

# OUR SCHOOLS NOW!

OUR KIDS' FUTURE

April 16, 2018

The Honorable Spencer J. Cox  
Utah Lt. Governor's Office  
Utah State Capitol Building, Suite 220  
Salt Lake City, UT 84114

RE: Withdrawal of the Our Schools Now citizens' initiative petition

Dear Lt. Governor Cox:

After many years of advocacy and having collected more than 150,000 signatures from concerned Utahns seeking higher-quality education in our state, we are proud to have reached a solution during the 2018 legislative session to significantly increase funding for education.

The agreement between Our Schools Now, the Utah Legislature and Governor Herbert includes:

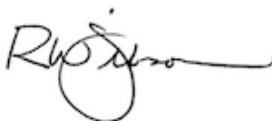
- A commitment to work together to significantly increase per-student spending over the next 5 years;
- Creation of the Teacher and Student Success Account as described in the Our Schools Now ballot initiative, which allocates funding to local schools for use inside the classroom, with school improvement plans created at the school level and approved by the local education agencies (LEA);
- An ongoing deposit into the Account equivalent in value to 1.5% WPU (\$47m in FY19);
- Indexing of the state basic rate and depositing the additional revenue into the Account;
- Establishing a floor for the state basic rate for 5 years (as per HB293) and distributing the additional revenue to equalize school funding between LEAs;
- Placing, and jointly advocating for, a question on the November 2018 ballot for voters to decide on increasing the state gasoline tax by 10 cents per gallon – 56 percent distributed to public education (via the Account), 14 percent to higher education (via Performance Funding) and 30 percent to Class B and Class C Roads (per state law);
- If approved by the voters, a commitment that the Utah Legislature will enact the 10-cent gasoline tax increase as soon as possible following the election.

In return, we agree to stop pursuing the Our Schools Now *Teacher and Student Success Act*, and will discontinue all signature gathering efforts. We will continue to advocate for critical investments in education, including support of the ballot question this November.

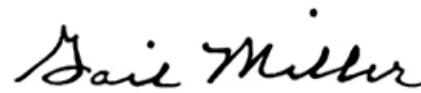
Sincerely,



Scott Anderson  
Co-Chair



Ron Jibson  
Co-Chair



Gail Miller  
Co-Chair

# OUR SCHOOLS NOW!

OUR KIDS' FUTURE

Received

JUN 06 2017

Spencer J. Cox  
Lieutenant Governor

June 6, 2017

The Honorable Spencer J. Cox  
Utah Lt. Governor's Office  
Utah State Capitol Building  
Salt Lake City, UT 84114

RE: *Our Schools Now Teacher and Student Success Initiative* application

Dear Lt. Governor Spencer Cox:

As Co-Chairs of Our Schools Now, we firmly believe in the need to improve education in Utah. Over the last twenty years, our state has reduced public education spending by billions of dollars, thereby limiting student potential. Consider that:

- 50 percent of Utah students aren't proficient in math, science and language arts;
- 42 percent of Utah teachers quit teaching within the first five years of teaching;
- 48 percent of Utah's working population has a post-high school education, well short of the State's goal to have 66 percent by the 2020;

High-quality education requires investing in Utah teachers. Our initiative not only increases teacher compensation, but provides funding to assist teachers in reaching students. Ensuring early learning, access to technology, and additional aides, specialists and counselors will result in improved student achievement.

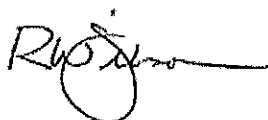
As business executives, we recognize the importance of industry and entrepreneurship to our state. Investing in education will sustain and strengthen our state's economic success. A commitment to education builds a prepared workforce, stimulates middle-class wages and allows young families to stay in Utah to raise their children.

Since the early days of our state, the people of Utah have placed tremendous value on education. This initiative is an opportunity for today's generation to invest in the future of Utah children and grandchildren

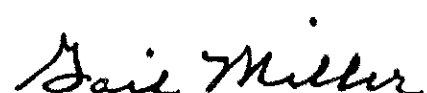
Sincerely,



Scott Anderson



Ron Jibson



Gail Miller

# Application for an Initiative or Referendum

Utah Code 20A-7-202



**PLEASE NOTE:** A copy of the proposed law must be attached to this application along with a statement indicating whether or not signature gatherers will be paid for their services.

Please type or print

Application must be completed by five sponsors

## Sponsor Statement

I, Gail Miller affirm that I am a resident of Utah and I have voted in a regular general election in Utah within the last three years.  
Name of Sponsor (please type or print)

661 Saddle Hill Road

Residence Address

Gail Miller

Sponsor's Signature

Salt Lake City, UT 84103

City, State, Zip

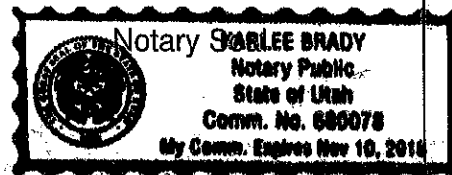
801-563-4100

Phone Number

Subscribed and affirmed before me this 5<sup>th</sup> day of June 2017

Karlee Brady  
Notary Public

My commission expires NOV. 10, 2018



### To File this Form

Mail or deliver to  
Lieutenant Governor's Office  
Utah State Capitol  
Suite 220  
Salt Lake City, UT 84114-2325  
Fax (801) 538-1133  
For More Information call  
(801) 538-1041  
1-800-995-VOTE (8683)  
[elections@utah.gov](mailto:elections@utah.gov)

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**Received**

**JUN 06 2017**

Spencer J. Cox  
Lieutenant Governor

Date Received

# Application for an Initiative or Referendum

Utah Code 20A-7-202



**PLEASE NOTE:** A copy of the proposed law must be attached to this application along with a statement indicating whether or not signature gatherers will be paid for their services.

Please type or print

Application must be completed by five sponsors

## Sponsor Statement

I, Ron Jibson affirm that I am a resident of Utah and I have voted in a regular general election in Utah within the last three years.  
Name of Sponsor (please type or print)

417 Aerie Circle

Residence Address

North Salt Lake, UT 84054

City, State, Zip

801-512-5663

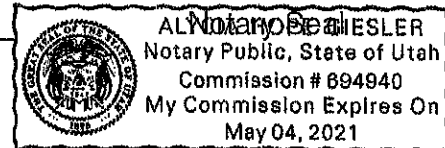
Phone Number

Subscribed and affirmed before me this 11 day of June 2017

Alycia Ouesler  
Notary Public

My commission expires

5.4.21



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JUN 08 2017

Spencer J. Cox  
Lieutenant Governor

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# Application for an Initiative or Referendum

Utah Code 20A-7-202



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Please type or print

Application must be completed by five sponsors

## Sponsor Statement

I, Allison Riddle affirm that I am a resident of Utah and I have voted in a regular general election in Utah within the last three years.  
Name of Sponsor (please type or print)

2140 North Rock Manor Drive  
Residence Address

Centerville, UT 84014  
City, State, Zip

801-792-2194  
Phone Number

Subscribed and affirmed before me this 16 day of June 2017

Allison Riddle  
Sponsor's Signature



**ALYCIA GIESLER**  
Notary Public, State of Utah  
Commission #694940  
My Commission Expires On  
May 04, 2021

Alycia Giesler  
Notary Public

My commission expires 5-4-21

### To File this Form

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**JUN 06 2017**

**Spencer J. Cox**  
Lieutenant Governor

Date Received

# Application for an Initiative or Referendum

Utah Code 20A-7-202



**PLEASE NOTE:** A copy of the proposed law must be attached to this application along with a statement indicating whether or not signature gatherers will be paid for their services.

Please type or print

Application must be completed by five sponsors

## Sponsor Statement

I, Rebecca P. Edwards affirm that I am a resident of Utah and I have voted in a regular general election in Utah within the last three years.

Name of Sponsor (please type or print)

1121 Eaglewood Loop

Residence Address

*Rebecca P. Edwards*  
Sponsor's Signature

North Salt Lake, UT 84054

City, State, Zip

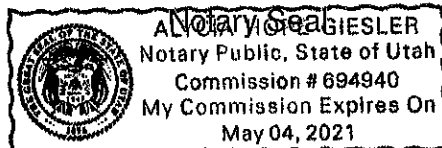
801-554-1968

Phone Number

Subscribed and affirmed before me this 4 day of June 2017

*Alycia Giesler*  
Notary Public

My commission expires 5-4-21



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Utah State Capitol  
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JUN 06 2017

Spencer J. Cox  
Lieutenant Governor

Date Received

# Application for an Initiative or Referendum

Utah Code 20A-7-202



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Please type or print

Application must be completed by five sponsors

## Sponsor Statement

I, Willford Clyde affirm that I am a resident of Utah and I have voted in a regular general election in Utah within the last three years.

Name of Sponsor (please type or print)

1324 E 950 S

Residence Address

Springville, UT 84663

City, State, Zip

801-802-6900

Phone Number

Subscribed and affirmed before me this 6 day of June 20 17

Alycia Giesler  
Notary Public

My commission expires 5.4.21



**ALYCIA HOPE GIESLER**  
Notary Public, State of Utah  
Commission # 694940  
My Commission Expires On  
May 04, 2021

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Utah State Capitol  
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**JUN 06 2017**

**Spencer J. Cox**  
Lieutenant Governor

Date Received

# Application for an Initiative or Referendum

Utah Code 20A-7-202



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Please type or print

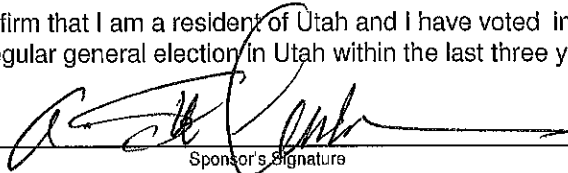
Application must be completed by five sponsors

## Sponsor Statement

I, Scott Anderson affirm that I am a resident of Utah and I have voted in a regular general election in Utah within the last three years.  
Name of Sponsor (please type or print)

1326 E Third Avenue

Residence Address

  
Sponsor's Signature

Salt Lake City, UT 84103

City, State, Zip

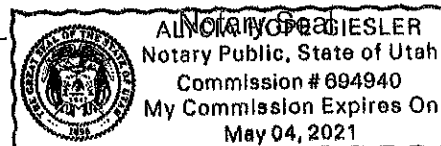
801-844-7171

Phone Number

Subscribed and affirmed before me this 6 day of June 2017

  
Notary Public

My commission expires 5-4-21



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**JUN 06 2017**

**Spencer J. Cox**  
**Lieutenant Governor**

Date Received



# Application for an Initiative or Referendum

Utah Code 20A-7-202



**PLEASE NOTE:** A copy of the proposed law must be attached to this application along with a statement indicating whether or not signature gatherers will be paid for their services.

Please type or print

Application must be completed by five sponsors

## Sponsor Statement

I, Lane Beattie affirm that I am a resident of Utah and I have voted in a regular general election in Utah within the last three years.  
Name of Sponsor (please type or print)

1313 N 1100 W

Residence Address

  
Sponsor's Signature

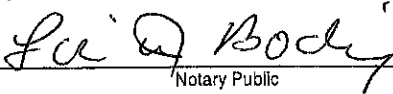
West Bountiful, UT 84087

City, State, Zip

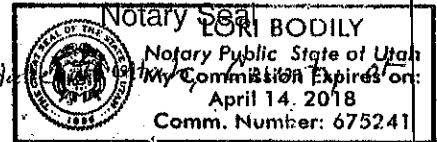
801-328-5073

Phone Number

Subscribed and affirmed before me this 5th day of June 2017 in the State of Salt Lake.  
My Commission Expires on: April 14, 2018  
Comm. Number: 675241

  
Notary Public

My commission expires 4-14-18



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JUN 06 2017

Spencer J. Cox  
Lieutenant Governor

Date Received

## Teacher and Student Success Act

### AN ACT TO PROVIDE ADDITIONAL FUNDING FOR THE STATE'S PUBLIC EDUCATION, HIGHER EDUCATION AND TECHNICAL COLLEGES THROUGH INCREASES IN SALES AND INCOME TAX RATES

#### Statement of Intent and Subject Matter:

The *Teacher and Student Success Act* represents the commitment of the citizens of this state to education. It is carefully crafted to invest in education in a manner that will position Utah students for success. Utah business leaders believe that improving and investing in education is the best way to strengthen our economy.

Past changes in tax policy have decreased public education funding in Utah by \$1.2 billion each year, contributing to the trend of teachers leaving the profession at alarming rates. This lack of investment exacerbates the fact that less than half of Utah students score proficient on state tests in reading, math, and science -- across all grades.

We must invest in the education of Utah's children now by investing in teachers, classroom support, technology, early learning, and other proven drivers of improved outcomes. This initiative will increase funding for public education, higher education, and technical colleges by close to \$1,000 per student. It puts the funds under the control of schools and requires those schools to develop plans to improve student outcomes.

Investing in education through this initiative provides the means to produce more effective teachers, better educated students, and an economy that is positioned for long-term prosperity.

#### Highlighted Provisions:

This Initiative:

- increases the sales tax and income tax rates over a period of three years;
- creates a restricted account for deposits of the additional sales and income tax revenue and restricts the use of the money to the funding of two other restricted accounts:
  - the existing Performance Funding Restricted Account that provides funds to higher education institutions and technical colleges to implement performance improvement-based initiatives; and
  - the Teacher and Student Success Restricted Account created by this initiative to provide additional funding for public education;
- requires the State Board of Education to allocate funds from the Teacher and Student Success Restricted Account to local education agencies, and provides limited rulemaking authority;
- requires local school districts and other local education agencies:
  - to establish frameworks for schools that guide the use of the funds;
  - to approve plans created by the schools;
  - to monitor and report on all schools, and to increase oversight for a school under certain circumstances; and
- requires the principal of each school to create a teacher and student success plan to improve school performance and student academic achievement using the additional public education funding, and to account for the school's expenditure of the funds.

This Act affects sections of Utah Code Annotated 1953 as follows:

ENACTS:

53A-17a-201, Utah Code Annotated 1953

53A-17a-202, Utah Code Annotated 1953

53A-17a-203, Utah Code Annotated 1953

53A-17a-204, Utah Code Annotated 1953

53A-17a-205, Utah Code Annotated 1953

53A-17a-206, Utah Code Annotated 1953

53A-17a-207, Utah Code Annotated 1953

53A-17a-208, Utah Code Annotated 1953

59-10-552, Utah Code Annotated 1953

63J-1-316, Utah Code Annotated 1953

AMENDS:

59-10-104, as last amended by Chapter 389, 2008 General Session

59-10-116, as last amended by Chapters 382 and 389, 2008 General Session

59-12-103, as last amended by Chapters 234, 421, and 422, 2017 General Session

Be it enacted by the people of the State of Utah:

Section 1. Section 53A-17a-201 is enacted to read:

Part 2. Teacher and Student Success Act.

53A-17a-201. Title.

This part is known as the “Teacher and Student Success Act.”

Section 2. Section 53A-17a-202 is enacted to read:

53A-17a-202. Definitions.

As used in this part:

(1) “Educator” means the same as that term is defined in Section 53A-6-103.

(2) “LEA’s allocation” means the money from the Teacher and School Success Restricted Account distributed by the state board to a local board in accordance with Section 53A-17a-204.

(3) “Local board” means:

(a) a local school board;

(b) a charter school governing board; or

(c) the governing board of the Utah Schools for the Deaf and the Blind.

(4) "Local board framework" means the general plan for improving student achievement established by a local board under Section 53A-17a-204, that a school must use to guide the development of its plan.

(5) "Local education agency" or "LEA" means:

(a) a school district;

(b) a charter school; or

(c) the Utah Schools for the Deaf and the Blind.

(6) "Principal" means the chief administrator at a school, including:

(a) a school principal;

(b) a charter school director; or

(c) the Superintendent of the Utah Schools for the Deaf and the Blind.

(7) "School's allocation" means the money from the Teacher and School Success Restricted Account for which a school may qualify for each fiscal year under Section 53A-17a-204.

(8) "State board" means the State Board of Education;

(9) "Teacher and student success plan" or "Plan" means the plan that a school creates for improving school performance, as required by this part.

Section 3. Section 53A-17a-203 is enacted to read:

53A-17a-203. Teacher and Student Success Restricted Account—Creation.

(1) There is created in the Education Fund a restricted account known as the "Teacher and Student Success Restricted Account" to fund the Teacher and Student Success Program described in this part.

(2) (a) Money in the account shall earn interest.

(b) All interest earned on account money shall be deposited into the account.

(3) The account shall be funded as provided in Section 63J-1-316.

(4) The funds in the Teacher and Student Success Restricted Account are intended to supplement existing funds and may not be used to supplant, replace, or offset existing funds available or to recalculate or change the value of the weighted pupil unit.

Section 4. Section 53A-17a-204 is enacted to read:

53A-17a-204. Teacher and Student Success Program--Purpose—Distribution of Teacher and Student Success Fund--Local Board Framework.

(1) There is created the Teacher and Student Success Program to:

(a) provide financial resources to a public school to improve school performance and student academic achievement through implementation of a teacher and student success plan; and

(b) allow local boards to increase compensation for educators, support professionals and classified employees to improve school performance and student academic achievement.

(2)(a) Except as provided in Subsection (2)(b), beginning July 1, 2020, the state board shall allocate funds from the Teacher and Student Success Restricted Account to an LEA based on the total number of weighted pupil units in the LEA compared to the total number of weighted pupil units in all LEAs in the state.

(b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the state board shall make rules to determine the allocation for an LEA that is in its first year of operation.

(3)(a) To receive the LEA's allocation, a local board shall establish a local board framework for schools within the LEA.

(b) The local board framework shall provide guidelines for each school within the LEA for the development of the Teacher and Student Success Plan required by this part.

Section 5. Section 53A-17a-205 is enacted to read:

53A-17a-205. LEA's Allocation—School's Allocation.

(1)(a) A local board may allocate up to 25% of the LEA's allocation for base salary and salary driven benefits for educators, support professionals and classified employees as determined by the local board.

(b) If a local board has approved a local levy in the maximum amount allowed by law under 53A-17a-164 and the LEA's average teacher salary is below the state average, the local board may allocate up to 40% of the LEA's allocation for base salary and salary driven benefits for educators, support professionals and classified employees.

(c) A local board shall use the remainder of the LEA's allocation to fund school allocations for each school within the LEA.

(2)(a) A local board shall determine a school's allocation using the average daily membership data as calculated by the state board.

(b) A local board shall use the state board data to determine a school's allocation based on the school's prior year average daily membership in kindergarten through grade 12 as compared to the total prior year average daily membership in kindergarten through grade 12 for all schools in the LEA.

(c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the state board shall make rules to determine the allocation for a school that is in its first year of operation.

(3) If a local board has approved a school's teacher and student success plan, the local board shall allocate a school's allocation in accordance with this part.

(4)(a) A local board shall annually submit a report to the state board accounting for the distribution of the LEA allocation.

(b) The state board shall post each report by an LEA on the state board website.

Section 6. Section 53A-17a-206 is enacted to read:

53A-17a-206. Performance Standards for Schools—Local Board Oversight of School's Allocation When Standards Not Met.

(1) A local board shall review the most recent information available for its schools, reported in accordance with Title 53A, Chapter 1, Part 11, School Accountability System, to determine whether a school within the LEA has satisfied the following performance standards for the immediately preceding school year by:

(a) being assigned an overall rating of A or B; or

(b) demonstrating at least a one percent increase in the percentage of total points possible as measured by the point system when the most recent percentage of total points awarded is compared to the percentage of total points awarded for the immediately preceding year.

(2) When a school does not satisfy one of the performance standards described in Subsection (1), the local board shall:

(a) work with the principal to modify the school's teacher and student success plan; and

(b) oversee expenditures of the school's allocation on behalf of the school.

(c) The local board shall have decision making authority concerning a school's teacher and student success plan and expenditures of the school's allocation for only the year or years in which the school fails to satisfy at least one of the performance standards described in Subsection (1).

Section 7. Section 53A-17a-207 is enacted to read:

53A-17a-207. Teacher and Student Success Plan.

(1) By November 30 of each year, a principal shall submit to the local board a teacher and student success plan that complies with the local board framework.

(2) A principal shall develop the teacher and student success plan and may solicit input from the school's:

(a) teachers;

(b) administrators;

(c) support professionals;

(d) community council members;

(e) students;

(f) parents; and

(g) other community stakeholders.

(3)(a) A plan shall include school-specific goals and strategies for improving the school's performance as measured by the school accountability system described in Title 53A, Chapter 1, Part 11, School Accountability System.

(b) A plan shall use the school's allocation only for purposes that are within the local board framework including:

(i) educator stipends;

(ii) professional development for educators;

(iii) additional educators or school support professionals including counselors, social workers, mental health workers, tutors and specialists;

(iv) technology or software;



(v) before or after school programs;

(vi) summer school programs;

(vii) community support programs or partnerships;

(viii) early childhood education;

(ix) class size reduction;

(x) to augment existing programs; or

(xi) any other purpose reasonably designed to improve student performance and approved by the local board.

(c) A school may not use the school's allocation for capital expenditures or to supplant funds for existing programs.

(4) A school shall annually post on its website:

(a) its teacher and student success plan, after the plan has been approved by the local board;

(b) an accounting for the school's expenditures of the school's allocation; and

(c) a reporting of whether the school has met the performance metrics identified in Section 53A-17a-206.

(5)(a) Each year a local board shall review each plan submitted under Subsection (1).

(b) The local board shall approve or disapprove each school's plan in a regularly scheduled meeting.

(c) If a local board does not approve a school's plan after a review described in Subsection (5)(a), the local board shall:

(i) provide a written explanation of why the school's plan was not approved, including recommendations for changes to the plan; and

(ii) require the principal who prepared the school's plan to revise the plan consistent with the local board's recommendations.

(d) The local board may not withhold approval of a plan that complies with the requirements of this part.

(6) If a local board does not approve a school's plan as described in Subsection (5)(c), the principal shall submit a revised plan to the local board for approval.

(7) A local board shall make all reasonable efforts to help each school complete the approval process for the school's plan no later than June 30 of each year.

(8) Each school shall annually submit a report to the local board accounting for the expenditure of the school's allocation in accordance with the school's plan.

Section 8. Section 53A-17a-208 is enacted to read:

53A-17a-208. Rulemaking.

In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the state board may make rules necessary to distribute funds from the Teacher and Student Success Restricted Account as provided in this part.

Section 9. Section 59-10-104 is amended to read:

59-10-104. Tax basis – Tax rate – Exemption.

(1) ~~For taxable years beginning on or after January 1, 2008,~~ a A tax is imposed on the state taxable income of a resident individual as provided in this section.

(2) For purposes of Subsection (1):

(a) for a taxable year beginning on or after January 1, 2019, but beginning on or before December 31, 2019, the tax is an amount equal to the product of:

(i) the resident individual's state taxable income for that taxable year, and

~~(b) 5%.~~ (ii) 5.2%;

(b) for a taxable year beginning on or after January 1, 2020, but beginning on or before December 31, 2020, the tax is an amount equal to the product of:

(i) the resident individual's state taxable income for that taxable year; and

(ii) 5.4%; and

(c) for a taxable year beginning on or after January 1, 2021, the tax is an amount equal to the product of:

(i) the resident individual's state taxable income for that taxable year; and

(ii) 5.5%.

(3) This section does not apply to a resident individual exempt from taxation under Section 59-10-104.1.

Section 10. Section 59-10-116 is amended to read:

59-10-116. Tax on nonresident individual -- Calculation -- Exemption.

(1) Except as provided in Subsection (2), a tax is imposed on a nonresident individual in an amount equal to the product of the:

(a) nonresident individual's state taxable income; and

(b) percentage listed in Subsection 59-10-104(2) that is applicable to the taxable year.

(2) This section does not apply to a nonresident individual exempt from taxation under Section 59-10-104.1.

Section 11. Section 59-10-552 is enacted to read:

59-10-552. Distribution of Increased Collections From State Income Tax for Education.

(1) For a taxable year beginning on or after January 1, 2019 but beginning on or before December 31, 2019, the commission shall annually deposit into the Income and Sales Tax Growth Account created under Section 63J-1-316 an amount equal to 3.85% of the individual income tax collected under this chapter for that taxable year.

(2) For a taxable year beginning on or after January 1, 2020 but beginning on or before December 31, 2020, the commission shall annually deposit into the Income and Sales Tax Growth Account created under Section 63J-1-316 an amount equal to 7.41% of the individual income tax collected under this chapter for that taxable year.

(3) For a taxable year beginning on or after January 1, 2021, the commission shall annually deposit into the Income and Sales Tax Growth Account created under Section 63J-1-316 an amount equal to 9.09% of the individual income tax collected under this chapter for that taxable year.

Section 12. Section 59-12-103 is amended to read:

59-12-103. Sales and use tax base -- Rates -- Effective dates -- Use of sales and use tax revenues.

(1) A tax is imposed on the purchaser as provided in this part on the purchase price or sales price for amounts paid or charged for the following transactions:

...

(2)(a) Except as provided in Subsections (2)(b) through (e), a state tax and a local tax is imposed on a transaction described in Subsection (1) equal to the sum of:

(i) a state tax imposed on the transaction at a tax rate equal to the sum of:

(A) (I) through March 31, 2019, 4.70%;

(II) beginning on April 1, 2019 through March 31, 2020, 4.90%;

(III) beginning on April 1, 2020, through March 31, 2021, 5.10%; and

(IV) beginning on April 1, 2021, 5.20%; and

...

(7) (a) Notwithstanding Subsection (3)(a), in addition to the amounts deposited in Subsection (6), and subject to Subsection (7)(b), for a fiscal year beginning on or after July 1, 2012, the Division of Finance shall deposit into the Transportation Investment Fund of 2005 created by Section 72-2-124:

(i) a portion of the taxes listed under Subsection (3)(a) in an amount equal to 8.3% of the revenues collected from the following taxes, which represents a portion of the approximately 17% of sales and use tax revenues generated annually by the sales and use tax on vehicles and vehicle-related products:

(A) the tax imposed by Subsection (2)(a)(i)(A) at a 4.7% rate;

...

(8) (c) Notwithstanding Subsection (3)(a), in addition to the amounts deposited in Subsection (6) and (7), for a fiscal year beginning on or after July 1, 2018, the Division of Finance shall annually deposit into the Transportation Investment Fund of 2005 created by Section 72-2-124: a portion of the taxes listed under Subsection (3)(a) in an amount equal to 3.68% of the revenues collected from the following taxes:

(i) the tax imposed by Subsection (2)(a)(i)(A) at a 4.7% rate;

...

(14) Notwithstanding Subsection (3)(a), the Division of Finance shall deposit into the Income and Sales Tax Growth Account created in Section 63J-1-316 the following portions of the taxes listed under Subsection (3)(a):

(a) for the fiscal year beginning on July 1, 2019, the amount of tax collected from a .2% tax rate on the transactions described in Subsection (1) that are subject to the state sales and use tax under Section 59-12-103(2)(a)(i)(A);

(b) for the fiscal year beginning on July 1, 2020, the amount of tax collected from a .4% tax rate on the transactions described in Subsection (1) that are subject to the state sales and use tax under Section 59-12-103(2)(a)(i)(A); and

(c) for a fiscal year beginning on or after July 1, 2021, the amount of tax collected from a .5% tax rate on the transactions described in Subsection (1) that are subject to the state sales and use tax under Section 59-12-103(2)(a)(i)(A);

Section 13. Section 63J-1-316 is enacted to read:

63J-1-316. Creation of Income and Sales Tax Growth Account—Account Appropriations to Public Education, Higher Education, and Technical Colleges.

(1)(a) There is created within the Education Fund a restricted account known as the Income and Sales Tax Growth Account.

(b) The account consists of amounts deposited into the account in accordance with Section 59-10-552 and 59-12-103(14).

(c) Money in the account shall earn interest, and all interest earned on the account shall be deposited into the account.

(2) The Legislature shall annually allocate from the Income and Sales Tax Growth Account:

(a) 85% of the money in the account to the Teacher and Student Success Restricted Account created in 53A-17a-203; and

(b) (i) 15% of the money in the account to the Performance Funding Restricted Account created in 53-7-703.

(ii) Funds allocated under this chapter shall not be subject to the funding distribution limitations established under Title 53B Chapter 7 Part 7.

(iii) The Legislature shall apportion 90% of the allocated funds to the Utah System of Higher Education and the remaining 10% to the Utah System of Technical Colleges.

(iv) The Legislature shall allocate funds appropriated under this chapter to higher education institutions and technical colleges as recommended by the Board of Regents and the Utah System of Technical Colleges Board of Trustees based on their established long-term, strategic goals including scholarships and student aid.

(v) Higher education institutions and technical colleges may not use funds from the Performance Funding Restricted Account for capital facility construction or capital improvement costs.

Section 14. Severability.

If any provision of this Initiative, or the application of any provision to any person or circumstance, is held invalid, the remainder of this Initiative shall not be affected thereby but shall be given effect without the invalid provision.

#### Section 15. Effective Date

If approved by the voters in this state, this initiative shall take effect on January 1, 2019.

### END OF TEACHER AND STUDENT SUCCESS ACT

Persons gathering signatures for the petition may be paid for doing so.

This initiative petition seeks to increase the current sales tax rate by .5 percent, resulting in a 10.6 percent increase in the current tax rate and the income tax by .5 percent, resulting in a 10 percent increase in the current tax rate.



**State of Utah**

**GARY R. HERBERT**  
*Governor*

**SPENCER J. COX**  
*Lieutenant Governor*

## GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET

**KRISTEN COX**  
*Executive Director*

June 29, 2017

Mark J. Thomas  
Chief Deputy/Director of Elections  
Office of the Lieutenant Governor  
Utah State Capitol, Suite 220  
Salt Lake City, UT 84114

Dear Mark,

The Governor's Office of Management and Budget estimates that the ***Our Schools Now Statewide Initiative*** would have the following impacts for the State of Utah:

- Fully implemented, result in a total fiscal impact of \$865,000,000, including income tax increases of \$560,000,000 (65% of the increase) and sales tax increases of \$305,000,000 (35% of the increase); and allocate revenues for education expenses. Economic or taxpayer behavior changes would alter these estimates.
- Increase the current income tax rate by 0.5%, resulting in a 10% increase in the current tax rate and increase the current sales tax rate by 0.5%, resulting in a 10.6% increase in the current tax rate. Many individual impacts exceed these percentages.

In addition, the cost of posting information regarding the initiative in Utah's statewide newspapers and for printing the additional pages in the voter information packet (VIP) are estimated at \$30,000.

If you have questions regarding this information, please contact Phil Dean, Budget Director and Chief Economist, Governor's Office of Management and Budget.

Sincerely,

Kristen Cox  
Executive Director

cc: Gail Miller  
Ron Jibson  
Allison Riddle  
Rebecca Edwards  
Wilford Clyde

# OUR SCHOOLS NOW!

## OUR KIDS' FUTURE

July 3, 2017

Lt. Governor Spencer Cox  
State of Utah  
350 North State Street, Suite 220  
Salt Lake City, UT 84114

Lt. Governor Cox:

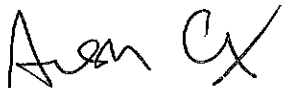
As required by state election law, Our Schools Now will hold seven hearings throughout the state of Utah to receive public comment on the proposed citizens' initiative petition. The meetings have been scheduled for **Tuesday, July 11 at 6:00 PM** at each of the following locations:

- **Ashley Elementary – 350 North 1150 West Vernal, UT 84078**
- **Castle Heights Elementary – 750 North Homestead Blvd Price, UT 84501**
- **Ephraim Elementary – 570 South 300 East Ephraim, UT 84627**
- **Hillcrest Elementary – 960 North 1400 East Logan, UT 84321**
- **Legacy Elementary – 280 East 100 South St. George, UT 84770**
- **Orem Elementary – 450 West 400 South Orem, UT 84058**
- **Wasatch Elementary – 30 R Street Salt Lake City, UT 84103**

The required elected officials (State Senator, State Representative and County Commissioners/Council members) representing these locations have been notified. Public notice has also been published on the Utah Public Notice Website and in the Salt Lake Tribune, Deseret News and a local newspaper of general circulation for the region where each meeting will occur.

Should you have any questions regarding these public hearings, you may contact Our Schools Now at 801-683-9197 or visit [www.ourschoolsnow.com](http://www.ourschoolsnow.com).

Thank you,



Austin Cox  
Our Schools Now



# OUR SCHOOLS NOW!

OUR KIDS' FUTURE

July 31, 2017

Received

JUL 31 2017

The Honorable Spencer J. Cox  
Utah Lt. Governor's Office  
Utah State Capitol Building  
Salt Lake City, UT 84114

Spencer J. Cox  
Lieutenant Governor

RE: *Our Schools Now Teacher and Student Success Initiative* application

Dear Lt. Governor Spencer Cox:

As Co-Chairs of Our Schools Now, we firmly believe in the need to improve education in Utah. Over the last twenty years, our state has reduced public education spending by billions of dollars, thereby limiting student potential. Consider that:

- 50 percent of Utah students aren't proficient in math, science and language arts;
- 42 percent of Utah teachers quit teaching within the first five years of teaching;
- 48 percent of Utah's working population has a post-high school education, well short of the State's goal to have 66 percent by the 2020;

High-quality education requires investing in Utah teachers. Our initiative not only increases teacher compensation, but provides funding to assist teachers in reaching students. Ensuring early learning, access to technology, and additional aides, specialists and counselors will result in improved student achievement.

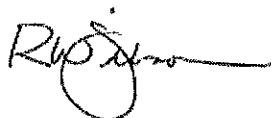
As business executives, we recognize the importance of industry and entrepreneurship to our state. Investing in education will sustain and strengthen our state's economic success. A commitment to education builds a prepared workforce, stimulates middle-class wages and allows young families to stay in Utah to raise their children.

Since the early days of our state, the people of Utah have placed tremendous value on education. This initiative is an opportunity for today's generation to invest in the future of Utah children and grandchildren

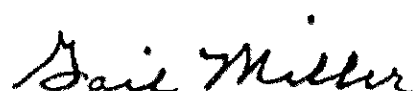
Sincerely,



Scott Anderson



Ron Jibson



Gail Miller

Addendum to Proposed Initiative or Referendum  
Utah Code 20A-7-204.1



Sponsor Signature

Karen G. Miller

Sponsor's Name

*Karen G. Miller*

Sponsor's Signature

NOTARY SEAL

Subscribed and affirmed before me this 26 day of July 2017  
by Karen G. Miller

*Janet B. Layosa*  
Notary Public



**JANET B LAYOSA**  
NOTARY PUBLIC-STATE OF UTAH  
COMMISSION# 684693  
COMM. EXP. 08-19-2019

Addendum to Proposed Initiative or Referendum  
Utah Code 20A-7-204.1



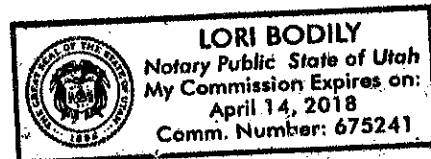
Sponsor Signature

RONALD W. JIBSON  
Sponsor's Name

[Signature]  
Sponsor's Signature

NOTARY SEAL

Subscribed and affirmed before me this 27th day of JULY 2017,  
by [Signature]  
Lori Bodily  
Notary Public



# Addendum to Proposed Initiative or Referendum

Utah Code 20A-7-204.1



Sponsor Signature

Allison P. Riddle

Sponsor's Name

Allison P. Riddle

Sponsor's Signature

Subscribed and Affirmed before me this 27 day of July, 2017.

by

Allison P. Riddle  
Alycia Hope Giesler

Notary Public

NOTARY SEAL



ALYCIA HOPE GIESLER  
Notary Public, State of Utah  
Commission #694940  
My Commission Expires On  
May 04, 2021

# Addendum to Proposed Initiative or Referendum

Utah Code 20A-7-204.1



Sponsor Signature

Becky Edwards

Sponsor's Name

[Signature]

Sponsor's Signature

NOTARY SEAL

Subscribed and affirmed before me this 26 day of July, 2017.

by Becky Edwards

[Signature]

Notary Public



**DEREK BRENCHLEY**

Notary Public

State of Utah

My Commission Expires April 1, 2018

#676299

# Addendum to Proposed Initiative or Referendum

Utah Code 20A-7-204.1



Sponsor Signature

Wilford W. Clyde

Sponsor's Name

Wilford W. Clyde

Sponsor's Signature

NOTARY SEAL

Subscribed and affirmed before me this 31<sup>st</sup> day of July 2017.

by

Wilford W. Clyde

Lori Bodily

Notary Public



LORI BODILY

Notary Public State of Utah

My Commission Expires on:

April 14, 2018

Comm. Number: 675241

**Statement of Intent:**

The *Teacher and Student Success Act* represents the commitment of the citizens of this state to education through investment in education in a manner that will position Utah students for success. Utah business leaders believe that improving and investing in education is the best way to strengthen our economy.

Past changes in tax policy reduced annual funding for public education in Utah by \$1.2 billion, contributing to the trend of teachers leaving the profession at alarming rates. This lack of investment exacerbates the fact that less than half of Utah students score proficient on state tests in reading, math, and science -- across all grades.

We must invest in the education of Utah's children now by investing in teachers, classroom support, technology, early learning, and other proven drivers of student achievement. This initiative will increase funding for public education, higher education, and technical colleges by close to \$1,000 per student. It puts the funds under the control of schools and requires those schools to develop plans to improve student outcomes.

Investing in education through this initiative provides the means to produce more effective teachers, better educated students, and an economy that is positioned for long-term prosperity.

**TEACHER AND STUDENT SUCCESS ACT****LONG TITLE****General Description:**

This Initiative amends and enacts provisions related to funding for the state's public education, higher education and technical colleges and provides additional funding for those institutions through increases in sales and income tax rates.

**Highlighted Provisions:**

This Initiative:

- increases the sales tax rate and income tax rates;
- creates a restricted account for deposits of the additional sales and income tax revenue and restricts the use of the money to the funding of two other restricted accounts:
  - the existing Performance Funding Restricted Account that provides funds to higher education institutions and technical colleges to implement performance improvement-based initiatives; and
  - the Teacher and Student Success Restricted Account created by this initiative to provide additional funding for public education;
- requires the State Board of Education to allocate funds from the Teacher and Student Success Restricted Account to local education agencies, and provides limited rulemaking authority;
- requires local school districts and other local education agencies:
  - to establish frameworks for schools that guide the use of the funds;
  - to approve plans created by the schools; and
  - to monitor and report on all schools, and to increase oversight for a school under certain circumstances; and
- requires the principal of each school to create a teacher and student success plan to improve school performance and student academic achievement using the additional funding, and to account for the school's expenditure of the funds.

**Monies Appropriated in this Initiative:**

None

**Other Special Clauses:**



This initiative provides a special effective date.

This Act affects sections of Utah Code Annotated 1953 as follows:

**ENACTS:**

**53A-17a-301**, Utah Code Annotated 1953

**53A-17a-302**, Utah Code Annotated 1953

**53A-17a-303**, Utah Code Annotated 1953

**53A-17a-304**, Utah Code Annotated 1953

**53A-17a-305**, Utah Code Annotated 1953

**53A-17a-306**, Utah Code Annotated 1953

**53A-17a-307**, Utah Code Annotated 1953

**53A-17a-308**, Utah Code Annotated 1953

**59-10-552**, Utah Code Annotated 1953

**63J-1-316**, Utah Code Annotated 1953

**AMENDS:**

**59-10-104**, as last amended by Chapter 389, 2008 General Session

**59-12-103**, as last amended by Chapters 234, 421, and 422, 2017 General Session

**59-12-103.2**, as last amended by Chapter 150, 2013 General Session

*Be it enacted by the people of the state of Utah:*

Section 1. **Section 53A-17a-301** is enacted to read:

Part 3. Teacher and Student Success Act.

**53A-17a-301. Title.**

This part is known as the “Teacher and Student Success Act.”

Section 2. **Section 53A-17a-302** is enacted to read:

### **53A-17a-302. Definitions.**

As used in this part:

(1) "Educator" means the same as that term is defined in Section 53A-6-103.

(2) "LEA's allocation" means the money from the Teacher and Student Success Restricted Account distributed by the state board to a local board in accordance with Section 53A-17a-304.

(3) "Local board" means:

(a) a local school board;

(b) a charter school governing board; or

(c) the governing board of the Utah Schools for the Deaf and the Blind.

(4) "Local board framework" means the general plan for improving student achievement established by a local board under Section 53A-17a-304, that a school must use to guide the development of its plan.

(5) "Local education agency" or "LEA" means:

(a) a school district;

(b) a charter school; or

(c) the Utah Schools for the Deaf and the Blind.

(6) "Principal" means the chief administrator at a school, including:

(a) a school principal;

(b) a charter school director; or

(c) the Superintendent of the Utah Schools for the Deaf and the Blind.

(7) "School's allocation" means the money from the Teacher and Student Success Restricted Account for which a school may qualify for each fiscal year under Section 53A-17a-305.

(8) "State board" means the State Board of Education;

(9) "Teacher and student success plan" or "Plan" means the plan that a school creates for improving school performance, as required by this part.

Section 3. **Section 53A-17a-303** is enacted to read:

**53A-17a-303. Teacher and Student Success Restricted Account—Creation.**

(1) There is created in the Education Fund a restricted account known as the "Teacher and Student Success Restricted Account" to fund the Teacher and Student Success Program described in this part.

(2)(a) Money in the Teacher and Student Success Restricted Account shall earn interest.

(b) All interest earned on Teacher and Student Success Restricted Account money shall be deposited into the account.

(3) The Teacher and Student Success Restricted Account shall be funded as provided in Section 63J-1-316.

(4) The funds in the Teacher and Student Success Restricted Account are intended to supplement existing funds and may not be used to supplant, replace, or offset existing funds available or to decrease the value of the weighted pupil unit.

Section 4. Section 53A-17a-304 is enacted to read:

**53A-17a-304. Teacher and Student Success Program--Purpose—Distribution of Teacher and Student Success Fund--Local Board Framework.**

(1) There is created the Teacher and Student Success Program to:

(a) provide financial resources to a public school to improve school performance and student academic achievement through implementation of a teacher and student success plan; and

(b) allow a local board to increase compensation for educators, support professionals, and classified employees to improve school performance and student academic achievement.

(2)(a) Except as provided in Subsection (2)(b), and subject to Subsection (3)(a), for a fiscal year beginning on or after July 1, 2020, the state board shall allocate available funds from the Teacher and Student Success Restricted Account to an LEA based on the total number of weighted pupil units in the LEA compared to the total number of weighted pupil units in all LEAs in the state.

(b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the state board shall make rules to determine the allocation for an LEA that is in its first year of operation.

(3)(a) To receive the LEA's allocation, a local board shall establish a local board framework for schools within the LEA.

(b) The local board framework shall provide guidelines for each school within the LEA for the development of a Teacher and Student Success Plan required by this part.

Section 5. **Section 53A-17a-305** is enacted to read:

**53A-17a-305. LEA's Allocation—School's Allocation.**

(1)(a) Except as provided in subsection (1)(b), a local board may allocate up to 25% of the LEA's allocation for base salary and salary driven benefits for educators, support professionals, and classified employees as determined by the local board.

(b) The local board of a school district may allocate up to 40% of the LEA's allocation for base salary and salary driven benefits for educators, support professionals, and classified employees if:

(i) a local board has approved a board local levy in the maximum amount allowed by law under 53A-17a-164; and

(ii) the school district's average teacher salary is below the state average.

(c) A local board shall use the remainder of the LEA's allocation to fund school allocations for each school within the LEA.

(2) A local board shall annually report the following information to the state board necessary to calculate the state average teacher salary:

(a) the LEA's average teacher salary;

(b) wage increases, with expenditure data for base salary adjustments identified separately from step and lane expenditures;

(c) medical and dental premium cost adjustments; and

(d) adjustments in the number of teachers and other staff.

(3)(a) A local board shall determine a school's allocation using the average daily membership data as calculated by the state board.

(b) A local board shall use the state board data to determine a school's allocation based on the school's prior year average daily membership in kindergarten through grade 12 as compared to the total prior year average daily membership in kindergarten through grade 12 for all schools in the LEA.

(c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the state board shall make rules to determine the allocation for a school that is in its first year of operation.

(4) If a local board has approved a school's teacher and student success plan, a local board shall allocate the school's allocation in accordance with this part.

(5)(a) A local board shall annually submit a report to the state board accounting for the distribution of the LEA allocation.

(b) The state board shall post each report by an LEA on the state board website.

Section 6. **Section 53A-17a-306** is enacted to read:

**53A-17a-306. Performance Standards for Schools—Local Board Oversight of School's Allocation When Standards Not Met.**

(1) A local board shall review the most recent information available for its schools, reported in accordance with Title 53A, Chapter 1, Part 11, School Accountability System, to determine whether a school within the LEA has satisfied the following performance standards:

(a) being assigned an overall rating of A or B; or

(b) demonstrating at least a one percent increase in the school's total points compared to the previous school year.

(2) When a school does not satisfy one of the performance standards described in Subsection (1), the local board shall:

(a) work with the principal to modify the school's teacher and student success plan; and

(b) oversee expenditures of the school's allocation.

(3) The local board shall have decision making authority concerning a school's teacher and student success plan and expenditures of the school's allocation only in a school year following the year in which the school fails to satisfy at least one of the performance standards described in Subsection (1).

Section 7. **Section 53A-17a-307** is enacted to read:

**53A-17a-307. Teacher and Student Success Plan.**

(1) On or before November 30 of each year, a principal shall submit to the local board a teacher and student success plan that complies with the local board framework.

(2) A principal shall develop the teacher and student success plan and may solicit input from the school's:

(a) educators;

(b) administrators;

(c) support professionals;

(d) members of a school community council, as defined in Section 53A-1a-108;

(e) students;

(f) parents; and

(g) other community stakeholders.

(3)(a) A plan shall include school-specific goals and strategies for improving the school's performance as measured by the school accountability system described in Title 53A, Chapter 1, Part 11, School Accountability System.

(b) A plan shall use the school's allocation only for purposes that are within the local board framework which may include:

(i) educator stipends;

(ii) professional development for educators;

(iii) additional educators or school support professionals including counselors, social workers, mental health workers, tutors, media specialists, information technology specialists, or other specialists;

(iv) technology and software;

(v) before or after school programs;

(vi) summer school programs;

(vii) community support programs or partnerships;

(viii) early childhood education;

(ix) class size reduction;

(x) to augment existing programs; or

(xi) any other purpose reasonably designed to improve student performance that is approved by the local board.

(c) A school may not use the school's allocation for capital expenditures or to supplant funds for existing programs.

(4) A school shall annually post on its website:

- (a) its teacher and student success plan, after the plan has been approved by the local board;
- (b) an accounting for the school's expenditures of the school's allocation; and
- (c) a reporting of whether the school has met the performance standards identified in Section 53A-17a-306.

(5)(a) Each year a local board shall review each plan submitted under Subsection (1).

(b) The local board shall approve or disapprove each school's plan in a regularly scheduled meeting.

(c) If a local board does not approve a school's plan, the local board shall:

(i) provide a written explanation of why the school's plan was not approved, including recommendations for changes to the plan; and

(ii) require the principal who prepared the school's plan to revise the plan consistent with the local board's recommendations and resubmit the revised plan for approval.

(d) The local board may not withhold approval of a plan that complies with the requirements of this part.

(6) A local board shall make all reasonable efforts to help each school complete the approval process for the school's plan no later than June 30 of each year.

(7) Each school shall annually submit a report to the local board accounting for the expenditure of the school's allocation in accordance with the school's plan.

Section 8. **Section 53A-17a-308** is enacted to read:

**53A-17a-308. Rulemaking.**

In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the state board may make rules necessary to distribute funds from the Teacher and Student Success Restricted Account as provided in this part.

Section 9. **Section 59-10-104** is amended to read:

**59-10-104. Tax basis – Tax rate – Exemption.**

(1) For taxable years beginning on or after January 1, ~~2008~~2019, a tax is imposed on the state taxable income of a resident individual as provided in this section.

(2) For purposes of Subsection (1), for a taxable year, the tax is an amount equal to the product of:

(a) the resident individual's state taxable income for that taxable year; and

(b) 5.45%.

(3) This section does not apply to a resident individual exempt from taxation under Section 59-10-104.1.

Section 10. **Section 59-10-552** is enacted to read:

**59-10-552. Distribution of Increased Collections From State Income Tax for Education.**

For a taxable year beginning on or after January 1, 2019, the commission shall annually deposit into the Income and Sales Tax Growth Account created under Section 63J-1-316 an amount equal to 8.26% of the individual income tax revenues collected under this chapter for that taxable year.

Section 11. **Section 59-12-103** is amended to read:

**59-12-103. Sales and use tax base -- Rates -- Effective dates -- Use of sales and use tax revenues.**

(1) A tax is imposed on the purchaser as provided in this part on the purchase price or sales price for amounts paid or charged for the following transactions:

(a) retail sales of tangible personal property made within the state;

(b) amounts paid for:

(i) telecommunications service, other than mobile telecommunications service, that originates and terminates within the boundaries of this state;

(ii) mobile telecommunications service that originates and terminates within the boundaries of one state only to the extent permitted by the Mobile Telecommunications Sourcing Act, 4 U.S.C. Sec. 116 et seq.; or

(iii) an ancillary service associated with a:

(A) telecommunications service described in Subsection (1)(b)(i); or

(B) mobile telecommunications service described in Subsection (1)(b)(ii);

(c) sales of the following for commercial use:

(i) gas;



(ii) electricity;

(iii) heat;

(iv) coal;

(v) fuel oil; or

(vi) other fuels;

(d) sales of the following for residential use:

(i) gas;

(ii) electricity;

(iii) heat;

(iv) coal;

(v) fuel oil; or

(vi) other fuels;

(e) sales of prepared food;

(f) except as provided in Section 59-12-104, amounts paid or charged as admission or user fees for theaters, movies, operas, museums, planetariums, shows of any type or nature, exhibitions, concerts, carnivals, amusement parks, amusement rides, circuses, menageries, fairs, races, contests, sporting events, dances, boxing matches, wrestling matches, closed circuit television broadcasts, billiard parlors, pool parlors, bowling lanes, golf, miniature golf, golf driving ranges, batting cages, skating rinks, ski lifts, ski runs, ski trails, snowmobile trails, tennis courts, swimming pools, water slides, river runs, jeep tours, boat tours, scenic cruises, horseback rides, sports activities, or any other amusement, entertainment, recreation, exhibition, cultural, or athletic activity;

(g) amounts paid or charged for services for repairs or renovations of tangible personal property, unless Section 59-12-104 provides for an exemption from sales and use tax for:

(i) the tangible personal property; and

(ii) parts used in the repairs or renovations of the tangible personal property described in Subsection (1)(g)(i), regardless of whether:

(A) any parts are actually used in the repairs or renovations of that tangible personal property; or

(B) the particular parts used in the repairs or renovations of that tangible personal property are exempt from a tax under this chapter;

(h) except as provided in Subsection 59-12-104(7), amounts paid or charged for assisted cleaning or washing of tangible personal property;

(i) amounts paid or charged for tourist home, hotel, motel, or trailer court accommodations and services that are regularly rented for less than 30 consecutive days;

~~(j) amounts paid or charged for laundry or dry cleaning services;~~

(k) amounts paid or charged for leases or rentals of tangible personal property if within this state the tangible personal property is:

(i) stored;

(ii) used; or

(iii) otherwise consumed;

(l) amounts paid or charged for tangible personal property if within this state the tangible personal property is:

(i) stored;

(ii) used; or

(iii) consumed; and

(m) amounts paid or charged for a sale:

(i)(A) of a product transferred electronically; or

(B) of a repair or renovation of a product transferred electronically; and

(ii) regardless of whether the sale provides:

(A) a right of permanent use of the product; or

(B) a right to use the product that is less than a permanent use, including a right:

(I) for a definite or specified length of time; and

(II) that terminates upon the occurrence of a condition.

(2)(a) Except as provided in Subsections (2)(b) through (e), a state tax and a local tax is imposed on a transaction described in Subsection (1) equal to the sum of:

(i) a state tax imposed on the transaction at a tax rate equal to the sum of:

(A) (I) through March 31, 2019, 4.70%; and

(II) beginning on April 1, 2019, 5.15%; and

(B) (I) the tax rate the state imposes in accordance with Part 18, Additional State Sales and Use Tax Act, if the location of the transaction as determined under Sections 59-12-211 through 59-12-215 is in a county in which the state imposes the tax under Part 18, Additional State Sales and Use Tax Act; and

(II) the tax rate the state imposes in accordance with Part 20, Supplemental State Sales and Use Tax Act, if the location of the transaction as determined under Sections 59-12-211 through 59-12-215 is in a city, town, or the unincorporated area of a county in which the state imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and

(ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the transaction under this chapter other than this part.

(b) Except as provided in Subsection (2)(d) or (e), a state tax and a local tax is imposed on a transaction described in Subsection (1)(d) equal to the sum of:

(i) a state tax imposed on the transaction at a tax rate of 2%; and

(ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the transaction under this chapter other than this part.

(c) Except as provided in Subsection (2)(d) or (e), a state tax and a local tax is imposed on amounts paid or charged for food and food ingredients equal to the sum of:

(i) a state tax imposed on the amounts paid or charged for food and food ingredients at a tax rate of 1.75%; and

(ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the amounts paid or charged for food and food ingredients under this chapter other than this part.

(d)(i) For a bundled transaction that is attributable to food and food ingredients and tangible personal property other than food and food ingredients, a state tax and a local tax is imposed on the entire bundled transaction equal to the sum of:

(A) a state tax imposed on the entire bundled transaction equal to the sum of:

(I) the tax rate described in Subsection (2)(a)(i)(A); and

(II)(Aa) the tax rate the state imposes in accordance with Part 18, Additional State Sales and Use Tax Act, if the location of the transaction as determined under Sections 59-12-211 through 59-12-215 is in a county in which the state imposes the tax under Part 18, Additional State Sales and Use Tax Act; and

(Bb) the tax rate the state imposes in accordance with Part 20, Supplemental State Sales and Use Tax Act, if the location of the transaction as determined under Sections 59-12-211 through 59-

12-215 is in a city, town, or the unincorporated area of a county in which the state imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and

(B) a local tax imposed on the entire bundled transaction at the sum of the tax rates described in Subsection (2)(a)(ii).

(ii) If an optional computer software maintenance contract is a bundled transaction that consists of taxable and nontaxable products that are not separately itemized on an invoice or similar billing document, the purchase of the optional computer software maintenance contract is 40% taxable under this chapter and 60% nontaxable under this chapter.

(iii) Subject to Subsection (2)(d)(iv), for a bundled transaction other than a bundled transaction described in Subsection (2)(d)(i) or (ii):

(A) if the sales price of the bundled transaction is attributable to tangible personal property, a product, or a service that is subject to taxation under this chapter and tangible personal property, a product, or service that is not subject to taxation under this chapter, the entire bundled transaction is subject to taxation under this chapter unless:

(I) the seller is able to identify by reasonable and verifiable standards the tangible personal property, product, or service that is not subject to taxation under this chapter from the books and records the seller keeps in the seller's regular course of business; or

(II) state or federal law provides otherwise; or

(B) if the sales price of a bundled transaction is attributable to two or more items of tangible personal property, products, or services that are subject to taxation under this chapter at different rates, the entire bundled transaction is subject to taxation under this chapter at the higher tax rate unless:

(I) the seller is able to identify by reasonable and verifiable standards the tangible personal property, product, or service that is subject to taxation under this chapter at the lower tax rate from the books and records the seller keeps in the seller's regular course of business; or

(II) state or federal law provides otherwise.

(iv) For purposes of Subsection (2)(d)(iii), books and records that a seller keeps in the seller's regular course of business includes books and records the seller keeps in the regular course of business for nontax purposes.

(e)(i) Except as otherwise provided in this chapter and subject to Subsections (2)(e)(ii) and (iii), if a transaction consists of the sale, lease, or rental of tangible personal property, a product, or a service that is subject to taxation under this chapter, and the sale, lease, or rental of tangible personal property, other property, a product, or a service that is not subject to taxation under this chapter, the entire transaction is subject to taxation under this chapter unless the seller, at the time of the transaction:

(A) separately states the portion of the transaction that is not subject to taxation under this chapter on an invoice, bill of sale, or similar document provided to the purchaser; or

(B) is able to identify by reasonable and verifiable standards, from the books and records the seller keeps in the seller's regular course of business, the portion of the transaction that is not subject to taxation under this chapter.

(ii) A purchaser and a seller may correct the taxability of a transaction if:

(A) after the transaction occurs, the purchaser and the seller discover that the portion of the transaction that is not subject to taxation under this chapter was not separately stated on an invoice, bill of sale, or similar document provided to the purchaser because of an error or ignorance of the law; and

(B) the seller is able to identify by reasonable and verifiable standards, from the books and records the seller keeps in the seller's regular course of business, the portion of the transaction that is not subject to taxation under this chapter.

(iii) For purposes of Subsections (2)(e)(i) and (ii), books and records that a seller keeps in the seller's regular course of business includes books and records the seller keeps in the regular course of business for nontax purposes.

(f)(i) If the sales price of a transaction is attributable to two or more items of tangible personal property, products, or services that are subject to taxation under this chapter at different rates, the entire purchase is subject to taxation under this chapter at the higher tax rate unless the seller, at the time of the transaction:

(A) separately states the items subject to taxation under this chapter at each of the different rates on an invoice, bill of sale, or similar document provided to the purchaser; or

(B) is able to identify by reasonable and verifiable standards the tangible personal property, product, or service that is subject to taxation under this chapter at the lower tax rate from the books and records the seller keeps in the seller's regular course of business.

(ii) For purposes of Subsection (2)(f)(i), books and records that a seller keeps in the seller's regular course of business includes books and records the seller keeps in the regular course of business for nontax purposes.

(g) Subject to Subsections (2)(h) and (i), a tax rate repeal or tax rate change for a tax rate imposed under the following shall take effect on the first day of a calendar quarter:

(i) Subsection (2)(a)(i)(A);

(ii) Subsection (2)(b)(i);

(iii) Subsection (2)(c)(i); or

(iv) Subsection (2)(d)(i)(A)(I).

(h)(i) A tax rate increase takes effect on the first day of the first billing period that begins on or after the effective date of the tax rate increase if the billing period for the transaction begins before the effective date of a tax rate increase imposed under:

(A) Subsection (2)(a)(i)(A);

(B) Subsection (2)(b)(i);

(C) Subsection (2)(c)(i); or

(D) Subsection (2)(d)(i)(A)(I).

(ii) The repeal of a tax or a tax rate decrease applies to a billing period if the billing statement for the billing period is rendered on or after the effective date of the repeal of the tax or the tax rate decrease imposed under:

(A) Subsection (2)(a)(i)(A);

(B) Subsection (2)(b)(i);

(C) Subsection (2)(c)(i); or

(D) Subsection (2)(d)(i)(A)(I).

(i)(i) For a tax rate described in Subsection (2)(i)(ii), if a tax due on a catalogue sale is computed on the basis of sales and use tax rates published in the catalogue, a tax rate repeal or change in a tax rate takes effect:

(A) on the first day of a calendar quarter; and

(B) beginning 60 days after the effective date of the tax rate repeal or tax rate change.

(ii) Subsection (2)(i)(i) applies to the tax rates described in the following:

(A) Subsection (2)(a)(i)(A);

(B) Subsection (2)(b)(i);

(C) Subsection (2)(c)(i); or

(D) Subsection (2)(d)(i)(A)(I).

(iii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may by rule define the term "catalogue sale."

**[Subsections (3) through (6), although not set forth herein,  
are hereby incorporated as last amended  
by Chapters 234, 421, and 422, 2017 General Session]**

(7)(a) Notwithstanding Subsection (3)(a), in addition to the amounts deposited in Subsection (6), and subject to Subsection (7)(b), for a fiscal year beginning on or after July 1, 2012, the Division of Finance shall deposit into the Transportation Investment Fund of 2005 created by Section 72-2-124:

(i) a portion of the taxes listed under Subsection (3)(a) in an amount equal to 8.3% of the revenues collected from the following taxes, which represents a portion of the approximately 17% of sales and use tax revenues generated annually by the sales and use tax on vehicles and vehicle-related products:

(A) the tax imposed by Subsection (2)(a)(i)(A) at a 4.7% rate;

(B) the tax imposed by Subsection (2)(b)(i);

(C) the tax imposed by Subsection (2)(c)(i); and

(D) the tax imposed by Subsection (2)(d)(i)(A)(I); plus

(ii) an amount equal to 30% of the growth in the amount of revenues collected in the current fiscal year from the sales and use taxes described in Subsections (7)(a)(i)(A) through (D) that exceeds the amount collected from the sales and use taxes described in Subsections (7)(a)(i)(A) through (D) in the 2010-11 fiscal year.

(b)(i) Subject to Subsections (7)(b)(ii) and (iii), in any fiscal year that the portion of the sales and use taxes deposited under Subsection (7)(a) represents an amount that is a total lower percentage of the sales and use taxes described in Subsections (7)(a)(i)(A) through (D) generated in the current fiscal year than the total percentage of sales and use taxes deposited in the previous fiscal year, the Division of Finance shall deposit an amount under Subsection (7)(a) equal to the product of:

(A) the total percentage of sales and use taxes deposited under Subsection (7)(a) in the previous fiscal year; and

(B) the total sales and use tax revenue generated by the taxes described in Subsections (7)(a)(i)(A) through (D) in the current fiscal year.

(ii) In any fiscal year in which the portion of the sales and use taxes deposited under Subsection (7)(a) would exceed 17% of the revenues collected from the sales and use taxes described in Subsections (7)(a)(i)(A) through (D) in the current fiscal year, the Division of Finance shall deposit 17% of the revenues collected from the sales and use taxes described in Subsections (7)(a)(i)(A) through (D) for the current fiscal year under Subsection (7)(a).

(iii) In all subsequent fiscal years after a year in which 17% of the revenues collected from the sales and use taxes described in Subsections (7)(a)(i)(A) through (D) was deposited under Subsection (7)(a), the Division of Finance shall annually deposit 17% of the revenues collected

from the sales and use taxes described in Subsections (7)(a)(i)(A) through (D) in the current fiscal year under Subsection (7)(a).

(8)(a) Notwithstanding Subsection (3)(a), and in addition to the amounts deposited under Subsections (6) and (7), for the 2016-17 fiscal year only, the Division of Finance shall deposit \$64,000,000 of the revenues generated by the taxes listed under Subsection (3)(a) into the Transportation Investment Fund of 2005 created by Section 72-2-124.

(b) Notwithstanding Subsection (3)(a), and in addition to the amounts deposited under Subsections (6) and (7), for the 2017-18 fiscal year only, the Division of Finance shall deposit \$63,000,000 of the revenues generated by the taxes listed under Subsection (3)(a) into the Transportation Investment Fund of 2005 created by Section 72-2-124.

(c)(i) Notwithstanding Subsection (3)(a), in addition to the amounts deposited in Subsection (6) and (7), and subject to Subsection (8)(c)(ii), for a fiscal year beginning on or after July 1, 2018, the Division of Finance shall annually deposit into the Transportation Investment Fund of 2005 created by Section 72-2-124: a portion of the taxes listed under Subsection (3)(a) in an amount equal to 3.68% of the revenues collected from the following taxes:

(A) the tax imposed by Subsection (2)(a)(i)(A) at a 4.7% rate;

(B) the tax imposed by Subsection (2)(b)(i);

(C) the tax imposed by Subsection (2)(c)(i); and

(D) the tax imposed by Subsection (2)(d)(i)(A)(I).

(ii) For a fiscal year beginning on or after July 1, 2019, the commission shall annually reduce the deposit into the Transportation Investment Fund of 2005 under Subsection (8)(c)(i) by an amount that is equal to 35% of the amount of revenue generated in the current fiscal year by the portion of the tax imposed on motor and special fuel that is sold, used, or received for sale or use in this state that exceeds 29.4 cents per gallon.

**[Subsections (9) through (12), although not set forth herein,  
are hereby incorporated as last amended  
by Chapters 234, 421, and 422, 2017 General Session]**

(13) Notwithstanding Subsections (4) through (12) and (14) an amount required to be expended or deposited in accordance with Subsections (4) through (12) and (14) may not include an amount the Division of Finance deposits in accordance with Section 59-12-103.2.

(14) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1, 2019, the Division of Finance shall deposit into the Income and Sales Tax Growth Account created in Section 63J-1-316 the amount of tax collected from a .45% tax rate on the transactions described in Subsection (1) that are subject to the state sales and use tax under Section 59-12-103(2)(a)(i)(A).



Section 12. **Section 59-12-103.2** is amended to read:

**59-12-103.2. Definitions -- Remote Sales Restricted Account -- Creation -- Funding for account -- Interest -- Division of Finance accounting.**

(1) As used in this section:

(a) "Qualified local revenue collected from remote sellers" means the local revenue the commission collects under Section 59-12-103.1 for a fiscal year from sellers who obtain a license under Section 59-12-106 for the first time on or after the earlier of:

(i) the date a decision described in Subsection 59-12-103.1(1)(a) becomes a final, unappealable decision; or

(ii) the effective date of the action by Congress described in Subsection 59-12-103.1(1)(b).

(b) "Qualified state revenue collected from remote sellers" means the state revenue generated by a 4.7% tax rate the commission collects under Section 59-12-103.1 for a fiscal year from sellers who obtain a license under Section 59-12-106 for the first time on or after the earlier of:

(i) the date a decision described in Subsection 59-12-103.1(1)(a) becomes a final, unappealable decision; or

(ii) the effective date of the action by Congress described in Subsection 59-12-103.1(1)(b).

(c) "Additional state revenue collected from remote sellers" means the state revenue generated by a .45% tax rate the commission collects under Section 59-12-103.1 for a fiscal year from sellers who obtain a license under Section 59-12-106 for the first time on or after the earlier of:

(i) the date a decision described in Subsection 59-12-103.1(1)(a) becomes a final, unappealable decision; or

(ii) the effective date of the action by Congress described in Subsection 59-12-103.1(1)(b).

(2) There is created within the General Fund a restricted account known as the "Remote Sales Restricted Account."

(3) The account shall be funded by:

(a) the qualified local revenue collected from remote sellers; ~~and~~

(b) the qualified state revenue collected from remote sellers; and

(c) the additional state revenue collected from remote sellers.

(4)(a) The account shall earn interest.

(b) The interest described in Subsection (4)(a) shall be deposited into the account.

(5) The Division of Finance shall deposit the revenue described in Subsection (3) into the account.

(6) The Division of Finance shall separately account for:

(a)(i) the qualified local revenue collected from remote sellers; and

(ii) interest earned on the amount described in Subsection (6)(a)(i); ~~and~~

(b)(i) the qualified state revenue collected from remote sellers; and

(ii) interest earned on the amount described in Subsection (6)(b)(i); and

(c)(i) the additional state revenue collected from remote sellers; and

(ii) interest earned on the amount described in Subsection (6)(c)(i).

(7)(a) The revenue and interest described in Subsection (6)(a) may be used to lower local sales and use tax rates as the Legislature may provide by statute.

(b) The revenue and interest described in Subsection (6)(b) may be used to lower state sales and use tax rates as the Legislature may provide by statute.

(c) The revenue and interest described in Subsection (6)(c) may not be used to lower state or local sales and use tax rates, but shall be deposited into the Income and Sales Tax Growth Account described in Section 63J-1-316.

Section 13. **Section 63J-1-316** is enacted to read:

**63J-1-316. Creation of Income and Sales Tax Growth Account—Account Appropriations to Public Education, Higher Education, and Technical Colleges.**

(1)(a) There is created within the Education Fund a restricted account known as the Income and Sales Tax Growth Account.

(b) The Income and Sales Tax Growth Account consists of money deposited into the restricted account in accordance with Section 59-10-552, Subsection 59-12-103(14), and Subsection 59-12-103.2(7)(c).

(c) Money in the Income and Sales Tax Growth Account shall earn interest, and all interest earned on the account shall be deposited into the restricted account.

(2) The Legislature shall annually allocate from the Income and Sales Tax Growth Account:

(a) 85% of the money in the restricted account to the Teacher and Student Success Restricted Account created in Section 53A-17a-303; and

(b) 15% of the money in the restricted account to the Performance Funding Restricted Account created in Section 53B-7-703.

(3) Higher education institutions and technical colleges:

(a) in addition to using the money described in Subsection (2)(b) for performance funding under Title 53B Chapter 7 Part 7, may also use the money for scholarships and student aid; and

(b) may not use the money described in Subsection (2)(b) for capital facility construction or capital improvement costs.

#### Section 14. **Severability.**

If any provision of this Initiative, or the application of any provision to any person or circumstance, is held invalid, the remainder of this Initiative shall not be affected thereby but shall be given effect without the invalid provision.

#### Section 15. **Effective Date**

If approved by the voters in this state, this initiative shall take effect on January 1, 2019.

### END OF TEACHER AND STUDENT SUCCESS ACT

Persons gathering signatures for the petition may be paid for doing so.

This initiative petition seeks to (a) increase the current state sales tax rate by .45 percent, resulting in a 9.6 percent increase in the current state sales tax rate, and (b) increase the current income tax rate by .45 percent, resulting in a 9 percent increase in the current tax rate.

July 14, 2017

Lt. Governor Spencer Cox  
State of Utah  
350 North State Street, Suite 220  
Salt Lake City, UT 84114

Lt. Governor Cox:

As required by state law, Our Schools Now will hold seven hearings throughout the state of Utah to receive public comment on the proposed citizens' initiative petition. The meetings have been scheduled for **Thursday, July 20 at 6:00 PM** at each of the following locations:

- **Discovery Elementary – 820 North 500 West, Brigham City UT 84302**
- **Santa Clara Elementary – 2950 West Crestview Drive, Santa Clara UT 84765**
- **Trailside Elementary – 5700 Trailside Drive, Park City UT 84098**
- **Fillmore Elementary – 558 West 400 South, Fillmore UT 84631**
- **Grand County School District Office – 264 South 400 East, Moab UT 84532**
- **Centennial Elementary – 940 South 500 East, Roosevelt UT 84066**
- **Lomond View Elementary – 3644 North 900 West, Pleasant View UT 84414**

**This initiative petition seeks to increase the current income tax rate by .5 percent, resulting in a 10 percent increase in the current tax rate. This initiative petition seeks to increase the current sales tax rate by .5 percent, resulting in a 10.6 percent increase in the current tax rate.**

Should you have any questions regarding this public hearing, you may contact Our Schools Now at 801-683-9197 or visit [www.ourschoolsnow.com](http://www.ourschoolsnow.com).

Thank you,

A handwritten signature in dark ink, appearing to read "Austin Cox". The signature is stylized with a large "A" and a cursive "Cox".

Austin Cox  
Our Schools Now



**State of Utah**

**GARY R. HERBERT**  
*Governor*

**SPENCER J. COX**  
*Lieutenant Governor*

## **GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET**

**KRISTEN COX**  
*Executive Director*

August 10, 2017

Lieutenant Governor,

Submitted below is the Governor's Office of Management and Budget's fiscal estimate for the law proposed by the "*Our Schools Now Statewide Initiative*."

The Governor's Office of Management and Budget estimates that, in fiscal year 2020, this proposed initiative would:

- Increase state taxes by \$715,000,000, including a:
  - \$465,000,000 income tax increase (65%); and
  - \$250,000,000 sales tax increase (35%).
- Increase the income tax rate by 0.45%, from 5.00% to 5.45% (a 9% increase from current tax rate); tax increase impacts would exceed 9% for most income tax taxpayers
- Increase the state sales tax rate by 0.45%, from 4.70% to 5.15% (a 9.6% increase from current tax rate)
- Allocate the revenues for education expenses

Economic or taxpayer behavior adjustments would alter these estimates.

In addition, the cost of posting information regarding the initiative in Utah's statewide newspapers and for printing the additional pages in the voter information packet is estimated at \$30,000 in one-time funds.

Should you have any questions, please contact Phil Dean, Budget Director and Chief Economist, at (801) 538-1714.

Sincerely,

Kristen Cox  
Executive Director