calendar year following the local school board election date as described in Section 53G-3-301.1, 53G-3-301.3, ~~[or]~~ 53G-3-301.4, 53G-3-301.5, or 53G-3-301.6; and

(b) the divided school district shall continue, until the time specified in Subsection (7)(a), to provide educational services within the entire area covered by the divided school district.

(8) A new school district and a reorganized new school district shall enter into a shared services agreement that permits students residing in each ~~[new-]~~school district access to attend a school that serves students with disabilities within or outside of each school district boundary:

(a) for up to five years after the day on which the new school district commences educational services;

(b) for actual costs of services provided to students; and

(c) without affecting services provided to other students.

(9) The process described in Subsection (2) may ~~[not be initiated more than once during any two-year period.]~~ only be initiated within a divided school district in the year of the allocation date.

Section 7. Section **53G-3-301.1** is amended to read:

53G-3-301.1 (Effective upon governor's approval). Creation of a new school district -- Citizens' petition -- Procedures to be followed.

(1) Citizens may file a petition to create a new school district in accordance with this section and Section 53G-3-301.

(2)(a) The county clerk shall ensure that a petition described in Subsection (1) is signed by registered voters residing within the geographical boundaries of the proposed new school district in an amount equal to at least 10% of all votes cast within the geographic boundaries of the proposed new school district for all candidates for president of the United States at the last regular general election at which a president of the United States was elected.

(b) The sponsors of a petition described in Subsection (1) shall file the petition with the

clerk of each county in which any part of the proposed new school district is located.

(c) The petition sponsors shall ensure that the petition described in Subsection (1):

(i) indicates the typed or printed name and current residence address of each voter who signs the petition;

(ii) describes the proposed new school district boundaries; and

(iii) designates up to five signers of the petition as sponsors, designating one as the contact sponsor, with the mailing address and telephone number of each.

(3)(a)(i) A signer of a petition described in Subsection (1) may withdraw or, once withdrawn, reinstate the signer's signature by filing a written statement requesting for withdrawal or reinstatement with the county clerk no later than three business days after the day on which the petition is filed with the county clerk.

(ii) A statement described in Subsection (3)(a)(i) shall comply with the requirements described in Subsection 20A-1-1003(2).

(iii) The county clerk shall use the procedures described in Subsection 20A-1-1003(3) to determine whether to remove or reinstate an individual's signature from a petition after receiving a timely, valid statement.

(b) The county clerk shall use the procedures described in Section 20A-1-1002 to determine whether the petition has been signed by the required number of registered voters residing within the geographical boundaries of the proposed new school district.

(4) Within 14 days after the day on which a petition described in Subsection (1) is filed, the clerk of each county with which the request or petition is filed shall:

(a) determine whether the petition complies with Subsections (2) and (3), as applicable, and Section 53G-3-301; and

(b)(i) if the county clerk determines that the request or petition complies with the applicable requirements:

(A) certify the petition and deliver the certified petition to the county legislative body; and

(B) mail or deliver written notification of the certification to the contact sponsor; or

(ii) if the county clerk determines that the petition fails to comply with any of the applicable requirements, reject the petition and notify the contact sponsor in writing of the rejection and reasons for the rejection.

(5)(a) If the county clerk fails to certify or reject a petition within the time specified in

Subsection (4), the petition is considered to be certified.

(b) If the county clerk rejects a petition, the individual who submitted the petition may amend the petition to correct the deficiencies for which the county clerk rejected the petition and refile the petition.

(6) Within 10 days after the day on which a county legislative body receives a certified petition as described in Subsection (4) or (5), the county legislative body shall request[~~that the Legislative Audit Subcommittee consider prioritizing~~] a feasibility study[~~as that term is defined in Section 53G-3-102~~].

(7)(a) The county legislative body shall:

(i) provide for a [~~45-day~~] 30-day public comment period to begin on the day the county legislative body receives the study under Subsection (6); and

(ii) hold at least two public hearings[~~as defined in Section 10-9a-103,~~] on the study and recommendations.

(b) Within five business days after the day on which the public comment period ends, the legislative body of each county with which a petition is filed shall vote on the creation of the proposed new school district.

(c) A county legislative body approves a petition proposing a new school district if a majority of the members of the legislative body vote in favor of the petition.

(8)(a) Within five business days after the day on which a county legislative body approves a petition proposing a new school district under Subsection (7), the county legislative body shall provide notice of the approval and a copy of the petition to which the approval relates to the county clerk of each county described in Subsection (2)(b).

(b) If each county described in Subsection (2)(b) approves a petition proposing a new school district, the county clerks of the counties shall submit the proposal for the creation of a new school district to all legal voters in the [~~existing school district~~] proposed new school district for approval or rejection at the next regular general election that is at least 65 days after the day on which all of the counties described in Subsection (2)(b) have complied with Subsection (8)(a).

(c) The new school district proposed in the petition and the reorganized new school district are created if a majority of the voters in the [~~existing~~] proposed new school district vote in favor of creating the new school district.

Section 8. Section **53G-3-301.3** is amended to read:

53G-3-301.3 (Effective upon governor's approval). Creation of a new school

district -- Request by a municipality -- Procedures to be followed.

(1) [A] Except for the creation of a new school district within a reorganized new school district in accordance with Section 53G-3-301.5, a municipality located within the boundaries of a school district may file a request to create a new school district in accordance with this section and Section 53G-3-301.

(2)(a) The municipality shall file the request to create a new school district with the clerk of each county in which any part of the proposed new school district is located.

(b) The filing municipality shall ensure that the request described in Subsection (2)(a):

(i) indicates the typed or printed and current residence address of each governing board member making the request;

(ii) describes the proposed new school district boundaries; and

(iii) designates up to five signers of the request as sponsors, including one as the contact sponsor, with the mailing address and telephone number of each.

(3) Within five business days after the day on which a request described in Subsection (2) is filed, the clerk of each county with which the request is filed shall:

(a) determine whether the request complies with Subsection (2) and Section 53G-3-301; and

(b)(i) if the county clerk determines that the request complies with the applicable requirements:

(A) certify the request and deliver the certified request to the municipality and each county legislative body; and

(B) mail or deliver written notification of the certification to the contact sponsor; or

(ii) if the county clerk determines that the request fails to comply with any of the applicable requirements, reject the request and notify the contact sponsor in writing of the rejection and reasons for the rejection.

(4)(a) If the county clerk fails to certify or reject the request within the time specified in Subsection (3), the request is considered to be certified.

(b) If the county clerk rejects the request, the municipality that submitted the request may amend the request to correct the deficiencies for which the county clerk rejected the request and refile the request.

(5)[(a)] Within 10 days after the day on which a municipal legislative body receives a certification as described in Subsection (3) or (4), a municipal legislative body shall request [that the Legislative Audit Subcommittee consider prioritizing] a feasibility

study~~[-as that term is defined in Section 53G-3-102].~~

~~[(b) For the year 2024, the municipal legislative body may use a feasibility study that the municipal legislative body conducted before July 1, 2024, if:]~~

~~[(i) the feasibility study contains the determinations described in Section 53G-3-102; and]~~

~~[(ii) the municipality receives a report and recommendation regarding the feasibility study in a public meeting.]~~

(6)(a) The municipal legislative body shall:

(i) provide for a 30-day public comment period to begin [-:]

~~[(A)] on the day the study is presented to the municipal legislative body under Subsection (5); [or] and~~

~~[(B) if the municipal legislative body uses a feasibility study described in Subsection (5)(b), on July 1, 2024; and]~~

(ii) hold at least two public hearings~~[-as defined in Section 10-9a-103,]~~ on the study and recommendation.

(b) Within 14 days after the day on which the public comment period ends, the municipal legislative body shall vote on the creation of the proposed new school district.

(c) A municipal legislative body approves a proposal if a majority of the municipal legislative body vote in favor of the proposal.

(d) Within five business days after the day on which the municipal legislative body approves a request proposing the creation of a new school district, the municipal legislative body shall notify the legislative body and the county clerk of each county described in Subsection (2)(a).

(7) The county clerks of the counties described in Subsection (2)(a) shall submit the proposal for the creation of a new school district to all legal voters residing within the proposed new school district boundaries for approval or rejection at the next regular general election that is a least 65 days after the day on which the municipal legislative body complies with Subsection (6)(d).

(8) The new school district described in the request and the reorganized new school district are created if a majority of the voters in the proposed new school district boundaries vote in favor of creating the new school district.

~~[(9) Nothing in this section prevents a municipality from assisting the new school district or reorganized new school district, including by:]~~

677 ~~[(a) entering into a loan agreement with the new school district or reorganized new~~
678 ~~school district; or]~~

679 ~~[(b) assisting the new school district or reorganized new school district in securing a line~~
680 ~~of credit.]~~

681 Section 9. Section **53G-3-301.4** is amended to read:

682 **53G-3-301.4 (Effective upon governor's approval). Creation of a new school**
683 **district -- By interlocal agreement participants -- Procedures to follow.**

684 (1)(a) On or after April 30, 2024, interlocal agreement participants may file a request
685 proposing the creation of a new school district in accordance with this section and
686 Section 53G-3-301.

687 (b) A municipality may not:

688 (i) enter into more than one interlocal agreement for the purpose of submitting for
689 voter approval, in the same election, a proposal to create a new school district
690 under this part; or

691 (ii) participate in a request under this section and submit a request under Section
692 53G-3-301.3 for the same election.

693 (c) A municipality may not withdraw from an interlocal agreement under this part,
694 unless, before August 1 of the year in which the interlocal agreement participants file
695 the request under Subsection (1)(a):

696 (i) the municipality votes, via the legislative body of the municipality, to withdraw
697 from the interlocal agreement; and

698 (ii) a majority of all municipalities that are participants in the interlocal agreement
699 vote to withdraw from the interlocal agreement, via a separate vote of the
700 legislative body of each municipality.

701 (d) If a majority of all municipalities that are participants in the interlocal agreement
702 vote to withdraw from the interlocal agreement under Subsection (1)(a), the request is
703 void and the interlocal agreement participants may not participate in a new or a
704 revised request until the following year.

705 (2)(a) Except as provided in Subsection (3), by a majority vote of each legislative body,
706 the legislative body of a municipality, together with at least one other municipality,
707 may enter into an interlocal agreement in accordance with Title 11, Chapter 13,
708 Interlocal Cooperation Act, for the purpose of submitting for voter approval a
709 measure to create a new school district if the new school district boundaries comply
710 with the requirements of Section 53G-3-301.

(b) A county may only participate in an interlocal agreement under this Subsection (2) for the unincorporated areas of the county.

(c) Boundaries of a new school district created under this section may include:

(i) a portion of one or more existing school districts; and

(ii) a portion of the unincorporated area of a county.

(3)(a) As used in this Subsection (3), "municipality's school district" means the school district that includes all of the municipality in which the isolated area is located except the isolated area~~[-as that term is defined in Section 53G-3-102].~~

(b) Notwithstanding Subsection 53G-3-301(3), a municipality may be a participant in an interlocal agreement under Subsection (2)(a) with respect to some but not all of the area within the municipality's boundaries if:

(i) the portion of the municipality proposed to be included in the new school district would, if not included, become an isolated area upon the creation of the new school district; or

(ii)(A) the portion of the municipality proposed to be included in the new school district is within the boundaries of the same school district that includes the other interlocal agreement participants; and

(B) the portion of the municipality proposed to be excluded from the new school district is within the boundaries of a school district other than the school district that includes the other interlocal agreement participants.

(c)(i) Notwithstanding Subsection 53G-3-301(3), interlocal agreement participants may submit a proposal to the legal voters residing within the proposed new school district boundaries to create a new school district in accordance with an interlocal agreement under Subsection (2)(a), even though the new school district boundaries would create an isolated area, ~~[as that term is defined in Section 53G-3-102,]~~if:

(A) the potential isolated area is contiguous to one or more of the interlocal agreement participants;

(B) the interlocal participants submit a written request to the municipality in which the potential isolated area is located, requesting the municipality to enter into an interlocal agreement under Subsection (2)(a) that proposes to submit for voter approval a proposal to create a new school district that includes the potential isolated area; and

(C) the municipality, to which the interlocal agreement participants submitted a

- 745 request under Subsection (3)(c)(i)(B), did not respond to the written request
746 within 30 days after the day on which the request was submitted.
- 747 (ii) Each municipality receiving a request under Subsection (3)(c)(i) shall hold at
748 least two public hearings to allow input from the public and affected school
749 districts regarding whether the municipality should enter into an interlocal
750 agreement with respect to the potential isolated area.
- 751 (iii) A municipal legislative body approves a proposal to enter into an interlocal
752 agreement with respect to the potential isolated area if a majority of the municipal
753 legislative body votes in favor of the proposal.
- 754 (d)(i) The isolated area described in this Subsection (3) shall, on July 1 of the second
755 calendar year following the local school board general election date described in
756 Section 53G-3-302, become part of the municipality's school district.
- 757 (ii) The divided school district shall continue to provide educational services to the
758 isolated area until July 1 of the second calendar year following the local school
759 board general election date described in Section 53G-3-302.
- 760 (4)(a) Interlocal agreement participants shall file a request described in Subsection (1)
761 with the clerk of each county in which any part of the proposed new school district is
762 located.
- 763 (b) The filing interlocal agreement participants shall ensure that the request described in
764 Subsection (4)(a):
- 765 (i) indicates the typed or printed and current residence address of each governing
766 board member making a request;
- 767 (ii) describes the proposed new school district boundaries; and
- 768 (iii) designates up to five signers of the request as sponsors, including as the contact
769 sponsor, with the mailing address and telephone number of each.
- 770 (5) Within five business days after the day on which a request described in Subsection (4)(a)
771 is filed, the clerk of each county with which the request is filed shall:
- 772 (a) determine whether the request complies with this section and Section 53G-3-301; and
- 773 (b)(i) if the county clerk determines that the request complies with the applicable
774 requirements:
- 775 (A) certify the request and deliver the certified request to the legislative bodies of
776 the interlocal agreement participants; and
- 777 (B) mail or deliver written notification of the certification to the contact sponsor;
778 or

- 779 (ii) if the county clerk determines that the request fails to comply with any of the
780 applicable requirements, reject the request and notify the contact sponsor in
781 writing of the rejection and reasons for the rejection.
- 782 (6)(a) If the county clerk fails to certify or reject a request within the time specified in
783 Subsection (5), the request is considered to be certified.
- 784 (b) If the county clerk rejects a request, the interlocal agreement participants that
785 submitted the request may amend the request to correct the deficiencies for which the
786 county clerk rejected the request, and refile the request.
- 787 (7)~~[(a)]~~ Within 30 days after the day on which the contact sponsor receives certification
788 as described in Subsection (5) or (6), the contact sponsor shall request~~[that the~~
789 ~~Legislative Audit Subcommittee consider prioritizing]~~ a feasibility study~~[-as that~~
790 ~~term is defined in Section 53G-3-102].~~
- 791 ~~[(b) For the year 2024, the interlocal agreement participants may use a feasibility study~~
792 ~~that interlocal agreement participants conducted before July 1, 2024, if:]~~
- 793 ~~[(i) the feasibility study contains the determinations described in Section 53G-3-102;~~
794 ~~and]~~
- 795 ~~[(ii) the legislative bodies of the interlocal agreement participants receive a report and~~
796 ~~recommendation regarding the feasibility study in a public meeting.]~~
- 797 (8)(a) The legislative bodies of the interlocal agreement participants, and each
798 municipality within the geographic boundaries of the proposed new school district,
799 shall:
- 800 (i) provide for a 30-day public comment period to begin ~~[-:]~~
- 801 ~~[(A)]~~ on the day on which the legislative bodies of the interlocal agreement
802 participants receive ~~[the report under]~~ a feasibility study described in
803 Subsection (7); ~~[or]~~ and
- 804 ~~[(B) on July 1, 2024, if the municipal legislative body uses a feasibility study~~
805 ~~described in Subsection (7)(b), regardless of whether the municipal legislative~~
806 ~~body provided all or a portion of a public comment period in relation to the~~
807 ~~feasibility study before July 1, 2024; and]~~
- 808 (ii) ~~[except as provided in Subsection (8)(d),]~~ hold at least two public hearings~~[-as~~
809 ~~defined in Section 10-9a-103,]~~ on the study and recommendation.
- 810 (b) Within 14 days after the day on which the public comment period ends, the
811 legislative bodies of the interlocal agreement participants shall vote on the creation of
812 the proposed new school district.

(c) The interlocal agreement participants approve a proposal if a majority of ~~[each of]~~ the legislative bodies of municipalities that are participants in the interlocal agreement~~[participants' members]~~ vote in favor of the proposal.

~~[(d) If the municipal legislative body uses a feasibility study described in Subsection (7)(b), the number of public hearings required under Subsection (8)(a)(ii) is reduced by the number of public hearings the municipal legislative body held on the feasibility study before July 1, 2024.]~~

(9) Within five business days after the day on which the interlocal agreement participants approve a request proposing the creation of a new school district, the interlocal agreement participants shall notify the legislative body and the county clerk of each county described in Subsection (4)(a).

(10)(a) The county clerks of the counties described in Subsection (4)(a) shall submit the proposal for the creation of a new school district to all legal voters residing within the proposed new school district boundaries for approval or rejection at the next regular general election that is at least 65 days after the day on which the interlocal agreement participants comply with Subsection (9).

(b) The new school district described in the request and the reorganized new school district are created if a majority of the voters in the proposed new school district boundaries vote in favor of creating the new school district.

~~[(11) Nothing in this section prevents an interlocal agreement participant from assisting the new school district or reorganized new school district, including by:]~~

~~[(a) entering into a loan agreement with the new school district or reorganized new school district; or]~~

~~[(b) assisting the new school district or reorganized new school district in securing a line of credit.]~~

Section 10. Section **53G-3-301.5** is enacted to read:

53G-3-301.5 (Effective upon governor's approval). Creation of a new school district within a reorganized new school district by a municipality.

(1)(a) Except as provided in Subsection (6), no later than 21 days after the creation date of a reorganized new school district, a municipality within the reorganized new school district may begin creating a new school district by:

(i) a majority vote of the legislative body; and

(ii) filing a request to create a new school district with the clerk of each county in which any part of the proposed new school district is located.

- (b) The filing municipality shall ensure that the request described in Subsection (1)(a):
- (i) indicates the typed or printed and current residence address of each governing board member making the request;
 - (ii) describes the proposed new school district boundaries; and
 - (iii) designates up to five signers of the request as sponsors, including one as the contact sponsor, with the mailing address and telephone number of each.
- (c) Within five business days after the day on which a municipality files a request described in Subsection (1)(a), the clerk of each county in which the request is filed shall determine whether the request complies with Subsection (2) and Section 53G-3-301 and:
- (i) if the county clerk determines that the request complies with the applicable requirements:
 - (A) certify the request;
 - (B) deliver the certified request to the municipality and each relevant county legislative body; and
 - (C) mail or deliver written notification of the certification to the contact sponsor;
 - or
 - (ii) if the county clerk determines that the request fails to comply with any of the applicable requirements:
 - (A) reject the request; and
 - (B) notify the contact sponsor in writing of the rejection and the reasons for the rejection.
- (d)(i) If the county clerk fails to certify or reject a request described in Subsection (1)(a) within the time specified in Subsection (1)(c), the request is certified.
- (ii) If the county clerk rejects the request, the interlocal participants that submitted the request may, within 21 days after day on which the county clerk provides notice of the rejection:
- (A) amend the request to correct the deficiencies for which the county clerk rejected the request; and
 - (B) file the amended request.
- (2)(a) Within five days after the day on which the clerk mails or delivers the certified request to the contact sponsor representing the municipality under Subsection (1)(c)(i), the municipal legislative bodies shall request a feasibility study.
- (b) Within 10 days after the finalization of the determinations and recommendations of

the feasibility study, the municipal legislative bodies shall receive the determinations and recommendations in a public meeting.

(3)(a) The legislative body receiving the feasibility study shall:

(i) except as provided in Subsection (6), provide for a 30-day public comment period to begin on the day of the public meeting in which the municipal legislative body receives the study under Subsection (2); and

(ii) hold at least two public hearings on the study and recommendation.

(b)(i) Within seven days after the day on which the public comment period described in Subsection (3)(a) ends, the municipal legislative body shall vote on the creation of the proposed new school district.

(ii) A municipality creates a new school district if a majority of the members the municipal legislative body votes in favor of the proposal.

(iii) Within five business days after the day on which the municipality creates a new school district under this Subsection (3), the municipality shall notify the clerk of each county described in Subsection (1).

(4) A municipality may not file a request under Subsection (1) if the proposed new school district has boundaries that are identical to the boundaries of a proposed new school district that voters rejected in the immediately previous general election.

(5) Except as provided in Subsection (6), a municipality may not create a new school district under this section unless the municipality completes the process described in this section on or before March 15 of the year immediately following the general election that resulted in the creation of the reorganized new school district.

(6) For the municipal creation of a new school district within a reorganized new school district resulting from the 2024 general election under Subsection (3)(b)(ii):

(a) notwithstanding Subsection (1)(a), the deadline for the municipality to file a request under Subsection (1)(a) is 10 days after the effective date of this bill;

(b) notwithstanding Subsection (3)(a)(i), the municipality shall provide a 10-day public comment period;

(c) notwithstanding Subsection (5), the deadline for the creation of the new school district under this section is 60 days after the effective date of this bill; and

(d) in accordance with Section 20A-14-201, the deadline to redistrict local school board districts is 75 days after the effective date of this bill.

Section 11. Section **53G-3-301.6** is enacted to read:

53G-3-301.6 (Effective upon governor's approval). Creation of a new school

district with a reorganized new school district by interlocal participants.

(1)(a) Except as provided in Subsection (6), no later than 21 days after the creation date of a reorganized new school district, more than one municipality within the reorganized new school district may begin creating a new school district under an interlocal agreement:

(i) if the new school district:

(A) includes the entire boundaries of each participant municipality within the proposed new school district, unless the excluded portion of the municipality is not within the reorganized new school district;

(B) has contiguous boundaries; and

(C) does not create an isolated area; and

(ii) by:

(A) a majority vote of the legislative body of each participant municipality within the proposed new school district boundaries; and

(B) filing a request to create a new school district with the clerk of each county in which any part of the proposed new school district is located.

(b) The filing interlocal participants shall ensure that the request described in Subsection (1)(a):

(i) indicates the typed or printed and current residence address of each governing board member making the request;

(ii) describes the proposed new school district boundaries; and

(iii) designates up to five signers of the request as sponsors, including one as the contact sponsor, with the mailing address and telephone number of each.

(c) Within five business days after the day on which interlocal participants file a request described in Subsection (1)(a), the clerk of each county in which the request is filed shall determine whether the request complies with Subsection (2) and Section 53G-3-301 and:

(i) if the county clerk determines that the request complies with the applicable requirements:

(A) certify the request;

(B) deliver the certified request to the contact sponsor and each relevant county legislative body; and

(C) mail or deliver written notification of the certification to the contact sponsor; or

(ii) if the county clerk determines that the request fails to comply with any of the applicable requirements:

(A) reject the request; and

(B) notify the contact sponsor in writing of the rejection and the reasons for the rejection.

(d)(i) If the county clerk fails to certify or reject a request described in Subsection

(1)(a) within the time specified in Subsection (1)(c), the request is certified.

(ii) If the county clerk rejects the request, the interlocal participants that submitted the request may, within 21 days after the day on which the county clerk provides notice of the rejection:

(A) amend the request to correct the deficiencies for which the county clerk rejected the request; and

(B) file the amended request.

(2)(a) Within 5 days after the day on which the clerk mails or delivers the certified

request to the contact sponsor representing the interlocal participants under

Subsection (1)(c)(i), the municipal legislative body of each interlocal participant shall request a feasibility study.

(b) Within 10 days of the finalization of the determinations and recommendations of the feasibility study, the municipal legislative body of each interlocal participant shall receive the determinations and recommendations in a public meeting.

(3)(a) The legislative body receiving the feasibility study shall:

(i) except as provided in Subsection (6), provide for a 30-day public comment period to begin on the day of the public meeting in which the municipal legislative bodies receive the study under Subsection (2); and

(ii) hold at least two public hearings on the study and recommendation.

(b)(i) Within seven days after the day on which the public comment period described in Subsection (3)(a) ends, the municipal legislative bodies shall vote on the creation of the proposed new school district.

(ii) Interlocal participants create a new school district if a majority of the municipal legislative body votes in favor of the proposal.

(iii) Within five business days after the day on which the interlocal participants create a new school district under this Subsection (3), the municipal legislative body shall notify the clerk of each county described in Subsection (1).

(4) Interlocal participants may not file a request under Subsection (1) if the proposed new

school district has boundaries that are identical to the boundaries of a proposed new school district that voters rejected in the immediately previous general election.

(5) Except as provided in Subsection (6), interlocal participants may not create a new school district under this section unless the municipality completes the process described in this section on or before March 15 of the year immediately following the general election that resulted in the creation of the reorganized new school district.

(6) For the interlocal creation of a new school district within a reorganized new school district resulting from the 2024 general election under Subsection (3)(b)(ii):

(a) notwithstanding Subsection (1)(a), the deadline for interlocal participants to file a request under Subsection (1)(a) is 10 days after the effective date of this bill;

(b) notwithstanding Subsection (3)(a)(i), interlocal participants shall provide a 10-day public comment period;

(c) notwithstanding Subsection (5), the deadline for the creation of the new school district under this section is 45 days after the effective date of this bill; and

(d) in accordance with Section 20A-14-201, the deadline to redistrict local school board districts is 75 days after the effective date of this bill.

Section 12. Section **53G-3-302** is amended to read:

53G-3-302 (Effective upon governor's approval) (Applies beginning 11/04/24).

Election of local school board members -- Allocation of assets and liabilities -- Startup costs -- Transfer of title.

(1) As used in this section:

(a) "Associated property" means furniture, equipment, or supplies located in or specifically associated with a physical asset.

(b) "Director" means the individual the municipal legislative body or mayoral board selects under Subsection (3).

(c)(i) "Discretionary asset or liability" means an asset or liability that is not tied to a specific project, school, student, or employee by law or school district accounting practice.

(ii) "Discretionary asset or liability" does not include a physical asset, associated property, a vehicle, an employee, or bonded indebtedness.

(d)(i) "New school district startup costs" means the costs and expenses a new school district incurs from the date of creation until the allocation date to prepare to begin providing educational services on July 1 of the second calendar year following the local school board election date described in Subsection (2), including costs of the

director, contractors, and employees.

(ii) "New school district startup costs" does not include the purchase of a physical asset or vehicle.

(e)(i) "Nondiscretionary asset or liability" means an asset or liability that is tied to a specific project, school, student, or employee by law or school district accounting practice.

(ii) "Nondiscretionary asset or liability" does not include a physical asset, associated property, a vehicle, or bonded indebtedness.

(f) "Physical asset" means a building, land, or water right together with revenue derived from the lease or use of the building, land, or water right.

(g) "Physical liability" means a liability associated with a physical asset.

(h)(i) "Reorganized new school district startup costs" means the costs and expenses that a reorganized new school district incurs from the date of creation until the allocation date to make necessary adjustments to deal with the impacts resulting from the creation of the new school district and to prepare to provide educational services within the reorganized new school district once the reorganized new school district begins providing educational services within the new school district, including costs of the director, contractors, and employees.

(ii) "Reorganized new school district startup costs" does not mean the purchase of a physical asset or a vehicle.

~~[(1)]~~ (2)(a) If voters approve a proposal to create a new school district under this part, if a municipal legislative body creates a new school district under Section 53G-3-301.5, or if interlocal agreement participants create a new school district under Section 53G-3-301.6:

(i) the legislative body of each county where all or a part of the new school district and the reorganized new school district are located shall hold elections, during the year immediately following the year in which the voters approve the proposal or municipal legislative bodies or interlocal agreement participants create a new school district, to elect members to the local school board of the new school district and to the local school board of the reorganized new school district, as follows:

(A) the filing period for a declaration of candidacy ~~[will be]~~ is the same as the filing period for [a] the next regular or municipal general election for the given year;

- 1051 (B) the primary election ~~[will be]~~ is held on the same day as the ~~[municipal]~~
1052 primary election for the next regular or municipal general election for the given
1053 year; and
- 1054 (C) the general election ~~[will be]~~ is held on the same day as the ~~[municipal]~~ next
1055 regular or municipal general election for the given year;
- 1056 (ii) ~~[the]~~ any new school district and reorganized new school district shall divide the
1057 assets and liabilities of the divided school district between the ~~[new school district~~
1058 ~~and the reorganized new school district as provided in Subsection (3)]~~ school
1059 districts in accordance with Subsection (4) and Section 53G-3-307;
- 1060 (iii) ~~[transferred employees shall be treated]~~ any new school district and reorganized
1061 new school district shall treat the employment of transferred employees from the
1062 divided school district in accordance with Sections 53G-3-205 and 53G-3-308;
- 1063 (iv) an individual residing within the boundaries of a new school district or
1064 reorganized new school district at the time the new school district is created may,
1065 for six school years following the creation of the new school district, elect to
1066 enroll in a secondary school located outside the boundaries of the ~~[reorganized~~
1067 ~~new-]~~school district if:
- 1068 (A) the individual resides within the boundaries of ~~[that]~~ the secondary school ~~[as~~
1069 ~~of]~~ on the day before the creation of the new school district~~[-is created]~~; and
- 1070 (B) the individual would have been eligible to enroll in ~~[that]~~ the secondary school ~~[~~
1071 ~~had]~~ if not for the creation of the new school district~~[-not been created]~~;
- 1072 (v) the ~~[reorganized-]~~new school district ~~[in which the secondary school is located-]~~
1073 shall provide educational services, including, if provided before the creation of the
1074 new school district, busing to each individual making an election under
1075 Subsection ~~[(1)(a)(iv)]~~ (2)(a)(iv) for each school year for which the individual
1076 makes the election; and
- 1077 (vi) within one year following the date on which the new school district begins
1078 providing educational services, the superintendent of each affected school district
1079 shall meet, together with the state superintendent, to determine if further boundary
1080 changes should take place in accordance with Section 53G-3-501.
- 1081 (b)(i) The county or municipal legislative bodies that conduct redistricting for the
1082 new school district and the reorganized new school district shall, at the meeting
1083 where the county or municipal legislative bodies adopt the final redistricting
1084 maps, adjust the initial terms of the board members for the new school district and

the reorganized new school district, by lot, so that approximately half of the board members on each board will have an initial term of three years with the other members having an initial term of five years.

~~[(ii) The term of a member of the divided school district local school board terminates on January 1 of the year following the allocation date.]~~

~~[(iii)]~~ (ii) Notwithstanding the existence of the new school district local school board and the reorganized new school district local school board under Subsection [~~(1)(a)(i)~~] (2)(a)(i), the divided school district local school board shall continue to function and exercise authority as a local school board until the allocation date to the extent necessary to continue to provide educational services to the entire divided school district.

~~[(iv)]~~ (iii) An individual may simultaneously serve as or be elected to be a member of the local school board of a divided school district and a member of the local school board of:

(A) a new school district; or

(B) a reorganized new school district.

(iv) On the allocation date, the divided school district and the associated local school board cease to exist.

(3)(a) Upon creation of a new school district or a reorganized new school district, the following shall commence the start-up phase:

(i) for a new school district or a reorganized new school district located entirely within the boundaries of a single municipality, the legislative body of the municipality; or

(ii) for a new school district or reorganized new school district that is not located entirely within the boundaries of a single municipality, the legislative bodies of the municipalities within which the new school district or reorganized new school district is located, through an interlocal agreement.

(b) Participants to the interlocal agreement described in Subsection (3)(a) shall ensure that the interlocal agreement:

(i) establishes a board composed of the mayors of each municipality; and

(ii) includes a provision that requires that each municipality represented on the board described in Subsection (3)(b)(i) has weighted representation in decision-making based on the percentage of the tax value of each municipality within the relevant new school district or reorganized new school district as of the creation date.

- 1119 (c) Within the later of 45 days of the creation date or 30 days after the effective date of
1120 this bill, the legislative body described in Subsection (3)(a)(i) or the board described
1121 in Subsection (3)(b) shall:
- 1122 (i) to reimburse costs after the creation date:
- 1123 (A) enter into a loan agreement with the new school district or reorganized new
1124 school district; or
- 1125 (B) assist the new school district or reorganized new school district in securing a
1126 line of credit;
- 1127 (ii) select an individual to serve as the director as described in this section who has:
- 1128 (A) outstanding professional qualifications in the field of education;
1129 (B) a doctorate degree in education;
1130 (C) experience teaching in a classroom in a public school within the state; and
1131 (D) experience in administration in a public school or school district within the
1132 state; and
- 1133 (iii) assist the director in establishing a budget.
- 1134 (d) Upon selection of the director:
- 1135 (i) the mayoral board described in Subsection (3)(b)(i) dissolves and the interlocal
1136 agreement described in Subsection (3)(a) terminates;
- 1137 (ii) the state auditor:
- 1138 (A) shall oversee the director until members of the local school board of the new
1139 school district or reorganized new school district appoints a district
1140 superintendent;
- 1141 (B) shall enter into a written employment agreement that sets compensation and
1142 benefits at an amount not less than the average compensation of a
1143 superintendent of a school district of a size that is similar to the relevant new
1144 school district or reorganized new school district and that includes a term of
1145 employment with the relevant new school district through the allocation date;
- 1146 (C) shall assist the director in establishing a budget; and
1147 (D) may terminate the director for malfeasance in office, as that term is defined in
1148 Section 63A-14-102, at any time before the local school board election date
1149 described in Subsection (2)(a).
- 1150 (e) The following may not be the director, be an employee of or under retention by the
1151 director, or interfere with or impede the duties of the director:
- 1152 (i) an appointed or elected official of:

- 1153 (A) the divided school district; or
1154 (B) a municipality within the divided school district while in office;
1155 (ii) a current employee of a municipality within the divided school district; or
1156 (iii) a current employee of the divided school district.
1157 (f) Until the relevant local school board takes office, the director, on behalf of a new
1158 school district or a reorganized new school district, has sole authority to:
1159 (i) establish and maintain a sufficient budget that encompasses the estimated new
1160 school district or reorganized new school district startup costs;
1161 (ii) expend funds for payroll, professional services, leases, software, hardware, and
1162 other operating expenses;
1163 (iii) select, employ, or otherwise engage the services of employees and contractors,
1164 including lobbyists, certified public accountants, accountants, architects,
1165 attorneys, information technology professionals, construction contractors,
1166 education professionals, teacher training or retention professionals, and other
1167 consultants;
1168 (iv) set compensation for each employee and contractor;
1169 (v) establish payroll services, employee benefits, insurance, health savings accounts,
1170 flexible spending accounts, and retirement accounts through public and other
1171 retirement and investment services;
1172 (vi) lease office space;
1173 (vii) open bank and depository accounts;
1174 (viii) temporarily exercise the rights of a local school board to bring and maintain
1175 actions under Section 53G-3-306; and
1176 (ix) obtain a copy of the inventory described in Subsection (4)(a) from the Office of
1177 the Legislative Auditor General.
1178 (g) The local school board of the new school district or reorganized new school district
1179 shall ratify any agreement into which the director enters.
1180 (h) When the members of the local school board of the new school district or
1181 reorganized new school district begin the members' terms of office:
1182 (i) the state auditor shall transfer oversight and employment of the director to the
1183 local school board;
1184 (ii) by mutual agreement, the local school board of the new school district or
1185 reorganized new school district may revise the employment agreement of the
1186 director and the employees or contractors of the school district; and

- 1187 (iii) the local school board shall appoint a district superintendent.
- 1188 (i) Upon appointment of a district superintendent:
- 1189 (i) the director has no further authority or duties; and
- 1190 (ii) the director position dissolves.
- 1191 ~~[(2)]~~ (4)(a) The divided school district local school board shall[-] :
- 1192 (i) within 60 days after the creation date[:]
- 1193 [(+)] prepare an initial inventory of the divided school district's:
- 1194 (A) assets, both tangible and intangible, real and personal; and
- 1195 (B) liabilities;[-and]
- 1196 [(ii) deliver a copy of the inventory to the Office of the Legislative Auditor General.]
- 1197 (ii) on or before May 10 of the year following the creation date:
- 1198 (A) prepare a detailed asset inventory, with records, of the divided school district's
- 1199 assets and the location of each associated property, discretionary asset,
- 1200 nondiscretionary asset, and physical asset; and
- 1201 (B) prepare a detailed inventory of the divided school district's liabilities, with
- 1202 records, that includes a description of any liability, including an estimate cost
- 1203 to resolve the liability, for each associated property, discretionary asset,
- 1204 nondiscretionary asset, physical asset, and unresolved demands, claims, or suits
- 1205 with an estimated cost to resolve each liability;
- 1206 (iii) mutually agree with the local school board of each relevant district or the
- 1207 directors for each relevant district to establish a regular schedule for the divided
- 1208 school district local school board to, between the creation date and the allocation
- 1209 date, prepare regular updates including any change in the information required in
- 1210 the inventory and liability reports described in this Subsection (4)(a); and
- 1211 (iv) deliver the reports described in this Subsection (4)(a) to:
- 1212 (A) the Office of the Legislative Auditor General; and
- 1213 (B) each relevant director or the local school board of each relevant new school
- 1214 district and reorganized new school district.
- 1215 (b) Following the local school board election date described in Subsection ~~[(1)(a)]~~ (2)(a),
- 1216 the new school district and reorganized new school district local school boards shall:
- 1217 [(+)] request a copy of the inventory described in Subsection (2)(a) from the Office of
- 1218 the Legislative Auditor General;]
- 1219 [(+)] (i) in cooperation with the local school board of each new school district and
- 1220 reorganized new school district, determine the allocation of the divided school

1221 district's assets and, except for indebtedness under Section 53G-3-307, liabilities
 1222 of the new school district and reorganized new school district in accordance with
 1223 Subsection ~~[(3)]~~ (5);
 1224 ~~[(iii)]~~ (ii) prepare a written report detailing the allocation under Subsection ~~[(2)(b)(ii)]~~;
 1225 ~~and]~~ (4)(b)(i);
 1226 (iii) prepare a written report of the disposition of assets and liabilities upon which the
 1227 local school boards could not agree; and
 1228 (iv) deliver a copy of the written report to the Office of the Legislative Auditor
 1229 General and the local school board of the divided school district~~[local board]~~.
 1230 (c) The new school district and reorganized new school district local boards shall
 1231 determine the allocation under Subsection ~~[(2)(b)]~~ (4)(b) and deliver the report
 1232 required under Subsection ~~[(2)(b)]~~ (4)(b) on or before July 1 of the year following the
 1233 school board election date described in Subsection (2)(a), unless that deadline is
 1234 extended by mutual agreement of the local school boards of the new school district
 1235 and reorganized new school district~~[local boards]~~.
 1236 ~~[(3)]~~ (5)~~[(a) As used in this Subsection (3):]~~
 1237 ~~[(i) "Associated property" means furniture, equipment, or supplies located in or~~
 1238 ~~specifically associated with a physical asset.]~~
 1239 ~~[(ii)(A) "Discretionary asset or liability" means, except as provided in Subsection~~
 1240 ~~(3)(a)(ii)(B), an asset or liability that is not tied to a specific project, school,~~
 1241 ~~student, or employee by law or school district accounting practice.]~~
 1242 ~~[(B) "Discretionary asset or liability" does not include a physical asset, associated~~
 1243 ~~property, a vehicle, or bonded indebtedness.]~~
 1244 ~~[(iii)(A) "Nondiscretionary asset or liability" means, except as provided in~~
 1245 ~~Subsection (3)(a)(iii)(B), an asset or liability that is tied to a specific project,~~
 1246 ~~school, student, or employee by law or school district accounting practice.]~~
 1247 ~~[(B) "Nondiscretionary asset or liability" does not include a physical asset,~~
 1248 ~~associated property, a vehicle, or bonded indebtedness.]~~
 1249 ~~[(iv) "Physical asset" means a building, land, or water right together with revenue~~
 1250 ~~derived from the lease or use of the building, land, or water right.]~~
 1251 ~~[(b)]~~ (a) Except as provided under Subsection ~~[(3)(e)]~~ (5)(b), the new school district and
 1252 reorganized new school district local school boards shall allocate all assets and
 1253 liabilities the divided school district owns on the allocation date, both tangible and
 1254 intangible, real and personal~~[as follows]~~ , allocating:

- 1255 (i) a physical asset, physical liability, and associated property asset [~~shall be allocated~~]
1256 to the school district in which the physical asset is located;
- 1257 (ii) a discretionary asset or liability [~~shall be allocated~~] between the new school
1258 district and reorganized new school district in proportion to the student population
1259 of the school districts;
- 1260 (iii) vehicles used for pupil transportation [~~shall be allocated~~]:
- 1261 (A) according to the transportation needs of schools, as measured by the number
1262 and assortment of vehicles used to serve eligible state supported transportation
1263 routes serving schools within the new school district and the reorganized new
1264 school district; and
- 1265 (B) in a manner that gives each school district a fleet of vehicles for pupil
1266 transportation that is equivalent in terms of age, condition, and variety of
1267 carrying capacities; and
- 1268 (iv) other vehicles [~~shall be allocated~~]:
- 1269 (A) in proportion to the student population of the school districts; and
- 1270 (B) in a manner that gives each district a fleet of vehicles that is similar in terms
1271 of age, condition, and carrying capacities.
- 1272 [(e)] (b) By mutual agreement, the new school district and reorganized new school
1273 district local school boards may allocate an asset or liability in a manner different
1274 than the allocation method specified in Subsection [(3)(b)] (5)(a).
- 1275 [(4)] (6) [(a) As used in this Subsection (4):]
- 1276 [(i) "New school district startup costs" means the costs and expenses incurred by a
1277 new school district in order to prepare to begin providing educational services on
1278 July 1 of the second calendar year following the local school board election date
1279 described in Subsection (1)(a)(i).]
- 1280 [(ii) "Reorganized new school district startup costs" means the costs and expenses
1281 that a reorganized new school district incurs to make necessary adjustments to
1282 deal with the impacts resulting from the creation of the new school district and to
1283 prepare to provide educational services within the reorganized new school district
1284 once the new school district begins providing educational services within the new
1285 school district.]
- 1286 [(b) On or before January 1 of the year following the new local school board election
1287 date described in Subsection (1)(a)(i), the divided school district shall make the
1288 unassigned reserve funds from the divided school district's general fund available for

~~the use of the reorganized new school district and the new school district in proportion to the student enrollment of each new school district.]~~

~~[(e) The divided school district may make additional funds available for the use of the reorganized new school district and the new school district beyond the amount specified in Subsection (4)(b) through an interlocal agreement.]~~

~~[(d) The following may access and spend money made available under Subsection (4)(b):]
[(i) the reorganized new school district local school board; and]
[(ii) the new school district local school board.]~~

~~[(e) The new school district and the reorganized new school district may use the money made available under Subsection (4)(b) to pay for the new school district and reorganized new school district startup costs.]~~

(a) The divided school district board shall:

(i) budget for and distribute a per-student amount, based on the most recent October 1 student enrollment count described in Section 53F-2-302 immediately preceding the date of each payment, to each new school district and reorganized new school district in proportion to the student enrollment within the geographical boundaries of each district, in the amount of:

(A) \$40 per student, paid on or before July 1 of the year following the creation date;

(B) \$40 per student, paid on or before January 1 of the year following the local school board election date described in Subsection (2)(a); and

(C) \$40 per student, paid on or before January 1 of the second year following the local school board election date described in Subsection (2)(a); and

(ii) beginning January 1, 2028, annually adjust the amounts described in Subsection (6)(a)(i) to reflect the official inflation rate that the U.S. Bureau of Labor Statistics establishes.

(b)(i) After the creation date, the local school board of the divided district may issue one or more lease revenue bonds, in accordance with Section 11-14-103, through an interlocal agreement that:

(A) records the date, terms, and amount of the lease revenue bond the divided school district provides;

(B) designates the new school district or reorganized new school district that is the recipient of the bond proceeds as the local political subdivision receiving the bond proceeds;

- 1323 (C) obligates the new school district or reorganized new school district receiving
1324 the bond proceeds to repay the bond;
- 1325 (D) evidences the written consent of the applicable local school board of the
1326 divided school district and the local school board or the director for the new
1327 school district or reorganized new school district;
- 1328 (E) prohibits the bond from inclusion in the outstanding bond indebtedness of the
1329 divided school district, in accordance with Section 53G-3-307; and
- 1330 (F) provides that the divided school district makes the bond payments until the
1331 allocation date and that the amounts the divided school district be allocated to
1332 the new school district or reorganized new school district receiving the bond
1333 proceeds in accordance with this section.
- 1334 (ii) This Subsection (6)(b) applies retrospectively to a lease revenue bond that a
1335 divided school district issued after November 4, 2024.
- 1336 (c)(i) After the creation date, the local school board of the divided school district may
1337 issue a general obligation bond for a local political subdivision that is specific to a
1338 new school district or a reorganized new school district within the divided school
1339 district, in accordance with Section 11-14-103.
- 1340 (ii) The local school board shall ensure that the resolution submitting the question of
1341 the issuance of the bond by the divided school district, in accordance with Section
1342 11-14-201:
- 1343 (A) designates the new school district or reorganized new school district that is the
1344 recipient of the bond proceeds as the local political subdivision receiving the
1345 bond proceeds;
- 1346 (B) obligates the local political subdivision receiving the bond proceeds to repay
1347 the bond;
- 1348 (C) occurs with the written consent of the applicable local school board or the
1349 relevant director;
- 1350 (D) prohibits the bond from inclusion in the outstanding bonded indebtedness of
1351 the divided school district, in accordance with Section 53G-3-307;
- 1352 (E) provides that the divided school district may not issue the bond unless the
1353 majority of the qualified voters of the divided school district who vote on the
1354 bond proposition approve the issuance of the bond; and
- 1355 (F) provides that the divided school district is responsible for the bond payments
1356 until the allocation date and that the amounts the divided school district paid be

1357 allocated to the local political subdivision receiving the bond proceeds under
 1358 Section 53G-3-302.

1359 (iii)(A) Only qualified voters within the divided school district may vote on the
 1360 bond proposition described in this Subsection (6)(c); and
 1361 (B) The divided school district may not issue the bond unless the majority of the
 1362 qualified voters who vote on the bond proposition approve the issuance of the
 1363 bond.

1364 (iv) This Subsection (6)(c) applies retrospectively to a general obligation bond that a
 1365 divided school district issued after November 4, 2024.

1366 (d) The following may access and spend funds made available under Subsections
 1367 53G-3-301.3(9) and 53G-3-301.4(11) and under this Subsection (6):
 1368 (i) for each reorganized new school district, the director and the local school board;
 1369 and
 1370 (ii) for each new school district, the director and the local school board.

1371 ~~[(5)]~~ (7)(a) The divided school district shall transfer title or, if applicable, partial title of
 1372 property to the new school district and the reorganized new school district in
 1373 accordance with the allocation of property as stated in the report under Subsection [
 1374 ~~(2)(b)(iii)]~~ (4)(b)(ii).

1375 (b) The divided school district shall complete each transfer of title or, if applicable,
 1376 partial title to real property and vehicles on or before one calendar year from the date
 1377 of the local school board election date described in Subsection [~~(1)(a)(i)]~~ (2)(a),
 1378 except as that date is changed by the mutual agreement of:
 1379 (i) the local school board of the divided school district;
 1380 (ii) the local school board of the reorganized new school district; and
 1381 (iii) the local school board of the new school district.

1382 (c) The divided school district shall complete the transfer of all property not included in
 1383 Subsection [~~(5)(b)]~~ (7)(b) on or before November 1 of the~~[-calendar]~~ year following
 1384 the local school board election date described in Subsection [~~(1)(a)(i)]~~ (2)(a).

1385 ~~[(6)]~~ (d) Except as provided in this Subsection [~~(5)]~~ (7), a divided school district may not
 1386 transfer or agree to transfer title to district property, including a vehicle, a
 1387 discretionary asset, a non-discretionary asset, or associated property, beginning on
 1388 the [day the new school district or reorganized new school district is created] creation
 1389 date, without the prior consent of[:] the director or the local school board of each new
 1390 school district or reorganized new school district.

1391 ~~[(a) the legislative body of the municipality in which the boundaries for the new school~~
1392 ~~district or reorganized new school district are entirely located; or]~~

1393 ~~[(b) the legislative bodies of all interlocal agreement participants in which the~~
1394 ~~boundaries of the new school district or reorganized new school district are located.]~~

1395 (8)(a) Each director appointed under Subsection (3) shall:

1396 (i) issue the following written reports:

1397 (A) an asset and liability report that includes a proposed allocation of assets and
1398 liabilities, as described in Subsection (8)(b); and

1399 (B) a local school assessment report, as described in Subsection (8)(c);

1400 (ii) complete the reports in cooperation with each other relevant director;

1401 (iii) on or before February 15 of the year following the local school board election
1402 date, as described in Subsection (2)(a), present a copy of each report to the local
1403 school board of each new school district and reorganized new school district; and

1404 (iv) deliver a copy of each report to the Office of the Legislative Auditor General.

1405 (b) Each director shall ensure that an asset and liability report includes:

1406 (i) the location of, a description of, and applicable records for:

1407 (A) each physical asset;

1408 (B) each associated property;

1409 (C) each non-discretionary asset or liability;

1410 (D) each discretionary asset or liability;

1411 (E) each vehicle within the divided school district, as described in Subsection
1412 (5)(a)(iii);

1413 (F) each interlocal agreement between the divided school district and other
1414 governmental entities;

1415 (G) each vendor agreement for the divided school district;

1416 (H) each employment or other agreement involving compensation, benefits,
1417 bonuses, or severance of the divided school district;

1418 (I) all known and unresolved claims, rights, or causes of action or liabilities that a
1419 party has made or asserted against the divided school district, including each
1420 unresolved Title IX claim;

1421 (J) the policies and procedures of the divided school district and the district's local
1422 school board, including school and student safety plans;

1423 (K) the divided school district's policies and practices regarding personnel,
1424 including salary schedules, benefits, and COBRA administration; and

- 1425 (L) any other item or record the director deems necessary;
1426 (ii) any cooperative agreements between each new local school board and other local
1427 school boards to provide educational services to use resources for the overall
1428 operation of the public school system, as described in Section 53G-3-202;
1429 (iii) a valuation from an independent third party, whom the director selects, of:
1430 (A) each discretionary asset or liability; and
1431 (B) each bus and vehicle within the divided school district;
1432 (iv) a proposed allocation of the:
1433 (A) divided school district's assets and liabilities;
1434 (B) divided school district's outstanding bonded indebtedness, as described in
1435 Section 53G-3-307;
1436 (C) divided school district's outstanding and ongoing legal liabilities;
1437 (D) COBRA and other legal obligations related to employees of the divided
1438 school district;
1439 (E) retirement funds for employees of the divided school district;
1440 (F) disposition of bonds the divided school district approved but did not issue
1441 before the creation of the new school district or reorganized new school district
1442 based primarily on the representation made to the voters at the time of the bond
1443 election as described in Section 53G-3-307;
1444 (G) vehicles as described in Subsection (6)(b);
1445 (H) funds in any related divided school district foundation;
1446 (I) funds of the divided school district; and
1447 (J) any other remaining assets or liability of the divided school district; and
1448 (v) an overview of the disposition of assets and liabilities upon which the directors
1449 could not agree.
1450 (c) Each director shall ensure that a local school assessment report includes the records
1451 for each school within the divided school district, including:
1452 (i) a list of each school containing the school's address and description;
1453 (ii) a list of employees who are currently assigned to each school within the divided
1454 school district, including employment description, compensation, and any
1455 promised employment incentives;
1456 (iii) a list of all employment or other agreements involving compensation, benefits,
1457 bonuses, or severance for each person assigned to each school within the divided
1458 school district;

(iv) the grades, classes, and courses that each school provides, including specialty classes;

(v) the estimated number of students in each class in each school; and

(vi) any other item or record the director deems necessary.

(d) On or before June 1 of the year following the creation date, the divided school district shall provide records associated with each report described in this section to the director for each new school district and reorganized new school district.

(9)(a)(i) On July 1 of the second year following the local school board election date described in Subsection (2)(a), the new school district or the reorganized new school district that receives title to the physical asset of the divided school district main office that existed at the creation date shall become the successor district to the records of the divided school district, unless the local school boards of any relevant new school district and reorganized new school district agree to a chosen successor district.

(ii) As described in Subsection 63G-2-206(1)(a), the successor district shall serve as a repository of archives for purposes of historical preservation, administrative maintenance, or destruction of all the divided school district's books, accounts, and records.

(iii) After the allocation date, each new school district or reorganized new school district within the divided school district may access the records of the divided school district through an interlocal agreement and without cost.

(b)(i) A director, a new school district, or a reorganized new school district that makes a request for records of the divided school district, except for records described in Subsection (8), shall make a written request to the superintendent of the divided school district.

(ii) After receiving a request for a record under Subsection (9)(b)(i), the divided school district shall, as soon as reasonably possible but no later than 10 business days after receiving the request unless the parties mutually agree on a different date:

(A) approve the request and provide a copy of the record in each format the divided school district possesses; or

(B) if the divided school district or the divided school district's successor does not maintain the requested record, notify the requester of the lack of the record and provide, if known, the name and address of the governmental entity that

- 1493 maintains the record.
- 1494 (c) On or before May 15 of the year following the creation date, the divided school
1495 district and the directors for each new school district and reorganized new school
1496 district shall establish a joint policy relating to the production of private, controlled,
1497 and protected records.
- 1498 (10)(a) Upon the creation date, a divided school district may not, except by mutual
1499 agreement of the local school boards or directors of the new school district and
1500 reorganized new school district:
- 1501 (i) destroy a school district record;
1502 (ii) enter into any employment agreement without including a statement providing
1503 that the contract does not bind any new school district or reorganized new school
1504 district;
- 1505 (iii) pay any severance or bonuses, issue a retirement package, or provide buy-out
1506 compensation to any employee unless under a written agreement or policy that
1507 was executed before the creation date; or
- 1508 (iv) increase compensation, other than a yearly cost-of-living adjustment for any
1509 school district employee.
- 1510 (b) Notwithstanding Subsection 53G-4-402(24), upon the creation of a new school
1511 district or a reorganized new school district, a divided school district may not, except
1512 by mutual agreement of the directors or local school boards of the new school district
1513 and reorganized new school district:
- 1514 (i) close a school;
1515 (ii) change the boundaries of a school;
1516 (iii) create, change, relocate, or close a special enrollment program; or
1517 (iv) alter, terminate, or change a bus route.
- 1518 (c) Any agreement or policy contrary to this Subsection (10) is void, including
1519 retrospective operation to any agreement or policy that a divided school district
1520 created after November 4, 2024.
- 1521 (11)(a) The local school boards of each new school district and reorganized new school
1522 district, with the assistance of the divided school district, shall:
- 1523 (i) jointly prepare a written transition plan for the divided school district;
1524 (ii) on or before August 15 in the year following the local school board election date
1525 described in Subsection (2)(a), adopt a transition plan; and
1526 (iii) within five days after the date of the adoption of the transition plan, submit a

1527 copy to:
1528 (A) the local school board of the divided school district; and
1529 (B) the Office of the Legislative Auditor General.
1530 (b) The divided school district shall:
1531 (i) cooperate with the local school board of each new school district and reorganized
1532 new school district in preparing the transition plan; and
1533 (ii) comply with the adopted transition plan.
1534 (c) The local school boards described in Subsection (11)(a) shall ensure that the
1535 transition plan:
1536 (i) includes required dates and methods regarding:
1537 (A) according to the approved allocation of assets, the transfer of title to and the
1538 preservation, sharing, and transfer of the divided school district's records, data,
1539 financial accounts, software, software licenses, passwords, codes, security
1540 measures, insurance, payroll services, discretionary assets, non-discretionary
1541 assets, associated property, physical property, bond indebtedness, and vehicles;
1542 (B) according to the approved allocation of liabilities, the liabilities and debts of
1543 the divided school district to the new school district or the reorganized new
1544 school district; and
1545 (C) employee protections, legally required notices, and the holding and
1546 disbursements of employee-related retirement funds;
1547 (ii) ensures that each new school district and reorganized new district has adequate
1548 insurance coverage to prevent a lapse of coverage for unresolved claims remaining
1549 at the allocation date; and
1550 (iii) includes a five to 10-year capital plan for each new school district and
1551 reorganized new school district.
1552 (d) If the local school boards of each new school district and reorganized new school
1553 district do not reach an agreement for a transition plan under this Subsection (11),
1554 each local school board shall:
1555 (i) present the board's plan to the Office of the Legislative Auditor General on or
1556 before July 15 in the year following the local school board election date described
1557 in Subsection (2)(a); and
1558 (ii) include a description of the issues on which the local school boards could not
1559 agree.
1560 (12)(a) If a school district has not conducted a seismic safety evaluation in accordance

with Section 53G-4-608 within 10 years before the creation date, on or before December 31 of the year following the creation date, the state auditor shall perform the seismic safety study and evaluation of each school district building within the divided school district:

(i) with a construction date before the year 2000; and

(ii) that the divided school district uses as a school.

(b) The state auditor shall ensure that:

(i) a licensed structural engineer familiar with seismic codes conducts the seismic safety evaluation described in Subsection (12)(a); and

(ii) that the seismic safety evaluation provides an estimated cost for remediation or replacement of each school district building that the evaluation determines to have a seismic issue.

(c) On or before December 31 of the year following the creation date, the state auditor shall perform a deferred maintenance study of the divided school district to determine:

(i) a description and location of each deferred maintenance item within the divided school district; and

(ii) the estimated cost to remediate each deferred maintenance item.

(d) The state auditor shall deliver the studies described in this Subsection (12) to:

(i) the local school board of each new school district and reorganized new school district;

(ii) the Office of the Legislative Auditor General; and

(iii) each director.

(13) Unless otherwise specified in this section, the following bear all costs and expenses to create a new school district or a reorganized new school district and to comply with this section:

(a) for costs that a new school district incurs, the new school district;

(b) for costs that a reorganized new school district incurs, the reorganized new school district;

(c) for costs that a divided school district incurs, the divided school district; and

(d) for actual expenses a municipality or interlocal agreement participants incur to a third party after the creation date and before the appointment of the director under Subsection (3), the relevant school district associated with the municipality or the interlocal agreement participants.

(14) The Office of the Legislative Auditor General shall resolve any disagreements

regarding:

(a) the disposition of assets and liabilities of the divided school district;

(b) the transition plan described in Subsection (11); and

(c) the obligations of any party under this section.

(15) Upon the appointment of the director, the divided school district shall:

(a) identify space, if any, in a building within each new school district and each reorganized school district within the divided school district that could serve as the office of the relevant new school district; and

(b) provide the space described in Subsection (15)(a) to the new school district or reorganized new school district at no cost.

(16)(a) An actor commits interference with a director if the actor uses force, violence, intimidation, or engages in any other unlawful act with a purpose to interfere with the director's duties.

(b) A violation of Subsection (16)(a) is a class B misdemeanor.

Section 13. Section **53G-3-303** is amended to read:

53G-3-303 (Effective upon governor's approval). New school district property tax -- Limitations.

(1) A new school district, created under Section 53G-3-301.1, 53G-3-301.3, ~~or~~ 53G-3-301.4, 53G-3-301.5, or 53G-3-301.6 and a reorganized new school district may not impose a property tax before the fiscal year in which the new school district and reorganized new school district assume responsibility for providing student instruction.

(2)(a) If at the time a new school district created in accordance with Section 53G-3-301.1, 53G-3-301.3, ~~or~~ 53G-3-301.4, 53G-3-301.5, or 53G-3-301.6 assumes responsibility for student instruction any portion of the territory within the new school district was subject to a levy ~~[pursuant to]~~ under Section 53F-8-301, the new school district's local school board may:

(i) discontinue the levy for the new school district;

(ii) impose a levy on the new school district as provided in Section 53F-8-301; or

(iii) impose the levy on the new school district, subject to Subsection (2)(b).

(b) If the new school district's local school board applies a levy to the new school district in accordance with Subsection (2)(a)(iii), the levy may not exceed the maximum duration or rate authorized by the voters of the divided school district at the time of the vote to create the new school district or that resulted in the creation of the reorganized new school district.

Section 14. Section **53G-3-305** is amended to read:

53G-3-305 (Effective upon governor's approval). Redistricting -- Local school board membership.

(1) Upon the creation of a new school district or a reorganized new school district in accordance with Section 53G-3-301.1, 53G-3-301.3, ~~[or] 53G-3-301.4, 53G-3-301.5, or 53G-3-301.6,~~ the applicable legislative body shall redistrict the affected school districts in accordance with Section 20A-14-201.

(2) Except as provided in Section 53G-3-302, local school board membership in the affected school districts ~~[shall be determined under]~~ is subject to Title 20A, Chapter 14, Part 2, Election of Members of Local Boards of Education.

Section 15. Section **53G-3-307** is amended to read:

53G-3-307 (Effective upon governor's approval). Tax to pay for indebtedness of divided school district.

(1) As used in ~~[Subsections (2) and (3)]~~ this section, "outstanding bonded indebtedness" means, except for a lease revenue bond or a general obligation bond described in Subsection 53G-3-302(6), debt owed for a general obligation bond or lease revenue bond ~~[issued by]~~ that the divided school district issues:

(a) before the creation of the new school district; or

(b) in accordance with a mutual agreement of the local school boards of the reorganized new school district and the new school district under Subsection (4).

(2) If the creation date of a new school district ~~[is created]~~ occurs on or after May 10, 2011, property within the new school district and the reorganized new school district is subject to the levy of a tax to pay the divided school district's outstanding bonded indebtedness as provided in Subsection (3).

(3)(a) Except as provided in Subsection (3)(b), the local school board of the new school district and the local school board of the reorganized new school district shall impose a tax levy at a rate that:

(i) generates from the combined districts the amount of revenue required each year to meet the outstanding bonded indebtedness of the divided school district; and

(ii) is based on the yearly adjusted assessed value of the new school district and reorganized new school district as the State Tax Commission determines.

(b) A local school board of a new school district may abate a property tax ~~[required to be imposed under]~~ that Subsection (3)(a) requires the board to impose to the extent the new school district has money available to pay to the reorganized new school district

the amount of revenue that ~~[would be generated]~~ the tax rate described in Subsection (3)(a) would generate within the new school district~~[from the tax rate specified in Subsection (3)(a)]~~.

(4)(a) The local school boards of the new school district and the reorganized new school district shall determine, by mutual agreement, the disposition of bonds ~~[approved but not issued by]~~ the divided school district approved but did not issue before the creation of the new school district and reorganized new school district based primarily on the representation made to the voters at the time of the bond election.

(b) Before the local school boards make a determination~~[is made]~~ under Subsection (4)(a), a reorganized new school district may not issue the approved and unissued bonds ~~[approved but not issued before the creation of the new school district and reorganized new school district]~~ described in Subsection (4)(a) if property in the new school district would be subject to the levy of a tax to pay the bonds.

Section 16. Section **63G-2-203** is amended to read:

63G-2-203 (Effective upon governor's approval). Fees.

(1)(a) Subject to Subsection (5), a governmental entity may charge a reasonable fee to cover the governmental entity's actual cost of providing a record.

(b) A fee under Subsection (1)(a) shall be approved by the governmental entity's executive officer.

(2)(a) When a governmental entity compiles a record in a form other than that normally maintained by the governmental entity, the actual costs under this section may include the following:

- (i) the cost of staff time for compiling, formatting, manipulating, packaging, summarizing, or tailoring the record either into an organization or media to meet the person's request;
- (ii) the cost of staff time for search, retrieval, and other direct administrative costs for complying with a request; and
- (iii) in the case of fees for a record that is the result of computer output other than word processing, the actual incremental cost of providing the electronic services and products together with a reasonable portion of the costs associated with formatting or interfacing the information for particular users, and the administrative costs as set forth in Subsections (2)(a)(i) and (ii).

(b) An hourly charge under Subsection (2)(a) may not exceed the salary of the lowest paid employee who, in the discretion of the custodian of records, has the necessary

- 1697 skill and training to perform the request.
- 1698 (3)(a) Fees shall be established as provided in this Subsection (3).
- 1699 (b) A governmental entity with fees established by the Legislature:
- 1700 (i) shall establish the fees defined in Subsection (2), or other actual costs associated
- 1701 with this section through the budget process; and
- 1702 (ii) may use the procedures of Section 63J-1-504 to set fees until the Legislature
- 1703 establishes fees through the budget process.
- 1704 (c) Political subdivisions shall establish fees by ordinance or written formal policy
- 1705 adopted by the governing body.
- 1706 (d) The judiciary shall establish fees by rules of the judicial council.
- 1707 (e) A governmental entity may not charge a fee for:
- 1708 (i) a request related to a feasibility study, as defined in Section 53G-3-102, regarding
- 1709 a school district; or
- 1710 (ii) a request regarding a school district described in Section 53G-3-302.
- 1711 (4) A governmental entity may fulfill a record request without charge and is encouraged to
- 1712 do so if it determines that:
- 1713 (a) releasing the record primarily benefits the public rather than a person;
- 1714 (b) the individual requesting the record is the subject of the record, or an individual
- 1715 specified in Subsection 63G-2-202(1) or (2); or
- 1716 (c) the requester's legal rights are directly implicated by the information in the record,
- 1717 and the requester is impecunious.
- 1718 (5)(a) As used in this Subsection (5), "media representative":
- 1719 (i) means a person who requests a record to obtain information for a story or report
- 1720 for publication or broadcast to the general public; and
- 1721 (ii) does not include a person who requests a record to obtain information for a blog,
- 1722 podcast, social media account, or other means of mass communication generally
- 1723 available to a member of the public.
- 1724 (b) A governmental entity may not charge a fee for:
- 1725 (i) reviewing a record to determine whether it is subject to disclosure, except as
- 1726 permitted by Subsection (2)(a)(ii);
- 1727 (ii) inspecting a record; or
- 1728 (iii) the first quarter hour of staff time spent in responding to a request under Section
- 1729 63G-2-204.
- 1730 (c) Notwithstanding Subsection (5)(b)(iii), a governmental entity is not prevented from

charging a fee for the first quarter hour of staff time spent in responding to a request under Section 63G-2-204 if the person who submits the request:

(i) is not a Utah media representative; and

(ii) previously submitted a separate request within the 10-day period immediately before the date of the request to which the governmental entity is responding.

(6)(a) A person who believes that there has been an unreasonable denial of a fee waiver under Subsection (4) may appeal the denial in the same manner as a person appeals when inspection of a public record is denied under Section 63G-2-205.

(b) The adjudicative body hearing the appeal:

(i) shall review the fee waiver de novo, but shall review and consider the governmental entity's denial of the fee waiver and any determination under Subsection (4); and

(ii) has the same authority when a fee waiver or reduction is denied as it has when the inspection of a public record is denied.

(7)(a) All fees received under this section by a governmental entity subject to Subsection (3)(b) shall be retained by the governmental entity as a dedicated credit.

(b) Those funds shall be used to recover the actual cost and expenses incurred by the governmental entity in providing the requested record or record series.

(8)(a) A governmental entity may require payment of past fees and future estimated fees before beginning to process a request if:

(i) fees are expected to exceed \$50; or

(ii) after the government entity has sent an invoice, the requester has not paid fees from a previous [requests] request.

(b) Any prepaid amount in excess of fees due shall be returned to the requester.

(9) This section does not alter, repeal, or reduce fees established by other statutes or legislative acts.

(10)(a) Notwithstanding Subsection (3)(c), fees for voter registration records shall be set as provided in this Subsection (10).

(b) The lieutenant governor shall:

(i) after consultation with county clerks, establish uniform fees for voter registration and voter history records that meet the requirements of this section; and

(ii) obtain legislative approval of those fees by following the procedures and requirements of Section 63J-1-504.

Section 17. Section **67-3-1** is amended to read:

67-3-1 (Effective upon governor's approval). Functions and duties.

- (1)(a) The state auditor is the auditor of public accounts and is independent of any executive or administrative officers of the state.
- (b) The state auditor is not limited in the selection of personnel or in the determination of the reasonable and necessary expenses of the state auditor's office.
- (2) The state auditor shall examine and certify annually in respect to each fiscal year, financial statements showing:
- (a) the condition of the state's finances;
 - (b) the revenues received or accrued;
 - (c) expenditures paid or accrued;
 - (d) the amount of unexpended or unencumbered balances of the appropriations to the agencies, departments, divisions, commissions, and institutions; and
 - (e) the cash balances of the funds in the custody of the state treasurer.
- (3)(a) The state auditor shall:
- (i) audit each permanent fund, each special fund, the General Fund, and the accounts of any department of state government or any independent agency or public corporation as the law requires, as the auditor determines is necessary, or upon request of the governor or the Legislature;
 - (ii) perform the audits in accordance with generally accepted auditing standards and other auditing procedures as promulgated by recognized authoritative bodies; and
 - (iii) as the auditor determines is necessary, conduct the audits to determine:
 - (A) honesty and integrity in fiscal affairs;
 - (B) accuracy and reliability of financial statements;
 - (C) effectiveness and adequacy of financial controls; and
 - (D) compliance with the law.
- (b) If any state entity receives federal funding, the state auditor shall ensure that the audit is performed in accordance with federal audit requirements.
- (c)(i) The costs of the federal compliance portion of the audit may be paid from an appropriation to the state auditor from the General Fund.
- (ii) If an appropriation is not provided, or if the federal government does not specifically provide for payment of audit costs, the costs of the federal compliance portions of the audit shall be allocated on the basis of the percentage that each state entity's federal funding bears to the total federal funds received by the state.
- (iii) The allocation shall be adjusted to reflect any reduced audit time required to

1799 audit funds passed through the state to local governments and to reflect any
1800 reduction in audit time obtained through the use of internal auditors working
1801 under the direction of the state auditor.

1802 (4)(a) Except as provided in Subsection (4)(b), the state auditor shall, in addition to
1803 financial audits, and as the auditor determines is necessary, conduct performance and
1804 special purpose audits, examinations, and reviews of any entity that receives public
1805 funds, including a determination of any or all of the following:

1806 (i) the honesty and integrity of all the entity's fiscal affairs;
1807 (ii) whether the entity's administrators have faithfully complied with legislative intent;
1808 (iii) whether the entity's operations have been conducted in an efficient, effective, and
1809 cost-efficient manner;
1810 (iv) whether the entity's programs have been effective in accomplishing the intended
1811 objectives; and
1812 (v) whether the entity's management, control, and information systems are adequate,
1813 effective, and secure.

1814 (b) The auditor may not conduct performance and special purpose audits, examinations,
1815 and reviews of any entity that receives public funds if the entity:
1816 (i) has an elected auditor; and
1817 (ii) has, within the entity's last budget year, had the entity's financial statements or
1818 performance formally reviewed by another outside auditor.

1819 (5) The state auditor:

1820 (a) shall administer any oath or affirmation necessary to the performance of the duties of
1821 the auditor's office; and
1822 (b) may:

1823 (i) subpoena witnesses and documents, whether electronic or otherwise; and
1824 (ii) examine into any matter that the auditor considers necessary.

1825 (6) The state auditor may require all persons who have had the disposition or management
1826 of any property of this state or its political subdivisions to submit statements regarding
1827 the property at the time and in the form that the auditor requires.

1828 (7) The state auditor shall:

1829 (a) except where otherwise provided by law, institute suits in Salt Lake County in
1830 relation to the assessment, collection, and payment of revenues against:

1831 (i) persons who by any means have become entrusted with public money or property
1832 and have failed to pay over or deliver the money or property; and

- 1833 (ii) all debtors of the state;
- 1834 (b) collect and pay into the state treasury all fees received by the state auditor;
- 1835 (c) perform the duties of a member of all boards of which the state auditor is a member
- 1836 by the constitution or laws of the state, and any other duties that are prescribed by the
- 1837 constitution and by law;
- 1838 (d) stop the payment of the salary of any state official or state employee who:
- 1839 (i) refuses to settle accounts or provide required statements about the custody and
- 1840 disposition of public funds or other state property;
- 1841 (ii) refuses, neglects, or ignores the instruction of the state auditor or any controlling
- 1842 board or department head with respect to the manner of keeping prescribed
- 1843 accounts or funds; or
- 1844 (iii) fails to correct any delinquencies, improper procedures, and errors brought to the
- 1845 official's or employee's attention;
- 1846 (e) establish accounting systems, methods, and forms for public accounts in all taxing or
- 1847 fee-assessing units of the state in the interest of uniformity, efficiency, and economy;
- 1848 (f) superintend the contractual auditing of all state accounts;
- 1849 (g) subject to Subsection (8)(a), withhold state allocated funds or the disbursement of
- 1850 property taxes from a state or local taxing or fee-assessing unit, if necessary, to
- 1851 ensure that officials and employees in those taxing units comply with state laws and
- 1852 procedures in the budgeting, expenditures, and financial reporting of public funds;
- 1853 (h) subject to Subsection (9), withhold the disbursement of tax money from any county,
- 1854 if necessary, to ensure that officials and employees in the county comply with
- 1855 Section 59-2-303.1; and
- 1856 (i) withhold state allocated funds or the disbursement of property taxes from a local
- 1857 government entity or a limited purpose entity, as those terms are defined in Section
- 1858 67-1a-15 if the state auditor finds the withholding necessary to ensure that the entity
- 1859 registers and maintains the entity's registration with the lieutenant governor, in
- 1860 accordance with Section 67-1a-15.
- 1861 (8)(a) Except as otherwise provided by law, the state auditor may not withhold funds
- 1862 under Subsection (7)(g) until a state or local taxing or fee-assessing unit has received
- 1863 formal written notice of noncompliance from the auditor and has been given 60 days
- 1864 to make the specified corrections.
- 1865 (b) If, after receiving notice under Subsection (8)(a), a state or independent local
- 1866 fee-assessing unit that exclusively assesses fees has not made corrections to comply

with state laws and procedures in the budgeting, expenditures, and financial reporting of public funds, the state auditor:

(i) shall provide a recommended timeline for corrective actions;

(ii) may prohibit the state or local fee-assessing unit from accessing money held by the state; and

(iii) may prohibit a state or local fee-assessing unit from accessing money held in an account of a financial institution by filing an action in a court with jurisdiction under Title 78A, Judiciary and Judicial Administration, requesting an order of the court to prohibit a financial institution from providing the fee-assessing unit access to an account.

(c) The state auditor shall remove a limitation on accessing funds under Subsection (8)(b) upon compliance with state laws and procedures in the budgeting, expenditures, and financial reporting of public funds.

(d) If a local taxing or fee-assessing unit has not adopted a budget in compliance with state law, the state auditor:

(i) shall provide notice to the taxing or fee-assessing unit of the unit's failure to comply;

(ii) may prohibit the taxing or fee-assessing unit from accessing money held by the state; and

(iii) may prohibit a taxing or fee-assessing unit from accessing money held in an account of a financial institution by:

(A) contacting the taxing or fee-assessing unit's financial institution and requesting that the institution prohibit access to the account; or

(B) filing an action in a court with jurisdiction under Title 78A, Judiciary and Judicial Administration, requesting an order of the court to prohibit a financial institution from providing the taxing or fee-assessing unit access to an account.

(e) If the local taxing or fee-assessing unit adopts a budget in compliance with state law, the state auditor shall eliminate a limitation on accessing funds described in Subsection (8)(d).

(9) The state auditor may not withhold funds under Subsection (7)(h) until a county has received formal written notice of noncompliance from the auditor and has been given 60 days to make the specified corrections.

(10)(a) The state auditor may not withhold funds under Subsection (7)(i) until the state auditor receives a notice of non-registration, as that term is defined in Section

1901 67-1a-15.

1902 (b) If the state auditor receives a notice of non-registration, the state auditor may
1903 prohibit the local government entity or limited purpose entity, as those terms are
1904 defined in Section 67-1a-15, from accessing:

1905 (i) money held by the state; and

1906 (ii) money held in an account of a financial institution by:

1907 (A) contacting the entity's financial institution and requesting that the institution
1908 prohibit access to the account; or

1909 (B) filing an action in a court with jurisdiction under Title 78A, Judiciary and
1910 Judicial Administration, requesting an order of the court to prohibit a financial
1911 institution from providing the entity access to an account.

1912 (c) The state auditor shall remove the prohibition on accessing funds described in
1913 Subsection (10)(b) if the state auditor received a notice of registration, as that term is
1914 defined in Section 67-1a-15, from the lieutenant governor.

1915 (11) Notwithstanding Subsection (7)(g), (7)(h), (7)(i), (8)(b), (8)(d), or (10)(b), the state
1916 auditor:

1917 (a) shall authorize a disbursement by a local government entity or limited purpose entity,
1918 as those terms are defined in Section 67-1a-15, or a state or local taxing or
1919 fee-assessing unit if the disbursement is necessary to:

1920 (i) avoid a major disruption in the operations of the local government entity, limited
1921 purpose entity, or state or local taxing or fee-assessing unit; or

1922 (ii) meet debt service obligations; and

1923 (b) may authorize a disbursement by a local government entity, limited purpose entity,
1924 or state or local taxing or fee-assessing unit as the state auditor determines is
1925 appropriate.

1926 (12)(a) The state auditor may seek relief under the Utah Rules of Civil Procedure to take
1927 temporary custody of public funds if an action is necessary to protect public funds
1928 from being improperly diverted from their intended public purpose.

1929 (b) If the state auditor seeks relief under Subsection (12)(a):

1930 (i) the state auditor is not required to exhaust the procedures in Subsection (7) or (8);
1931 and

1932 (ii) the state treasurer may hold the public funds in accordance with Section 67-4-1 if
1933 a court orders the public funds to be protected from improper diversion from their
1934 public purpose.

- 1935 (13) The state auditor shall:
- 1936 (a) establish audit guidelines and procedures for audits of local mental health and
- 1937 substance abuse authorities and their contract providers, conducted pursuant to Title
- 1938 17, Chapter 43, Part 2, Local Substance Abuse Authorities, Title 17, Chapter 43, Part
- 1939 3, Local Mental Health Authorities, Title 26B, Chapter 5, Health Care - Substance
- 1940 Use and Mental Health, and Title 51, Chapter 2a, Accounting Reports from Political
- 1941 Subdivisions, Interlocal Organizations, and Other Local Entities Act; and
- 1942 (b) ensure that those guidelines and procedures provide assurances to the state that:
- 1943 (i) state and federal funds appropriated to local mental health authorities are used for
- 1944 mental health purposes;
- 1945 (ii) a private provider under an annual or otherwise ongoing contract to provide
- 1946 comprehensive mental health programs or services for a local mental health
- 1947 authority is in compliance with state and local contract requirements and state and
- 1948 federal law;
- 1949 (iii) state and federal funds appropriated to local substance abuse authorities are used
- 1950 for substance abuse programs and services; and
- 1951 (iv) a private provider under an annual or otherwise ongoing contract to provide
- 1952 comprehensive substance abuse programs or services for a local substance abuse
- 1953 authority is in compliance with state and local contract requirements, and state and
- 1954 federal law.
- 1955 (14)(a) The state auditor may, in accordance with the auditor's responsibilities for
- 1956 political subdivisions of the state as provided in Title 51, Chapter 2a, Accounting
- 1957 Reports from Political Subdivisions, Interlocal Organizations, and Other Local
- 1958 Entities Act, initiate audits or investigations of any political subdivision that are
- 1959 necessary to determine honesty and integrity in fiscal affairs, accuracy and reliability
- 1960 of financial statements, effectiveness, and adequacy of financial controls and
- 1961 compliance with the law.
- 1962 (b) If the state auditor receives notice under Subsection 11-41-104(7) from the
- 1963 Governor's Office of Economic Opportunity on or after July 1, 2024, the state auditor
- 1964 may initiate an audit or investigation of the public entity subject to the notice to
- 1965 determine compliance with Section 11-41-103.
- 1966 (15)(a) The state auditor may not audit work that the state auditor performed before
- 1967 becoming state auditor.
- 1968 (b) If the state auditor has previously been a responsible official in state government

1969 whose work has not yet been audited, the Legislature shall:

1970 (i) designate how that work shall be audited; and

1971 (ii) provide additional funding for those audits, if necessary.

1972 (16) The state auditor shall:

1973 (a) with the assistance, advice, and recommendations of an advisory committee

1974 appointed by the state auditor from among special district boards of trustees, officers,

1975 and employees and special service district boards, officers, and employees:

1976 (i) prepare a Uniform Accounting Manual for Special Districts that:

1977 (A) prescribes a uniform system of accounting and uniform budgeting and

1978 reporting procedures for special districts under Title 17B, Limited Purpose

1979 Local Government Entities - Special Districts, and special service districts

1980 under Title 17D, Chapter 1, Special Service District Act;

1981 (B) conforms with generally accepted accounting principles; and

1982 (C) prescribes reasonable exceptions and modifications for smaller districts to the

1983 uniform system of accounting, budgeting, and reporting;

1984 (ii) maintain the manual under this Subsection (16)(a) so that the manual continues to

1985 reflect generally accepted accounting principles;

1986 (iii) conduct a continuing review and modification of procedures in order to improve

1987 them;

1988 (iv) prepare and supply each district with suitable budget and reporting forms; and

1989 (v)(A) prepare instructional materials, conduct training programs, and render other

1990 services considered necessary to assist special districts and special service

1991 districts in implementing the uniform accounting, budgeting, and reporting

1992 procedures; and

1993 (B) ensure that any training described in Subsection (16)(a)(v)(A) complies with

1994 Title 63G, Chapter 22, State Training and Certification Requirements; and

1995 (b) continually analyze and evaluate the accounting, budgeting, and reporting practices

1996 and experiences of specific special districts and special service districts selected by

1997 the state auditor and make the information available to all districts.

1998 (17)(a) The following records in the custody or control of the state auditor are protected

1999 records under Title 63G, Chapter 2, Government Records Access and Management

2000 Act:

2001 (i) records that would disclose information relating to allegations of personal

2002 misconduct, gross mismanagement, or illegal activity of a past or present

- 2003 governmental employee if the information or allegation cannot be corroborated by
2004 the state auditor through other documents or evidence, and the records relating to
2005 the allegation are not relied upon by the state auditor in preparing a final audit
2006 report;
- 2007 (ii) records and audit workpapers to the extent the workpapers would disclose the
2008 identity of an individual who during the course of an audit, communicated the
2009 existence of any waste of public funds, property, or manpower, or a violation or
2010 suspected violation of a law, rule, or regulation adopted under the laws of this
2011 state, a political subdivision of the state, or any recognized entity of the United
2012 States, if the information was disclosed on the condition that the identity of the
2013 individual be protected;
- 2014 (iii) before an audit is completed and the final audit report is released, records or
2015 drafts circulated to an individual who is not an employee or head of a
2016 governmental entity for the individual's response or information;
- 2017 (iv) records that would disclose an outline or part of any audit survey plans or audit
2018 program; and
- 2019 (v) requests for audits, if disclosure would risk circumvention of an audit.
- 2020 (b) The provisions of Subsections (17)(a)(i), (ii), and (iii) do not prohibit the disclosure
2021 of records or information that relate to a violation of the law by a governmental entity
2022 or employee to a government prosecutor or peace officer.
- 2023 (c) The provisions of this Subsection (17) do not limit the authority otherwise given to
2024 the state auditor to classify a document as public, private, controlled, or protected
2025 under Title 63G, Chapter 2, Government Records Access and Management Act.
- 2026 (d)(i) As used in this Subsection (17)(d), "record dispute" means a dispute between
2027 the state auditor and the subject of an audit performed by the state auditor as to
2028 whether the state auditor may release a record, as defined in Section 63G-2-103,
2029 to the public that the state auditor gained access to in the course of the state
2030 auditor's audit but which the subject of the audit claims is not subject to disclosure
2031 under Title 63G, Chapter 2, Government Records Access and Management Act.
- 2032 (ii) The state auditor may submit a record dispute to the State Records Committee,
2033 created in Section 63G-2-501, for a determination of whether the state auditor
2034 may, in conjunction with the state auditor's release of an audit report, release to
2035 the public the record that is the subject of the record dispute.
- 2036 (iii) The state auditor or the subject of the audit may seek judicial review of a State

- 2037 Records Committee determination under Subsection (17)(d)(ii), as provided in
2038 Section 63G-2-404.
- 2039 (18) If the state auditor conducts an audit of an entity that the state auditor has previously
2040 audited and finds that the entity has not implemented a recommendation made by the
2041 state auditor in a previous audit, the state auditor shall notify the Legislative
2042 Management Committee through the Legislative Management Committee's audit
2043 subcommittee that the entity has not implemented that recommendation.
- 2044 (19) The state auditor shall, with the advice and consent of the Senate, appoint the state
2045 privacy officer described in Section 67-3-13.
- 2046 (20) Except as provided in Subsection (21), the state auditor shall report, or ensure that
2047 another government entity reports, on the financial, operational, and performance
2048 metrics for the state system of higher education and the state system of public education,
2049 including metrics in relation to students, programs, and schools within those systems.
- 2050 (21)(a) Notwithstanding Subsection (20), the state auditor shall conduct regular audits of:
- 2051 (i) the scholarship granting organization for the Carson Smith Opportunity
2052 Scholarship Program, created in Section 53E-7-402;
- 2053 (ii) the State Board of Education for the Carson Smith Scholarship Program, created
2054 in Section 53F-4-302; and
- 2055 (iii) the scholarship program manager for the Utah Fits All Scholarship Program,
2056 created in Section 53F-6-402, including an analysis of the cost effectiveness of the
2057 program, taking into consideration the amount of the scholarship and the amount
2058 of state and local funds dedicated on a per-student basis within the traditional
2059 public education system.
- 2060 (b) Nothing in this subsection limits or impairs the authority of the State Board of
2061 Education to administer the programs described in Subsection (21)(a).
- 2062 (22) The state auditor shall, based on the information posted by the Office of Legislative
2063 Research and General Counsel under Subsection 36-12-12.1(2), for each policy, track
2064 and post the following information on the state auditor's website:
- 2065 (a) the information posted under Subsections 36-12-12.1(2)(a) through (e);
- 2066 (b) an indication regarding whether the policy is timely adopted, adopted late, or not
2067 adopted;
- 2068 (c) an indication regarding whether the policy complies with the requirements
2069 established by law for the policy; and
- 2070 (d) a link to the policy.

- (23)(a) A legislator may request that the state auditor conduct an inquiry to determine whether a government entity, government official, or government employee has complied with a legal obligation directly imposed, by statute, on the government entity, government official, or government employee.
- (b) The state auditor may, upon receiving a request under Subsection (23)(a), conduct the inquiry requested.
- (c) If the state auditor conducts the inquiry described in Subsection (23)(b), the state auditor shall post the results of the inquiry on the state auditor's website.
- (d) The state auditor may limit the inquiry described in this Subsection (23) to a simple determination, without conducting an audit, regarding whether the obligation was fulfilled.

(24) The state auditor shall:

- (a) ensure compliance with Title 63G, Chapter 31, Distinctions on the Basis of Sex, in accordance with Section 63G-31-401; and
- (b) report to the Legislative Management Committee, upon request, regarding the state auditor's actions under this Subsection (24).

(25) The state auditor shall report compliance with Sections 67-27-107, 67-27-108, and 67-27-109 by:

- (a) establishing a process to receive and audit each alleged violation; and
- (b) reporting to the Legislative Management Committee, upon request, regarding the state auditor's findings and recommendations under this Subsection (25).

(26) The state auditor shall employ and oversee a director for the commencement of a new school district or reorganized new school district in accordance with Section 53G-3-302.

Section 18. Effective Date.

(1) Except as provided in Subsection (2), this bill takes effect on May 7, 2025; or

(2) if approved by two-thirds of all members elected to each house:

- (a) upon approval by the governor;
- (b) without the governor's signature, the day following the constitutional time limit of Utah Constitution, Article VII, Section 8; or
- (c) in the case of a veto, the date of veto override.

Section 19. Retrospective operation.

Section 53G-3-302 has retrospective operation to November 4, 2024.