

11-14-307 Revenue bonds payable out of excise tax revenues.

- (1) To the extent constitutionally permissible, a city, town, or county may:
 - (a) issue bonds payable solely from a special fund into which are to be deposited:
 - (i) excise taxes levied and collected by the city, town, or county;
 - (ii) excise taxes levied by the state and rebated pursuant to law to the city, town, or county; or
 - (iii) a combination of the excise taxes described in Subsections (1)(a)(i) and (ii); or
 - (b) pledge all or any part of the excise taxes described in Subsection (1)(a) as an additional source of payment for general obligation bonds it issues.
- (2)
 - (a) If the covenant is not inconsistent with this chapter, a resolution or trust indenture providing for the issuance of bonds payable in whole or in part from the proceeds of excise tax revenues may contain covenants with the holder or holders of the bonds as to:
 - (i) the excise tax revenues;
 - (ii) the disposition of the excise tax revenues;
 - (iii) the issuance of future bonds; and
 - (iv) other pertinent matters that are considered necessary by the governing body to assure the marketability of those bonds.
 - (b) A resolution may also include provisions to insure the enforcement, collection, and proper application of excise tax revenues as the governing body may think proper.
 - (c) The proceeds of bonds payable in whole or in part from pledged class B or C road funds shall be used to construct, repair, and maintain streets and roads in accordance with Sections 72-6-108 and 72-6-110 and to fund any reserves and costs incidental to the issuance of the bonds.
 - (d) When any bonds payable from excise tax revenues have been issued, the resolution or other enactment of the legislative body imposing the excise tax and pursuant to which the tax is being collected, the obligation of the governing body to continue to levy, collect, and allocate the excise tax, and to apply the revenues derived from the excise tax in accordance with the provisions of the authorizing resolution or other enactment, shall be irrevocable until the bonds have been paid in full as to both principal and interest, and is not subject to amendment in any manner that would impair the rights of the holders of those bonds or which would in any way jeopardize the timely payment of principal or interest when due.
- (3)
 - (a) The state pledges to and agrees with the holders of any bonds issued by a city, town, or county to which the proceeds of excise taxes collected by the state and rebated to the city, town, or county are devoted or pledged as authorized in this section, that the state will not alter, impair, or limit the excise taxes in a manner that reduces the amounts to be rebated to the city, town, or county which are devoted or pledged as authorized in this section until the bonds or other securities, together with applicable interest, are fully met and discharged.
 - (b) Nothing in this Subsection (3) precludes alteration, impairment, or limitation of excise taxes if adequate provision is made by law for the protection of the holders of the bonds.
 - (c) A city, town, or county may include this pledge and undertaking for the state in those bonds.
- (4)
 - (a) Outstanding bonds to which excise tax revenues are pledged as the sole source of payment may not at any one time exceed an amount for which the average annual installments of principal and interest will exceed 80% of the total excise tax revenues received by the issuing entity from the collection or rebate of the excise tax revenues during the fiscal year of the issuing entity immediately preceding the fiscal year in which the resolution authorizing the issuance of bonds is adopted.

- (b) If an excise tax has not been levied by a city, town, or county for a sufficient period of time to determine the 80% bond payment requirement under Subsection (4)(a), a city, town, or county may use an excise tax revenue that is currently levied within the same geographic coverage area and with the same percentage of collection to determine the amount of excise tax revenues that are expected to be received to determine the 80% bond payment requirement under Subsection (4)(a).
- (5) Bonds issued solely from a special fund into which are to be deposited excise tax revenues constitutes a borrowing solely upon the credit of the excise tax revenues received or to be received by the city, town, or county and does not constitute an indebtedness or pledge of the general credit of the city, town, or county.
- (6) Before issuing any bonds under this section, a city, town, or county shall comply with Section 11-14-318.
- (7) A city, town, or county shall submit the question of whether or not to issue any bonds under this section to voters for their approval or rejection if, within 30 calendar days after the notice required by Section 11-14-318, a written petition requesting an election and signed by at least 20% of the registered voters in the city, town, or county is filed with the city, town, or county.

Amended by Chapter 21, 2008 General Session