

Senator Keith Grover proposes the following substitute bill:

SCHOOL DISTRICT AMENDMENTS

2024 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Keith Grover

House Sponsor: Susan Pulsipher

LONG TITLE

General Description:

This bill amends and creates certain processes and requirements regarding school district creation.

Highlighted Provisions:

- This bill:
- defines terms;
 - amends and creates certain processes, timelines, and requirements regarding school district creation;
 - requires a feasibility study before a school district creation;
 - requires a feasibility study to be posted online and for public comment;
 - prohibits school employees and school board members from using public resources for certain purposes;
 - allows for the use of a special election to elect certain school board members;
 - allows for a legislative body to assist a new school district in securing funds for startup costs;
 - increases the distribution amount of funds allowed for a new school district; and
 - makes technical and conforming changes.

Money Appropriated in this Bill:



None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

20A-1-203, as last amended by Laws of Utah 2020, Chapter 47

36-12-15, as last amended by Laws of Utah 2023, Chapter 21

53G-3-102, as renumbered and amended by Laws of Utah 2018, Chapter 3

53G-3-202, as last amended by Laws of Utah 2023, Chapter 252

53G-3-203, as renumbered and amended by Laws of Utah 2018, Chapter 3

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

53G-3-304, as last amended by Laws of Utah 2023, Chapter 7

53G-3-305, as last amended by Laws of Utah 2022, Chapter 265

53G-3-306, as last amended by Laws of Utah 2019, Chapter 293

53G-3-307, as last amended by Laws of Utah 2019, Chapter 293

53G-3-308, as last amended by Laws of Utah 2019, Chapter 293

ENACTS:

53G-3-301.1, Utah Code Annotated 1953

53G-3-301.2, Utah Code Annotated 1953

53G-3-301.3, Utah Code Annotated 1953

53G-3-301.4, Utah Code Annotated 1953

REPEALS AND REENACTS:

53G-3-301, as last amended by Laws of Utah 2023, Chapter 116

53G-3-302, as last amended by Laws of Utah 2019, Chapter 293

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

Section 1. Section **20A-1-203** is amended to read:

20A-1-203. Calling and purpose of special elections -- Two-thirds vote limitations.

(1) Statewide and local special elections may be held for any purpose authorized by law.

(2) (a) Statewide special elections shall be conducted using the procedure for regular general elections.

(b) Except as otherwise provided in this title, local special elections shall be conducted using the procedures for regular municipal elections.

(3) The governor may call a statewide special election by issuing an executive order that designates:

(a) the date for the statewide special election; and

(b) the purpose for the statewide special election.

(4) The Legislature may call a statewide special election by passing a joint or concurrent resolution that designates:

(a) the date for the statewide special election; and

(b) the purpose for the statewide special election.

(5) (a) The legislative body of a local political subdivision may call a local special election only for:

(i) a vote on a bond or debt issue;

(ii) a vote on a voted local levy authorized by Section 53F-8-402 or 53F-8-301;

(iii) an initiative authorized by Chapter 7, Part 5, Local Initiatives - Procedures;

(iv) a referendum authorized by Chapter 7, Part 6, Local Referenda - Procedures;

(v) if required or authorized by federal law, a vote to determine whether Utah's legal boundaries should be changed;

(vi) a vote authorized or required by Title 59, Chapter 12, Sales and Use Tax Act;

(vii) a vote to elect members to school district boards for a new school district and a ~~remaining~~ reorganized new school district, as defined in Section 53G-3-102, following the creation of a new school district under Section 53G-3-302;

(viii) a vote on a municipality providing cable television services or public telecommunications services under Section 10-18-204;

(ix) a vote to create a new county under Section 17-3-1;

(x) a vote on a special property tax under Section 53F-8-402;

(xi) a vote on the incorporation of a municipality in accordance with Section 10-2a-210; or

(xii) a vote on incorporation or annexation as described in Section 10-2a-404.

(b) The legislative body of a local political subdivision may call a local special election by adopting an ordinance or resolution that designates:

- (i) the date for the local special election as authorized by Section 20A-1-204; and
- (ii) the purpose for the local special election.

(c) A local political subdivision may not call a local special election unless the ordinance or resolution calling a local special election under Subsection (5)(b) is adopted by a two-thirds majority of all members of the legislative body, if the local special election is for:

- (i) a vote on a bond or debt issue as described in Subsection (5)(a)(i);
- (ii) a vote on a voted leeway or levy program as described in Subsection (5)(a)(ii); or
- (iii) a vote authorized or required for a sales tax issue as described in Subsection (5)(a)(vi).

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

36-12-15. Office of the Legislative Auditor General established -- Qualifications -- Powers, functions, and duties -- Reporting -- Criminal penalty -- Employment.

(1) As used in this section:

(a) "Entity" means:

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

(b) "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.

(c) "Receiving organization" means an organization that receives public funds that is not a government organization.

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

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

(4) The legislative auditor general shall appoint and develop a professional staff within

budget limitations.

(5) The Office of the Legislative Auditor General shall exercise the constitutional authority provided in Utah Constitution, Article VI, Section 33.

(6) Under the direction of the legislative auditor general, the Office of the Legislative Auditor General shall:

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

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

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

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

(i) threaten public funds or programs;

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

(iii) require transformation;

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

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

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

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

(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, examination, investigation, or review of an entity, the Office of the Legislative Auditor General 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 of the Legislative Auditor General, 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 review, response, or information;

(iv) records that would disclose:

(A) an outline;

(B) all or part of an audit survey, audit risk assessment plan, or audit program; or

(C) other procedural documents necessary to fulfill the duties of the office; and

(v) requests for audits, if disclosure would risk circumvention of an audit.

(b) The provisions of Subsection (11)(a) do not prohibit the disclosure of records or information to a government prosecutor or peace officer if those records or information relate to a violation of the law by an entity or entity employee.

(c) A record, as defined in Section 63G-2-103, created by the Office of the Legislative Auditor General in a closed meeting held in accordance with Section 52-4-205:

(i) is a protected record, as defined in Section 63G-2-103;

(ii) to the extent the record contains information:

(A) described in Section 63G-2-302, is a private record; or

(B) described in Section 63G-2-304, is a controlled record; and

(iii) may not be reclassified by the office.

(d) The provisions of this section do not limit the authority otherwise given to the legislative auditor general to maintain the private, controlled, or protected record status of a shared record in the legislative auditor general's possession or classify a document as public, private, controlled, or protected under Title 63G, Chapter 2, Government Records Access and Management Act.

(12) The legislative auditor general shall:

(a) be available to the Legislature and to the Legislature's committees for consultation on matters relevant to areas of the legislative auditor general's professional competence;

(b) conduct special audits as requested by the Audit Subcommittee;

(c) report immediately to the Audit Subcommittee any apparent violation of penal statutes disclosed by the audit of an entity and furnish to the Audit Subcommittee all information relative to the apparent violation;

(d) report immediately to the Audit Subcommittee any apparent instances of

malfeasance or nonfeasance by an entity officer or employee disclosed by the audit of an entity;
and

(e) make any recommendations to the Audit Subcommittee with respect to the
alteration or improvement of the accounting system used by an entity.

(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, the legislative auditor general shall, upon release
of the audit:

(a) report immediately to the Audit Subcommittee that the entity has not implemented
that recommendation; and

(b) shall report, as soon as possible, that the entity has not implemented that
recommendation to an appropriate legislative committee designated by the Audit
Subcommittee.

(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 of the Legislative Auditor General;

(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, examination, investigation, or review of an entity conducted by the Office of the Legislative Auditor General; or

(ii) the Office of the Legislative Auditor General'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) Beginning July 1, 2020, the Office of the Legislative Auditor General 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 of the Legislative Auditor General 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 conduct a feasibility study under Section 53G-3-301.1, 53G-3-301.2, 53G-3-301.3, or 53G-3-301.4.

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

53G-3-102. Definitions.

~~[As used in this chapter:]~~

~~[(1) "Allocation date" means:]~~

~~[(a) June 20 of the second calendar year after the local school board general election date described in Subsection 53G-3-302(3)(a)(i); or]~~

~~[(b) another date that the transition teams under Section 53G-3-302 mutually agree to:]~~

~~[(2) "Canvass date" means the date of the canvass of an election under Subsection 53G-3-301(5) at which voters approve the creation of a new school district under Section 53G-3-302.]~~

~~[(3) "Consolidation" means the merger of two or more school districts into a single administrative unit.]~~

~~[(4) "Creation election date" means the date of the election under Subsection 53G-3-301(9) at which voters approve the creation of a new school district under Section 53G-3-302.]~~

~~[(5) "Divided school district," "existing district," or "existing school district" means a school district from which a new district is created.]~~

~~[(6) "New district" or "new school district" means a school district created under Section 53G-3-301 or 53G-3-302.]~~

~~[(7) "Remaining district" or "remaining school district" means an existing district after~~

the creation of a new district.]

~~[(8) "Restructuring" means the transfer of territory from one school district to another school district.]~~

As used in this chapter:(1) "Allocation date" means:

(a) June 20 of the calendar year following the local school board general election date or special 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 the date on which voters approve the creation of a new school district under Section [53G-3-301.1](#), [53G-3-301.2](#), [53G-3-301.3](#), or [53G-3-301.4](#).

(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-3-301.2](#), [53G-3-301.3](#), or [53G-3-301.4](#); and

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

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

(i) conducted by:

(A) a school district, municipality legislative body, or interlocal agreement participants before July 31, 2024; or

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

(ii) to determine:

(A) 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) 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) 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-3-301.2, 53G-3-301.3, or 53G-3-301.4.

(9) "Reorganized new school district" means the remaining portion of the divided
school district after the creation of a new school district under Subsection 53G-3-301.1,
53G-3-301.2, 53G-3-301.3, or 53G-3-301.4.

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

53G-3-202. School districts independent of municipal and county governments --
School district name -- Control of property.

(1) (a) Each school district shall be controlled by its local school board and shall be
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 comply with [~~Subsection 17-50-103(2)(a).~~] Section 17-50-103.

(2) The local school board shall have direction and control of all school property in the
district and may enter into cooperative agreements with other local school boards to provide
educational services that best utilize resources for overall operation of the public school
system.

(3) (a) On or before 30 days following the day on which the creation of a new school
district occurs under Section 53G-3-301.1, 53G-3-301.2, 53G-3-301.3, or 53G-3-301.4, and in
accordance with Section 67-1a-15, a new school district shall be registered as a limited purpose
entity by:

(i) the municipal legislative body in which the boundaries for the new school district is
entirely located; or

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

~~[(a)]~~ (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.

~~[(b)]~~ (c) A school district that fails to comply with ~~[Subsection]~~ 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-3-203 is amended to read:

53G-3-203. Filing of notice and plat relating to school district boundary changes including creation, consolidation, division, or dissolution -- Recording requirements -- Effective date.

(1) The county legislative body shall~~[-(a)]~~, within 30 days ~~[after the]~~ following the day on which the creation, consolidation, division, or dissolution of a school district occurs, file with the lieutenant governor:

~~[(i)]~~ (a) a copy of a notice of an impending boundary action, as defined in Section 67-1a-6.5, that meets the requirements of Subsection 67-1a-6.5(3); and

~~[(ii)]~~ (b) except in the case of a dissolution, a copy of an approved final local entity plat, as defined in Section 67-1a-6.5~~[-and]~~.

~~[(b)]~~ (2) The county legislative body, upon the lieutenant governor's issuance of a certificate of boundary action under Section 67-1a-6.5, shall:

~~[(i)]~~ (a) if the school district is or, in the case of dissolution, was located within the boundary of a single county, submit to the recorder of that county:

~~[(A)]~~ (i) the original:

~~[(H)]~~ (A) notice of an impending boundary action;

~~[(H)]~~ (B) certificate of boundary action; and

~~[(H)]~~ (C) except in the case of dissolution, approved final local entity plat; and

~~[(B)]~~ (ii) if applicable, a certified copy of the resolution approving the boundary action;

or

~~[(ii)]~~ (b) if the school district is or, in the case of a dissolution, was located within the boundaries of more than a single county:

~~[(A)]~~ (i) submit to the recorder of one of those counties:

~~[(H)]~~ (A) the original of the documents listed in Subsections ~~[(1)(b)(i)(A)(I), (H), and (H)]~~ (2)(a)(i); and

~~[(H)]~~ (B) if applicable, a certified copy of the resolution approving the boundary action;

and

~~[(B)]~~ (ii) submit to the recorder of each other county:

~~[(H)]~~ (A) a certified copy of the documents listed in Subsections ~~[(1)(b)(i)(A)(I), (H), and (HH)]~~ (2)(a)(i); and

~~[(H)]~~ (B) if applicable, a certified copy of the resolution approving the boundary action.

~~[(2)]~~ (3) (a) Upon the lieutenant governor's issuance of the certificate under Section 67-1a-6.5, the creation, consolidation, division, dissolution, or other change affecting the boundary of a new or ~~[existing]~~ reorganized new school district that was the subject of the action has legal effect.

(b) (i) As used in this Subsection ~~[(2)(b)]~~ (3)(b), "affected area" means:

(A) in the case of the creation of a school district, the area within the school district's boundary;

(B) in the case of the consolidation of multiple school districts, the area within the boundary of each school district that is consolidated into another school district;

(C) in the case of the division of a school district, the area within the boundary of the school district created by the division; and

(D) in the case of an addition to an existing school district, the area added to the school district.

(ii) ~~[(The)]~~ For purposes of assessing property within the school district, the effective date of a boundary action, as that term is defined in Section 17-23-20, [for purposes of assessing property within the school district] is governed by Section 59-2-305.5.

~~[(iii) Until the documents listed in Subsection (1)(b) are recorded in the office of the recorder of each county in which the property is located, a school district may not levy or collect a property tax on property within the affected area]~~

(iii) A school district may not levy or collect a property tax on property within the affected area until the county legislative body records the documents listed in Subsection (2) in the office of the recorder of each county in which the property is located.

Section 6. Section 53G-3-301 is repealed and reenacted to read:

53G-3-301. 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' initiative petition in accordance with Section 53G-3-301.1;

(b) at the request of the local school board of the divided district or districts to be affected by the creation of the new district in accordance with Section 53G-3-301.2;

(c) at the request of a municipality within the boundaries of the school district in accordance with Section 53G-3-301.3; or

(d) at the request of interlocal agreement participants in accordance with Section 53G-3-301.4.

(3) Except as provided in Sections 53G-3-301.3 and 53G-3-301.4, a request or petition under Subsection (2) may not form a new school district unless the new school district boundaries:

(a) are contiguous;

(b) do not completely surround or otherwise completely geographically isolate a portion of the existing school district that is not part of the proposed new school district from the remaining part of that existing school district; or

(c) include the entire boundaries of each participant municipality or town.

(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.

(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 calendar year following the local school board election date as described in Section 53G-3-301.1, 53G-3-301.2, 53G-3-301.3, or 53G-3-301.4; 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 no more than five years;

(b) with an equal per student assessment; and

(c) without affecting services provided to other students.

(9) A school district employee or local school board member may not use public resources to:

(a) advocate for or against a school district creation;

(b) create a public issues committee relating to a school district creation; or

(c) conduct a survey relating to a school district creation.

(10) A school district employee or local school board member who violates Subsection (9) is subject to:

(a) disciplinary action in accordance with Section [53E-3-401](#); or

(b) disciplinary action as provided in school district or local school board rule.

(11) The process described in Subsection (2) may not be initiated more than once during any two-year period.

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

53G-3-301.1. Creation of a new school district -- Citizen's initiative petition -- Procedures to be followed.

(1) Citizens may initiate the creation of a new school district through a citizens' initiative petition in accordance with this section and Section [53G-3-301](#).

(2) (a) The county clerk shall ensure that an initiative petition submitted under this section 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 submitted under Subsection (2)(a) shall file a 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 (2)(b):
(i) indicates the typed or printed name and current residence address of each governing board member making a request, or registered voter signing a petition, as the case may be;
(ii) describes the proposed new school district boundaries; and
(iii) designates up to five signers of the petition or request 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 60-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 an initiative proposal if a majority of the members of the legislative body vote in favor of the proposal.

(8) (a) If each county legislative body approves an initiative proposal under this section, each county legislative body shall submit the proposal to the county clerk of each county described in Subsection (2)(b) for a vote:

(i) by the legal voters of each existing school district the proposal affects;

(ii) in accordance with the procedures and requirements applicable to a regular general election under Title 20A, Election Code; and

(iii) at the next regular general election or municipal general election, whichever is first.

(b) A new school district is created if a majority of the legal voters within the proposed new school district and each existing school district voting on the proposal vote in favor of the creation of the new district.

Section 8. Section **53G-3-301.2** is enacted to read:

53G-3-301.2. Creation of a new school district -- Request by a local school board of an existing district -- Procedures to be followed.

(1) A local school board of an existing district that the creation of a new school district would affect may initiate the process to create a new school district in accordance with this section and Section [53G-3-301](#).

(2) (a) To initiate the school district creation process under Subsection (1), the local school board shall file a request with the clerk of each county in which any part of the proposed new school district is located.

(b) The local school board 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 a 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 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 a request within the time specified in Subsection (3), the request is considered to be certified.

(b) If the county clerk rejects a request, the local school board 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 14 days after the day the local school board receives certification as described in Subsection (3) or (4), the local school board 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 local school board may use a feasibility study conducted before July 31, 2024, if:

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

(ii) the local school board receives a report and recommendation regarding the feasibility study in a public meeting.

(6) (a) The local school board shall:

(i) provide for a 60-day public comment period to begin on the day the local school board receives the report under Subsection (5); and

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

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

(c) A local school board approves a proposal if a majority of the local school board members vote in favor of the proposal.

(d) Within five business days after the day on which the local school board approves a proposal, the local school board shall notify the legislative body of each county described in Subsection (2)(a).

(7) (a) The legislative body of each county described in Subsection (2) shall submit the proposal to the county clerk to be voted on:

(i) by the legal voters of each existing school district the proposal affects;

(ii) in accordance with the procedures and requirements applicable to a regular general election under Title 20A, Election Code; and

(iii) at the next regular general election or municipal general election, whichever is first.

(b) A new school district is created if a majority of the legal voters within the proposed

new school district and each existing school district voting on the proposal vote in favor of the creation of the new district.

Section 9. Section **53G-3-301.3** is enacted to read:

53G-3-301.3. Creation of a new school district -- Request by a municipality -- Procedures to be followed.

(1) A municipality located within the boundaries of a school district may initiate the process to create a new school district in accordance with this section and Section [53G-3-301](#).

(2) (a) To initiate the school district creation process under Subsection (1), a municipality shall file a request 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 a 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 a request within the time specified in Subsection (3), the request is considered to be certified.

(b) If the county clerk rejects a request, the municipality that submitted the request may

677 amend the request to correct the deficiencies for which the county clerk rejected the request and
678 refile the request.

679 (5) (a) Within 10 days after the day on which a municipal legislative body receives a
680 certification as described in Subsection (3) or (4), a municipal legislative body shall request
681 that the Legislative Audit Subcommittee consider prioritizing a feasibility study, as that term is
682 defined in Section [53G-3-102](#).

683 (b) For the year 2024, the municipal legislative body may use a feasibility study that
684 the municipal legislative body conducted before July 31, 2024, if:

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

687 (ii) the municipality receives a report and recommendation regarding the feasibility
688 study in a public meeting.

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

690 (i) provide for a 60-day public comment period to begin on the day the study is
691 presented to the municipal legislative body under Subsection (5); and

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

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

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

698 (d) Within five business days after the day on which the municipal legislative body
699 approves a proposal, the municipal legislative body shall notify the legislative body of each
700 county described in Subsection (2)(a).

701 (7) (a) The legislative body of each county described in Subsection (2) shall submit the
702 proposal to the county clerk to be voted on:

703 (i) by the legal voters residing within the proposed new school district boundaries;

704 (ii) in accordance with the procedures and requirements applicable to a regular general
705 election under Title 20A, Election Code; and

706 (iii) at the next regular general election or municipal general election, whichever is
707 first.

(b) A new school district is created if a majority of the legal voters within the proposed new school district boundaries voting on the proposal vote in favor of the creation of the new district.

(8) Nothing in this section prevents a municipality from assisting the new school district or reorganized new school district 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-3-301.4** is enacted to read:

53G-3-301.4. Creation of a new school district -- By interlocal agreement participants -- Procedures to follow.

(1) Interlocal agreement participants may initiate the process to create a new school district in accordance with this section and with Section [53G-3-301](#).

(2) (a) By a majority vote of each legislative body, the legislative body of a municipality, together with at least one other municipality, may enter into an interlocal agreement in accordance with Title 11, Chapter 13, Interlocal Cooperation Act, for the purpose of submitting for voter approval a measure to create a new school district if:

(i) except as provided in Subsection (3), the new school district boundaries comply with the requirements of Section [53G-3-301](#); and

(ii) the combined population within the proposed new school district of the interlocal agreement participants is at least 80% of the total population of the proposed new school district.

(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 measure to create a new school district that includes the potential isolated area; and

(C) the municipality, to which the interlocal agreement participants submitted a request under Subsection (3)(c)(i)(B), did not respond to the written request within 30 days after the day on which the request was submitted.

(ii) Each municipality receiving a request under Subsection (3)(c)(i) shall hold at least two public hearings to allow input from the public and affected school districts regarding whether or not the municipality should enter into an interlocal agreement with respect to the potential isolated area.

(iii) A municipal legislative body approves a proposal to enter into an interlocal agreement with respect to the potential isolated area if a majority of the municipal legislative

body votes in favor of the proposal.

(d) (i) The isolated area described in this Subsection (3) shall, on July 1 of the calendar year following the local school board general election date described in Section [53G-3-302](#), become part of the municipality's school district.

(ii) The divided district shall continue to provide educational services to the isolated area until July 1 of the calendar year following the local school board general election date described in Section [53G-3-302](#).

(4) (a) To initiate the school district creation process under Subsection (1), interlocal agreement participants shall file a request with the clerk of each county in which any part of the proposed new school district is located.

(b) The filing interlocal agreement participants shall ensure that the request described in Subsection (4)(a):

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

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

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

(5) Within five business days after the day on which a request described in Subsection (4)(a) is filed, the clerk of each county with which the request is filed shall:

(a) determine whether the request complies with this section 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 legislative bodies of the interlocal agreement participants; 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.

(6) (a) If the county clerk fails to certify or reject a request within the time specified in Subsection (5), the request is considered to be certified.

(b) (i) If the county clerk rejects a request, the interlocal agreement participants that submitted the request may amend the request to correct the deficiencies for which the county clerk rejected the request, and refile the request.

(7) (a) Within 30 days after the day on which the contact sponsor receives certification as described in Subsection (5) or (6), the contact sponsor 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 interlocal agreement participants may use a feasibility study that interlocal agreement participants conducted before July 31, 2024, if:

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

(ii) the legislative bodies of the interlocal agreement participants receive a report and recommendation regarding the feasibility study in a public meeting.

(8) (a) The legislative bodies of the interlocal agreement participants shall:

(i) provide for a 60-day public comment period to begin on the day on which the legislative bodies of the interlocal agreement participants receive the report under Subsection (7); 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 legislative bodies of the interlocal agreement participants shall vote on the creation of the proposed new school district.

(c) The interlocal agreement participants approve a proposal if a majority of each of the legislative bodies of the interlocal agreement participants' members vote in favor of the proposal.

(9) (a) Within five business days after the day on which the interlocal agreement participants approve a proposal, the interlocal agreement participants shall notify the legislative body of each county described in Subsection (4)(a).

(b) The legislative body of each county described in Subsection (4) shall submit the proposal to the respective clerk of each county to be voted on:

(i) by the legal voters residing within the proposed new school district boundaries;

(ii) in accordance with the procedures and requirements applicable to a regular general election under Title 20A, Election Code; and

(iii) at the next regular general election or municipal general election, whichever is first.

(10) A new school district is created if a majority of the legal voters residing within the proposed new district boundaries voting on the proposal vote in favor of the creation of 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 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 11. Section **53G-3-302** is repealed and reenacted to read:

53G-3-302. Election of local school board members -- Allocation of assets and liabilities -- Startup costs -- Transfer of title.

(1) (a) If voters approve a proposal to create a new school district under this part:

(i) the legislative body of the county in which the new school district and reorganized new school district are located shall hold an election at the next general election, or at a special election in accordance with Section **20A-1-204**, to elect:

(A) members to the local school board of the divided school district whose terms are expiring;

(B) all members to the local school board of the new school district; and

(C) all members to the local school board of the reorganized new school district;

(ii) the new school district and reorganized new school district shall divide the assets and liabilities of the divided school district between the new school district and the reorganized new school district as provided in Subsection (3) and Section **53G-3-307**;

(iii) transferred employees shall be treated in accordance with Sections **53G-3-205** and **53G-3-308**;

(iv) an individual residing within the boundaries of a new school district or reorganized new school district at the time the new school district is created may, for six school years

following the creation of the new school district, elect to enroll in a secondary school located outside the boundaries of the reorganized new school district if:

(A) the individual resides within the boundaries of that secondary school as of the day before the new school district is created; and

(B) the individual would have been eligible to enroll in that secondary school had the new school district not been created;

(v) the reorganized new school district in which the secondary school is located shall provide educational services, including, if provided before the creation of the new school district, busing to each individual making an election under Subsection (1)(a)(iv) for each school year for which the individual makes the election; and

(vi) within one year following the date on which the new school district begins providing educational services, the superintendent of each affected school district shall meet, together with the state superintendent, to determine if further boundary changes should take place in accordance with Section [53G-3-501](#).

(b) (i) The county legislative body shall stagger and adjust the terms of the initial members of the local school boards of the new school district and the reorganized new school district so that approximately half of the local school board is elected every two years following the allocation date in accordance with Section [20A-1-104](#).

(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, or as determined under Subsection ((1)(b)(i).

(iii) 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), 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) 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.

(2) (a) The divided school district local school board shall, within 60 days after the

creation date:

(i) prepare an inventory of the divided school district's:

(A) assets, both tangible and intangible, real and personal; and

(B) liabilities; and

(ii) deliver a copy of the inventory to the Office of the Legislative Auditor General.

(b) Following the local school board election date described in Subsection (1)(a), the new school district and reorganized new school district local school boards shall:

(i) request a copy of the inventory described in Subsection (2)(a) from the Office of the Legislative Auditor General;

(ii) determine the allocation of the divided school district's assets and, except for indebtedness under Section [53G-3-307](#), liabilities of the new school district and reorganized new school district in accordance with Subsection (3);

(iii) prepare a written report detailing the allocation under Subsection (2)(b)(ii); and

(iv) deliver a copy of the written report to the Office of the Legislative Auditor General and the divided school district local board.

(c) The new school district and reorganized new school district local boards shall determine the allocation under Subsection (2)(b) and deliver the report required under Subsection (2)(b) on or before August 1 of the year following the creation date, unless that deadline is extended by mutual agreement of the new school district and reorganized new school district local boards.

(3) (a) As used in this Subsection (3):

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

(ii) (A) "Discretionary asset or liability" means, except as provided in Subsection (3)(a)(ii)(B), an asset or liability that is not tied to a specific project, school, student, or employee by law or school district accounting practice.

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

(iii) (A) "Nondiscretionary asset or liability" means, except as provided in Subsection (3)(a)(iii)(B), an asset or liability that is tied to a specific project, school, student, or employee by law or school district accounting practice.

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

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

929 (b) Except as provided under Subsection (3)(c), the new school district and reorganized
930 new school district local school boards shall allocate all assets and liabilities the divided school
931 district owns on the allocation date, both tangible and intangible, real and personal as follows:

932 (i) a physical asset and associated property asset shall be allocated to the school district
933 in which the physical asset is located;

934 (ii) a discretionary asset or liability shall be allocated between the new school district
935 and reorganized new school district in proportion to the student population of the school
936 districts;

937 (iii) vehicles used for pupil transportation shall be allocated:

938 (A) according to the transportation needs of schools, as measured by the number and
939 assortment of vehicles used to serve eligible state supported transportation routes serving
940 schools within the new school district and the reorganized new school district; and

941 (B) in a manner that gives each school district a fleet of vehicles for pupil
942 transportation that is equivalent in terms of age, condition, and variety of carrying capacities;
943 and

944 (iv) other vehicles shall be allocated:

945 (A) in proportion to the student population of the school districts; and

946 (B) in a manner that gives each district a fleet of vehicles that is similar in terms of age,
947 condition, and carrying capacities.

948 (c) By mutual agreement, the new school district and reorganized new school district
949 local school boards may allocate an asset or liability in a manner different than the allocation
950 method specified in Subsection (3)(b).

951 (4) (a) As used in this Subsection (4):

952 (i) "New school district startup costs" means the costs and expenses incurred by a new
953 school district in order to prepare to begin providing educational services on July 1 of the
954 calendar year following the local school board general election or special election date
955 described in Subsection (1)(a)(i).

956 (ii) "Reorganized new school district startup costs" means the costs and expenses that a
957 reorganized new school district incurs to make necessary adjustments to deal with the impacts
958 resulting from the creation of the new school district and to prepare to provide educational
959 services within the reorganized new school district once the new school district begins
960 providing educational services within the new school district.

961 (b) On or before January 1 of the year following the new local school board general
962 election or special election date described in Subsection (1)(a)(i), the divided school district
963 shall make half of the unassigned reserve fund from the divided school district's general fund
964 available for the use of the reorganized new school district and the new district in proportion to
965 the student population of each new school district.

966 (c) The divided school district may make additional funds available for the use of the
967 reorganized new school district and the new school district beyond the amount specified in
968 Subsection (4)(b) through an interlocal agreement.

969 (d) The following may access and spend money made available under Subsection
970 (4)(b):

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

972 (ii) the new school district local school board.

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

976 (5) (a) The divided school district shall transfer title or, if applicable, partial title of
977 property to the new school district and the reorganized new school district in accordance with
978 the allocation of property as stated in the report under Subsection (2)(b)(iii).

979 (b) The divided school district shall complete each transfer of title or, if applicable,
980 partial title to real property and vehicles on or before one calendar year from the date of the
981 local school board election date described in Subsection (1)(a)(i), except as that date is changed
982 by the mutual agreement of:

983 (i) the local school board of the divided school district;

984 (ii) the local school board of the reorganized new school district; and

985 (iii) the local school board of the new school district.

986 (c) The divided school district shall complete the transfer of all property not included

in Subsection (5)(b) on or before November 1 of the calendar year following the local school board election date described in Subsection (1)(a)(i).

(6) Except as provided in Subsection (5), a divided school district may not transfer or agree to transfer title to district property beginning on the day the new school district or reorganized new school district is created without the prior consent of:

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

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

Section 12. Section **53G-3-303** is amended to read:

53G-3-303. New school district property tax -- Limitations.

~~[(1)(a) A new school district created under Section **53G-3-302** may not impose a property tax prior to the fiscal year in which the new school district assumes responsibility for providing student instruction.]~~

~~[(b) The remaining school district retains authority to impose property taxes on the existing school district, including the territory of the new school district, until the fiscal year in which the new school district assumes responsibility for providing student instruction.]~~

(1) A new school district, created under Section **53G-3-301.1**, **53G-3-301.2**, **53G-3-301.3**, or **53G-3-301.4**, 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 ~~[pursuant to Section **53G-3-302** assumes]~~ in accordance with Section **53G-3-301.1**, **53G-3-301.2**, **53G-3-301.3**, or **53G-3-301.4** assumes responsibility for student instruction any portion of the territory within the new school district was subject to a levy pursuant to Section **53F-8-301**, the new school district's 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 ~~[pursuant to]~~ in accordance with Subsection (2)(a)(iii), the levy may not exceed the

maximum duration or rate authorized by the voters of the ~~[existing]~~ divided school district ~~[or districts]~~ at the time of the vote to create the new school district.

Section 13. Section **53G-3-304** is amended to read:

**53G-3-304. Property tax levies in new district and reorganized new district --
Distribution of property tax revenue.**

~~[(1) Notwithstanding terms defined in Section 53G-3-102, as used in this section:]~~

~~[(a) "Divided school district" or "existing district" means a school district from which a new district is created.]~~

~~[(b) "New district" means a school district created under Section 53G-3-302 after May 10, 2011.]~~

~~[(c) "Property tax levy" means a property tax levy that a school district is authorized to impose, except:]~~

~~[(i) the minimum basic tax rate imposed under Section 53F-2-301;~~

~~[(ii) a debt service levy imposed under Section 11-14-310; or]~~

~~[(iii) a judgment levy imposed under Section 59-2-1330.]~~

~~[(d) "Qualifying taxable year" means the calendar year in which a new district begins to provide educational services.]~~

~~[(e) "Remaining district" means an existing district after the creation of a new district.]~~

~~[(2)]~~ (1) As used in this section:

(a) "Property tax levy" means a property tax levy that a school district is authorized to impose, except:

(i) the minimum basic tax rate imposed under Section 53F-2-301;

(ii) a debt service levy imposed under Section 11-14-310;

(iii) a judgment levy imposed under Section 59-2-1330; or

(iv) charter school tax rate.

(b) "Qualifying taxable year" means the calendar year in which a new district begins to provide educational services.

(2) A new school district and ~~[remaining]~~ reorganized new school district shall continue to impose property tax levies that were imposed by the divided school district in the taxable year ~~[prior to]~~ before the qualifying taxable year.

(3) Except as provided in Subsection (6), a property tax levy that a new school district

and ~~[remaining]~~ reorganized new school district are required to impose under Subsection (2) shall be set at a rate that:

(a) is uniform in the new school district and ~~[remaining]~~ reorganized new school district; and

(b) generates the same amount of revenue that was generated by the property tax levy within the divided school district in the taxable year ~~[prior to]~~ before the qualifying taxable year.

(4) The county treasurer of the county in which a property tax levy is imposed under Subsection (2) shall distribute revenues generated by the property tax levy to the new school district and ~~[remaining]~~ reorganized new school district in proportion to the percentage of the divided school district's enrollment on the October 1 ~~[prior to]~~ before the new school district ~~[commencing]~~ or reorganized new school district commences educational services that were enrolled in schools currently located in the new school district or ~~[remaining]~~ reorganized new school district.

(5) On or before March 31, a county treasurer shall distribute revenues generated by a property tax levy imposed under Subsection (2) in the ~~[prior]~~ previous calendar year to a new school district and ~~[remaining]~~ reorganized new school district as provided in Subsection (4).

(6) (a) Subject to the notice and public hearing requirements of Section 59-2-919, a new school district or ~~[remaining]~~ reorganized new school district may set a property tax rate higher than the rate required by Subsection (3), up to:

(i) the maximum rate, if any, allowed by law; or

(ii) the maximum rate authorized by voters for a voted local levy under Section

53F-8-301.

(b) The revenues generated by the portion of a property tax rate in excess of the rate required by Subsection (3) shall be retained by the district that imposes the higher rate.

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

53G-3-305. Redistricting -- Local school board membership.

(1) Upon the creation of a new school district in accordance with Section 53G-3-301.1, 53G-3-301.2, 53G-3-301.3, or 53G-3-301.4, 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 Title 20A, Chapter 14, Part 2, Election of Members of Local Boards of Education.

Section 15. Section **53G-3-306** is amended to read:

53G-3-306. Transfer of school property to new school district and reorganized new school district.

~~[(1)(a)(i) On July 1 of the year following the local school board elections for a new district created pursuant to a citizens' initiative petition or local school board request under Section **53G-3-301** and an existing district as provided in Section **53G-3-305**, the local school board of the existing district shall convey and deliver to the local school board of the new district all school property which the new district is entitled to receive.]~~

~~[(ii) Any disagreements as to the disposition of school property shall be resolved by the county legislative body.]~~

~~[(iii) Subsection (1)(a)(ii) does not apply to disagreements between transition teams about the proper allocation of property under Subsection **53G-3-302**(4).]~~

~~[(b) An existing district shall transfer property to a new district created under Section **53G-3-302** in accordance with Section **53G-3-302**.]~~

[(2)] (1) On July 1 of the calendar year following the local school board elections for a new school district and a reorganized new school district under this part, the divided school district's local school board shall convey and deliver to the new school district local school board and the reorganized new school district local school board all school property to which each new school district is entitled.

(2) Title vests in the new local school board, including all rights, claims, and causes of action to or for the property, for the use or the income from the property, for conversion, disposition, or withholding of the property, or for any damage or injury to the property.

(3) The new local school board may bring and maintain actions to recover, protect, and preserve the property and rights of the district's schools and to enforce contracts.

Section 16. Section **53G-3-307** is amended to read:

53G-3-307. Tax to pay for indebtedness of divided school district.

~~[(1)(a) For a new district created prior to May 10, 2011, the local school boards of the remaining and new districts shall determine the portion of the divided school district's bonded indebtedness and other indebtedness for which the property within the new district remains~~

subject to the levy of taxes to pay a proportionate share of the divided school district's outstanding indebtedness.]

~~[(b) The proportionate share of the divided school district's outstanding indebtedness for which property within the new district remains subject to the levy of taxes shall be calculated by determining the proportion that the total assessed valuation of the property within the new district bears to the total assessed valuation of the divided school district.]~~

~~[(i) in the year immediately preceding the date the new district was created; or]~~

~~[(ii) at a time mutually agreed upon by the local school boards of the new district and the remaining district.]~~

~~[(c) The agreement reflecting the determinations made under this Subsection (1) shall take effect upon being filed with the county legislative body and the state board.]~~

~~[(2)(a) Except as provided in Subsection (2)(b), the local school board of a new district created prior to May 10, 2011, shall levy a tax on property within the new district sufficient to pay the new district's proportionate share of the indebtedness determined under Subsection (1).]~~

~~[(b) If a new district has money available to pay the new district's proportionate share of the indebtedness determined under Subsection (1), the new district may abate a property tax to the extent of money available.]~~

~~[(3)] (1) As used in Subsections ~~[(4)] (2)~~ and ~~[(5)] (3)~~, "outstanding bonded indebtedness" means debt owed for a general obligation bond or lease revenue bond issued by the divided school district:~~

~~(a) ~~[prior to]~~ before the creation of the new school district; or~~

~~(b) in accordance with a mutual agreement of the local school boards of the ~~[remaining] reorganized new school district~~ and ~~[new districts]~~ the new school district under Subsection ~~[(6)] (4)~~.~~

~~[(4)] (2) If a new school district is created on or after May 10, 2011, property within the new school district and the ~~[remaining] 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 ~~[(5)] (3)~~.~~

~~[(5)] (3) (a) Except as provided in Subsection ~~[(5)(b)] (3)(b)~~, the local school board of the new school district and the local school board of the ~~[remaining] 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 ~~[uniform within]~~ based on the adjusted assessed value of the new school district and ~~[remaining]~~ reorganized new school district.

(b) A local school board of a new school district may abate a property tax required to be imposed under Subsection ~~[(5)(a)]~~ (3)(a) to the extent the new school district has money available to pay to the ~~[remaining]~~ reorganized new school district the amount of revenue that would be generated within the new school district from the tax rate specified in Subsection ~~[(5)(a)]~~ (3)(a).

~~[(6)]~~ (4) (a) The local school boards of the ~~[remaining]~~ new school district and ~~[new districts]~~ the reorganized new school district shall determine by mutual agreement the disposition of bonds approved but not issued by the divided school district 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 a determination is made under Subsection ~~[(6)(a)]~~ (4)(a), a ~~[remaining]~~ reorganized new school district may not issue bonds approved but not issued before the creation of the new school district and reorganized new school district if property in the new school district would be subject to the levy of a tax to pay the bonds.

Section 17. Section **53G-3-308** is amended to read:

53G-3-308. Employees of a new district.

(1) Upon the creation of a new school district:

(a) an employee of ~~[an existing]~~ a divided school district who is employed at a school that is transferred to the new school district shall become an employee of the ~~[new]~~ district in which the school is located; and

(b) the local school board of the new school district shall:

(i) have discretion in the hiring of all other staff;

(ii) adopt the personnel policies and practices of the ~~[existing]~~ divided school district, including salary schedules and benefits; and

(iii) enter into agreements with employees of the new school district, or ~~[their]~~ the new school district employees' representatives, that have the same terms as those in the negotiated

1173 agreements between the ~~[existing]~~ divided school district and ~~[its]~~ the divided school district's
1174 employees that existed on or before the creation date.

1175 (2) (a) Subject to Subsection (2)(b), an employee of a school district from which a new
1176 district is created who becomes an employee of the new school district shall retain the same
1177 status as a career or provisional employee with accrued seniority and accrued benefits.

1178 (b) Subsection (2)(a) applies to:

1179 (i) employees of ~~[an existing]~~ a divided school district who are transferred to a new
1180 school district ~~[pursuant to]~~ as described in Subsection (1)(a); and

1181 (ii) employees of a school district from which a new school district is created who are
1182 hired by the new school district within one year of the date of the creation of the new school
1183 district.

1184 (3) An employee who is transferred to a new school district ~~[pursuant to]~~ in accordance
1185 with Subsection (1)(a) and is ~~[rehired]~~ hired by the ~~[existing]~~ the reorganized new school
1186 district within one year of the date of the creation of the new school district shall, when
1187 ~~[rehired]~~ hired by the ~~[existing]~~ reorganized new school district, retain the same status as a
1188 career or provisional employee with accrued seniority and accrued benefits.

1189 (4) Before the new school district commences educational services, the reorganized
1190 new school district's local school board may not dismiss an employee of the reorganized new
1191 school district who is transferred to the new school district for the sole reason that the
1192 employee becomes an employee of the new school district.

1193 Section 18. **Effective date.**

1194 This bill takes effect on May 1, 2024.