

WATER PROPERTY TAX AMENDMENTS

2023 GENERAL SESSION

STATE OF UTAH

LONG TITLE

General Description:

This bill modifies local property tax authority related to water.

Highlighted Provisions:

This bill:

- ▶ prohibits a city, town, water conservancy district, or special service district from using property tax revenue to pay for certain costs related to supplying culinary or irrigation water; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

- 10-5-112.5**, as enacted by Laws of Utah 2019, Chapter 301
- 10-6-133.5**, as enacted by Laws of Utah 2019, Chapter 301
- 17B-2a-1003**, as last amended by Laws of Utah 2019, Chapter 430
- 17B-2a-1006**, as last amended by Laws of Utah 2010, Chapter 159

ENACTS:

- 10-5-133**, Utah Code Annotated 1953
- 10-6-133.6**, Utah Code Annotated 1953
- 17D-1-510**, Utah Code Annotated 1953

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

Section 1. Section **10-5-112.5** is amended to read:

10-5-112.5. Property tax levy for culinary water, wastewater treatment, hospitals, and recreational facilities.

33 (1) A town may levy a property tax for a purpose described in this section.

34 (2) (a) A town that is not in an improvement district created to establish and maintain a
35 wastewater collection, treatment, or disposal system or a system for the supply, treatment, or
36 distribution of water under Title 17B, Chapter 2a, Part 4, Improvement District Act, may levy a
37 tax annually not to exceed .0008 per dollar of taxable value of taxable property in the town.

38 (b) The town shall place revenue raised by the levy described in Subsection (2)(a) in a
39 special fund and, subject to Subsection (2)(c), may only use the revenue to:

40 (i) finance the construction of facilities to purify the town's drinking water; or

41 (ii) construct facilities to treat and dispose of the town's wastewater.

42 (c) Beginning January 1, 2023, a town may not use revenue from the levy described in
43 this Subsection (2) for a purpose described in Subsection (2)(b)(i).

44 ~~[(c)]~~ (d) The town may accumulate from year to year and reserve in the special fund
45 described in Subsection (2)(b) the revenue collected through the levy described in this
46 Subsection (2).

47 ~~[(d)]~~ (e) The town shall make and collect the levy described in this Subsection (2) in
48 the same manner as the town levies and collects other property taxes.

49 (3) A town may levy a tax not exceeding .001 per dollar of taxable value of taxable
50 property to own or operate a hospital under Section 10-8-90.

51 (4) The governing body of a town may, under Section 11-2-7, annually appropriate and
52 cause to be raised by taxation, money to cover an expense described in Section 11-2-7 for the
53 provision of recreational facilities or other services described in Title 11, Chapter 2,
54 Playgrounds.

55 Section 2. Section **10-5-133** is enacted to read:

56 **10-5-133. Limitation on use of property tax revenue for waterworks.**

57 Beginning January 1, 2023, a town may not use property tax revenue to pay any cost
58 related to supplying culinary or irrigation water to end users, including costs related to a
59 waterworks system as defined in Section 10-7-14.

60 Section 3. Section **10-6-133.5** is amended to read:

61 **10-6-133.5. Property tax levy for culinary water, wastewater treatment, hospitals,**
62 **recreational facilities, and libraries.**

63 (1) A city may levy a property tax for a purpose described in this section in accordance

64 with this section.

65 (2) (a) A city that is not in an improvement district created to establish and maintain a
66 wastewater collection, treatment, or disposal system or a system for the supply, treatment, or
67 distribution of water under Title 17B, Chapter 2a, Part 4, Improvement District Act, may levy a
68 tax annually not to exceed .0008 per dollar of taxable value of taxable property in the city.

69 (b) The city shall place revenue raised by the levy described in Subsection (2)(a) in a
70 special fund and, subject to Subsection (2)(c), a city may only use the revenue to:

71 (i) finance the construction of facilities to purify the city's drinking water; or

72 (ii) construct facilities to treat and dispose of the city's wastewater.

73 (c) Beginning January 1, 2023, a city may not use revenue from the levy described in
74 this Subsection (2) for a purpose described in Subsection (2)(b)(ii).

75 ~~(d)~~ (d) The city may accumulate from year to year and reserve in the special fund
76 described in Subsection (2)(b) the revenue collected through the levy described in Subsection
77 (1).

78 ~~(e)~~ (e) The city shall make and collect the levy described in this Subsection (2) in the
79 same manner as the city levies and collects other property taxes.

80 (3) A city of the third, fourth, or fifth class may levy a tax not exceeding .001 per dollar
81 of taxable value of taxable property to own or operate a hospital under Section 10-8-90.

82 (4) The governing body of a city may, under Section 11-2-7, annually appropriate and
83 cause to be raised by taxation, money to cover an expense described in Section 11-2-7 for the
84 provision of recreational facilities or other services described in Title 11, Chapter 2,
85 Playgrounds.

86 (5) (a) A city that establishes or maintains a public library under Title 9, Chapter 7,
87 Part 4, City Libraries, may levy annually a tax not to exceed .001 of taxable value of taxable
88 property in the city.

89 (b) If bonds are issued for a library described in Subsection (5)(a) to purchase a site, or
90 construct or furnish a building, the city may levy taxes sufficient for the payment of the bonds
91 and any interest on the bonds.

92 (c) The city shall, for the taxes described in Subsection (5)(a) or (b):

93 (i) levy and collect the taxes in the same manner as other general taxes of the city; and

94 (ii) deposit revenues from the tax into a city library fund.

95 (d) The city library fund described in Subsection (5)(c) shall receive a portion of:

96 (i) the statewide uniform fee described in Section 59-2-405, in accordance with the
97 procedures established in Section 59-2-405;

98 (ii) the statewide uniform fee described in Section 59-2-405.1, in accordance with the
99 procedures established in Section 59-2-405.1;

100 (iii) the uniform statewide fee described in Section 59-2-405.2, in accordance with the
101 procedures established in Section 59-2-405.2;

102 (iv) the uniform statewide fee described in Section 59-2-405.3, in accordance with the
103 procedures established in Section 59-2-405.3; and

104 (v) the uniform fee described in Section 72-10-110.5, in accordance with the
105 procedures established in Section 72-10-110.5.

106 Section 4. Section **10-6-133.6** is enacted to read:

107 **10-6-133.6. Limits on use of property tax revenue for supplying water.**

108 Beginning January 1, 2023, a city may not use property tax revenue to pay any cost
109 related to supplying culinary or irrigation water to end users, including costs related to a
110 waterworks system as defined in Section 10-7-14.

111 Section 5. Section **17B-2a-1003** is amended to read:

112 **17B-2a-1003. Provisions applicable to water conservancy districts.**

113 (1) Each water conservancy district is governed by and has the powers stated in:

114 (a) this part; and

115 (b) Chapter 1, Provisions Applicable to All Local Districts.

116 (2) This part applies only to water conservancy districts.

117 (3) A water conservancy district is not subject to the provisions of any other part of this
118 chapter.

119 (4) If there is a conflict between a provision in Chapter 1, Provisions Applicable to All
120 Local Districts, and a provision in this part, the provision in this part governs.

121 ~~[(5) Before September 30, 2019, a water conservancy district shall submit a written~~
122 ~~report to the Revenue and Taxation Interim Committee that describes, for the water~~
123 ~~conservancy district's fiscal year that ended in 2018, the percentage and amount of revenue in~~
124 ~~the water conservancy district from:]~~

125 ~~[(a) property taxes;]~~

126 ~~[(b) water rates, and]~~

127 ~~[(c) all other sources.]~~

128 Section 6. Section **17B-2a-1006** is amended to read:

129 **17B-2a-1006. Limits on water conservancy district property tax levy -- Additional**
130 **levy.**

131 (1) Except as provided in Subsection (2), and subject to Subsection (3) and Section
132 17B-2a-1009, the property tax levy of a water conservancy district for all purposes may not
133 exceed:

134 (a) .0001 per dollar of taxable value of taxable property in the district, before the
135 earliest of:

136 (i) the planning or design of works;

137 (ii) the acquisition of the site or right-of-way on which the works will be constructed;

138 or

139 (iii) the commencement of construction of the works; and

140 (b) .0002 per dollar of taxable value of taxable property in the district, after the earliest
141 of the events listed in Subsection (1)(a).

142 (2) Subject to Subsection (3) and Section 17B-2a-1009:

143 (a) in a district that contains land located within the Lower Colorado River Basin, the
144 levy after the earliest of the events listed in Subsection (1)(a) may be increased to a maximum
145 of .001 per dollar of taxable value of taxable property in the district; and

146 (b) in a district to be served under a contract, water appropriation, water allotment, or
147 otherwise by water apportioned by the Colorado River Compact to the Upper Basin, the levy
148 after the earliest of the events listed in Subsection (1)(a) may be increased to a maximum of
149 .0004 per dollar of taxable value of taxable property.

150 (3) A water conservancy district may impose an additional property tax levy, not to
151 exceed .0001 per dollar of taxable value of taxable property in the district, if the additional levy
152 is necessary to provide adequate funds to pay maturing bonds or other debts of the district.

153 (4) Beginning January 1, 2023, a water conservancy district may not levy a tax under
154 this section.

155 Section 7. Section **17D-1-510** is enacted to read:

156 **17D-1-510. Limits on use of property tax revenue for water service.**

157 Beginning January 1, 2023, a special service district may not use revenue from the
158 special service district's property tax levy to pay any cost related to supplying culinary or
159 irrigation water to end users, including costs related to a waterworks system as defined in
160 Section 10-7-14.