

**MINUTES OF THE
SPECIAL DISTRICTS SUBCOMMITTEE OF THE
POLITICAL SUBDIVISIONS INTERIM COMMITTEE**

Tuesday, October 15, 2002 – 8:30 a.m. – Room 414/416 State Capitol

Members Present:

Sen. David L. Gladwell, Chair
Rep. David N. Cox
Rep. Scott Daniels
Rep. David L. Hogue
Rep. Joseph G. Murray

Staff Present:

Mr. Joseph Wade, Research Analyst
Mr. Robert H. Rees, Associate General Counsel
Ms. Joy L. Miller, Legislative Secretary

Note: A list of others present and a copy of materials can be found at <http://www.image.le.state.ut.us/imaging/history.asp> or by contacting the committee secretary, Joy Miller, at 538-1032.

1. Committee Business

Chair Gladwell called the meeting to order at 8:40 a.m.

MOTION: Rep. Murray moved to approve the minutes of the October 1, 2002 meeting. The motion passed unanimously with Rep. Daniels and Rep. Hogue absent for the vote.

2. Differences Between Special Service Districts and Other Independent Districts

Mr. Rees distributed a handout "Special Service Districts." He reviewed the handout and explained that it is a comparison between local district provisions of Title 17B and constitutional limitations on SSDs (special service districts). The provisions relate to creation, Board of Trustees, annexation, withdrawal, dissolution, and taxing and bonding authority.

Mr. Mark Anderson, UASD (Utah Association of Special Districts), explained that the constitution specifically states that a SSD must ultimately be under the control of the creating county or municipality. The statute, however, provides for the creation of an administrative control board that can be either appointed or elected. Most SSDs are governed by an administrative control board. He noted, that the statute allows the county or municipality to delegate authority to the administrative control board and that authority can be withdrawn at any time. The authority to levy taxes or authorization of bonds cannot be delegated. He encouraged the Legislature not to try to make SSDs fit with the independent districts and require the same statutory provisions.

Mr. Jan Furner, UASD, said a SSD allows the local elected officials to provide a service that could not be provided by any other means. He noted that mineral lease monies cannot be directly allocated to the county commission. Each county has a SSD to receive and allocate those funds. He pointed out SSDs needs are long term in perspective. Mr. Furner stated they are a viable option and need to be perpetuated.

3. Information on Special Service Districts

Mr. Wade distributed a handout "Information on Special Service Districts." Most of the data contained in the report was received from the State Auditor's Office and the Utah State Tax Commission. Mr. Wade indicated that there are 119 SSDs, 101 of which were created by counties. He reviewed where these

districts are located in the state and pointed out that many provide more than one type of service. Mr. Wade also pointed out that several SSDs were created for subdivisions.

Mr. Furner stated that many of the problems UASD has experienced stem from developers creating SSDs to provide infrastructure. UASD has suggested to county officials that counties require developers to finance a subdivision's infrastructure through the price of the lot rather than through property taxes imposed by a SSD.

Mr. Eckhard Bauer, State Auditor's Office, pointed out that there is nothing in statute which requires SSDs to provide the type of data contained in the summary of information offered by Mr. Wade. It has only been within the last few years that the statute required that the State Auditor's Office be notified of the creation of a SSD.

Mr. Finch Bingham, Commission (Utah State Tax Commission), explained that through use of a GIS system, a database of SSDs has been established. He pointed out that officers of the SSDs may not be aware that they are required to notify the Commission when the district is created. He noted that it has been more effective for the Commission to work through the county officers to obtain the required information. Whenever a SSD is created and recorded, the county recorder sends a copy of that information to them. Mr. Bingham stated there are discrepancies between his information and Mr. Bauer's information and he would work to reconcile those differences.

4. Case Study - Experience of Salt Lake County Jail Special Service District

Sheriff Aaron Kennard, Salt Lake County, discussed S.B. 24, Special District Amendments, which was passed during the 2001 General Session. He stated the legislation was a direct attempt to circumvent the Supreme Court decision of Utah County vs. Orem City in 1985. The Supreme Court ruled that when municipalities book prisoners in county jails, the municipalities should bear the cost of processing the prisoner. The legislation is in direct conflict of that decision and expressly precludes him from charging municipalities a fee for jail services. He expressed concern that the bill prohibits him from managing the jail properly. Sheriff Kennard said the bill is flawed and has not yet been implemented.

Mr. Fred Finlinson, attorney with Callister, Nebeker & McCullough, said he represents the Salt Lake County Council. He suggested they could meet and come back to the subcommittee with recommendations on how to deal with the legislation.

5. Dependent Districts of Special Service Districts

Mr. Finlinson explained that SSDs have a provision that allows a SSD to create dependent districts to deal specifically with a given issue. He recommended amending the statute to allow county improvement districts and water conservancy districts to have the same ability. Mr. Finlinson stated the proposal would be a mechanism to line up revenues with where the benefits flow. He indicated he would give his proposal to staff to review.

6. Next Subcommittee Meeting

The next meeting of the subcommittee is scheduled for Tuesday, October 29 at 8:30 a.m. The members discussed what items should be reviewed at the next meeting. Staff was asked to draft legislation regarding annual reporting requirements for SSDs and to meet with Mr. Bauer to determine what type of information should be required. It was also recommended that staff develop a comparison between the uniform provisions and the SSD provisions in more detail.

7. Other Items / Adjourn

MOTION: Rep. Murray moved to adjourn the meeting. The motion passed unanimously with Rep. Daniels absent for the vote. Chair Gladwell adjourned the meeting at 11:15 a.m.