

Senator Curtis S. Bramble proposes the following substitute bill:

LOCAL DISTRICT TAXING AUTHORITY

2009 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Curtis S. Bramble

House Sponsor: John Dougall

LONG TITLE

General Description:

This bill modifies provisions relating to the taxing authority of service areas.

Highlighted Provisions:

This bill:

▶ prohibits service areas that do not have elected boards, as defined, from levying and collecting a property tax, with certain exceptions; and

▶ provides a method for service areas to change the board of trustees so that all members are elected.

Monies Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

17B-2a-905, as enacted by Laws of Utah 2007, Chapter 329

ENACTS:

17B-2a-908, Utah Code Annotated 1953



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

27 Section 1. Section **17B-2a-905** is amended to read:

28 **17B-2a-905. Service area board of trustees.**

29 (1) (a) Except as provided in Subsection (2):

30 (i) the initial board of trustees of a service area located entirely within the
31 unincorporated area of a single county may, as stated in the petition or resolution that initiated
32 the process of creating the service area:

33 (A) consist of the county legislative body;

34 (B) be appointed, as provided in Section 17B-1-304; or

35 (C) be elected, as provided in Section 17B-1-306;

36 (ii) if the board of trustees of a service area consists of the county legislative body, the
37 board may adopt a resolution providing for future board members to be appointed, as provided
38 in Section 17B-1-304, or elected, as provided in Section 17B-1-306; and

39 (iii) members of the board of trustees of a service area shall be elected, as provided in
40 Section 17B-1-306, if:

41 (A) the service area is not entirely within the unincorporated area of a single county;

42 (B) a petition is filed with the board of trustees requesting that board members be
43 elected, and the petition is signed by registered voters within the service area equal in number
44 to at least 10% of the number of registered voters within the service area who voted at the last
45 gubernatorial election; ~~[or]~~

46 (C) an election is held to authorize the service area's issuance of bonds~~[-];~~ or

47 (D) (I) two-thirds of all members of the board of trustees of the service area vote in
48 favor of changing to an elected board; and

49 (II) the legislative body of each county and municipality that appoints a member to the
50 board of trustees adopts a resolution approving the change to an elected board.

51 (b) If members of the board of trustees of a service area are required to be elected
52 under Subsection (1)(a)(iii)(C) because of a bond election:

53 (i) board members shall be elected in conjunction with the bond election;

54 (ii) the board of trustees shall:

55 (A) establish a process to enable potential candidates to file a declaration of candidacy
56 sufficiently in advance of the election; and

57 (B) provide a ballot for the election of board members separate from the bond ballot;
58 and

59 (iii) except as provided in this Subsection (1)(b), the election shall be held as provided
60 in Section 17B-1-306.

61 (c) A change to an elected board of trustees under Subsection (1)(a)(iii)(D) may not
62 shorten the term of any member of the board of trustees serving at the time of the change.

63 (2) (a) This Subsection (2) applies to a service area created on or after May 5, 2003 if:

64 (i) the service area was created to provide fire protection, paramedic, and emergency
65 services; and

66 (ii) in the creation of the service area, an election was not required under Subsection
67 17B-1-214(3)(c).

68 (b) (i) Each county whose unincorporated area is included within a service area
69 described in Subsection (2)(a), whether in conjunction with the creation of the service area or
70 by later annexation, shall appoint three members to the board of trustees.

71 (ii) Each municipality whose area is included within a service area described in
72 Subsection (2)(a), whether in conjunction with the creation of the service area or by later
73 annexation, shall appoint one member to the board of trustees.

74 (iii) Each member appointed by a county or municipality under Subsection (2)(b)(i) or
75 (ii) shall be an elected official of the appointing county or municipality, respectively.

76 (c) Notwithstanding Subsection 17B-1-302(2), the number of members of a board of
77 trustees of a service area described in Subsection (2)(a) shall be the number resulting from
78 application of Subsection (2)(b).

79 Section 2. Section **17B-2a-908** is enacted to read:

80 **17B-2a-908. Limit on property tax authority -- Exceptions.**

81 (1) As used in this section, "elected board" means a service area board of trustees, each
82 of whose members:

83 (a) is elected to the board of trustees by service area voters at an election held for that
84 purpose; or

85 (b) holds, at the time of appointment to the board of trustees, an elected position with:

86 (i) a county, some or all of whose unincorporated area is included within the boundary
87 of the service area; or

88 (ii) a municipality that is partially or completely included within the boundary of the
89 service area.

90 (2) (a) Except as provided in Subsection (2)(b), a service area that does not have an
91 elected board may not levy or collect a property tax during a tax year beginning on or after
92 January 1, 2010.

93 (b) A service area that does not have an elected board may levy and collect a property
94 tax during a tax year beginning on or after January 1, 2010:

95 (i) if and to the extent that revenue from the property tax was pledged before May 12,
96 2009 to pay for bonds or other obligations of the service area; or

97 (ii) if the property tax levy has previously been approved by:

98 (A) service area voters at an election held for that purpose; or

99 (B) the legislative body of:

100 (I) each municipality that is partially or completely included within the boundary of the
101 service area; and

102 (II) the county in which the service area is located, if the county has some or all of its
103 unincorporated area included within the boundary of the service area.

S.B. 135 1st Sub. (Green) - Local District Taxing Authority

Fiscal Note

2009 General Session

State of Utah

State Impact

Enactment of this bill will not require additional appropriations.

Individual, Business and/or Local Impact

Local taxing entities that may be affected include cemetery service areas, water service areas, road service areas, and other service areas. If these local taxing entities change their board structure to be an elected board, then individuals, businesses, and local taxing entities are unaffected. If certain local taxing entities do not change their board structure to be an elected board, then some individuals and businesses will likely experience a tax decrease and/or will not experience tax increases. In this case, certain local taxing entities would be unable to raise property tax revenue.
