Combined Basic Tax Rate Reduction

2025 GENERAL SESSION STATE OF UTAH

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LONG TITLE

General Description:

This bill repeals the weighted pupil unit (WPU) value rate from the combination of property tax rates that fund public education.

Highlighted Provisions:

This bill:

- repeals the WPU value rate from the combination of property tax rates that fund public education:
- provides that the repeal of the WPU value rate does not affect the amount of ongoing appropriations to the Teacher and Student Success Program;
- includes a clause to coordinate the effect of the repeal of the WPU value rate with language that S.B. 37, Minimum Basic Tax Rate Amendments, enacts; and
 - makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

- 19 This bill provides a special effective date.
- This bill provides a coordination clause.

21 Utah Code Sections Affected:

22 AMENDS:

53F-2-301, as last amended by Laws of Utah 2024, Chapters 124, 460
59-2-919.1 , as last amended by Laws of Utah 2024, Chapter 246
59-2-926, as last amended by Laws of Utah 2023, Chapter 7
Utah Code Sections affected by Coordination Clause:
53F-2-301 , as last amended by Laws of Utah 2024, Chapters 124, 460
Be it enacted by the Legislature of the state of Utah:
The following section is affected by a coordination clause at the end of this bill.
Section 1. Section 53F-2-301 is amended to read:
53F-2-301. Minimum basic tax rate for a fiscal year that begins after July 1,
2022.
(1) As used in this section:
(a) "Basic levy increment rate" means a tax rate that will generate an amount of revenue
equal to \$75,000,000.
[(b) "Combined basic rate" means a rate that is the sum of:]
[(i) the minimum basic tax rate; and]
[(ii) the WPU value rate.]
[(e)] (b) "Commission" means the State Tax Commission.
[(d)] (c) "Minimum basic local amount" means an amount that is:
(i) equal to the sum of:
(A) the school districts' contribution to the basic school program the previous
fiscal year;
(B) the amount generated by the basic levy increment rate; and
(C) the eligible new growth, as defined in Section 59-2-924 and rules of the State
Tax Commission multiplied by the minimum basic rate; and
(ii) set annually by the Legislature in Subsection (2)(a).
[(e)] (d) "Minimum basic tax rate" means a tax rate certified by the commission that will
generate an amount of revenue equal to the minimum basic local amount described in
Subsection (2)(a).
[(f) "Weighted pupil unit value" or "WPU value" means the amount established each
year in the enacted public education budget that is multiplied by the number of
weighted pupil units to yield the funding level for the basic school program.]
[(g) "WPU value amount" means an amount:]
[(i) that is equal to the product of:]

57	[(A) the WPU value increase limit; and]
58	[(B) the percentage share of local revenue to the cost of the basic school program
59	in the immediately preceding fiscal year; and]
60	[(ii) set annually by the Legislature in Subsection (3)(a).]
61	[(h) "WPU value increase limit" means the lesser of:]
62	[(i) the total cost to the basic school program to increase the WPU value over the
63	WPU value in the prior fiscal year; or]
64	[(ii) the total cost to the basic school program to increase the WPU value by 4% over
65	the WPU value in the prior fiscal year.]
66	[(i) "WPU value rate" means a tax rate certified by the commission that will generate an
67	amount of revenue equal to the WPU value amount described in Subsection (3)(a).]
68	(2)(a) The minimum basic local amount for the fiscal year that begins on July 1, 2024, is
69	\$759,529,000 in revenue statewide.
70	(b) The preliminary estimate of the minimum basic tax rate for a fiscal year that begins
71	on July 1, 2024, is .001429.
72	[(3)(a) The WPU value amount for the fiscal year that begins on July 1, 2024, is
73	\$29,240,600 in revenue statewide.]
74	[(b) The preliminary estimate of the WPU value rate for the fiscal year that begins on
75	July 1, 2024, is .000055.]
76	[(4)] (3)(a) On or before June 22, the commission shall certify [for the year:] the
77	minimum basic tax rate for the year.
78	[(i) the minimum basic tax rate; and]
79	[(ii) the WPU value rate.]
80	(b) The estimate of the minimum basic tax rate provided in Subsection (2)(b) [and the
81	estimate of the WPU value rate provided in Subsection (3)(b) are] is based on a
82	forecast for property values for the next calendar year.
83	(c) The certified minimum basic tax rate described in Subsection [(4)(a)(i) and the
84	eertified WPU value rate described in Subsection (4)(a)(ii) are] (3)(a) is based on
85	property values as of January 1 of the current calendar year, except personal property,
86	which is based on values from the previous calendar year.
87	[(5)] (4)(a) To qualify for receipt of the state contribution toward the basic school
88	program and as a school district's contribution toward the cost of the basic school
89	program for the school district, each local school board shall impose the [eombined
90	hasie] minimum hasic tax rate

91	(b)(i) The state is not subject to the notice requirements of Section 59-2-926 before
92	imposing the tax rates described in this Subsection $[(5)]$ (4) .
93	(ii) The state is subject to the notice requirements of Section 59-2-926 if the state
94	authorizes a tax rate that exceeds the tax rates described in this Subsection $[(5)]$ (4) .
95	[(6)] (5)(a) The state shall contribute to each school district toward the cost of the basic
96	school program in the school district an amount of money that is the difference
97	between the cost of the school district's basic school program and the sum of revenue
98	generated by the school district by the following:
99	(i) the [eombined basic] minimum basic tax rate; and
100	(ii) the basic levy increment rate.
101	(b)(i) If the difference described in Subsection [$(6)(a)$] ($(5)(a)$) equals or exceeds the
102	cost of the basic school program in a school district, no state contribution shall be
103	made to the basic school program for the school district.
104	(ii) The proceeds of the difference described in Subsection $[(6)(a)]$ (5)(a) that exceed
105	the cost of the basic school program shall be paid into the Uniform School Fund
106	as provided by law and by the close of the fiscal year in which the proceeds were
107	calculated.
108	[(7)] (6) Upon appropriation by the Legislature, the Division of Finance shall deposit an
109	amount equal to the proceeds generated statewide[:]
110	[(a)] _by the basic levy increment rate into the Minimum Basic Growth Account created
111	in Section 53F-9-302[; and] <u>.</u>
112	[(b)] (7) [by the WPU value rate into] Nothing in the repeal of the tax rate indexed to the
113	increase in the value of the WPU affects the ongoing appropriations to the Teacher and
114	Student Success Account created in Section 53F-9-306.
115	Section 2. Section 59-2-919.1 is amended to read:
116	59-2-919.1 . Notice of property valuation and tax changes.
117	(1) In addition to the notice requirements of Section 59-2-919, the county auditor, on or
118	before July 22 of each year, shall notify each owner of real estate who is listed on the
119	assessment roll.
120	(2) The notice described in Subsection (1) shall:
121	(a) except as provided in Subsection (4), be sent to all owners of real property by mail
122	10 or more days before the day on which:
123	(i) the county board of equalization meets; and
124	(ii) the taxing entity holds a public hearing on the proposed increase in the certified

125	tax rate;
126	(b) be on a form that is:
127	(i) approved by the commission; and
128	(ii) uniform in content in all counties in the state; and
129	(c) contain for each property:
130	(i) the assessor's determination of the value of the property;
131	(ii) the taxable value of the property;
132	(iii)(A) the deadline for the taxpayer to make an application to appeal the
133	valuation or equalization of the property under Section 59-2-1004; or
134	(B) for property assessed by the commission, the deadline for the taxpayer to
135	apply to the commission for a hearing on an objection to the valuation or
136	equalization of the property under Section 59-2-1007;
137	(iv) for a property assessed by the commission, a statement that the taxpayer may not
138	appeal the valuation or equalization of the property to the county board of
139	equalization;
140	(v) itemized tax information for all applicable taxing entities, including:
141	(A) the dollar amount of the taxpayer's tax liability for the property in the prior
142	year; and
143	(B) the dollar amount of the taxpayer's tax liability under the current rate;
144	(vi) the following, stated separately:
145	(A) the charter school levy described in Section 53F-2-703;
146	(B) the multicounty assessing and collecting levy described in Subsection
147	59-2-1602(2);
148	(C) the county assessing and collecting levy described in Subsection 59-2-1602(4);
149	(D) levies for debt service voted on by the public;
150	(E) levies imposed for special purposes under Section 10-6-133.4;
151	(F) for a fiscal year that begins on or after July 1, 2023, the [eombined basie]
152	minimum basic tax rate as defined in Section 53F-2-301; and
153	(G) if applicable, the annual payment described in Subsection 63H-1-501(4)(a);
154	(vii) the tax impact on the property;
155	(viii) the date, time, and place of the required public hearing for each entity;
156	(ix) property tax information pertaining to:
157	(A) taxpayer relief;
158	(B) options for payment of taxes:

159	(C) collection procedures; and
160	(D) the residential exemption described in Section 59-2-103;
161	(x) information specifically authorized to be included on the notice under this chapter;
162	(xi) the last property review date of the property as described in Subsection
163	59-2-303.1(1)(c);
164	(xii) instructions on how the taxpayer may obtain additional information regarding
165	the valuation of the property, including the characteristics and features of the
166	property, from at least one the following sources:
167	(A) a website maintained by the county; or
168	(B) the county assessor's office; and
169	(xiii) other information approved by the commission.
170	(3) If a taxing entity that is subject to the notice and hearing requirements of Subsection
171	59-2-919(4) proposes a tax increase, the notice described in Subsection (1) shall state, in
172	addition to the information required by Subsection (2):
173	(a) the dollar amount of the taxpayer's tax liability if the proposed increase is approved;
174	(b) the difference between the dollar amount of the taxpayer's tax liability if the
175	proposed increase is approved and the dollar amount of the taxpayer's tax liability
176	under the current rate, placed in close proximity to the information described in
177	Subsection (2)(c)(viii);
178	(c) the percentage increase that the dollar amount of the taxpayer's tax liability under the
179	proposed tax rate represents as compared to the dollar amount of the taxpayer's tax
180	liability under the current tax rate; and
181	(d) for each taxing entity proposing a tax increase, the dollar amount of additional ad
182	valorem tax revenue, as defined in Section 59-2-919, that would be generated each
183	year if the proposed tax increase is approved.
184	(4)(a) Subject to the other provisions of this Subsection (4), a county auditor may, at the
185	county auditor's discretion, provide the notice required by this section to a taxpayer
186	by electronic means if a taxpayer makes an election, according to procedures
187	determined by the county auditor, to receive the notice by electronic means.
188	(b)(i) If a notice required by this section is sent by electronic means, a county auditor
189	shall attempt to verify whether a taxpayer receives the notice.
190	(ii) If receipt of the notice sent by electronic means cannot be verified 14 days or
191	more before the county board of equalization meets and the taxing entity holds a
192	public hearing on a proposed increase in the certified tax rate, the notice required

193 by this section shall also be sent by mail as provided in Subsection (2). 194 (c) A taxpayer may revoke an election to receive the notice required by this section by 195 electronic means if the taxpayer provides written notice to the county auditor on or 196 before April 30. 197 (d) An election or a revocation of an election under this Subsection (4): 198 (i) does not relieve a taxpayer of the duty to pay a tax due under this chapter on or 199 before the due date for paying the tax; or 200 (ii) does not alter the requirement that a taxpayer appealing the valuation or the 201 equalization of the taxpayer's real property submit the application for appeal 202 within the time period provided in Subsection 59-2-1004(3). 203 (e) A county auditor shall provide the notice required by this section as provided in Subsection (2), until a taxpayer makes a new election in accordance with this 204 205 Subsection (4), if: 206 (i) the taxpayer revokes an election in accordance with Subsection (4)(c) to receive 207 the notice required by this section by electronic means; or 208 (ii) the county auditor finds that the taxpayer's electronic contact information is 209 invalid. 210 (f) A person is considered to be a taxpayer for purposes of this Subsection (4) regardless 211 of whether the property that is the subject of the notice required by this section is 212 exempt from taxation. 213 Section 3. Section **59-2-926** is amended to read: 214 59-2-926. Proposed tax increase by state -- Notice -- Contents -- Dates. 215 If the state authorizes a tax rate that exceeds the [combined basic-] minimum basic tax 216 rate described in Section 53F-2-301, or authorizes a levy pursuant to Section 59-2-1602 that 217 exceeds the certified revenue levy as defined in Section 59-2-102, the state shall publish a 218 notice no later than 10 days after the last day of the annual legislative general session that 219 meets the following requirements: 220 (1)(a) The Office of the Legislative Fiscal Analyst shall advertise that the state 221 authorized a levy that generates revenue in excess of the previous year's ad valorem 222 tax revenue, plus eligible new growth as defined in Section 59-2-924, but exclusive 223 of revenue from collections from redemptions, interest, and penalties: 224 (i) in a newspaper of general circulation in the state; and 225 (ii) as required in Section 45-1-101. 226 (b) Except an advertisement published on a website, the advertisement described in

227	Subsection (1)(a):
228	(i) shall be no less than 1/4 page in size and the type used shall be no smaller than 18
229	point, and surrounded by a 1/4-inch border;
230	(ii) may not be placed in that portion of the newspaper where legal notices and
231	classified advertisements appear; and
232	(iii) shall be run once.
233	(2) The form and content of the notice shall be substantially as follows:
234	"NOTICE OF TAX INCREASE
235	The state has budgeted an increase in its property tax revenue from \$ to
236	\$ or%. The increase in property tax revenues will come from the following
237	sources (include all of the following provisions):
238	(a) \$ of the increase will come from (provide an explanation of the cause of
239	adjustment or increased revenues, such as reappraisals or factoring orders);
240	(b) \$ of the increase will come from natural increases in the value of the tax
241	base due to (explain cause of eligible new growth, such as new building activity,
242	annexation, etc.); and
243	(c) a home valued at \$100,000 in the state of Utah which based on last year's (levy for
244	the basic state-supported school program, applicable tax rate for the Property Tax
245	Valuation Fund, or both) paid \$ in property taxes would pay the
246	following:
247	(i) \$ if the state of Utah did not budget an increase in property tax
248	revenue exclusive of eligible new growth; and
249	(ii) \$ under the increased property tax revenues exclusive of eligible new
250	growth budgeted by the state of Utah."
251	Section 4. Effective Date.
252	This bill takes effect on July 1, 2026.
253	Section 5. Coordinating H.B. 110 with S.B. 37.
254	If H.B. 110, Minimum Basic Tax Rate Reduction, and S.B. 37, Minimum Basic Tax
255	Rate Amendments, both pass and become law, the Legislature intends that, on July 1, 2026,
256	the term "minimum basic tax rate" replace the term "combined basic rate" that S.B. 37 enacts
257	within Subsection 53F-2-301(5)(b).