

17D-1-602 Limitations on adoption of withdrawal, dissolution, or discontinuance resolution.

- (1)
- (a) A resolution under Subsection 17D-1-601(1) or (2) to approve the withdrawal of an area from a special service district or the dissolution of a special service district may not be adopted if:
 - (i) any bond, note, or other obligation of the special service district is outstanding and unpaid; or
 - (ii) any contractual obligation to provide service exists.
 - (b) Notwithstanding Subsection (1)(a)(i), a resolution approving the withdrawal of an area from a special service district may be adopted if:
 - (i) each holder of or obligee under each outstanding and unpaid bond, note, or other obligation consents to the withdrawal;
 - (ii) the bond, note, or other obligation is payable from and secured by solely:
 - (A) federal mineral lease payments appropriated to the special service district; or
 - (B) other special service district revenue, the amount of which is not subject to reduction as a result of the withdrawal;
 - (iii) adequate provision is made for payment of the bond, note, or other obligation in accordance with the terms of the bond, note, or other obligation, respectively; or
 - (iv)
 - (A) the area proposed to be withdrawn has been annexed by a municipality that receives from another special service district the service provided by the special service district from which the area is proposed to be withdrawn;
 - (B) the other special service district adopts a resolution proposing to annex the area;
 - (C) the municipality adopts a resolution consenting to the area being included within the proposed annexing special service district;
 - (D) the proposed annexing special service district and the special service district from which the area is proposed to be withdrawn make adequate arrangements for the proposed annexing special service district to provide the service to the area; and
 - (E) for a special service district from which the area to be withdrawn has any bond, note, or other obligation outstanding that is secured by revenue derived from taxes, rates, fees, or other charges paid by the owners of property within the area proposed to be withdrawn:
 - (I) the proposed annexing special service district agrees to provide for the payment of a proportional share of the amounts payable with respect to the bond, note, or other obligation, on terms that are mutually agreeable to the proposed annexing special service district and the special service district from which the area is to be withdrawn; and
 - (II) the withdrawal of the area and the payment arrangement under Subsection (1)(b)(iv)(E)(I) do not violate any covenant of any agreement or instrument with respect to the bond, note, or other obligation.
 - (c) Notwithstanding Subsection (1)(a)(ii), a resolution to withdraw an area from a special service district may be adopted if all parties to the contract consent to the withdrawal.
- (2)
- (a) A resolution under Subsection 17D-1-601(3) to discontinue a service may not be adopted if the special service district:
 - (i) has an outstanding bond payable in whole or in part from fees and charges imposed for the service to be discontinued; or
 - (ii) is under contractual obligation to provide the service.
 - (b) Notwithstanding Subsection (2)(a)(i), a resolution to discontinue a service may be adopted if:
 - (i) the bond is paid;
 - (ii) adequate provision is made for payment of the bond; or

- (iii) the holder of the bond agrees to the discontinuance, if allowed under the bond.
- (c) Notwithstanding Subsection (2)(a)(ii), a resolution to discontinue a service may be adopted if all parties to the contract consent to the discontinuance.

Amended by Chapter 267, 2010 General Session