

Senator Carlene M. Walker proposes the following substitute bill:

LOCAL GOVERNMENT AMENDMENTS

2006 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Brad L. Dee

Senate Sponsor: Carlene M. Walker

LONG TITLE

General Description:

This bill modifies provisions relating to local governments.

Highlighted Provisions:

This bill:

- ▶ expands the reach of the Local Government Bonding Act so that the act applies to additional independent special districts and to local districts;
- ▶ modifies definitions in the Local Government Bonding Act;
- ▶ adds to the Local Government Bonding Act a provision that:
 - authorizes a local political subdivision to require bonds to recite that they comply with applicable law; and
 - makes bonds incontestible if they contain that recital;
- ▶ modifies provisions that validates bonds and tax anticipation obligations and proceedings relating to them;
- ▶ adds a provision authorizing a newly created local political subdivision to issue tax and revenue anticipation notes or bonds;
- ▶ adds to the Local Government Bonding Act a provision that makes bonds legal investments for various funds, allows funds to be invested in or loaned upon the security of local political subdivision bonds, and allows bonds of a local political



26 subdivision to be used as security for the faithful performance on execution of a court or
27 private trust or other act;

28 ▶ expands the reach of a provision under which an independent special district may be
29 conclusively presumed to have been lawfully created and existing to apply to all

30 independent special districts rather than those created after May 4, 1999;

31 ▶ modifies the bonding authority of cemetery maintenance districts;

32 ▶ modifies county service area provisions related to bonding;

33 ▶ authorizes mosquito abatement districts to issue notes and bonds, subject to a debt
34 limit;

35 ▶ modifies provisions applicable to administrative control boards of special service
36 districts;

37 ▶ eliminates independent special districts provisions made redundant and superfluous
38 because of changes in this bill to the Local Government Bonding Act;

39 ▶ modifies provisions relating to the issuance of bonds by a municipal building
40 authority; and

41 ▶ makes technical changes.

42 **Monies Appropriated in this Bill:**

43 None

44 **Other Special Clauses:**

45 None

46 **Utah Code Sections Affected:**

47 AMENDS:

48 **11-14-102**, as enacted by Chapter 105, Laws of Utah 2005

49 **11-14-103**, as enacted by Chapter 105, Laws of Utah 2005

50 **11-14-201**, as renumbered and amended by Chapter 105, Laws of Utah 2005

51 **11-14-202**, as renumbered and amended by Chapter 105, Laws of Utah 2005

52 **11-14-205**, as renumbered and amended by Chapter 105, Laws of Utah 2005

53 **11-14-206**, as renumbered and amended by Chapter 105, Laws of Utah 2005

54 **11-14-207**, as renumbered and amended by Chapter 105, Laws of Utah 2005

55 **11-14-301**, as renumbered and amended by Chapter 105, Laws of Utah 2005

56 **11-14-302**, as renumbered and amended by Chapter 105, Laws of Utah 2005

- 57 **11-14-303**, as renumbered and amended by Chapter 105, Laws of Utah 2005
- 58 **11-14-305**, as renumbered and amended by Chapter 105, Laws of Utah 2005
- 59 **11-14-306**, as renumbered and amended by Chapter 105, Laws of Utah 2005
- 60 **11-14-307**, as renumbered and amended by Chapter 105, Laws of Utah 2005
- 61 **11-14-308**, as renumbered and amended by Chapter 105, Laws of Utah 2005
- 62 **11-14-310**, as renumbered and amended by Chapter 105, Laws of Utah 2005
- 63 **11-14-311**, as renumbered and amended by Chapter 105, Laws of Utah 2005
- 64 **11-14-312**, as renumbered and amended by Chapter 105, Laws of Utah 2005
- 65 **11-14-313**, as renumbered and amended by Chapter 105, Laws of Utah 2005
- 66 **11-14-314**, as renumbered and amended by Chapter 105, Laws of Utah 2005
- 67 **11-14-315**, as renumbered and amended by Chapter 105, Laws of Utah 2005
- 68 **11-14-316**, as renumbered and amended by Chapter 105, Laws of Utah 2005
- 69 **11-14-405**, as renumbered and amended by Chapter 105, Laws of Utah 2005
- 70 **11-14-406**, as renumbered and amended by Chapter 105, Laws of Utah 2005
- 71 **17A-2-103**, as enacted by Chapter 177, Laws of Utah 2000
- 72 **17A-2-223**, as renumbered and amended by Chapter 186, Laws of Utah 1990
- 73 **17A-2-315**, as renumbered and amended by Chapter 186, Laws of Utah 1990
- 74 **17A-2-317**, as last amended by Chapter 90, Laws of Utah 2001
- 75 **17A-2-423**, as last amended by Chapter 105, Laws of Utah 2005
- 76 **17A-2-424**, as renumbered and amended by Chapter 186, Laws of Utah 1990
- 77 **17A-2-426**, as renumbered and amended by Chapter 186, Laws of Utah 1990
- 78 **17A-2-428**, as last amended by Chapter 105, Laws of Utah 2005
- 79 **17A-2-431**, as renumbered and amended by Chapter 186, Laws of Utah 1990
- 80 **17A-2-543**, as last amended by Chapter 105, Laws of Utah 2005
- 81 **17A-2-908**, as renumbered and amended by Chapter 186, Laws of Utah 1990
- 82 **17A-2-1326**, as last amended by Chapters 195 and 284, Laws of Utah 2001
- 83 **17A-2-1828**, as enacted by Chapter 216, Laws of Utah 1995
- 84 **17A-3-909**, as last amended by Chapter 259, Laws of Utah 1997
- 85 ENACTS:
- 86 **11-14-304.5**, Utah Code Annotated 1953
- 87 **11-14-317**, Utah Code Annotated 1953

88 REPEALS AND REENACTS:

89 17A-2-429, as renumbered and amended by Chapter 186, Laws of Utah 1990

90 REPEALS:

91 17A-2-311, as renumbered and amended by Chapter 186, Laws of Utah 1990

92 17A-2-314, as renumbered and amended by Chapter 186, Laws of Utah 1990

93 17A-2-316, as renumbered and amended by Chapter 186, Laws of Utah 1990

94 17A-2-321, as renumbered and amended by Chapter 186, Laws of Utah 1990

95 17A-2-324, as renumbered and amended by Chapter 186, Laws of Utah 1990

96 17A-2-330, as renumbered and amended by Chapter 186, Laws of Utah 1990

97 17A-2-421, as renumbered and amended by Chapter 186, Laws of Utah 1990

98 17A-2-422, as last amended by Chapter 90, Laws of Utah 2001

99 17A-2-427, as renumbered and amended by Chapter 186, Laws of Utah 1990

100 17A-2-547, as last amended by Chapter 254, Laws of Utah 2000

101 17A-2-558, as renumbered and amended by Chapter 186, Laws of Utah 1990

102 17A-2-825, as last amended by Chapter 254, Laws of Utah 2000

103 17A-2-832, as renumbered and amended by Chapter 186, Laws of Utah 1990

104 17A-2-1825, as last amended by Chapter 105, Laws of Utah 2005

105 17A-2-1827, as enacted by Chapter 216, Laws of Utah 1995



107 *Be it enacted by the Legislature of the state of Utah:*

108 Section 1. Section 11-14-102 is amended to read:

109 **11-14-102. Definitions.**

110 For the purpose of this chapter:

111 (1) "Bond" means any bond authorized to be issued under this chapter, including
112 municipal bonds.

113 (2) "Election results" [~~means the same as "election results"~~] has the same meaning as
114 defined in Section 20A-1-102.

115 (3) "Governing body" means:

116 (a) for a county, city, or town, the legislative body of the county, city, or town;

117 (b) for an independent special district or local district, the board of trustees of the
118 independent special district or local district;

119 (c) for a school district, the local board of education; or
120 (d) for a special service district under Title 17A, Chapter 2, Part 13, Utah Special
121 Service District Act;

122 (i) the governing body of the county or municipality that created the special service
123 district if no administrative control board has been established under Section 17A-2-1326; or
124 (ii) the administrative control board, if one has been established under Section
125 17A-2-1326 and the power to issue bonds not payable from taxes has been delegated to the
126 administrative control board.

127 (4) "Independent special district" means a district operating under Title 17A, Chapter
128 2, Independent Special Districts.

129 (5) "Local district" means a district operating under Title 17B, Chapter 2, Local
130 Districts.

131 ~~[(3)]~~ (6) (a) "Local political subdivision" [includes:] means a county, city, town, school
132 district, independent special district, or local district.

133 ~~[(i) cities;]~~

134 ~~[(ii) towns;]~~

135 ~~[(iii) counties;]~~

136 ~~[(iv) school districts;]~~

137 ~~[(v) public transit districts;]~~

138 ~~[(vi) improvement districts operating under the authority of Title 17A, Chapter 2, Part~~
139 ~~3, County Improvement Districts for Water, Sewage, Flood Control, Electric and Gas;]~~

140 ~~[(vii) special service districts operating under the authority of Title 17A, Chapter 2,~~
141 ~~Part 13, Utah Special Service District Act;]~~

142 ~~[(viii) metropolitan water districts operating under the authority of Title 17A, Chapter~~
143 ~~2, Part 8, Metropolitan Water District Act;]~~

144 ~~[(ix) irrigation districts operating under the authority of Title 17A, Chapter 2, Part 7,~~
145 ~~Irrigation District Act;]~~

146 ~~[(x) water conservancy districts operating under the authority of Title 17A, Chapter 2,~~
147 ~~Part 14, Water Conservancy Districts; and]~~

148 ~~[(xi) regional service areas operating under the authority of Title 17A, Chapter 2, Part~~
149 ~~18, Regional Service Area Act.]~~

150 (b) "Local political subdivision" does not include the state and its institutions.

151 Section 2. Section 11-14-103 is amended to read:

152 **11-14-103. Bond issues authorized -- Purposes -- Use of bond proceeds.**

153 (1) Any local political subdivision may, in the manner and subject to the limitations
154 and restrictions contained in this chapter, issue its negotiable bonds for the purpose of paying
155 all or part of the cost of:

156 (a) acquiring, improving, or extending any one or more improvements, facilities, or
157 property that the local political subdivision is authorized by law to acquire~~[-(2) Any local~~
158 ~~political subdivision may also issue such bonds for the acquisition of or the acquisition of],~~
159 improve, or extend; or

160 (b) acquiring, or acquiring an interest in, any one or more or any combination of the
161 following types of improvements, facilities, or property to be owned by the local political
162 subdivision, either alone or ~~[to be owned]~~ jointly ~~[by two]~~ with one or more other local
163 political subdivisions, or for the improvement or extension of any ~~[such]~~ of those wholly or
164 jointly owned ~~[facility or property]~~ improvements, facilities, or properties:

165 ~~[(a)]~~ (i) public buildings of every nature, including without limitation, offices,
166 courthouses, jails, fire, police and sheriff's stations, detention homes, and any other buildings to
167 accommodate or house lawful activities of a local political subdivision;

168 ~~[(b)]~~ (ii) waterworks, irrigation systems, water systems, dams, reservoirs, water
169 treatment plants, and any other improvements, facilities, or property used in connection with
170 the acquisition, storage, transportation, and supplying of water for domestic, industrial,
171 irrigation, recreational, and other purposes and preventing pollution of water;

172 ~~[(c)]~~ (iii) sewer systems, sewage treatment plants, incinerators, and other
173 improvements, facilities, or property used in connection with the collection, treatment, and
174 disposal of sewage, garbage, or other refuse;

175 ~~[(d)]~~ (iv) drainage and flood control systems, storm sewers, and any other
176 improvements, facilities, or property used in connection with the collection, transportation, or
177 disposal of water;

178 ~~[(e)]~~ (v) recreational facilities of every kind, including without limitation, athletic and
179 play facilities, playgrounds, athletic fields, gymnasiums, public baths, swimming pools, camps,
180 parks, picnic grounds, fairgrounds, golf courses, zoos, boating facilities, tennis courts,

181 auditoriums, stadiums, arenas, and theaters;

182 ~~[(f)]~~ (vi) convention centers, sports arenas, auditoriums, theaters, and other facilities

183 for the holding of public assemblies, conventions, and other meetings;

184 ~~[(g)]~~ (vii) roads, bridges, viaducts, tunnels, sidewalks, curbs, gutters, and parking

185 buildings, lots, and facilities;

186 ~~[(h)]~~ (viii) airports, landing fields, landing strips, and air navigation facilities;

187 ~~[(i)]~~ (ix) educational facilities, including without limitation, schools, gymnasiums,

188 auditoriums, theaters, museums, art galleries, libraries, stadiums, arenas, and fairgrounds;

189 ~~[(j)]~~ (x) hospitals, convalescent homes, and homes for the aged or indigent; and

190 ~~[(k)]~~ (xi) electric light works, electric generating systems, and any other improvements,

191 facilities, or property used in connection with the generation and acquisition of electricity for

192 these local political subdivisions and transmission facilities and substations if they do not

193 duplicate transmission facilities and substations of other entities operating in the state prepared

194 to provide the proposed service unless these transmission facilities and substations proposed to

195 be constructed will be more economical to these local political subdivisions.

196 ~~[(3)]~~ (2) Any ~~[such]~~ improvement, facility, or property under Subsection (1) need not

197 lie within the limits of the local political subdivision.

198 ~~[(4)]~~ (3) A cost under Subsection (1) may include:

199 (a) the cost of equipment and furnishings for such improvements, facilities, or

200 property;

201 (b) all costs incident to the authorization and issuance of bonds, including engineering,

202 legal, and fiscal advisers' fees;

203 (c) costs incident to the issuance of bond anticipation notes, including interest to accrue

204 on bond anticipation notes;

205 (d) interest estimated to accrue on the bonds during the period to be covered by the

206 construction of the improvement, facility, or property and for 12 months after that period; and

207 (e) other amounts which the ~~[legislative]~~ governing body finds necessary to establish

208 bond reserve funds and to provide working capital related to the improvement, facility, or

209 property.

210 Section 3. Section **11-14-201** is amended to read:

211 **11-14-201. Election on bond issues -- Qualified electors -- Resolution and notice.**

212 (1) The [~~legislative~~] governing body of any local political subdivision that wishes to
213 issue bonds under the authority granted in Section 11-14-103 shall, at least 75 days before the
214 date of election:

215 (a) approve a resolution submitting the question of the issuance of the bonds to the
216 voters of the local political subdivision; and

217 (b) provide a copy of the resolution to:

218 (i) the lieutenant governor; and

219 (ii) the election officer, as defined in Section 20A-1-102, charged with conducting the
220 election.

221 (2) The local political subdivision may not issue the bonds unless the majority of the
222 qualified voters of the local political subdivision who vote on the bond proposition approve the
223 issuance of the bonds.

224 (3) Nothing in this section requires an election for the issuance of:

225 (a) refunding bonds; or

226 (b) other bonds not required by law to be voted on at an election.

227 (4) The resolution calling the election shall include a ballot proposition, in substantially
228 final form, that complies with the requirements of Subsection 11-14-206(2).

229 Section 4. Section **11-14-202** is amended to read:

230 **11-14-202. Notice of election -- Contents -- Publication -- Mailing.**

231 (1) (a) The [~~legislative~~] governing body shall ensure that:

232 (i) notice of the election is published once per week during three consecutive weeks in
233 a newspaper designated in accordance with Section 11-14-316; and

234 (ii) the first publication occurs not less than 21 nor more than 35 days before the
235 election.

236 (b) Notice shall be published in a newspaper having general circulation in the local
237 political subdivision.

238 (2) When the debt service on the bonds to be issued will increase the property tax
239 imposed upon the average value of a residence by an amount that is greater than or equal to \$15
240 per year, the governing body shall, at least seven days but not more than 30 days before the
241 bond election, if the bond election is not held on the date of a regular primary election, a
242 municipal primary election, a regular general election, or a municipal general election, either

243 mail:

244 (a) written notice of the bond election on a minimum three inch by five inch postcard
245 to every household containing a registered voter who is eligible to vote on the bonds; or

246 (b) a voter information pamphlet prepared by the governing body, if one is prepared,
247 that includes the information required by Subsection (4).

248 (3) (a) Except as provided in Subsection (3)(b), notice of the bond election need not be
249 posted.

250 (b) (i) In a local political subdivision where there is no newspaper of general
251 circulation, the legislative body may require that notice of a bond election be given by posting
252 in lieu of the publication requirements of Subsection (1).

253 (ii) When the [legislative] governing body imposes a posting requirement, the
254 [legislative] governing body shall ensure that notice of the bond election is posted in at least
255 five public places in the local political subdivision at least 21 days before the election.

256 (4) Any notice required by this section shall include:

257 (a) the date and place of the election;

258 (b) the hours during which the polls will be open; and

259 (c) the title and text of the ballot proposition.

260 (5) The [legislative] governing body shall pay the costs associated with the notice
261 required by this section.

262 Section 5. Section **11-14-205** is amended to read:

263 **11-14-205. Special registration not required -- Official register supplied by clerk.**

264 (1) (a) Voter registration shall be administered according to the requirements of Title
265 20A, Chapter 2, Voter Registration.

266 (b) The [legislative] governing body may not require or mandate any special
267 registration of voters for a bond election.

268 (2) The county clerk of each county in which a local political subdivision holding the
269 bond election is located shall prepare the official register for the bond election according to the
270 requirements of Section 20A-5-401.

271 (3) The official register's failure to identify those voters not residing in the local
272 political subdivision holding the bond election, or any inaccuracy in that identification, is not a
273 ground for invalidating the bond election.

274 Section 6. Section **11-14-206** is amended to read:

275 **11-14-206. Ballots -- Submission of ballot language -- Form and contents.**

276 (1) At least 75 days before the election, the [~~legislative~~] governing body shall prepare
277 and submit to the election officer:

278 (a) a ballot title for the bond proposition that includes the name of the local political
279 subdivision issuing the bonds and the word "bond" or an identification of the type of bonds;
280 and

281 (b) a ballot proposition that meets the requirements of Subsection (2).

282 (2) (a) The ballot proposition shall include:

283 (i) the maximum principal amount of the bonds;

284 (ii) the maximum number of years from the issuance of the bonds to final maturity; and

285 (iii) the general purpose for which the bonds are to be issued.

286 (b) The purpose of the bonds may be stated in general terms and need not specify the
287 particular projects for which the bonds are to be issued or the specific amount of bond proceeds
288 to be expended for each project.

289 (c) If the bonds are to be payable in part from tax proceeds and in part from the
290 operating revenues of the local political subdivision, or from any combination of tax proceeds
291 and operating revenues, the bond proposition shall indicate those payment sources, but need
292 not specify how the bonds are to be divided between those sources of payment.

293 (d) (i) The bond proposition shall be followed by the words, "For the issuance of
294 bonds" and "Against the issuance of bonds," with appropriate boxes in which the voter may
295 indicate his choice.

296 (ii) Nothing in Subsection (2)(d)(i) prohibits the addition of descriptive information
297 about the bonds.

298 (3) If a bond proposition is submitted to a vote on the same day as any other election
299 held in the local political subdivision calling the bond election, the bond proposition may be
300 combined with the candidate ballot in a manner consistent with Section 20A-6-301,
301 20A-6-303, or 20A-6-402.

302 (4) The ballot form shall comply with the requirements of Title 20A, Chapter 6, Ballot
303 Form.

304 Section 7. Section **11-14-207** is amended to read:

305 **11-14-207. Counting and canvassing -- Official finding.**

306 (1) (a) Following the election officer's inspection and count of the ballots in accordance
307 with the procedures of Title 20A, Chapter 4, Part 1, Counting Ballots and Tabulating Results,
308 and Part 2, Transmittal and Disposition of Ballots and Election Returns, the [legislative]
309 governing body shall meet and canvass the election results.

310 (b) (i) The [legislative] governing body of the local political subdivision is the board of
311 canvassers for the bond proposition.

312 (ii) The board of canvassers shall always consist of a quorum of the [legislative]
313 governing body.

314 (c) The canvass of the election results shall be made in public no sooner than seven
315 days after the election and no later than 14 days after the election.

316 (d) The canvass of election results shall be conducted according to the procedures and
317 requirements of Subsection 20A-4-301(3) and Sections 20A-4-302 and 20A-4-303.

318 (e) If a bond proposition is submitted to a vote on the same day as any other election
319 held in the local political subdivision calling the bond election, the [legislative] governing body
320 shall coordinate the date of its canvass with any other board of canvassers appointed under
321 Section 20A-4-301.

322 (2) (a) After the canvass of election returns, the [legislative] governing body shall
323 record in its minutes:

324 (i) an official finding as to the total number of votes cast, the number of affirmative
325 votes, the number of negative votes, the number of challenged voters, the number of challenged
326 voters that were issued a provisional ballot, and the number of provisional ballots that were
327 counted; and

328 (ii) an official finding that the bond proposition was approved or rejected.

329 (b) The [legislative] governing body need not file with the county clerk or with any
330 other official:

331 (i) any statement or certificate of the election results;

332 (ii) any affidavit with respect to the facts pertaining to the election; or

333 (iii) any affidavit pertaining to the indebtedness and valuation of the municipality.

334 (3) The official finding that the majority of the qualified voters of the local political
335 subdivision voting on the bond proposition approved the issuance of the bonds is conclusive in

336 any action or proceeding involving the validity of the election or involving the determination or
337 declaration of the result of the election if the action is filed after the expiration of the period
338 provided in Subsection 20A-4-403(3).

339 Section 8. Section **11-14-301** is amended to read:

340 **11-14-301. Issuance of bonds by governing body -- Computation of indebtedness**
341 **under constitutional and statutory limitations.**

342 (1) If the [~~legislative~~] governing body has declared the bond proposition to have carried
343 and no contest has been filed, or if a contest has been filed and favorably terminated, the
344 [~~legislative~~] governing body may proceed to issue the bonds voted at the election.

345 (2) It is not necessary that all of the bonds be issued at one time, but bonds approved by
346 the voters may not be issued more than ten years after the date of the election.

347 (3) (a) Bonds approved by the voters may not be issued to an amount [~~which~~] that will
348 cause the indebtedness of the local political subdivision to exceed that permitted by the Utah
349 Constitution or statutes.

350 (b) In computing the amount of indebtedness that may be incurred pursuant to
351 constitutional limitations, the constitutionally permitted percentage shall be applied to the fair
352 market value, as defined under Section 59-2-102, of the taxable property in the local political
353 subdivision as computed from the last equalized assessment rolls for state and county purposes
354 prior to the incurring of the additional indebtedness, except that in the case of cities the last
355 equalized assessment rolls for city purposes shall be controlling.

356 (c) In determining the fair market value of the taxable property in the local political
357 subdivision as provided in this section, the value of all tax equivalent property, as defined in
358 Section 59-3-102, shall be included as a part of the total fair market value of taxable property
359 in the local political subdivision, as provided in Title 59, Chapter 3, [~~the~~] Tax Equivalent
360 Property Act.

361 (4) Bonds of improvement districts issued in a manner that they are payable solely
362 from the revenues to be derived from the operation of the facilities of the district may not be
363 included as bonded indebtedness for the purposes of the computation.

364 (5) Where bonds are issued by a city, town, or county payable solely from revenues
365 derived from the operation of revenue-producing facilities of the city, town, or county, or
366 payable solely from a special fund into which are deposited excise taxes levied and collected by

367 the city, town, or county, or excise taxes levied by the state and rebated pursuant to law to the
368 city, town, or county, or any combination of those excise taxes, the bonds shall be included as
369 bonded indebtedness of the city, town, or county only to the extent required by the Utah
370 Constitution, and any bonds not so required to be included as bonded indebtedness of the city,
371 town, or county need not be authorized at an election, except as otherwise provided by the Utah
372 Constitution, the bonds being hereby expressly excluded from the election requirement of
373 Section 11-14-201.

374 (6) A bond election is not void when the amount of bonds authorized at the election
375 exceeded the limitation applicable to the local political subdivision at the time of holding the
376 election, but the bonds may be issued from time to time in an amount within the applicable
377 limitation at the time the bonds are issued.

378 Section 9. Section **11-14-302** is amended to read:

379 **11-14-302. Resolution -- Negotiability -- Registration -- Maturity -- Interest --**
380 **Payment -- Redemption -- Combining issues -- Sale -- Financing plan.**

381 (1) Bonds issued under this chapter shall be authorized by resolution of the [~~legislative~~]
382 governing body, shall be fully negotiable for all purposes, may be made registrable as to
383 principal alone or as to principal and interest, shall mature at such time or times not more than
384 40 years from their date, shall bear interest at such rate or rates, if any, shall be payable at such
385 place or places, shall be in such form, shall be executed in such manner, may be made
386 redeemable prior to maturity at such times and on such terms, shall be sold in such manner and
387 at such prices, either at, in excess of, or below face value, and generally shall be issued in such
388 manner and with such details as may be provided by resolution; it being the express intention
389 of the legislature that interest rate limitations elsewhere appearing in the laws of Utah shall not
390 apply to nor limit the rate of interest on bonds issued under this chapter. The resolution shall
391 specify either the rate or rates of interest, if any, on the bonds or specify the method by which
392 the interest rate or rates on the bonds may be determined while the bonds are outstanding. If
393 the resolution specifies a method by which interest on the bonds may be determined, the
394 resolution shall also specify the maximum rate of interest the bonds may bear. Bonds voted for
395 different purposes by separate propositions at the same or different bond elections may in the
396 discretion of the [~~legislative~~] governing body be combined and offered for sale as one issue of
397 bonds. The resolution providing for this combination and the printed bonds for the combined

398 issue shall separately set forth the amount being issued for each of the purposes provided for in
399 each proposition submitted to the electors. If the local political subdivision has retained a
400 fiscal agent to assist and advise it with respect to the bonds and the fiscal agent has received or
401 is to receive a fee for such services, the bonds may be sold to the fiscal agent but only if the
402 sale is made pursuant to a sealed bid submitted by the fiscal agent at an advertised public sale.

403 (2) (a) All bonds shall be paid by the treasurer of the local political subdivision or the
404 treasurer's duly authorized agent on their respective maturity dates or on the dates fixed for the
405 bonds redemption. All bond coupons, other than coupons cancelled because of the redemption
406 of the bonds to which they apply, shall similarly be paid on their respective dates or as soon
407 thereafter as the bonds or coupons are surrendered.

408 (b) Upon payment of a bond or coupon, the treasurer of the local political subdivision
409 or the treasurer's duly authorized agent, shall perforate the bond or coupon with a device
410 suitable to indicate payment.

411 (c) Any bonds or coupons which have been paid or cancelled may be destroyed by the
412 treasurer of the local political subdivision or by the treasurer's duly authorized agent.

413 (3) Bonds, bond anticipation notes, or tax anticipation notes with maturity dates of one
414 year or less may be authorized by a local political subdivision from time to time pursuant to a
415 plan of financing adopted by the [~~legislative~~] governing body. The plan of financing shall
416 specify the terms and conditions under which the bonds or notes may be issued, sold, and
417 delivered, the officers of the local political subdivision authorized to issue the bonds or notes,
418 the maximum amount of bonds or notes which may be outstanding at any one time, the source
419 or sources of payment of the bonds or notes, and all other details necessary for issuance of the
420 bonds or notes. Subject to the Constitution, the [~~legislative~~] governing body of the local
421 political subdivision may include in the plan of financing the terms and conditions of
422 agreements which may be entered into by the local political subdivision with banking
423 institutions for letters of credit or for standby letters of credit to secure the bonds or notes,
424 including payment from any legally available source of fees, charges, or other amounts coming
425 due under the agreements entered into by the local political subdivision.

426 Section 10. Section **11-14-303** is amended to read:

427 **11-14-303. Bonds, notes, or other evidences of indebtedness of political**
428 **subdivisions exempt from taxation except corporate franchise tax.**

429 All bonds, notes, or other [~~evidences of indebtedness~~] obligations issued under this
 430 chapter or under any other law authorizing the issuance of bonds, notes, or indebtedness by
 431 [~~any county, city, town, school district, public transit district, improvement district, special~~
 432 ~~service district, metropolitan water district, water conservancy district, irrigation district,]~~ a
 433 local political subdivision or any other political subdivision now existing or subsequently
 434 created under the laws of Utah, [~~(f)including[, but not limited to,]~~] bonds payable solely from
 435 special assessments and tax anticipation indebtedness~~}]~~, and the interest on them shall be
 436 exempt from all taxation in this state, except for the corporate franchise tax.

437 Section 11. Section **11-14-304.5** is enacted to read:

438 **11-14-304.5. Recital in bonds -- Incontestability.**

439 (1) In the resolution authorizing bonds to be issued as provided in this chapter or other
 440 applicable law, a local political subdivision may require that the bonds recite that they are
 441 issued under authority of this chapter or other applicable law.

442 (2) (a) A bond recital as provided in Subsection (1) conclusively establishes full
 443 compliance with all the provisions of applicable law.

444 (b) All bonds issued containing a recital as provided in Subsection (1) shall be
 445 incontestable for any reason after their delivery for value.

446 Section 12. Section **11-14-305** is amended to read:

447 **11-14-305. Registration, denominations, and exchange of obligations.**

448 (1) As used in this section, "obligations" means bonds, bond anticipation notes, and tax
 449 anticipation notes.

450 [~~(1)~~] (2) Unless otherwise provided by the local political subdivision, [~~the~~] Title 15,
 451 Chapter 7, Registered Public Obligations Act, governs and applies to all [~~bonds, bond~~
 452 anticipation notes, and tax anticipation notes (bonds, bond anticipation notes and tax
 453 anticipation notes being referred to in this section as "obligations")] obligations issued in
 454 registered form. If [~~the~~] Title 15, Chapter 7, Registered Public Obligations Act, is inapplicable
 455 to an issue of obligations, Subsection [~~(2)~~] (3) governs and applies with respect to such issue.

456 [~~(2)~~] (3) Any obligations issued under this chapter may be issued in denominations [~~of~~
 457 \$100 or any multiple of \$100] as determined by the governing body. The [~~legislative~~]
 458 governing body may provide for the exchange of any of these obligations after issuance for
 459 obligations of larger or smaller denominations in such manner as may be provided in the

460 authorizing resolution, provided the obligations in changed denominations shall be exchanged
461 for the original obligations in like aggregate principal amounts and in such manner that no
462 overlapping interest is paid; and such obligations in changed denominations shall bear interest
463 at the same rate or rates, if any, shall mature on the same date or dates, shall be as nearly as
464 practicable in the same form except for an appropriate recital as to the exchange, and shall in
465 all other respects, except as to denominations and numbers, be identical with the original
466 obligations surrendered for exchange. Where any exchange is made under this section, the
467 obligations surrendered by the holders at the time of exchange shall be cancelled; any such
468 exchange shall be made only at the request of the holders of the obligations to be surrendered;
469 and the [~~legislative~~] governing body may require all expenses incurred in connection with such
470 exchange, including the authorization and issuance of the new obligations, to be paid by such
471 holders.

472 Section 13. Section **11-14-306** is amended to read:

473 **11-14-306. Additional pledge for general obligation bonds -- Revenue bonds --**
474 **Resolution.**

475 (1) To the extent constitutionally permissible, local political subdivisions may pledge
476 as an additional source of payment for their general obligation bonds all or any part of
477 revenues, fees, and charges attributable to the operation or availability of facilities or may issue
478 bonds payable solely from such revenues, fees, or charges.

479 (2) (a) The [~~legislative~~] governing body may issue bonds payable solely from revenues,
480 fees, or charges attributable to extensions and improvements to revenue-producing facilities.

481 (b) If the [~~legislative~~] governing body issues bonds under Subsection (2)(a), the
482 resolution authorizing these bonds shall set forth as a finding of the [~~legislative~~] governing
483 body:

484 (i) the value of the then existing facility and the value of this facility after completion
485 of the extensions or improvements proposed to be constructed; and

486 (ii) that portion of the revenues, fees, or charges derived from the entire facility when
487 the contemplated extensions and improvements are completed which the value of the existing
488 facility bears to the value of the facility after completion shall be considered to be revenue
489 derived from the existing facility and the remainder may be set aside and pledged to the
490 payment of the principal of and interest on the bonds and for the establishment of appropriate

491 reserve fund or funds, and such portion shall be considered to be revenue derived exclusively
492 from the extensions and improvements.

493 (3) (a) Any resolution or trust indenture authorizing bonds to which such revenues,
494 fees, or charges are pledged may contain such covenants with the future holder or holders of
495 the bonds as to the management and operation of the affected facilities, the imposition,
496 collection, and disposition of rates, fees, and charges for commodities and services furnished
497 thereby, the issuance of future bonds, the creation of future liens and encumbrances against the
498 facilities, the carrying of insurance, the keeping of books and records, the deposit and paying
499 out of revenues, fees, or charges and bond proceeds, the appointment and duties of a trustee,
500 and other pertinent matters as may be considered proper by the [legislative] governing body.

501 (b) If the revenue, fee, or charge so pledged involves either sewer or water revenues,
502 fees, or charges or both sewer and water revenues, fees, or charges, provision may be made for
503 charges for sewer services and water services to be billed in a single bill and for the suspension
504 of water or sewer services, or both, to any customer who shall become delinquent in the
505 payment due for either.

506 (c) Provision may be made for the securing of such bonds by a trust indenture, but no
507 such indenture shall convey, mortgage, or create any lien upon property of the local political
508 subdivision.

509 (d) Either the bond resolution or such trust indenture may impose in the holders of the
510 bonds full rights to enforce the provisions thereof, and may include terms and conditions upon
511 which the holders of the bonds or any proportion of them, or a trustee therefor, shall be entitled
512 to the appointment of a receiver who may enter and take possession of the facility or facilities,
513 the revenues, fees, or charges of which are so pledged, and may operate and maintain them,
514 prescribe charges and collect, receive, and apply all revenues, fees, or charges therefrom arising
515 in the same manner as the local political subdivision itself might do.

516 Section 14. Section **11-14-307** is amended to read:

517 **11-14-307. Revenue bonds payable out of excise tax revenues.**

518 (1) To the extent constitutionally permissible, cities, towns, or counties may issue
519 bonds payable solely from a special fund into which are to be deposited excise taxes levied and
520 collected by the city, town, or county, or excise taxes levied by the state and rebated pursuant to
521 law to the city, town, or county, or any combination of those excise taxes, or may pledge all or

522 any part thereof as an additional source of payment for their general obligation bonds.

523 (2) (a) Any resolution authorizing the issuance of bonds payable in whole or in part
524 from the proceeds of excise tax revenues may contain covenants with the holder or holders of
525 the bonds as to the excise tax revenues, the disposition of the excise tax revenues, the issuance
526 of future bonds, and other pertinent matters that are considered necessary by the [~~legislative~~
527 governing] body to assure the marketability of those bonds, provided the covenants are not
528 inconsistent with the provisions of this chapter.

529 (b) The resolution may also include provisions to insure the enforcement, collection,
530 and proper application of excise tax revenues as the [~~legislative~~] governing body may think
531 proper.

532 (c) The proceeds of bonds payable in whole or in part from pledged class B or C road
533 funds shall be used to construct, repair, and maintain streets and roads in accordance with
534 Sections 72-6-108 and 72-6-110 and to fund any reserves and costs incidental to the issuance of
535 the bonds.

536 (d) When any bonds payable from excise tax revenues have been issued, the resolution
537 or other enactment of the legislative body imposing the excise tax and pursuant to which the
538 tax is being collected, the obligation of the [~~legislative~~] governing body to continue to levy,
539 collect, and allocate the excise tax, and to apply the revenues derived therefrom in accordance
540 with the provisions of the authorizing resolution or other enactment, shall be irrevocable until
541 the bonds have been paid in full as to both principal and interest, and is not subject to
542 amendment in any manner which would impair the rights of the holders of those bonds or
543 which would in any way jeopardize the timely payment of principal or interest when due.

544 (3) (a) The state pledges to and agrees with the holders of any bonds issued by a city,
545 town, or county to which the proceeds of excise taxes collected by the state and rebated to the
546 city, town, or county are devoted or pledged as authorized in this section, that the state will not
547 alter, impair, or limit the excise taxes in a manner that reduces the amounts to be rebated to the
548 city, town, or county which are devoted or pledged as authorized in this section until the bonds
549 or other securities, together with applicable interest, are fully met and discharged.

550 (b) Nothing in this Subsection (3) precludes alteration, impairment, or limitation of
551 excise taxes if adequate provision is made by law for the protection of the holders of the bonds.

552 (c) Each city, town, or county may include this pledge and undertaking for the state in

553 those bonds.

554 (4) The outstanding bonds to which excise tax revenues have been pledged as the sole
555 source of payment may not at any one time exceed an amount for which the average annual
556 installments of principal and interest will exceed 80% of the total excise tax revenues received
557 by the issuing entity from the collection or rebate of the excise tax revenues during the fiscal
558 year of the issuing entity immediately preceding the fiscal year in which the resolution
559 authorizing the issuance of bonds is adopted.

560 (5) Bonds issued solely from a special fund into which are to be deposited excise tax
561 revenues constitutes a borrowing solely upon the credit of the excise tax revenues received or
562 to be received by the city, town, or county and does not constitute an indebtedness or pledge of
563 the general credit of the city, town, or county.

564 (6) (a) Before issuing any bonds under this section, a city, town, or county shall:

565 (i) give public notice of its intent to issue the bonds; and

566 (ii) hold a public hearing to receive input from the public with respect to the issuance
567 of the bonds.

568 (b) The city, county, or town shall:

569 (i) publish the notice once each week for two consecutive weeks in the official
570 newspaper as designated under Section 11-14-316, with the first publication being not less than
571 14 days before the public hearing; and

572 (ii) ensure that the notice identifies:

573 (A) the purpose for the issuance of the bonds;

574 (B) the maximum principal amount of the bonds to be issued;

575 (C) the excise taxes proposed to be pledged for repayment of the bonds; and

576 (D) the time, place, and location of the public hearing.

577 (7) A city, town, or county shall submit the question of whether or not to issue any
578 bonds under this section to voters for their approval or rejection if, within 30 calendar days
579 after the notice required by Subsection (6), a written petition requesting an election and signed
580 by at least 20% of the registered voters in the city, town, or county is filed with the city, town,
581 or county.

582 Section 15. Section **11-14-308** is amended to read:

583 **11-14-308. Special service district bonds secured by federal mineral lease**

584 **payments -- Use of bond proceeds -- Bond resolution -- Nonimpairment of appropriation**
585 **formula -- Issuance of bonds.**

586 (1) Special service districts may:

587 (a) issue bonds payable, in whole or in part, from federal mineral lease payments which
588 are to be deposited into the Mineral Lease Account under Section 59-21-1 and distributed to
589 special service districts under Subsection 59-21-2(3)(h); or

590 (b) pledge all or any part of the mineral lease payments referred to in Subsection (1)(a)
591 as an additional source of payment for their general obligation bonds.

592 (2) The proceeds of these bonds may be used:

593 (a) to construct, repair, and maintain streets and roads;

594 (b) to fund any reserves and costs incidental to the issuance of the bonds and pay any
595 associated administrative costs; and

596 (c) for capital projects of the special service district.

597 (3) (a) The special service district board shall enact a resolution authorizing the
598 issuance of bonds which, until the bonds have been paid in full:

599 (i) shall be irrevocable; and

600 (ii) may not be amended in any manner that would:

601 (A) impair the rights of the bond holders; or

602 (B) jeopardize the timely payment of principal or interest when due.

603 (b) Notwithstanding any other provision of this chapter, the resolution may contain
604 covenants with the bond holder regarding:

605 (i) mineral lease payments, or their disposition;

606 (ii) the issuance of future bonds; or

607 (iii) other pertinent matters considered necessary by the [~~legislative~~] governing body

608 to:

609 (A) assure the marketability of the bonds; or

610 (B) insure the enforcement, collection, and proper application of mineral lease
611 payments.

612 (4) (a) Except as provided in Subsection (4)(b), the state may not alter, impair, or limit
613 the statutory appropriation formula provided in Subsection 59-21-2(3)(h), in a manner that
614 reduces the amounts to be distributed to the special service district until the bonds and the

615 interest on the bonds are fully met and discharged. Each special service district may include
616 this pledge and undertaking of the state in these bonds.

617 (b) Nothing in this section:

618 (i) may preclude the alteration, impairment, or limitation of these bonds if adequate
619 provision is made by law for the protection of the bond holders; or

620 (ii) shall be construed:

621 (A) as a pledge guaranteeing the actual dollar amount ultimately received by individual
622 special service districts;

623 (B) to require the Department of Transportation to allocate the mineral lease payments
624 in a manner contrary to the general allocation method described in Subsection 59-21-2(3)(h); or

625 (C) to limit the Department of Transportation in making rules or procedures allocating
626 mineral lease payments pursuant to Subsection 59-21-2(3)(h).

627 (5) (a) The average annual installments of principal and interest on bonds to which
628 mineral lease payments have been pledged as the sole source of payment may not at any one
629 time exceed:

630 (i) 80% of the total mineral lease payments received by the issuing entity during the
631 fiscal year of the issuing entity immediately preceding the fiscal year in which the resolution
632 authorizing the issuance of bonds is adopted; or

633 (ii) if the bonds are issued during the first fiscal year the issuing entity is eligible to
634 receive funds, 60% of the amount estimated by the Department of Transportation to be
635 appropriated to the issuing entity in that fiscal year.

636 (b) The Department of Transportation shall not be liable for any loss or damage
637 resulting from reliance on the estimates.

638 (6) The final maturity date of the bonds may not exceed 15 years from the date of their
639 issuance.

640 (7) Bonds may not be issued under this section after December 31, 2010.

641 (8) Bonds which are payable solely from a special fund into which mineral lease
642 payments are deposited constitute a borrowing based solely upon the credit of the mineral lease
643 payments received or to be received by the special service district and do not constitute an
644 indebtedness or pledge of the general credit of the special service district or the state.

645 Section 16. Section **11-14-310** is amended to read:

646 **11-14-310. General obligation bonds -- Levy and collection of taxes.**

647 (1) Any bonds issued under this chapter in such manner that they are not payable solely
648 from revenues other than those derived from ad valorem taxes are full general obligations of
649 the local political subdivision, for the prompt and punctual payment of principal of and interest
650 on which the full faith and credit of the local political subdivision are pledged, and the local
651 political subdivision is hereby expressly required, regardless of any limitations which may
652 otherwise exist on the amount of taxes which the local political subdivision may levy, to
653 provide for the levy and collection annually of ad valorem taxes without limitation as to rate or
654 amount on all taxable property in the local political subdivision fully sufficient for such
655 purpose. If by law ad valorem taxes for the local political subdivision are levied by a board
656 other than its [~~legislative~~] governing body, the taxes for which provision is herein made shall
657 be levied by such other board and the local political subdivision shall be under the duty in due
658 season in each year to provide such other board with all information necessary to the levy of
659 taxes in the required amount. Such taxes shall be levied and collected by the same officers, at
660 the same time and in the same manner as are other taxes levied for the local political
661 subdivision.

662 (2) If any local political subdivision shall neglect or fail for any reason to levy or
663 collect or cause to be levied or collected sufficient taxes for the prompt and punctual payment
664 of such principal and interest, any person in interest may enforce levy and collection thereof in
665 any court having jurisdiction of the subject matter, and any suit, action or proceeding brought
666 by such person in interest shall be a preferred cause and shall be heard and disposed of without
667 delay. All provisions of the constitution and laws relating to the collection of county and
668 municipal taxes and tax sales shall also apply to and regulate the collection of the taxes levied
669 pursuant to this section, through the officer whose duty it is to collect the taxes and money due
670 the local political subdivision.

671 Section 17. Section **11-14-311** is amended to read:

672 **11-14-311. Bond anticipation notes.**

673 (1) [~~Whenever the legislative~~] (a) If the governing body considers it advisable and in
674 the interests of the local political subdivision to anticipate the issuance of bonds to be issued
675 under this chapter, the [~~legislative~~] governing body may, pursuant to appropriate resolution,
676 issue bond anticipation notes.

677 (b) Each resolution authorizing the issuance of bond anticipation notes shall:
678 [~~(a)~~] (i) describe the bonds in anticipation of which the notes are to be issued; [~~and~~]
679 [~~(b)~~] (ii) specify the principal amount of the notes and the maturity dates of the notes[~~-~~
680 ~~The resolution shall]; and~~
681 (iii) specify either the rates of interest, if any, on the notes or [~~specify~~] the method by
682 which interest on the notes may be determined while the notes are outstanding.

683 (c) If the resolution specifies a method by which the interest rates on the notes may be
684 determined, the resolution may specify the maximum rate of interest which the notes may bear.

685 (2) Bond anticipation notes shall be issued and sold in a manner and at a price, either
686 at, below, or above face value, as the [~~legislative~~] governing body determines by resolution.
687 Interest on bond anticipation notes may be made payable semiannually, annually, or at
688 maturity. Bond anticipation notes may be made redeemable prior to maturity at the option of
689 the [~~legislative~~] governing body in the manner and upon the terms fixed by the resolution
690 authorizing their issuance. Bond anticipation notes shall be executed and shall be in a form
691 and have details and terms as provided in the authorizing resolution.

692 (3) Contemporaneously with the issuance of the bonds in anticipation of which bond
693 anticipation notes are issued, provision shall be made for the retirement of any outstanding
694 bond anticipation notes.

695 (4) Whenever the bonds in anticipation of which notes are issued are to be payable
696 from ad valorem taxes and constitute full general obligations of the local political subdivision,
697 the bond anticipation notes and the interest on them shall be secured by a pledge of the full
698 faith and credit of the local political subdivision in the manner provided in Section 11-14-310
699 and shall also be made payable from funds derived from the sale of the bonds in anticipation of
700 which the notes are issued. Whenever the bonds in anticipation of which the notes are to be
701 issued are to be payable solely from revenues derived from the operation of revenue-producing
702 facilities, these bond anticipation notes and the interest on them shall be secured by a pledge of
703 the income and revenues derived by the local political subdivision from the revenue-producing
704 facilities and shall also be made payable from funds derived from the sale of the bonds in
705 anticipation of which the notes are issued.

706 (5) Bond anticipation notes issued under this section may be refunded by the issuance
707 of other bond anticipation notes issued under this section.

708 (6) Sections 11-14-304, 11-14-305, 11-14-315, 11-14-316, and 11-14-401 apply to all
709 bond anticipation notes issued under this section.

710 (7) Bonds are not considered to have been issued more than ten years after the date of
711 the election authorizing the issuance of them, under Section 11-14-301, if the issuance of these
712 bonds has been anticipated under this section by bond anticipation notes issued prior to the
713 expiration of this ten-year period.

714 Section 18. Section **11-14-312** is amended to read:

715 **11-14-312. Prior bonds validated -- Exceptions.**

716 All bonds issued by any local political subdivision [~~prior to the effective date of this~~
717 ~~chapter~~] before May 1, 2006, and all proceedings had in the authorization and issuance of them
718 are hereby validated, ratified, and confirmed; and all such bonds are declared to constitute
719 legally binding obligations in accordance with their terms. Nothing in this section shall be
720 construed to affect or validate any bonds, the legality of which is being contested [~~at the time~~
721 ~~this chapter takes effect~~] as of May 1, 2006.

722 Section 19. Section **11-14-313** is amended to read:

723 **11-14-313. Issuance of negotiable notes or bonds authorized -- Limitation on**
724 **amount of tax anticipation notes or bonds -- Procedure.**

725 (1) (a) For the purpose of meeting the current expenses of the local political
726 subdivision and for any other purpose for which funds of the local political subdivision may be
727 expended, [~~the legislative~~] a local political subdivision may, if authorized by a resolution of its
728 governing body [may], borrow money by issuing its negotiable notes or bonds in an initial
729 principal amount:

730 (i) not in excess of 90% of the taxes and other revenues of the local political
731 subdivision for the current fiscal year, [~~issuing therefor negotiable notes or bonds of the local~~
732 ~~political subdivision. In the event that such~~] if the notes or bonds are issued after the annual
733 tax levy for taxes falling due during the fiscal year in which the notes or bonds are issued;

734 (ii) not in excess of 75% of the taxes and other revenues of the local political
735 subdivision for the preceding fiscal year, if the notes or bonds are issued prior to the annual tax
736 levy for taxes falling due during the fiscal year in which [such indebtedness is contracted, the
737 amount so] the bonds or notes are issued [shall not exceed 75% of the tax revenues and other
738 revenues of the preceding year, and the]; or

739 (iii) not in excess of 75% of the taxes and other revenues that the governing body of
740 the local political subdivision estimates that the local political subdivision will receive for the
741 current fiscal year, if the notes or bonds are issued within 24 months following the creation of
742 the local political subdivision.

743 (b) The proceeds of the notes or bonds shall be applied only in payment of current and
744 necessary expenses and other purposes for which funds of the local political subdivision may
745 be expended~~[, and there]~~.

746 (c) There shall be included in the annual levy a tax and there shall be provision made
747 for the imposition and collection of sufficient revenues other than taxes sufficient to pay the
748 [same] notes or bonds at maturity. [In the event that]

749 (d) If the taxes and other revenues in any one year are insufficient through delinquency
750 or uncollectibility of taxes or other cause to pay when due all the lawful debts of the local
751 political subdivision which have been or may hereafter be contracted, the [legislative]
752 governing body of the local political subdivision is authorized and directed to levy and collect
753 in the next succeeding year a sufficient tax and to provide for the imposition and collection of
754 sufficient revenues other than taxes to pay all of such lawfully contracted indebtedness, and
755 may borrow as provided in this section in anticipation of such tax and other revenues to pay
756 any such lawfully contracted indebtedness.

757 (e) Each resolution authorizing the issuance of tax anticipation notes or bonds shall:

758 ~~[(a)]~~ (i) describe the taxes or revenues in anticipation of which the notes or bonds are
759 to be issued; and

760 ~~[(b)]~~ (ii) specify the principal amount of the notes or bonds, [the] any interest rates, [if
761 any, (including a variable interest rate)], the notes or bonds shall bear, and the maturity dates
762 of the notes or bonds, which dates shall not extend beyond the last day of the issuing local
763 political subdivision's fiscal year.

764 (2) Tax anticipation notes or bonds shall be issued and sold in such manner and at such
765 prices, [whether at, below, or above face value], as the [legislative] governing body shall by
766 resolution determine. Tax anticipation notes or bonds shall be in bearer form, except that the
767 [legislative] governing body may provide for the registration of the notes or bonds in the name
768 of the owner, either as to principal alone, or as to principal and interest. Tax anticipation notes
769 or bonds may be made redeemable prior to maturity at the option of the [legislative] governing

770 body in the manner and upon the terms fixed by the resolution authorizing their issuance. Tax
771 anticipation notes or bonds shall be executed and shall be in such form and have such details
772 and terms as shall be provided in the authorizing resolution.

773 (3) The provisions of Sections 11-14-303, 11-14-304, 11-14-305, 11-14-313,
774 11-14-315, 11-14-316, 11-14-401, 11-14-403, and 11-14-404 shall apply to all tax anticipation
775 notes or bonds issued under this section. In applying these sections to tax anticipation notes,
776 "bond" or "bonds" as used in these sections shall be deemed to include tax anticipation notes.

777 Section 20. Section **11-14-314** is amended to read:

778 **11-14-314. Tax anticipation obligations validated.**

779 All obligations issued in anticipation of the collection of taxes and other revenues by
780 any local political subdivision [~~prior to the effective date of this chapter~~] before May 1, 2006,
781 and all proceedings had in the authorization and issuance of them are validated, ratified, and
782 confirmed; and all these obligations are declared to constitute legally binding obligations in
783 accordance with their terms. Nothing in this section shall be construed to affect or validate any
784 of these obligations, the legality of which is being contested [~~at the time this chapter takes~~
785 ~~effect~~] as of May 1, 2006.

786 Section 21. Section **11-14-315** is amended to read:

787 **11-14-315. Nature and validity of bonds issued -- Applicability of other statutory**
788 **provisions -- Budget provision required -- Applicable procedures for issuance.**

789 Bonds issued under this chapter shall have all the qualities of negotiable paper, shall be
790 incontestable in the hands of bona fide purchasers or holders for value and shall not be invalid
791 for any irregularity or defect in the proceedings for their issuance and sale. This chapter is
792 intended to afford an alternative method for the issuance of bonds by local political
793 subdivisions and shall not be so construed as to deprive any local political subdivision of the
794 right to issue its bonds under authority of any other statute, but nevertheless this chapter shall
795 constitute full authority for the issue and sale of bonds by local political subdivisions. The
796 provisions of Section 11-1-1, Utah Code Annotated 1953, shall not be applicable to bonds
797 issued under this chapter. Any local political subdivision subject to the provisions of any
798 budget law shall in its annual budget make proper provision for the payment of principal and
799 interest currently falling due on bonds issued hereunder, but no provision need be made in any
800 such budget prior to the issuance of the bonds for the issuance thereof or for the expenditure of

801 the proceeds thereof. No ordinance, resolution or proceeding in respect to the issuance of
802 bonds hereunder shall be necessary except as herein specifically required, nor shall the
803 publication of any resolution, proceeding or notice relating to the issuance of the bonds be
804 necessary except as herein required. Any publication made hereunder may be made in any
805 newspaper conforming to the terms hereof in which legal notices may be published under the
806 laws of Utah, without regard to the designation thereof as the official journal or newspaper of
807 the local political subdivision. No resolution adopted or proceeding taken hereunder shall be
808 subject to referendum petition or to an election other than as herein required. All proceedings
809 adopted hereunder may be adopted on a single reading at any legally convened meeting of the
810 [~~legislative~~] governing body.

811 Section 22. Section **11-14-316** is amended to read:

812 **11-14-316. Publication of notice, resolution, or other proceeding -- Contest.**

813 (1) The [~~legislative~~] governing body of any local political subdivision may provide for
814 the publication of any resolution or other proceeding adopted under this chapter in a newspaper
815 having general circulation in the local political subdivision.

816 (2) When publication involves a resolution or other proceeding providing for the
817 issuance of bonds, the [~~legislative~~] governing body may, in lieu of publishing the entire
818 resolution or other proceeding, publish a notice of bonds to be issued, titled as such,
819 containing:

820 (a) the name of the issuer;

821 (b) the purpose of the issue;

822 (c) the type of bonds and the maximum principal amount which may be issued;

823 (d) the maximum number of years over which the bonds may mature;

824 (e) the maximum interest rate which the bonds may bear, if any;

825 (f) the maximum discount from par, expressed as a percentage of principal amount, at
826 which the bonds may be sold; and

827 (g) the times and place where a copy of the resolution or other proceeding may be
828 examined, which shall be:

829 (i) at an office of the issuer;

830 (ii) identified in the notice;

831 (iii) during regular business hours of the issuer as described in the notice; and

- 832 (iv) for a period of at least 30 days after the publication of the notice.
- 833 (3) For a period of 30 days after the publication, any person in interest may contest:
- 834 (a) the legality of such resolution or proceeding;
- 835 (b) any bonds which may be authorized by such resolution or proceeding; or
- 836 (c) any provisions made for the security and payment of the bonds.
- 837 (4) A person shall contest the matters set forth in Subsection (3) by filing a verified
- 838 written complaint in the district court of the county in which he resides within the 30-day
- 839 period.

840 (5) After the 30-day period, no person may contest the regularity, formality, or legality

841 of the resolution or proceeding for any reason.

842 Section 23. Section **11-14-317** is enacted to read:

843 **11-14-317. Bonds as legal investments -- Use as security for the faithful**

844 **performance of acts.**

845 (1) All bonds issued under this chapter or other applicable law shall be legal

846 investments for:

- 847 (a) all trust funds, including those under the jurisdiction of the state;
- 848 (b) the funds of all insurance companies, banks, and both commercial and savings and
- 849 trust companies;
- 850 (c) the state school funds; and
- 851 (d) all sinking funds under the control of the state treasurer.

852 (2) If funds may by law be invested in or loaned upon the security of bonds of a county,

853 city, or school district, funds may be invested in or loaned upon the security of the bonds of any

854 other local political subdivision.

855 (3) If bonds of a county, city, or school district may by law be used as security for the

856 faithful performance on execution of any court or private trust or any other act, the bonds of

857 any other local political subdivision may be used in the same way.

858 Section 24. Section **11-14-405** is amended to read:

859 **11-14-405. Validity of prior bond issues.**

860 All bonds issued by any local political subdivision [~~prior to the effective date of this~~

861 ~~chapter~~] before May 1, 2006, and all proceedings had in the authorization and issuance

862 [~~thereof~~] of those bonds are hereby validated, ratified, and confirmed, and all [~~such~~] those

863 bonds are declared to constitute legally binding obligations in accordance with their terms.
864 Nothing in this section [~~shall~~] may be construed to affect or validate any bonds, the legality of
865 which is being contested [~~at the time this chapter takes effect~~] as of May 1, 2006.

866 Section 25. Section **11-14-406** is amended to read:

867 **11-14-406. Application of chapter.**

868 Sections 11-14-201, 11-14-202, 11-14-203, 11-14-204, 11-14-205, and 11-14-207 shall
869 apply to all bond elections held by any [~~city, town, county, school district, public transit~~
870 ~~district, improvement district under Title 17A, Chapter 2, Part 3, special service district~~
871 ~~operating under authority of the Utah Special Service District Act, water conservancy district,~~
872 ~~metropolitan water district]~~ local political subdivision and, except as otherwise provided in
873 Section 11-14-402, by any other taxing district or governmental entity whether or not the bonds
874 are issued under authority granted by this chapter.

875 Section 26. Section **17A-2-103** is amended to read:

876 **17A-2-103. Conclusive presumption regarding creation and existence.**

877 Notwithstanding any other provision of law, an independent special district under this
878 chapter [~~created on or after May 4, 1999~~] shall be conclusively presumed to have been lawfully
879 created and existing if:

880 (1) for two years following the district's creation:

881 (a) the district has:

882 (i) levied and collected a tax; or

883 (ii) collected a fee, charge, assessment, or tax increment for a commodity, service,
884 facility, or improvement provided by the district; and

885 (b) no challenge has been filed in court to the existence or creation of the district; and

886 (2) the district has complied with Subsections 17A-1-102(1) and 17A-1-504(1).

887 Section 27. Section **17A-2-223** is amended to read:

888 **17A-2-223. Power of board to incur indebtedness.**

889 [~~The cemetery maintenance board or other officers of the district have no power to~~
890 ~~incur any debt or liability either by issuing bonds or otherwise in excess of the express~~
891 ~~provisions of this part and any debt or liability incurred in excess of these provisions is void;~~
892 ~~but for the purpose of organization or for]~~

893 (1) For any of the purposes of this part and subject to Subsections (2) and (3), the

894 [~~cemetery maintenance~~] board of trustees of a cemetery maintenance district may~~[-before~~
 895 ~~making the tax levy in the first year after the organization;]~~ incur an indebtedness not
 896 exceeding in the aggregate a sum equal to .0001 per dollar of taxable value of taxable property
 897 within the district.

898 (2) A board of trustees of a cemetery maintenance district may not issue bonds of the
 899 district payable in whole or in part from property taxes unless the proposed bond issuance is
 900 approved by a majority of the district voters voting at an election held for that purpose as
 901 provided in Title 11, Chapter 14, Local Government Bonding Act.

902 (3) The issuance of notes or bonds by the board of trustees of a cemetery maintenance
 903 district is governed by Title 11, Chapter 14, Local Government Bonding Act.

904 Section 28. Section **17A-2-315** is amended to read:

905 **17A-2-315. Publication of resolution or proceeding -- Right to contest legality.**

906 The board of trustees may provide for the publication of any resolution or other
 907 proceeding adopted by the board in a newspaper published in or having general circulation in
 908 the district. For a period of 30 days after the date of [~~such~~] the publication, any person in
 909 interest [~~shall have the right to~~] may contest the legality of [~~such~~] the resolution or
 910 [~~proceedings or any bonds which may be authorized thereby or by the provisions made for the~~
 911 ~~security and payment of any such bonds~~] proceeding, and after [~~such time~~] that 30-day period
 912 no one [~~shall have any cause of action to~~] may contest the regularity, formality, or legality
 913 [~~thereof~~] of the resolution or proceeding for any cause whatsoever.

914 Section 29. Section **17A-2-317** is amended to read:

915 **17A-2-317. Ratification of districts created under prior laws -- Issuance of**
 916 **authorized bonds -- Amendatory proceedings.**

917 [~~Whenever any~~] (1) If a district has been [~~heretofore~~] created or purported to be created
 918 under [~~authority of~~] Chapter 25, Laws of Utah 1947, Chapter 24, Laws of Utah 1949, or [~~the~~
 919 ~~act hereby amended and where proceedings have been adopted by the governing body of such~~
 920 ~~district for the purpose of authorizing the bonds of such district, whether or not such bonds are~~
 921 ~~payable from operating revenues or from taxes or both, and whether or not such bonds have~~
 922 ~~been heretofore delivered~~] this part, all proceedings had in connection with the creation of
 923 [~~such~~] the district~~[-]~~ and the organization of the district's governing body [~~thereof, and all~~
 924 ~~proceedings had in connection with the authorization of such bonds, and, when duly delivered~~

925 and paid for as required by such proceedings, ~~the bonds themselves~~] are hereby validated,
926 ratified, and declared to be binding and effective in accordance with their terms
927 notwithstanding any failure to comply with any one or more pertinent statutory provisions and
928 notwithstanding whether such proceedings have been continuously in effect from the date of
929 their adoption to the date of the passage of this part.

930 ~~[As to each district coming within the purview of this section which has heretofore~~
931 ~~authorized bonds which have not yet been issued, the governing body of such district is hereby~~
932 ~~authorized and empowered to do all things necessary to the issuance of such bonds and to the~~
933 ~~performance and carrying out of the contracts of such district, and such things may be done and~~
934 ~~such bonds when issued shall benefit from the curative provisions of this section whether or~~
935 ~~not changes in the details of the bonds and in the proceedings authorizing the issuance thereof~~
936 ~~have been made since the original adoption thereof or may hereafter be made and without~~
937 ~~regard to the nature of such changes.]~~

938 ~~[Where any]~~ (2) (a) If a district has been ~~[originally initiated or]~~ created under
939 ~~[authority of either]~~ this part or Chapter 3, Part 2, County Improvement District Act, the
940 governing authority of ~~[such]~~ the district may ~~[proceed to]~~ issue bonds and operate facilities
941 under the authority of the law under which it was created or may, if in so doing provision is
942 made for the payment in full of all expenses and obligations ~~[heretofore]~~ incurred by ~~[such]~~ the
943 district for legal, engineering, fiscal agent's and other proper services, make such changes and
944 amendments in the proceedings for the authorization of ~~[such]~~ the bonds as may be necessary
945 to effect the authorization and issuance of ~~[such]~~ the bonds under ~~[the provisions of]~~ this part
946 ~~[as amended]~~, and to that end, may increase or decrease the amount of bonds so authorized,
947 may make such bonds payable in whole or in part from the operating revenues of the district or
948 from taxes or both as ~~[herein]~~ provided in this part, and may make any other changes in ~~[such]~~
949 the proceedings it may ~~[deem]~~ consider to be in the best interests of the district.

950 (b) If any such change has the effect of pledging or allocating to the payment of any
951 such bond taxes to be levied by such district, such amendatory proceedings shall become
952 effective only when there shall have been given notice of a public hearing by publishing notice
953 once a week for three successive weeks in a newspaper of general circulation in each county
954 that contains some or all of the district, and when the hearing has been held and appeals taken
955 therefrom, if any, terminated. For the purpose of this section, the county legislative body under

956 districts initiated or created under said Chapter 3, Part 2, County Improvement District Act,
957 shall at its option, if it elects hereafter to proceed hereunder, exercise all duties and functions
958 provided by this part to be exercised by the board of trustees of any district created hereunder
959 or may cause an election to be held for the election of trustees in accordance with the
960 provisions of this part.

961 Section 30. Section **17A-2-423** is amended to read:

962 **17A-2-423. Resolution calling election for issuing general obligation and revenue**
963 **bonds.**

964 (1) (a) ~~[If under the foregoing provisions the board is authorized to call an election on~~
965 ~~the issuance of the bonds, the] The board [shall] of trustees of a county service area may adopt~~
966 a resolution directing that an election be held in the county [~~or~~] service area~~[, as the case may~~
967 ~~be, for the purpose of determining] to determine whether bonds in the amount, for the purpose,~~
968 and with the maximum maturity specified in the resolution, [~~shall~~] should be issued. [~~A~~
969 ~~proposition for issuing general obligation bonds and a proposition for issuing revenue bonds, or~~
970 ~~any combination thereof, may be submitted at the same election.]~~

971 (b) An election is not required for the issuance of bonds payable solely from revenues
972 derived from the county service area's commodities, services, or facilities.

973 (2) (a) Adoption of the resolution calling the election, determination of voters'
974 qualifications, notice and conduct of the election, and the canvass of election results shall be
975 accomplished in the manner prescribed in Title 11, Chapter 14, Local Government Bonding
976 Act. [~~The board, for~~

977 (b) For purposes of the election, the board of trustees may:

978 (i) treat the entire district as a single precinct or divide the district into several
979 precincts; and [it may]

980 (ii) fix [such] the polling places as [it] the board considers appropriate.

981 (3) (a) General obligation bonds of a county service area may not be issued if the
982 amount of the bonds, when added to the then outstanding amount of general obligation bonds
983 of the county service area, exceeds 12% of the fair market value, as defined in Section
984 59-2-102, of the taxable property in the county service area.

985 (b) For purposes of this Subsection (3):

986 (i) the fair market value of all taxable equivalent property, as defined in Section

987 59-3-102, shall be included as part of the fair market value of taxable property in the county
988 service area; and

989 (ii) the fair market value shall be computed from the taxable value shown on the
990 assessment rolls of the county in which the county service area is located as last equalized prior
991 to the issuance of the bonds and by converting the taxable value to fair market value, using the
992 appropriate multiple based on the statutory assessment ratio provided by law.

993 (c) Tax anticipation notes, bond anticipation notes, and other bonds of a county service
994 area payable solely from revenues derived from the operation of the county service area's
995 commodities, services, or facilities may not be included in the calculation of the limit on the
996 amount of outstanding general obligation bonds under Subsection (3)(a).

997 Section 31. Section 17A-2-424 is amended to read:

998 **17A-2-424. Issuance of bonds -- Bonds as general obligations -- Tax levy --**
999 **Resolution for issuance and disposal of bonds -- Time for issuance of full amount.**

1000 (1) (a) If a majority of the qualified [~~electors~~] voters voting [~~thereon shall~~] at an
1001 election held pursuant to a resolution of the board of trustees adopted under Section 17A-2-423
1002 vote in favor of incurring the indebtedness as proposed, the board of trustees [~~shall~~] may
1003 proceed to issue the bonds in the amount of money specified or [~~such~~] in a lesser amount as it
1004 may determine. [~~The bonds shall be issued~~]

1005 (b) (i) If the board of trustees issues bonds as provided in Subsection (1)(a), the board
1006 shall issue the bonds for the purpose or purposes provided in the voted proposition, which may
1007 be for the acquisition, construction, or installation of any facility or property, including water
1008 and water rights, required or [~~deemed~~] considered necessary to supply any of the [~~extended~~]
1009 services referred to in Section 17A-2-403 or any part or combination [~~thereof~~] of those
1010 services, or for maintaining, repairing, improving, and extending the facility or property or
1011 combination of facilities and property.

1012 (ii) The proceeds of the bonds may also be used for the payment of all legal,
1013 engineering, and fiscal agent expenses reasonably incurred in connection with the construction,
1014 installation, improving, maintaining, repairing, and extending of the facilities or property and
1015 with the authorization and issuance of the bonds.

1016 (2) (a) Improvements in county service areas may be financed either entirely from ad
1017 valorem taxes or entirely from revenue of all or part of the facilities and property of the service

1018 area or in whole or in part from both ad valorem taxes and operating revenues.

1019 (b) All bonds of the county service area [~~which~~] that are not payable solely from the
1020 revenues of the county service area [~~or from taxes proportionately levied on property benefited~~
1021 ~~by the improvements~~] shall be the general obligations of the county service area, and the full
1022 faith, credit, and resources of the county service area shall be pledged for the payment [~~thereof~~]
1023 of the bonds. [~~Regardless of any limitations contained elsewhere in the laws of Utah and this~~
1024 ~~part, including Section 17A-2-414, it shall be the duty of the~~]

1025 (c) (i) Notwithstanding any other provision of law, the board of trustees [to] shall cause
1026 taxes to be levied annually on all taxable property in the county service area in the manner
1027 provided in Section 17A-2-414 but without regard to the limitation on rate [~~therein~~] set forth[;
1028 ~~which with~~] in that section.

1029 (ii) The taxes levied as provided in Subsection (2)(c)(i) shall be fully sufficient: [(a)]

1030 (A) to pay the interest on [~~such indebtedness~~] the bonds as it falls due; and [(b)]

1031 (B) to constitute a sinking fund for the payment of the principal [~~thereof~~] on the bonds
1032 within the time for which [~~such~~] the bonds are issued.

1033 [~~(3) The board of trustees shall provide by resolution for the issuance and disposal of~~
1034 ~~the bonds. The bonds may bear interest at such rate or rates and may be sold at public or~~
1035 ~~private sale, in such manner, and at such prices, either at, in excess of, or below the face value~~
1036 ~~thereof as may be provided in the resolution. The bonds may be made redeemable in advance~~
1037 ~~of maturity at such times and with such premium and may be issued for such period not~~
1038 ~~exceeding 40 years as may be provided in the resolution. The bonds may be either serial or~~
1039 ~~term bonds and may be in registered or coupon form.]~~

1040 [(4) ~~If the board of trustees does not issue the full amount of the bonds stated in the~~
1041 ~~proposition approved by the electors, all or any part of the remainder so authorized may be~~
1042 ~~issued at any time not later than three years after the date of the election at which the~~
1043 ~~proposition was approved.]~~

1044 (3) If the board of trustees of a county service area issues bonds approved at an election
1045 held pursuant to a resolution adopted under Section 17A-2-423, the board shall issue the bonds
1046 as provided in Title 11, Chapter 14, Local Government Bonding Act.

1047 Section 32. Section 17A-2-426 is amended to read:

1048 **17A-2-426. Refunding bonds.**

1049 ~~[Any bonds]~~ Bonds issued by ~~[any]~~ a county service area may be refunded ~~[pursuant to~~
1050 ~~resolutions adopted by the board of trustees in the manner provided by this part for the issuance~~
1051 ~~of other bonds except that no hearing or election need be held in order to issue refunding~~
1052 ~~bonds. Refunding bonds so issued may be secured in the manner and may be made payable~~
1053 ~~from those sources as may be provided in the resolution authorizing their issuance except that~~
1054 ~~bonds payable solely from the revenues of the service area may not be refunded into bonds~~
1055 ~~payable in whole or in part from taxes. Refunding bonds so issued may be sold at public or~~
1056 ~~private sale or may be exchanged for the bonds to be refunded. If sold, the proceeds of the sale~~
1057 ~~may be escrowed for the payment of the bonds to be refunded in such manner as may be~~
1058 ~~authorized in the resolution authorizing the refunding bonds. No bonds may be refunded~~
1059 ~~unless they either mature or are callable for redemption under their terms within 12 months~~
1060 ~~from the date of issuance of the refunding bonds, or unless the holders of said bonds~~
1061 ~~voluntarily surrender them for exchange or payment]~~ as provided in Title 11, Chapter 27, Utah
1062 Refunding Bond Act.

1063 Section 33. Section **17A-2-428** is amended to read:

1064 **17A-2-428. Tax anticipation notes.**

1065 (1) The board of trustees of a county service area may issue notes in anticipation of the
1066 receipt of taxes levied and revenues to be collected under this part. ~~[The amount of notes so~~
1067 ~~issued shall not exceed 75% of the tax revenues and other revenues of the preceding year, and~~
1068 ~~the proceeds shall be applied only to pay current and necessary expenses and for other purposes~~
1069 ~~for which funds for the service area may be expended, and there shall be included in the annual~~
1070 ~~levy a tax in connection with which provision is made for the imposition and collection of~~
1071 ~~sufficient revenues.]~~

1072 ~~[(2) Each resolution authorizing the issuance of tax anticipation notes shall:]~~

1073 ~~[(a) describe the taxes or revenues in anticipation of which the notes are to be issued;~~
1074 ~~and]~~

1075 ~~[(b) specify the principal amount of the notes, their rate of interest, which may be~~
1076 ~~variable, and their maturity date, which shall not extend beyond the last day of the fiscal year of~~
1077 ~~the issuing service area.]~~

1078 ~~[(3) Tax anticipation notes shall be issued and sold in such manner and at such price~~
1079 ~~(whether at, below, or above face value), as the board of trustees shall by resolution determine.~~

1080 Tax anticipation notes shall be in bearer form, except that the board of trustees may provide for
1081 the registration of the notes in the name of the owner, either as to principal alone, or as to
1082 principal and interest. Tax anticipation notes may be made redeemable prior to maturity at the
1083 option of the board of trustees in the manner and upon the terms fixed by the resolution
1084 authorizing their issuance. Tax anticipation notes shall be executed and shall be in such form
1085 and have such details and terms as shall be provided for in the authorizing resolution.]

1086 [(4) The provisions of Sections 11-14-303, 11-14-304, 11-14-305, 11-14-313,
1087 11-14-315, 11-14-316, 11-14-401, 11-14-403, and 11-14-404 shall apply to all tax anticipation
1088 notes issued under this section. In applying these sections to tax anticipation notes, "bond" or
1089 "bonds" as used in these sections shall be deemed to include tax anticipation notes.]

1090 (2) Notes issued under Subsection (1) shall be issued as provided in Title 11, Chapter
1091 14, Local Government Bonding Act.

1092 Section 34. Section 17A-2-429 is repealed and reenacted to read:

1093 **17A-2-429. Property and bonds exempt from taxation except corporate franchise**
1094 **tax and inheritance taxes.**

1095 Property owned by a county service area is exempt from any general ad valorem tax.

1096 Section 35. Section 17A-2-431 is amended to read:

1097 **17A-2-431. Publication of resolutions or other proceedings adopted by board --**
1098 **Time limit for contesting legality.**

1099 (1) The board of trustees may provide for the publication once of any resolution or
1100 other proceeding adopted by the board in a newspaper of general circulation in the service area.

1101 (2) (a) For a period of 30 days after the date of publication, any person in interest [~~shall~~
1102 ~~have the right to~~] may contest the legality of the resolution or proceeding [~~or any bonds which~~
1103 ~~may be authorized thereby~~] by a proper proceeding in the district court of the county in which
1104 the service area is located [~~and after such time no one shall have any cause of action to~~].

1105 (b) After that 30-day period, no one may contest the regularity, formality, or legality of
1106 any resolution or proceeding for any cause whatsoever.

1107 Section 36. Section 17A-2-543 is amended to read:

1108 **17A-2-543. Contractual powers -- Bond issues -- Elections -- Limitations -- Uses.**

1109 [~~Whenever the~~] (1) The board of trustees [~~considers it expedient it shall have power~~]
1110 may, for the purpose of constructing drains, drainage canals, and other required improvements

1111 necessary to drain lands in the district or conserve the public health or welfare, [to] make a
1112 contract or contracts with the United States providing for the repayment of the principal and
1113 such other sums due [~~thereunder~~] under the contract at such times as may be agreed upon, or to
1114 issue bonds of the district [~~to run not less than five years nor more than 40 years, and to bear~~
1115 ~~interest, payable semiannually, at a rate not exceeding 8% per annum to be called "drainage~~
1116 ~~district bonds," which bonds shall not be sold for less than 90% of their par value, and the~~
1117 ~~proceeds of which~~] as provided in Title 11, Chapter 14, Local Government Bonding Act.

1118 (2) The proceeds of any bonds issued as provided in Subsection (1) shall be used for no
1119 other purpose than paying the cost of constructing [~~such~~] drains, drainage canals, or other like
1120 work considered necessary to drain lands within the district, or conserve the public health or
1121 welfare.

1122 (3) Before [~~such~~] a contract [~~or contracts shall~~] may be made or bonds [~~shall~~] may be
1123 issued, [~~the board of trustees shall request the county legislative body to order, and the county~~
1124 ~~legislative body shall at once order a special election on the question of the issuance of bonds.~~
1125 ~~The persons authorized to vote in, the giving of notice, the forms of ballots, and the manner of~~
1126 ~~holding the election, and canvassing the results of the~~] as provided in Subsection (1), an
1127 election[;] on the proposed contract or bond issuance shall be held as provided in Title 11,
1128 Chapter 14, Local Government Bonding Act. [~~The expenses of such election shall be paid out~~
1129 ~~of the funds belonging to the drainage district. The terms and times of payment of the bonds so~~
1130 ~~issued shall be fixed by the board of trustees. The bonds shall be issued for the benefit of the~~
1131 ~~district authorizing the issue and shall bear the name and number of the district. The board of~~
1132 ~~trustees shall keep a record of the bonds issued and sold or otherwise disposed of, and such~~
1133 ~~record will also show the lands embraced in the district.] In no case shall the amount of bonds~~
1134 exceed the benefits assessed. [~~Each bond issued shall show expressly upon its face that it is to~~
1135 ~~be paid by a tax assessed, levied, and collected on the lands within the drainage district. The~~
1136 ~~board of trustees shall, by resolution, provide for the issuance and disposal of such bonds and~~
1137 ~~for the payment of the interest thereon, the creation of a sinking fund for the ultimate~~
1138 ~~redemption thereof, and for the date and manner of the redemption of the bonds. The board of~~
1139 ~~trustees may sell or dispose of the bonds either at public or private sale. Before making any~~
1140 ~~such sale, either private or public, the board of trustees shall give due notice of their intention~~
1141 ~~to sell or dispose of the bonds, by publishing notice of sale at least once a week for four~~

1142 consecutive weeks in some newspaper having general circulation in the state and in the county
1143 where the district is situated, and by publishing in any other publication they consider
1144 advisable. The notice shall state that sealed proposals will be received by the board of trustees
1145 at their office, for the purchase of the bonds, until the day and hour fixed by the board of
1146 trustees. At the time appointed the board of trustees shall open the proposals, and award the
1147 purchase of the bonds to the highest responsible bidder, or may reject all bids. In case no bid is
1148 made and accepted as above provided, the board of trustees is hereby authorized to use the
1149 bonds for the construction of any ditches, drain or drains, drainage canal or drainage canals, or
1150 any other required improvement considered necessary to drain lands or for the public health or
1151 welfare.]

1152 Section 37. Section 17A-2-908 is amended to read:

1153 **17A-2-908. Powers of board of trustees.**

1154 (1) The board of trustees may:

1155 [(1)] (a) take all necessary and proper steps for the extermination of mosquitoes, flies,
1156 crickets, grasshoppers, and other insects within the district and to abate as nuisances all
1157 stagnant pools of water and other breeding places for mosquitoes, flies, crickets, grasshoppers,
1158 or other insects anywhere in the state situated so that mosquitoes therefrom may migrate into
1159 the district;

1160 [(2)] (b) enter upon territory referred to in Subsection (1)(a) to inspect and examine the
1161 same, and remove therefrom without notice, stagnant water or other breeding places for
1162 mosquitoes, flies, crickets, grasshoppers, or other insects;

1163 [(3)] (c) purchase such supplies and materials and employ labor necessary or proper in
1164 furtherance of the purposes of this part, and if necessary or proper, build, construct, repair, and
1165 maintain necessary levees, cuts, canals, or channels upon any land within the district, and
1166 acquire by purchase, condemnation, or other lawful means in the name of the district any
1167 necessary lands, rights-of-way, easements, property, or materials requisite or necessary for any
1168 of such purposes; and

1169 [(4)] (d) make contracts to indemnify or compensate any owner of land or other
1170 property for any injury or damage necessarily caused by the exercise of its powers or arising
1171 out of the use, taking, or damage of property for any such purposes and generally to do any and
1172 all things necessary or incident to its powers and to carry out the purposes of this part.

1173 (2) (a) For any of the purposes of this part and subject to Subsections (2)(b) and (c), the
1174 board of trustees may incur indebtedness not exceeding in the aggregate a sum equal to .0001
1175 per dollar of taxable value of taxable property in the district.

1176 (b) A board of trustees may not issue bonds of the district payable in whole or in part
1177 from property taxes unless the proposed bond issuance is approved by a majority of the district
1178 voters voting at an election held for that purpose as provided in Title 11, Chapter 14, Local
1179 Government Bonding Act.

1180 (c) The issuance of notes or bonds by the board of trustees is governed by Title 11,
1181 Chapter 14, Local Government Bonding Act.

1182 Section 38. Section **17A-2-1326** is amended to read:

1183 **17A-2-1326. Administrative control board -- Powers -- Compensation.**

1184 (1) (a) The legislative body of a municipality or county that has established a special
1185 service district may, by resolution adopted at the time of the establishment or at any time
1186 afterwards, create an administrative control board for the special service district.

1187 (b) (i) Except as provided in Subsection (1)(f), each administrative control board shall
1188 consist of at least three and no more than seven persons.

1189 (ii) (A) If a county establishes a service district that includes all or part of one or more
1190 municipalities or one or more improvement districts organized under Title 17A, Chapter 2, Part
1191 3, County Improvement Districts for Water, Sewerage, Flood Control, Electric and Gas, to
1192 provide the same service as the service district, the municipality or improvement district may
1193 appoint one member to represent it on any administrative control board created.

1194 (B) A member appointed under Subsection (1)(b)(ii)(A) may, but need not, be a
1195 qualified elector of the service district.

1196 (c) (i) If a service district is providing commodities, services, or facilities to an
1197 institution of higher education, that institution may appoint the number of members necessary
1198 to assure that it has at least 1/3 of the total of the board members to represent it on the board.

1199 (ii) Members appointed under Subsection (1)(c)(i) may, but need not, be qualified
1200 electors of the service district.

1201 (d) The number of members of the administrative control board shall be increased by
1202 the number of improvement district, municipal, or institution of higher education members
1203 appointed.

1204 (e) (i) Except as provided in Subsections (1)(b)(ii)(B), (c)(ii), and (e)(ii), each member
1205 of an administrative control board shall be a qualified elector of the service district.

1206 (ii) A member of an administrative control board may be other than a qualified elector
1207 of the service district if at least 90% of the owners of property located within the service
1208 district are not qualified electors of the service district.

1209 (f) Notwithstanding Subsection (1)(b), each administrative control board of a special
1210 service district that provides jail services as provided in Subsection 17A-2-1304(1)(a)(x) shall
1211 consist of nine members, three of whom shall be selected from a list of at least six
1212 recommendations from the county sheriff, three of whom shall be selected from a list of at least
1213 six recommendations from the municipalities within the county, and three of whom shall be
1214 selected from a list of at least six recommendations from the county executive.

1215 (2) Members of the administrative control board other than improvement district,
1216 municipal, or institution of higher education members shall be either appointed or elected as
1217 provided in Title 17A, Chapter 1, Part 3, Special District Board Selection Procedures.

1218 (3) (a) If a service district was established to provide either water or sewerage service
1219 or both, the governing authority may by resolution adopted at or after the time of establishment,
1220 or if the service district was established before March 29, 1983, or within 90 days after that
1221 date, create an administrative control board according to Subsection (1).

1222 (b) A resolution creating a service district for water or sewerage purposes adopted
1223 under Section 17A-2-1305 after March 29, 1983, shall identify all existing water and sewerage
1224 districts within the area of the proposed service district.

1225 (4) (a) One-half of the members initially elected or appointed shall serve two-year
1226 terms and 1/2 shall serve four year terms.

1227 (b) The initial terms shall be determined by lot.

1228 (5) (a) The legislative body of the municipality or county that established the service
1229 district may, by resolution, delegate any of its powers to the administrative control board,
1230 including the power to act as the governing authority of the service district and to exercise all
1231 or any of the powers provided for in Sections 17A-2-1314, 17A-2-1316, 17A-2-1320, and
1232 17A-2-1321.

1233 (b) Notwithstanding anything to the contrary in this part, the legislative body of the
1234 municipality or county may not delegate the power to:

- 1235 (i) levy a tax on the taxable property of the service district;
- 1236 (ii) issue bonds payable from taxes;
- 1237 (iii) call or hold an election for the authorization of the tax or bonds;
- 1238 (iv) levy assessments [for improvements in an improvement district created under
- 1239 ~~Chapter 3, Part 3, Utah Municipal Improvement District Act, or Chapter 3, Part 2, County~~
- 1240 ~~Improvement District Act];~~
- 1241 (v) issue interim warrants or bonds payable from those assessments; or
- 1242 (vi) appoint a board of equalization under Section 17A-3-217 or Section 17A-3-317.
- 1243 ~~[(c) The administrative control board may not hold an election, levy a tax or~~
- 1244 ~~assessment, or issue bonds or interim warrants unless the county or municipal legislative body~~
- 1245 ~~that created the district has approved.]~~
- 1246 (6) The county or municipal legislative body that created the district may revoke in
- 1247 whole or in part any power or authority delegated to an administrative control board or other
- 1248 officers or employees.
- 1249 (7) Administrative control board members may receive compensation and
- 1250 reimbursement of expenses as provided in Section 17B-2-404 to the same extent as if they were
- 1251 members of a board of trustees of a local district.
- 1252 (8) If a county legislative body establishes an administrative control board under this
- 1253 section for a special service district that provides jail service as provided in Subsection
- 1254 17A-2-1304(1)(a)(x), the administrative control board may review and approve any amount
- 1255 charged to the special service district as reimbursement to the county for services provided
- 1256 under Subsection 17A-2-1314(1)(g) before the amount is included in the special service district
- 1257 budget.
- 1258 Section 39. Section **17A-2-1828** is amended to read:
- 1259 **17A-2-1828. Taxation of property and bonds.**
- 1260 ~~[(1) A regional service area organized under this part is for the benefit of the people~~
- 1261 ~~residing within the regional service area, for the increase of their commerce and prosperity, and~~
- 1262 ~~for the improvement of their health and living conditions. The Legislature finds that a regional~~
- 1263 ~~service area performs essential government functions.]~~
- 1264 ~~[(2)]~~ A general ad valorem or fee in lieu of taxes may not be levied upon any property
- 1265 acquired or used by a regional service area.

1266 ~~[(3) The bonds issued in conjunction with any regional service area, their transfer, and~~
1267 ~~the income from them, shall at all times be free from taxation by the state, or any of its~~
1268 ~~subdivisions, except for the corporate franchise tax and inheritance taxes.]~~

1269 Section 40. Section **17A-3-909** is amended to read:

1270 **17A-3-909. Bonds -- Terms and conditions.**

1271 (1) A building authority may issue and sell its bonds for the purpose of paying the costs
1272 of acquiring, improving, or extending a project.

1273 (2) Bonds shall be fully negotiable for all purposes, shall bear such date or dates, shall
1274 be issued in such denominations and in such form, shall be serial bonds or term bonds, or both,
1275 shall mature at such times not exceeding 40 years from date of issue, shall bear such interest
1276 rate or rates, shall have such registration privileges, shall be executed in such manner, and shall
1277 be payable at such places and in such medium of payment as shall be specified by the board of
1278 trustees of the building authority in the proceedings authorizing the bonds.

1279 (3) The board of trustees of the building authority may provide for an option to redeem
1280 all or a part of the bonds issued prior to maturity upon terms established by it.

1281 (4) The bonds shall be sold at public or private sale upon the terms, in the manner and
1282 at such prices, either at, in excess of, or below their face value, as determined by the board of
1283 trustees of the building authority.

1284 (5) Bonds may be issued in one or more series.

1285 (6) Bonds may not mature over a longer period than the estimated useful life of the
1286 project to finance which the bonds are issued.

1287 (7) No person executing any bond or leasing contract under this part shall be subject to
1288 personal liability or accountability by reason of this.

1289 (8) Bonds shall be authorized, executed, and issued in accordance with this part and the
1290 articles of incorporation and the bylaws of the building authority.

1291 (9) No bonds may be issued by a building authority unless the issuance of the bonds
1292 and the terms of the bonds have been approved by the governing body of the public body.

1293 (10) (a) As used in this Subsection (10), "active" means, with reference to a voter, that
1294 the voter has voted in both of the two immediately preceding regular general elections.

1295 ~~[(10) (a)]~~ (b) Before issuing any bonds, the authority board shall give public notice of
1296 its intent to issue bonds.

1297 ~~[(b) The board shall submit the question of whether or not to issue any bond to the~~
1298 ~~voters for their approval or rejection if, within 30 calendar days of the notice,]~~

1299 (c) If a written petition requesting an election and signed by at least 20% of the active
1300 registered voters in the public body is filed with the authority board[:] within 30 calendar days
1301 after notice under Subsection (10)(b) is given, the board shall, if it intends to pursue issuance of
1302 the bonds, submit the question of whether or not to issue the bonds to the voters.

1303 (d) Each election under Subsection (10)(c) shall be held as provided in Title 11,
1304 Chapter 14, Local Government Bonding Act, for general obligation bonds of the public body
1305 that created the building authority.

1306 Section 41. **Repealer.**

1307 This bill repeals:

1308 Section 17A-2-311, **Recital in bonds -- Incontestability.**

1309 Section 17A-2-314, **Refunding bonds -- Escrow of proceeds of sale.**

1310 Section 17A-2-316, **Bonds to be legal investments -- Use as security for faithful**
1311 **performance of acts.**

1312 Section 17A-2-321, **Validation of creation, organization, bond proceedings and**
1313 **bonds.**

1314 Section 17A-2-324, **Validation of bonds.**

1315 Section 17A-2-330, **Validating provisions.**

1316 Section 17A-2-421, **Power to incur countywide indebtedness -- Limitation --**
1317 **Submission to electors.**

1318 Section 17A-2-422, **Proposal to incur indebtedness -- Resolution -- Notice --**
1319 **Hearing -- Calling of bond election -- Written protests.**

1320 Section 17A-2-427, **Recital in bonds as to authority for issuance -- Effect.**

1321 Section 17A-2-547, **Refunding bonds -- Time limit.**

1322 Section 17A-2-558, **Bonds to be canceled.**

1323 Section 17A-2-825, **Validity of signatures and facsimile signatures.**

1324 Section 17A-2-832, **Bonds as legal investment for trust and institutional funds.**

1325 Section 17A-2-1825, **Recital in bonds -- Effect.**

1326 Section 17A-2-1827, **Bonds -- Legal investments -- Use as security.**

Fiscal Note
Bill Number HB0044S02

Local Government Amendments

02-Feb-06

3:58 PM

State Impact

No fiscal impact.

Individual and Business Impact

No fiscal impact.

Office of the Legislative Fiscal Analyst