

## MINUTES OF EQUALIZATION TASK FORCE

Tuesday, October 9, 2007 – 2:00 p.m. – Room W125 House Building

### Members Present:

Sen. Dan R. Eastman, Senate Chair  
Rep. David Clark, House Chair  
Sen. Chris Butters  
Sen. Mike Dmitrich  
Sen. Lyle W. Hillyard  
Sen. Scott D. McCoy  
Sen. Michael G. Waddoups  
Rep. Melvin R. Brown  
Rep. Brad L. Dee  
Rep. James R. Gowans  
Rep. Carol Spackman Moss  
Rep. Merlynn T. Newbold

Rep. LaWanna Lou Shurtliff

Rep. Aaron Tilton  
Rep. Carl Wimmer

### Members Absent:

Sen. Howard A. Stephenson

### Staff Present:

Mr. Phillip V. Dean, Policy Analyst  
Ms. Angela D. Oakes, Associate General Counsel  
Mr. Ben Leishman, Fiscal Analyst  
Ms. Chelsea Barrett, Legislative Secretary

**Note:** A list of others present, a copy of related materials, and an audio recording of the meeting can be found at [www.le.utah.gov](http://www.le.utah.gov).

## 1. Task Force Business

Chair Eastman called the meeting to order at 2:16 p.m.

**MOTION:** Rep. Tilton moved to approve the September 20, 2007 minutes. The motion passed unanimously with Sen. Hillyard, Sen Waddoups, and Rep. Wimmer absent for the vote.

Mr. Leishman presented to the Task Force handouts with information requested at the last Task Force meeting. They included, "Chart 22 Net Taxable Value per Enrolled Student and 3 Year Enrollment Change by School District," "Chart 22a Net Taxable Value per Enrolled Student and 3 Year Enrollment % Change by School District," and "Public Education: School District and Charter School - Total Revenue by Source."

## 2. State Building Authority

Sen. Butters introduced Ms. Oakes, who presented and distributed copies of "State Building Authority Survey." She outlined six states' building authority programs: (1) Arizona, (2) California, (3) New Mexico, (4) Ohio, (5) Washington, and (6) Wyoming. She described the email survey that included six questions that each state was asked to respond to. The questions included length of state building authority or program, whether the program was created in response to litigation, level of activity the program plays in the overall maintenance and remodeling of a school building, amount of control or oversight of the capital construction by the building authority and school districts, involvement in "new school" design decisions, and lastly, the pros and cons of each state's building authority or program. Ms. Oakes described each state's response to the above questions and entertained questions from the Task Force.

Sen. Butters noted the time and analysis done while collecting information from the examples in the survey. He noted that these examples provide a good method on how to help rural school districts.

The Task Force discussed "Utah Historical Oil and Gas Severance Tax Revenues (1964-2007)." Sen. Butters noted the possibility to use severance tax revenues as a resource to help fund the equalization proposal.

### **3. Statewide Equalization Proposals**

Mr. Dean distributed and discussed "Summary of School Capital Outlay Equalization Proposals Considered by the Local Issues Task Force." The handout summarized the general outline of proposals considered by the Local Issues Task Force from May to August 2007.

Rep. Tilton distributed and presented his "Equalization Proposal." He noted that some districts have a harder time funding growth and maintenance in their school districts. Rep. Tilton noted that three factors play into equalization: (1) ability (tax capacity), (2) effort (tax rates), and (3) needs (new buildings and existing buildings).

Mr. Dean reviewed "Rep. Tilton Equalization Proposal - Flow Chart." Mr. Dean noted the impact of different tax rates on each district. He explained that some districts have much greater ability than others to fund capital outlay needs with property tax, which often means that some districts' taxpayers have lower tax rates than others. Mr. Dean outlined Rep. Tilton's proposed equalization of allocations and revenues. He included examples from Tooele, Washington, Ogden, and Salt Lake school districts. Each example summarized district characteristics, allocations from revenue pool, revenues to the pool, and the tax rate outcome. Mr. Dean explained growth, ongoing capital expenses, and effort in school districts across the state.

Mr. Mike Johnson, Superintendent, Tooele School District, answered Sen. McCoy's questions regarding costs for school outlay.

Sen. McCoy expressed his concerns with reallocating money through property tax in funding equalization.

Task Force members commented on the importance of creating a base equalization program for all school districts. It was noted that the Task Force is not meant to solve all budgeting issues for capital programs and school funding in general.

Rep. Dee noted the tendency to favor one's own community, rather than the state as a whole. Rep. Dee noted that the Task Force members should consider the needs of more than just the school districts located in their area when resolving these issues.

Sen. Buttars complimented Rep. Tilton's proposal and noted that his proposal attempts to solve the equalization issue. He noted that income tax will ultimately decide the capital funding budget. The Task Force noted that proposals are encouraged and that the Task Force was assigned to develop a proposal by the end of the year.

The Task Force heard public comments about Rep. Tilton's equalization proposal.

Mr. McKell Withers, Superintendent, Salt Lake School District, noted the need for separation between growth and equalization. He explained that capital dollars also go towards maintenance and other school materials, such as technology.

Mr. Brad Markus, Riverton City within the Jordan School District, noted that the Task Force should look at school district boundaries when making decisions. He noted that a realistic need for districts is future growth. He concluded by thanking the Task Force for their diligence on the equalization topic.

Mr. Brent Thorne, Superintendent, Sevier School District, noted the need for a base capital amount for everyone, especially in smaller and rural school districts.

Mr. Richard Reese, Business Administrator, Tooele School District, noted that capital outlay funds incorporate various materials that are used by the schools. The new proposal must include flexibility for the schools to use discretion within their allotted budget.

#### **4. Other Items / Adjourn**

Rep. Dee suggested having the November 12 meeting changed to November 19 to honor the Veteran's Day holiday. The Task Force agreed to change the meeting date to November 19 at 2:00 p.m.

**MOTION:** Sen. Waddoups moved to adjourn the meeting. The motion passed unanimously with Sen. Dmitrich absent for the vote.

Chair Eastman adjourned the meeting at 4:11 p.m.