

Keith Grover proposes the following substitute bill:

School District Modifications

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Keith Grover

House Sponsor: Stephanie Gricius

LONG TITLE

General Description:

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

Highlighted Provisions:

This bill:

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

- records of the divided school district;
 - the actual transfer of funds, property, assets, and liabilities;
 - retrospectively voiding certain agreements or policies; and
 - resolution of disputes between school districts through an agreed upon or appointed arbiter;
- requires a government entity to send an invoice before requiring payment of past fees before processing a new request; and
 - makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

This bill provides retrospective operation.

Utah Code Sections Affected:**AMENDS:**

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

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

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

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

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

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

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

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

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

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

Third Special Session, Chapter 3

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

Third Special Session, Chapter 3

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

Chapter 526

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

Chapter 128

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

Section 1. Section **36-12-15** is amended to read:

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

(1) As used in this section:

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

(b) "Entity" means:

(i) a government organization; or

(ii) a receiving organization.

(c) "Government organization" means:

(i) a state branch, department, or agency; or

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

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

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

- 97 (5) The office shall exercise the constitutional authority provided in Utah Constitution,
98 Article VI, Section 33.
- 99 (6) Under the direction of the legislative auditor general, the office shall:
- 100 (a) conduct comprehensive and special purpose audits, examinations, investigations, or
101 reviews of entity funds, functions, and accounts;
- 102 (b) prepare and submit a written report on each audit action to the Audit Subcommittee
103 created in Section 36-12-8 and make the report available to all members of the
104 Legislature within 75 days after the audit action is completed;
- 105 (c) monitor, conduct a risk assessment of, or audit any efficiency evaluations that the
106 legislative auditor general determines necessary, in accordance with Title 63J,
107 Chapter 1, Part 9, Government Performance Reporting and Efficiency Process, and
108 legislative rule;
- 109 (d) create, manage, and report to the Audit Subcommittee a list of high risk programs
110 and operations that:
- 111 (i) threaten public funds or programs;
- 112 (ii) are vulnerable to inefficiency, waste, fraud, abuse, or mismanagement; or
- 113 (iii) require transformation;
- 114 (e) monitor and report to the Audit Subcommittee the health of a government
115 organization's internal audit functions;
- 116 (f) make recommendations to increase the independence and value added of internal
117 audit functions throughout the state;
- 118 (g) implement a process to track, monitor, and report whether the subject of an audit has
119 implemented recommendations made in the audit report;
- 120 (h) establish, train, and maintain individuals within the office to conduct investigations
121 and represent themselves as lawful investigators on behalf of the office;
- 122 (i) establish policies, procedures, methods, and standards of audit work and
123 investigations for the office and staff;
- 124 (j) prepare and submit each audit and investigative report independent of any influence
125 external of the office, including the content of the report, the conclusions reached in
126 the report, and the manner of disclosing the legislative auditor general's findings;
- 127 (k) prepare and submit the annual budget request for the office; and
- 128 (l) perform other duties as prescribed by the Legislature.
- 129 (7) In conducting an audit action of an entity, the office may include a determination of any
130 or all of the following:

- (a) the honesty and integrity of any of the entity's fiscal affairs;
- (b) the accuracy and reliability of the entity's internal control systems and specific financial statements and reports;
- (c) whether or not the entity's financial controls are adequate and effective to properly record and safeguard the entity's acquisition, custody, use, and accounting of public funds;
- (d) whether the entity's administrators have complied with legislative intent;
- (e) whether the entity's operations have been conducted in an efficient, effective, and cost efficient manner;
- (f) whether the entity's programs have been effective in accomplishing intended objectives; and
- (g) whether the entity's management control and information systems are adequate and effective.

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

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

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

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

- (ii) entity personnel; and

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

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

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

(b) The legislative auditor general may issue a subpoena, as described in Subsection (9)(a), to a financial institution or any other entity to obtain information as part of an

investigation of fraud, waste, or abuse, including any suspected malfeasance, misfeasance, or nonfeasance involving public funds.

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

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

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

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

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

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

(A) unethical behavior;

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

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

(iii) before an audit is completed and the final audit report is released, records or drafts circulated to a person who is not an employee or head of an entity for 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 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 report, the legislative auditor general shall report to the Audit Subcommittee that the entity has not implemented the recommendation.

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

(a) prepare an annual report that:

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

- 233 (ii) evaluate and report the degree to which an entity that has been the subject of an
234 audit has implemented the audit recommendations;
- 235 (b) include in the report any items and recommendations that the legislative auditor
236 general believes the Legislature should consider in the annual general session; and
- 237 (c) deliver the report to the Legislature and to the appropriate committees of the
238 Legislature.
- 239 (15)(a) If the chief officer of an entity has actual knowledge or reasonable cause to
240 believe that there is misappropriation of the entity's public funds or assets, or another
241 entity officer has actual knowledge or reasonable cause to believe that the chief
242 officer is misappropriating the entity's public funds or assets, the chief officer or,
243 alternatively, the other entity officer, shall immediately notify, in writing:
- 244 (i) the office;
- 245 (ii) the attorney general, county attorney, or district attorney; and
- 246 (iii)(A) for a state government organization, the chief executive officer;
- 247 (B) for a political subdivision government organization, the legislative body or
248 governing board; or
- 249 (C) for a receiving organization, the governing board or chief executive officer
250 unless the chief executive officer is believed to be misappropriating the funds
251 or assets, in which case the next highest officer of the receiving organization.
- 252 (b) As described in Subsection (15)(a), the entity chief officer or, if applicable, another
253 entity officer, is subject to the protections of Title 67, Chapter 21, Utah Protection of
254 Public Employees Act.
- 255 (c) If the Office of the Legislative Auditor General receives a notification under
256 Subsection (15)(a) or other information of misappropriation of public funds or assets
257 of an entity, the office shall inform the Audit Subcommittee.
- 258 (d) The attorney general, county attorney, or district attorney shall notify, in writing, the
259 Office of the Legislative Auditor General whether the attorney general, county
260 attorney, or district attorney pursued criminal or civil sanctions in the matter.
- 261 (16)(a) An actor commits interference with a legislative audit if the actor uses force,
262 violence, intimidation, or engages in any other unlawful act with a purpose to
263 interfere with:
- 264 (i) a legislative audit action; or
- 265 (ii) the office's decisions relating to:
- 266 (A) the content of the office's report;

- (B) the conclusions reached in the office's report; or
- (C) the manner of disclosing the results and findings of the office.
- (b) A violation of Subsection (16)(a) is a class B misdemeanor.
- (17)(a) The office may require any current employee, or any applicant for employment, to submit to a fingerprint-based local, regional, and criminal history background check as an ongoing condition of employment.
- (b) An employee or applicant for employment shall provide a completed fingerprint card to the office upon request.
- (c) The office shall require that an individual required to submit to a background check under this Subsection (17) also provide a signed waiver on a form provided by the office that meets the requirements of Subsection 53-10-108(4).
- (d) For a noncriminal justice background search and registration in accordance with Subsection 53-10-108(13), the office shall submit to the Bureau of Criminal Identification:
- (i) the employee's or applicant's personal identifying information and fingerprints for a criminal history search of applicable local, regional, and national databases; and
- (ii) a request for all information received as a result of the local, regional, and nationwide background check.
- (18) Subject to prioritization of the Legislative Audit Subcommittee, the Office of the Legislative Auditor General shall[-] :
- (a) conduct a feasibility study [under Section 53G-3-301.1, 53G-3-301.3, or 53G-3-301.4.] that an entity requests under Title 53G, Chapter 3, Part 3, Creating a New School District; and
- (b) accept and maintain submissions for local school boards to have sufficient information to resolve disputes through an agreed upon or appointed arbiter in accordance with Section 53G-3-302.
- Section 2. Section **53G-3-102** is amended to read:
- 53G-3-102 (Effective upon governor's approval). Definitions.**
- As used in this chapter:
- (1) "Allocation date" means:
- (a) July 1 of the second calendar year following the local school board election date as described in Section 53G-3-302; or
- (b) another date to which the new local school board and reorganized school board agree.
- (2) "Creation date" means the date on which voters approve the creation of a new school

district under Section 53G-3-301.1, 53G-3-301.3, or 53G-3-301.4.

(3) "Divided school district" means:

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

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

(4)[(A)] "Feasibility study" means a study:

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

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

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

[(ii)] (b) to determine:

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

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

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

(5) "Interlocal agreement participant" means a public agency, as that term is defined in Section 11-13-103, that enters into an agreement with one or more other public agencies for the purpose described in and in accordance with Title 11, Chapter 13, Interlocal Cooperation Act.

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

(a) is entirely within the boundaries of an existing school district;

(b) is contiguous to the proposed new school district;

(c) has a combined student population of fewer than 5,000 students; and

(d) because of the creation of a new school district from the existing district in which the area is located, would become completely geographically isolated.

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

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

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

[(9)] (10) "Reorganized new school district" means the remaining portion of the divided school district after voters approve the creation of a new school district under [

Subsection] Section 53G-3-301.1, 53G-3-301.3, or 53G-3-301.4[-] , when:

(a) the entire geographical area of the reorganized new school district is not included in a proposal for the new school district; or

(b) the entire geographical area of the reorganized new school district is:

(i) included in a proposal for a new school district that voters do not approve; and

(ii) within the boundaries of an existing district that contains an area that is included in the new district for which voters approve the creation.

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

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

(1)(a) ~~[Each school district shall be controlled by its]~~ Each school district, including a new school district or a reorganized new school district upon the election of the local school board, is:

(i) under the control of the district's local school board; and~~[- shall be-]~~

(ii) independent of municipal and county governments.

(b) The name of each school district created after May 1, 2000, including a reorganized new school district, shall[-] :

(i) comply with Section 17-50-103[-] ; and

(ii) be a name:

(A) that the local school board of the relevant new school district or reorganized new school district selects; and

(B) that another school district has not previously chosen and recorded.

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

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

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

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

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

(ii) the legislative body of interlocal agreement participants in which the new school

369 district is located.

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

372 (c) A school district that fails to comply with Subsections (3)(a) and (b) or Section
373 67-1a-15 is subject to enforcement by the state auditor in accordance with Section
374 67-3-1.

375 Section 4. Section **53G-3-205** is amended to read:

376 **53G-3-205 (Effective upon governor's approval). Rights of transferred**
377 **employees -- Salary during first two years -- Leave and tenure benefits.**

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

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

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

389 (4)(a) On or before the day that is six months before the allocation date, each new school
390 district and each reorganized new school district shall provide a written offer of
391 employment to contracted employees of the divided district, in a number that is
392 proportional to the student population distribution within each new and reorganized
393 new school district, who are not:

394 (i) employed on an administrative salary schedule;

395 (ii) provisional; or

396 (iii) at-will.

397 (b) For purposes of Subsection (1), the allocation date is the date of the transfer for an
398 employee described in Subsection (4)(a).

399 (c) The job responsibilities or titles of an employee described in Subsection (4)(a) are
400 subject to change.

401 Section 5. Section **53G-3-301** is amended to read:

402 **53G-3-301 (Effective upon governor's approval). Creation of new school district**

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

- (1) A new school district may be created from one or more existing school districts, as provided in this chapter.
- (2) The process to create a new school district may be initiated:
- (a) through a citizens' petition in accordance with Section 53G-3-301.1;
 - (b) at the request of a municipality within the boundaries of the school district in accordance with Section 53G-3-301.3; or
 - (c) at the request of interlocal agreement participants in accordance with Section 53G-3-301.4.
- (3) ~~[Except as provided in Sections 53G-3-301.3 and 53G-3-301.4, a]~~ A request or petition under Subsection (2) may not form a new school district unless the new school district boundaries and the reorganized new school district boundaries:
- (a) are contiguous;
 - (b) do not create an isolated area, as defined in Section 53G-3-102; and
 - (c) include the entire boundaries of each participant municipality or town, unless the excluded portion of the municipality or town is not within the divided school district.
- (4) For each new school district, each county legislative body shall comply with the notice and plat filing requirements of Section 53G-3-203.
- (5) ~~[If a new school district is created, the new district shall reimburse the reorganized new district's documented costs to study and implement the proposal in proportion to the student population of each school district.]~~ No later than July 1 of the second year following the inaugural local school board election of the new and reorganized new school districts, each new school district and each reorganized new school district shall reimburse the municipalities in which the school districts are located for any legal or administrative costs the municipality incurs relating to compliance with Sections 53G-3-202, 53G-3-203, 53G-3-301, 53G-3-301.3, and 53G-3-301.4.
- (6) On January 1 of each of the first and second years following the local school board election for new and reorganized new school districts following the division of a school district, the relevant divided district shall provide to each relevant new and reorganized new school districts the greater of the following amounts, distributed based on student population in the new and reorganized new school districts, using the most recent October student count:
- (a) 1% of the divided district's total WPU funding; or
 - (b) \$60 per student.

437 [(6)] (7) An inadequacy of a feasibility study, as defined in Section 53G-3-102, may not be
438 the basis of a legal action or other challenge to:

- 439 (a) an election for voter approval of the creation of a new school district; or
440 (b) the creation of the new school district.

441 [(7)] (8) Notwithstanding the creation of a new district as provided in this part:

- 442 (a) a new school district and a reorganized new school district may not begin to provide
443 educational services to the area within the new school district and reorganized new
444 school district until July 1 of the second calendar year following the local school
445 board election date as described in Section 53G-3-301.1, 53G-3-301.3, or
446 53G-3-301.4; and

- 447 (b) the divided school district shall continue, until the time specified in Subsection [(7)](a)
448 (8)(a), to provide educational services within the entire area covered by the divided
449 school district.

450 [(8)] (9) A new school district and a reorganized new school district shall enter into a shared
451 services agreement, except if the local school boards of the districts mutually agree to
452 not enter into an agreement, that permits students residing in each [new-]school district
453 access to attend a school that serves students with disabilities within or outside of each
454 school district boundary:

- 455 (a) for up to five years after the day on which the new school district commences
456 educational services;
457 (b) for actual costs of services provided to students; and
458 (c) without affecting services provided to other students.

459 [(9)] (10) The process described in Subsection (2)[-] :

- 460 (a) may not be initiated more than once during any two-year period[-] ; and
461 (b) may only be initiated within a divided school district in the year of the allocation
462 date.

463 Section 6. Section **53G-3-301.1** is amended to read:

464 **53G-3-301.1 (Effective upon governor's approval). Creation of a new school**
465 **district -- Citizens' petition -- Procedures to be followed.**

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

468 (2)(a) The county clerk shall ensure that a petition described in Subsection (1) is signed
469 by registered voters residing within the geographical boundaries of the proposed new
470 school district in an amount equal to at least 10% of all votes cast within the

geographic boundaries of the proposed new school district for all candidates for president of the United States at the last regular general election at which a president of the United States was elected.

(b) The sponsors of a petition described in Subsection (1) shall file the petition with the clerk of each county in which any part of the proposed new school district is located.

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

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

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

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

(3)(a)(i) A signer of a petition described in Subsection (1) may withdraw or, once

withdrawn, reinstate the signer's signature by filing a written statement requesting for withdrawal or reinstatement with the county clerk no later than three business days after the day on which the petition is filed with the county clerk.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) The new school district proposed in the petition and the reorganized new school

district are created if a majority of the voters in the ~~[existing]~~ proposed new school district vote in favor of creating the new school district.

Section 7. Section **53G-3-301.3** is amended to read:

53G-3-301.3 (Effective upon governor's approval). Creation of a new school district -- Request by a municipality -- Procedures to be followed.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(5)~~(a)~~ Within 10 days after the day on which a municipal legislative body receives a

certification as described in Subsection (3) or (4), a municipal legislative body shall request ~~[that the Legislative Audit Subcommittee consider prioritizing]~~ a feasibility study~~[- as that term is defined in Section 53G-3-102].~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

613 Section 8. Section **53G-3-301.4** is amended to read:

614 **53G-3-301.4 (Effective upon governor's approval). Creation of a new school**
615 **district -- By interlocal agreement participants -- Procedures to follow.**

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

619 (b) A municipality may not:

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

623 (ii) participate in a request under this section and submit a request under Section
624 53G-3-301.3 for the same election.

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

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

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

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

637 (2)(a) Except as provided in Subsection (3), by a majority vote of each legislative body,
638 the legislative body of a municipality, together with at least one other municipality,
639 may enter into an interlocal agreement in accordance with Title 11, Chapter 13,
640 Interlocal Cooperation Act, for the purpose of submitting for voter approval a

measure to create a new school district if the new school district boundaries comply with the requirements of Section 53G-3-301.

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

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

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

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

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

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

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

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

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

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

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

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

- 675 potential isolated area; and
- 676 (C) the municipality, to which the interlocal agreement participants submitted a
677 request under Subsection (3)(c)(i)(B), did not respond to the written request
678 within 30 days after the day on which the request was submitted.
- 679 (ii) Each municipality receiving a request under Subsection (3)(c)(i) shall hold at
680 least two public hearings to allow input from the public and affected school
681 districts regarding whether the municipality should enter into an interlocal
682 agreement with respect to the potential isolated area.
- 683 (iii) A municipal legislative body approves a proposal to enter into an interlocal
684 agreement with respect to the potential isolated area if a majority of the municipal
685 legislative body votes in favor of the proposal.
- 686 (d)(i) The isolated area described in this Subsection (3) shall, on July 1 of the second
687 calendar year following the local school board general election date described in
688 Section 53G-3-302, become part of the municipality's school district.
- 689 (ii) The divided school district shall continue to provide educational services to the
690 isolated area until July 1 of the second calendar year following the local school
691 board general election date described in Section 53G-3-302.
- 692 (4)(a) Interlocal agreement participants shall file a request described in Subsection (1)
693 with the clerk of each county in which any part of the proposed new school district is
694 located.
- 695 (b) The filing interlocal agreement participants shall ensure that the request described in
696 Subsection (4)(a):
- 697 (i) indicates the typed or printed and current residence address of each governing
698 board member making a request;
- 699 (ii) describes the proposed new school district boundaries; and
- 700 (iii) designates up to five signers of the request as sponsors, including as the contact
701 sponsor, with the mailing address and telephone number of each.
- 702 (5) Within five business days after the day on which a request described in Subsection (4)(a)
703 is filed, the clerk of each county with which the request is filed shall:
- 704 (a) determine whether the request complies with this section and Section 53G-3-301; and
- 705 (b)(i) if the county clerk determines that the request complies with the applicable
706 requirements:
- 707 (A) certify the request and deliver the certified request to the legislative bodies of
708 the interlocal agreement participants; and

- 709 (B) mail or deliver written notification of the certification to the contact sponsor;
710 or
- 711 (ii) if the county clerk determines that the request fails to comply with any of the
712 applicable requirements, reject the request and notify the contact sponsor in
713 writing of the rejection and reasons for the rejection.
- 714 (6)(a) If the county clerk fails to certify or reject a request within the time specified in
715 Subsection (5), the request is considered to be certified.
- 716 (b) If the county clerk rejects a request, the interlocal agreement participants that
717 submitted the request may amend the request to correct the deficiencies for which the
718 county clerk rejected the request, and refile the request.
- 719 (7)[(a)] Within 30 days after the day on which the contact sponsor receives certification
720 as described in Subsection (5) or (6), the contact sponsor shall request~~[-that the~~
721 ~~Legislative Audit Subcommittee consider prioritizing]~~ a feasibility study~~[-as that~~
722 ~~term is defined in Section 53G-3-102].~~
- 723 ~~[(b) For the year 2024, the interlocal agreement participants may use a feasibility study~~
724 ~~that interlocal agreement participants conducted before July 1, 2024, if:]~~
- 725 ~~[(i) the feasibility study contains the determinations described in Section 53G-3-102;~~
726 ~~and]~~
- 727 ~~[(ii) the legislative bodies of the interlocal agreement participants receive a report and~~
728 ~~recommendation regarding the feasibility study in a public meeting.]~~
- 729 (8)(a) The legislative bodies of the interlocal agreement participants, and each
730 municipality within the geographic boundaries of the proposed new school district,
731 shall:
- 732 (i) provide for a 30-day public comment period to begin ~~[-:]~~
- 733 ~~[(A)]~~ on the day on which the legislative bodies of the interlocal agreement
734 participants receive ~~[the report under]~~ a feasibility study described in
735 Subsection (7); [or] and
- 736 ~~[(B) on July 1, 2024, if the municipal legislative body uses a feasibility study~~
737 ~~described in Subsection (7)(b), regardless of whether the municipal legislative~~
738 ~~body provided all or a portion of a public comment period in relation to the~~
739 ~~feasibility study before July 1, 2024; and]~~
- 740 (ii) ~~[except as provided in Subsection (8)(d),]~~ hold at least two public hearings~~[-as~~
741 ~~defined in Section 10-9a-103,]~~ on the study and recommendation.
- 742 (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 municipalities that are participants in the interlocal agreement ~~[participants' members]~~ vote in favor of the proposal.

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

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

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

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

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

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

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

Section 9. Section **53G-3-302** is amended to read:

**53G-3-302 (Effective upon governor's approval) (Applies beginning 11/04/24).
Election of local school board members -- Allocation of assets and liabilities -- Startup costs -- Transfer of title.**

(1) As used in this section:

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

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

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

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

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

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

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

(ii) "Physical liability" does not include a liability associated with:

(A) any debt, including a general obligation or lease revenue bond;

(B) a seismic safety evaluation or mitigation; or

(C) deferred maintenance.

[(4)] (2)(a) If voters approve a proposal to create a new school district under this part:

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

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

(B) the primary election ~~[will be]~~ is held on the same day as the ~~[municipal]~~ primary election for the next regular or municipal general election for the given year; and

(C) the general election ~~[will be]~~ is held on the same day as the ~~[municipal]~~ next regular or municipal general election for the given year;

(ii) ~~[the]~~ any new school district and reorganized new school district shall divide the

- 811 assets and liabilities of the divided school district between the ~~[new school district~~
812 ~~and the reorganized new school district as provided in Subsection (3)]~~ school
813 districts in accordance with Subsection (3) and Section 53G-3-307;
- 814 (iii) ~~[transferred employees shall be treated]~~ any new school district and reorganized
815 new school district shall treat the employment of transferred employees from the
816 divided school district in accordance with Sections 53G-3-205 and 53G-3-308;
- 817 (iv) an individual residing within the boundaries of a new school district or
818 reorganized new school district at the time the new school district is created may,
819 for six school years following the creation of the new school district, elect to
820 enroll in a secondary school located outside the boundaries of the ~~[reorganized~~
821 ~~new]~~ school district if:
- 822 (A) the individual resides within the boundaries of ~~[that]~~ the secondary school ~~[as~~
823 ~~of]~~ on the day before the creation of the new school district~~[is created]; and~~
- 824 (B) the individual would have been eligible to enroll in ~~[that]~~ the secondary school ~~[~~
825 ~~had]~~ if not for the creation of the new school district~~[not been created];~~
- 826 (v) the ~~[reorganized]~~ new school district ~~[in which the secondary school is located]~~
827 shall provide educational services, including, if provided before the creation of the
828 new school district, busing to each individual making an election under
829 Subsection ~~[(1)(a)(iv)]~~ (2)(a)(iv) for each school year for which the individual
830 makes the election; and
- 831 (vi) within one year following the date on which the new school district begins
832 providing educational services, the superintendent of each affected school district
833 shall meet, together with the state superintendent, to determine if further boundary
834 changes should take place in accordance with Section 53G-3-501.
- 835 (b)(i) The county or municipal legislative bodies that conduct redistricting for the
836 new school district and the reorganized new school district shall, at the meeting
837 where the county or municipal legislative bodies adopt the final redistricting
838 maps, adjust the initial terms of the board members for the new school district and
839 the reorganized new school district, by lot, so that approximately half of the board
840 members on each board will have an initial term of three years with the other
841 members having an initial term of five years.
- 842 ~~[(ii) The term of a member of the divided school district local school board~~
843 ~~terminates on January 1 of the year following the allocation date.]~~
- 844 ~~[(iii)]~~ (ii) Notwithstanding the existence of the new school district local school board

845 and the reorganized new school district local school board under Subsection [
846 ~~(1)(a)(i)~~] (2)(a)(i), the divided school district local school board shall continue to
847 function and exercise authority as a local school board until the allocation date to
848 the extent necessary to continue to provide educational services to the entire
849 divided school district.

850 ~~[(iv)]~~ (iii) An individual may simultaneously serve as or be elected to be a member of
851 the local school board of a divided school district and a member of the local
852 school board of:
853 (A) a new school district; or
854 (B) a reorganized new school district.

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

857 (c)(i) On the Tuesday immediately following certification of the election results for
858 the first election for the members of the local school board described in
859 Subsection (2)(a)(i), the newly elected members of the local school board for the
860 new school district or reorganized new school district shall take the oath of office
861 and begin serving.

862 (ii) If the term of a member of the local school board of the divided school district
863 ends within one year of the allocation date, the member's term shall extend to the
864 allocation date.

865 ~~[(2)]~~ (3)(a) The divided school district local school board shall~~[-]~~ :
866 (i) within 60 days after the creation date[+]
867 [(+)] prepare an initial inventory of the divided school district's:
868 (A) assets, both tangible and intangible, real and personal; and
869 (B) liabilities;[-and]
870 ~~[(ii) deliver a copy of the inventory to the Office of the Legislative Auditor General.]~~

871 (ii) on or before December 1 of the year following the creation date:
872 (A) prepare an asset inventory, with records, of the divided school district's assets
873 and the location of each associated property, discretionary asset,
874 nondiscretionary asset, and physical asset; and
875 (B) prepare an inventory of the divided school district's liabilities, with records,
876 that includes a description of any liability, including an estimate cost to resolve
877 the liability, for each associated property, discretionary asset, nondiscretionary
878 asset, physical asset, and unresolved demands, claims, or suits with an

- 879 estimated cost to resolve each liability;
- 880 (iii) mutually agree with the local school board of each relevant district to establish a
- 881 regular schedule for the divided school district local school board to, between the
- 882 creation date and the allocation date, prepare regular updates including any change
- 883 in the information required in the inventory and liability reports described in this
- 884 Subsection (3)(a); and
- 885 (iv) deliver the reports described in this Subsection (3)(a) to:
- 886 (A) the Office of the Legislative Auditor General; and
- 887 (B) the local school board of each relevant new school district and reorganized
- 888 new school district.
- 889 (b) Following the local school board election date described in Subsection ~~[(1)(a)]~~ (2)(a),
- 890 the new school district and reorganized new school district local school boards shall:
- 891 ~~[(i) request a copy of the inventory described in Subsection (2)(a) from the Office of~~
- 892 ~~the Legislative Auditor General;]~~
- 893 ~~[(ii)]~~ (i) in cooperation with the local school board of each new school district and
- 894 reorganized new school district, determine the allocation of the divided school
- 895 district's assets and, except for indebtedness under Section 53G-3-307, liabilities
- 896 of the new school district and reorganized new school district in accordance with
- 897 Subsection ~~[(3)]~~ (4);
- 898 ~~[(iii)]~~ (ii) prepare a written report detailing the allocation under Subsection ~~[(2)(b)(ii);~~
- 899 and] (3)(b)(i);
- 900 (iii) prepare a written report of the disposition of assets and liabilities upon which the
- 901 local school boards could not agree; and
- 902 (iv) deliver a copy of the written report to the Office of the Legislative Auditor
- 903 General and the local school board of the divided school district~~[local board]~~.
- 904 (c) The new school district and reorganized new school district local boards shall
- 905 determine the allocation under Subsection ~~[(2)(b)]~~ (3)(b) and deliver the report
- 906 required under Subsection ~~[(2)(b)]~~ (3)(b) on or before July 1 of the year following the
- 907 school board election date described in Subsection (2)(a), unless that deadline is
- 908 extended by mutual agreement of the local school boards of the new school district
- 909 and reorganized new school district~~[local boards]~~.
- 910 ~~[(3)(a) As used in this Subsection (3):]~~
- 911 ~~[(i) "Associated property" means furniture, equipment, or supplies located in or~~
- 912 ~~specifically associated with a physical asset.]~~

913 [(ii)(A) "Discretionary asset or liability" means, except as provided in Subsection
 914 (3)(a)(ii)(B), an asset or liability that is not tied to a specific project, school,
 915 student, or employee by law or school district accounting practice.]
 916 [(B) "Discretionary asset or liability" does not include a physical asset, associated
 917 property, a vehicle, or bonded indebtedness.]

918 [(iii)(A) "Nondiscretionary asset or liability" means, except as provided in
 919 Subsection (3)(a)(iii)(B), an asset or liability that is tied to a specific project,
 920 school, student, or employee by law or school district accounting practice.]
 921 [(B) "Nondiscretionary asset or liability" does not include a physical asset,
 922 associated property, a vehicle, or bonded indebtedness.]

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

925 [(b)] (4)(a) Except as provided under Subsection [(3)(e)] (4)(b), the new school district
 926 and reorganized new school district local school boards shall allocate all assets and
 927 liabilities the divided school district owns on the allocation date, both tangible and
 928 intangible, real and personal[-as follows] , allocating:

929 (i) a physical asset, physical liability, and associated property asset [~~shall be allocated~~]
 930 to the school district in which the physical asset is located;

931 (ii) a discretionary asset or liability [~~shall be allocated~~]between the new school
 932 district and reorganized new school district in proportion to the student population
 933 of the school districts;

934 (iii) vehicles used for pupil transportation[~~shall be allocated~~]:

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

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

942 (iv) other vehicles[~~shall be allocated~~]:

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

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

946 [(e)] (b) By mutual agreement, the new school district and reorganized new school

district local school boards may allocate an asset or liability in a manner different than the allocation method specified in Subsection [(3)(b)] (4)(a).

[(4)(a) As used in this Subsection (4):]

[(i) "New school district startup costs" means the costs and expenses incurred by a new school district in order to prepare to begin providing educational services on July 1 of the second calendar year following the local school board election date described in Subsection (1)(a)(i).]

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

[(b) On or before January 1 of the year following the new local school board election date described in Subsection (1)(a)(i), the divided school district shall make the unassigned reserve funds from the divided school district's general fund available for the use of the reorganized new school district and the new school district in proportion to the student enrollment of each new school district.]

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

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

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

[(ii) the new school district local school board.]

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

(5)(a)(i) After the creation date, the local school board of the divided district may issue a lease revenue bond, in accordance with Section 11-14-103:

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

(B) that designates the new and reorganized new school districts that are the joint recipients of the bond proceeds, in proportion to the property tax values within each district, as the local political subdivisions receiving the bond proceeds;

981 (C) that obligates the new and reorganized new school districts receiving the bond
982 proceeds to proportionally repay the bond;

983 (D) that prohibits the bond from inclusion in the outstanding bond indebtedness of
984 the divided school district, in accordance with Section 53G-3-307;

985 (E) to which, if the relevant local school board has been seated, the local school
986 board of the new school district or reorganized new school district consents in
987 writing; and

988 (F) that provides that the divided school district is responsible for the bond
989 payments until the allocation date and that the amounts the divided school
990 district pays be allocated to the new and reorganized new school districts
991 receiving the bond proceeds in accordance with this section.

992 (ii) This Subsection (5)(a) applies retrospectively to a lease revenue bond that a
993 divided school district issued after November 4, 2024.

994 (b)(i) After the creation date, the local school board of the divided school district may
995 issue a general obligation bond for a local political subdivision that is specific to
996 the new and reorganized new school districts within the divided school district, in
997 accordance with Section 11-14-103.

998 (ii) The local school board shall ensure that the resolution submitting the question of
999 the issuance of the bond by the divided school district, in accordance with Section
1000 11-14-201:

1001 (A) designates the new and reorganized new school districts that are the joint
1002 recipients of the bond proceeds, in proportion to the property tax values within
1003 each district, as the local political subdivisions receiving the bond proceeds;

1004 (B) obligates the new and reorganized new school districts receiving the bond
1005 proceeds to proportionally repay the bond;

1006 (C) prohibits the bond from inclusion in the outstanding bonded indebtedness of
1007 the divided school district, in accordance with Section 53G-3-307;

1008 (D) provides that the divided school district may not issue the bond unless the
1009 majority of the qualified voters of the divided school district who vote on the
1010 bond proposition approve the issuance of the bond; and

1011 (E) provides that the divided school district is responsible for the bond payments
1012 until the allocation date and that the amounts the divided school district pays be
1013 allocated to the new and reorganized new school districts receiving the bond
1014 proceeds under this section.

1015 (iii) This Subsection (5)(b) applies retrospectively to a general obligation bond that a
 1016 divided school district issued after November 4, 2024.

1017 (c) The local school board of each new and reorganized new school district may access
 1018 and spend funds made available under Subsections 53G-3-301.3(9) and
 1019 53G-3-301.4(11) and under this Subsection (5).

1020 [(5)] (6)(a) The divided school district shall transfer title or, if applicable, partial title of
 1021 property to the new school district and the reorganized new school district in
 1022 accordance with the allocation of property as stated in the report under Subsection [
 1023 (2)(b)(iii)] (3)(b)(ii).

1024 (b) The divided school district shall complete each transfer of title or, if applicable,
 1025 partial title to real property and vehicles on [~~or before one calendar year from the date~~
 1026 ~~of the local school board election date described in Subsection (1)(a)(i)] the allocation~~
 1027 date, except as that date is changed by the mutual agreement of:
 1028 (i) the local school board of the divided school district;
 1029 (ii) the local school board of the reorganized new school district; and
 1030 (iii) the local school board of the new school district.

1031 (c) The divided school district shall complete the transfer of all property not included in
 1032 Subsection [(5)(b) ~~on or before November 1 of the calendar year following the local~~
 1033 ~~school board election date described in Subsection (1)(a)(i)] (6)(b) on the allocation~~
 1034 date.

1035 [(6)] (d) Except as provided in this Subsection [(5)] (6), a divided school district may not
 1036 transfer or agree to transfer title to district property beginning on the [~~day the new~~
 1037 ~~school district or reorganized new school district is created]~~ creation date, without the
 1038 prior consent of:
 1039 (i) before the election of local school boards for the new or reorganized new school
 1040 district:
 1041 [(a)] (A) the legislative body of the municipality in which the boundaries for the
 1042 new school district or reorganized new school district are entirely located; or
 1043 [(b)] (B) the legislative bodies of all interlocal agreement participants in which the
 1044 boundaries of the new school district or reorganized new school district are
 1045 located[-] ; or
 1046 (ii) after the election of local school boards for the new or reorganized new school
 1047 district, the local school board of the school district where the physical property is
 1048 located.

(e)(i) A divided district may:

(A) sell property associated with a career and technical education program; and

(B) use proceeds from a sale described in this Subsection (6)(e) to fund the following year's career and technical education program project.

(ii) A divided district shall distribute any proceeds from a sale described in this Subsection (6)(e) two years after the inaugural election of local school board members for the new and reorganized new school districts based on student population.

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

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

(c) For one year after the allocation date, each new school district or reorganized new school district within the divided school district may access the records of the divided school district through an interlocal agreement and without cost.

(8)(a) Upon the creation date, a divided school district may not, except by mutual agreement of the local school boards of the new and reorganized new school districts:

(i) destroy a school district record;

(ii) enter into any employment agreement without including a statement providing that the contract does not bind any new school district or reorganized new school district;

(iii) pay any severance or bonuses, issue a retirement package, or provide buy-out compensation to any employee unless under a written agreement or policy that was executed before the creation date; or

(iv) increase compensation for any school district employee, other than:

(A) a yearly cost-of-living adjustment; or

(B) any pay structure increases the divided district established before the creation

- 1083 date for longevity, years of experience, or additional education and
1084 professional development.
- 1085 (b) Notwithstanding Subsection 53G-4-402(24), upon the creation of a new school
1086 district or a reorganized new school district, a divided school district may not close a
1087 school, except with the consent of the relevant local school board of the new school
1088 district or relevant reorganized new school district.
- 1089 (c) Any agreement or policy contrary to this Subsection (8) is void, including
1090 retrospective operation to any agreement or policy that a divided school district
1091 created after November 4, 2024.
- 1092 (9) The newly elected local school boards of any new school district, any reorganized new
1093 school district, by December 15 in the year following the local school board election for
1094 the new and reorganized new school districts, shall establish a transition plan with the
1095 local school board of the divided school district.
- 1096 (10) Unless otherwise specified in this section, the following bear all costs and expenses to
1097 create a new school district or a reorganized new school district and to comply with this
1098 section:
- 1099 (a) for costs that a new school district incurs, the new school district;
1100 (b) for costs that a reorganized new school district incurs, the reorganized new school
1101 district; and
- 1102 (c) for costs that a divided school district incurs, the divided school district.
- 1103 (11)(a) A mutually agreed upon arbiter shall resolve any disagreements between local
1104 school boards of the divided school district, any new school district, and any
1105 reorganized new school district.
- 1106 (b) If the local school boards do not agree on an arbiter, the state board shall appoint an
1107 arbiter.
- 1108 (c) The Office of the Legislative Auditor General shall provide information the office
1109 receives under this part to local school boards and the arbiter described in this
1110 Subsection (11) during the dispute resolution process.
- 1111 Section 10. Section **53G-3-303** is amended to read:
- 1112 **53G-3-303 (Effective upon governor's approval). New school district property**
1113 **tax -- Limitations.**
- 1114 (1) A new school district, created under Section 53G-3-301.1, 53G-3-301.3, or 53G-3-301.4,
1115 and a reorganized new school district may not impose a property tax before the fiscal
1116 year in which the new school district and reorganized new school district assume

responsibility for providing student instruction.

- (2)(a) If at the time a new school district created in accordance with Section 53G-3-301.1, 53G-3-301.3, or 53G-3-301.4[.] assumes responsibility for student instruction any portion of the territory within the new school district was subject to a levy [~~pursuant to~~] under Section 53F-8-301, the new school district's local school board may:
- (i) discontinue the levy for the new school district;
 - (ii) impose a levy on the new school district as provided in Section 53F-8-301; or
 - (iii) impose the levy on the new school district, subject to Subsection (2)(b).
- (b) If the new school district's local school board applies a levy to the new school district in accordance with Subsection (2)(a)(iii), the levy may not exceed the maximum duration or rate authorized by the voters of the divided school district at the time of the vote to create the new school district or that resulted in the creation of the reorganized new school district.

Section 11. Section **53G-3-305** is amended to read:

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

- (1) Upon the creation of a new school district or a reorganized new school district in accordance with Section 53G-3-301.1, 53G-3-301.3, or 53G-3-301.4, the applicable legislative body shall redistrict the affected school districts in accordance with Section 20A-14-201.
- (2) Except as provided in Section 53G-3-302, local school board membership in the affected school districts [~~shall be determined under~~] is subject to Title 20A, Chapter 14, Part 2, Election of Members of Local Boards of Education.

Section 12. Section **53G-3-307** is amended to read:

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

- (1) As used in [~~Subsections (2) and (3)]~~ this section, "outstanding bonded indebtedness" means, except for a lease revenue bond or a general obligation bond described in Subsection 53G-3-302(6), debt owed for a general obligation bond or lease revenue bond [~~issued by~~] that the divided school district issues:
- (a) before the creation of the new school district; or
 - (b) in accordance with a mutual agreement of the local school boards of the reorganized new school district and the new school district under Subsection (4).
- (2) If the creation date of a new school district [~~is created~~] occurs on or after May 10, 2011,

property within the new school district and the reorganized new school district is subject to the levy of a tax to pay the divided school district's outstanding bonded indebtedness as provided in Subsection (3).

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

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

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

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

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

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

Section 13. Section **63G-2-203** is amended to read:

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

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

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

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

include the following:

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

- (b) An hourly charge under Subsection (2)(a) may not exceed the salary of the lowest paid employee who, in the discretion of the custodian of records, has the necessary skill and training to perform the request.

(3)(a) Fees shall be established as provided in this Subsection (3).

- (b) A governmental entity with fees established by the Legislature:

- (i) shall establish the fees defined in Subsection (2), or other actual costs associated with this section through the budget process; and
- (ii) may use the procedures of Section 63J-1-504 to set fees until the Legislature establishes fees through the budget process.

- (c) Political subdivisions shall establish fees by ordinance or written formal policy adopted by the governing body.

- (d) The judiciary shall establish fees by rules of the judicial council.

(4) A governmental entity may fulfill a record request without charge and is encouraged to do so if it determines that:

- (a) releasing the record primarily benefits the public rather than a person;
- (b) the individual requesting the record is the subject of the record, or an individual specified in Subsection 63G-2-202(1) or (2); or
- (c) the requester's legal rights are directly implicated by the information in the record, and the requester is impecunious.

(5)(a) As used in this Subsection (5), "media representative":

- (i) means a person who requests a record to obtain information for a story or report for publication or broadcast to the general public; and
- (ii) does not include a person who requests a record to obtain information for a blog,

1219 podcast, social media account, or other means of mass communication generally
1220 available to a member of the public.

1221 (b) A governmental entity may not charge a fee for:

1222 (i) reviewing a record to determine whether it is subject to disclosure, except as
1223 permitted by Subsection (2)(a)(ii);

1224 (ii) inspecting a record; or

1225 (iii) the first quarter hour of staff time spent in responding to a request under Section
1226 63G-2-204.

1227 (c) Notwithstanding Subsection (5)(b)(iii), a governmental entity is not prevented from
1228 charging a fee for the first quarter hour of staff time spent in responding to a request
1229 under Section 63G-2-204 if the person who submits the request:

1230 (i) is not a Utah media representative; and

1231 (ii) previously submitted a separate request within the 10-day period immediately
1232 before the date of the request to which the governmental entity is responding.

1233 (6)(a) A person who believes that there has been an unreasonable denial of a fee waiver
1234 under Subsection (4) may appeal the denial in the same manner as a person appeals
1235 when inspection of a public record is denied under Section 63G-2-205.

1236 (b) The adjudicative body hearing the appeal:

1237 (i) shall review the fee waiver de novo, but shall review and consider the
1238 governmental entity's denial of the fee waiver and any determination under
1239 Subsection (4); and

1240 (ii) has the same authority when a fee waiver or reduction is denied as it has when the
1241 inspection of a public record is denied.

1242 (7)(a) All fees received under this section by a governmental entity subject to Subsection
1243 (3)(b) shall be retained by the governmental entity as a dedicated credit.

1244 (b) Those funds shall be used to recover the actual cost and expenses incurred by the
1245 governmental entity in providing the requested record or record series.

1246 (8)(a) A governmental entity may require payment of past fees and future estimated fees
1247 before beginning to process a request if:

1248 (i) fees are expected to exceed \$50; or

1249 (ii) after the government entity has sent an invoice, the requester has not paid fees
1250 from a previous [requests] request.

1251 (b) Any prepaid amount in excess of fees due shall be returned to the requester.

1252 (9) This section does not alter, repeal, or reduce fees established by other statutes or

1253 legislative acts.

1254 (10)(a) Notwithstanding Subsection (3)(c), fees for voter registration records shall be set
1255 as provided in this Subsection (10).

1256 (b) The lieutenant governor shall:

1257 (i) after consultation with county clerks, establish uniform fees for voter registration
1258 and voter history records that meet the requirements of this section; and

1259 (ii) obtain legislative approval of those fees by following the procedures and
1260 requirements of Section 63J-1-504.

1261 Section 14. **Effective Date.**

1262 (1) Except as provided in Subsection (2), this bill takes effect on May 7, 2025; or

1263 (2) if approved by two-thirds of all members elected to each house:

1264 (a) upon approval by the governor;

1265 (b) without the governor's signature, the day following the constitutional time limit of
1266 Utah Constitution, Article VII, Section 8; or

1267 (c) in the case of a veto, the date of veto override.

1268 Section 15. **Retrospective operation.**

1269 Section 53G-3-302 has retrospective operation to November 4, 2024.