

BOND ELECTIONS AMENDMENTS

2018 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Howard A. Stephenson

House Sponsor: Daniel McCay

LONG TITLE

General Description:

This bill modifies the Local Government Bonding Act by amending provisions relating to the issuance of bonds by a local political subdivision.

Highlighted Provisions:

This bill:

- ▶ provides that a local political subdivision may not receive, from the issuance of certain bonds approved by the voters at an election, an aggregate amount that exceeds by a certain percentage the maximum principal amount stated in the bond proposition.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

11-14-301, as last amended by Laws of Utah 2014, Chapter 189

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

Section 1. Section **11-14-301** is amended to read:

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

(1) If the governing body has declared the bond proposition to have carried and no

30 contest has been filed, or if a contest has been filed and favorably terminated, the governing
31 body may proceed to issue the bonds voted at the election.

32 (2) (a) It is not necessary that all of the bonds be issued at one time, but, except as
33 otherwise provided in this Subsection (2), bonds approved by the voters may not be issued
34 more than 10 years after the day on which the election is held.

35 (b) The 10-year period described in Subsection (2)(a) is tolled if, at any time during the
36 10-year period:

37 (i) an application for a referendum petition is filed with a local clerk, in accordance
38 with Section 20A-7-602 and Subsection 20A-7-601(3)(a), with respect to the local obligation
39 law relating to the bonds; or

40 (ii) the bonds are challenged in a court of law or an administrative proceeding in
41 relation to:

42 (A) the legality or validity of the bonds, or the election or proceedings authorizing the
43 bonds;

44 (B) the authority of the local political subdivision to issue the bonds;

45 (C) the provisions made for the security or payment of the bonds; or

46 (D) any other issue that materially and adversely affects the marketability of the bonds,
47 as determined by the individual or body that holds the executive powers of the local political
48 subdivision.

49 (c) A tolling period described in Subsection (2)(b)(i) ends on the later of the day on
50 which:

51 (i) the local clerk determines that the petition is insufficient, in accordance with
52 Subsection 20A-7-607(2)(c), unless an application, described in Subsection 20A-7-607(4)(a), is
53 made to the Supreme Court;

54 (ii) the Supreme Court determines, under Subsection 20A-7-607(4)(c), that the petition
55 for the referendum is not legally sufficient; or

56 (iii) for a referendum petition that is sufficient, the governing body declares, as
57 provided by law, the results of the referendum election on the local obligation law.

- 58 (d) A tolling period described in Subsection (2)(b)(ii) ends after:
- 59 (i) there is a final settlement, a final adjudication, or another type of final resolution of
- 60 all challenges described in Subsection (2)(b)(ii); and
- 61 (ii) the individual or body that holds the executive powers of the local political
- 62 subdivision issues a document indicating that all challenges described in Subsection (2)(b)(ii)
- 63 are resolved and final.
- 64 (e) If the 10-year period described in Subsection (2)(a) is tolled under this Subsection
- 65 (2) and, when the tolling ends and after giving effect to the tolling, the period of time
- 66 remaining to issue the bonds is less than one year, the period of time remaining to issue the
- 67 bonds shall be extended to one year.
- 68 (f) The tolling provisions described in this Subsection (2) apply to all bonds described
- 69 in this section that were approved by voters on or after May 8, 2002.
- 70 (3) (a) Bonds approved by the voters may not be issued to an amount that will cause
- 71 the indebtedness of the local political subdivision to exceed that permitted by the Utah
- 72 Constitution or statutes.
- 73 (b) In computing the amount of indebtedness that may be incurred pursuant to
- 74 constitutional and statutory limitations, the constitutionally or statutorily permitted percentage,
- 75 as the case may be, shall be applied to the fair market value, as defined under Section 59-2-102,
- 76 of the taxable property in the local political subdivision, as computed from the last applicable
- 77 equalized assessment roll before the incurring of the additional indebtedness.
- 78 (c) In determining the fair market value of the taxable property in the local political
- 79 subdivision as provided in this section, the value of all tax equivalent property, as defined in
- 80 Section 59-3-102, shall be included as a part of the total fair market value of taxable property
- 81 in the local political subdivision, as provided in Title 59, Chapter 3, Tax Equivalent Property
- 82 Act.
- 83 (4) Bonds of improvement districts issued in a manner that they are payable solely
- 84 from the revenues to be derived from the operation of the facilities of the district may not be
- 85 included as bonded indebtedness for the purposes of the computation.

86 (5) Where bonds are issued by a city, town, or county payable solely from revenues
87 derived from the operation of revenue-producing facilities of the city, town, or county, or
88 payable solely from a special fund into which are deposited excise taxes levied and collected by
89 the city, town, or county, or excise taxes levied by the state and rebated pursuant to law to the
90 city, town, or county, or any combination of those excise taxes, the bonds shall be included as
91 bonded indebtedness of the city, town, or county only to the extent required by the Utah
92 Constitution, and any bonds not so required to be included as bonded indebtedness of the city,
93 town, or county need not be authorized at an election, except as otherwise provided by the Utah
94 Constitution, the bonds being hereby expressly excluded from the election requirement of
95 Section 11-14-201.

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

100 (7) (a) A local political subdivision may not receive, from the issuance of bonds
101 approved by the voters at an election, an aggregate amount that exceeds by more than 2% the
102 maximum principal amount stated in the bond proposition.

103 (b) The provision in Subsection (7)(a) applies to bonds issued pursuant to an election
104 held after January 1, 2019.

105 Section 2. **Effective date.**

106 This bill takes effect on January 1, 2019.