

Thomas W. Peterson proposes the following substitute bill:

Taxation Notification Requirements

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Thomas W. Peterson

Senate Sponsor: Todd Weiler

LONG TITLE

General Description:

This bill modifies truth-in-taxation notice requirements for a fiscal year taxing entity when a mayor or budget officer proposes a property tax rate increase in a tentative budget.

Highlighted Provisions:

This bill:

- defines "specified taxing entity" as a fiscal year taxing entity for which the mayor or budget officer proposes a property tax rate increase in a tentative budget;
- requires a specified taxing entity to include a statement on the meeting notice that the tentative budget includes a property tax rate increase;
- provides for the location and timing of the posting of the meeting notice; and
- makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

11-13-509, as last amended by Laws of Utah 2023, Chapter 435

17B-1-609, as last amended by Laws of Utah 2023, Chapters 15, 435

59-2-911, as last amended by Laws of Utah 2025, First Special Session, Chapter 17

59-2-919, as last amended by Laws of Utah 2025, First Special Session, Chapter 17

63G-7-704, as last amended by Laws of Utah 2025, First Special Session, Chapter 17

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

Section 1. Section **11-13-509** is amended to read:

29 **11-13-509 . Hearing to consider adoption -- Notice.**

- 30 (1) At the meeting at which the tentative budget is adopted, the governing board shall:
 - 31 (a) establish the time and place of a public hearing to consider [its] the budget's adoption;
 - 32 and
 - 33 (b) except as provided in Subsection (2), order that notice of the hearing be published,
 - 34 for at least seven days before the day of the hearing, for the interlocal entity's service
 - 35 area, as a class A notice under Section 63G-30-102.
- 36 (2) If the budget hearing is held in conjunction with a tax increase hearing, the notice
 - 37 required in Subsection (1)(b):
 - 38 (a) may be combined with the notice required under [~~Section 59-2-919~~] Subsection
 - 39 59-2-919(3) or (4)(c); and
 - 40 (b) shall be published in accordance with the advertisement provisions of Section
 - 41 59-2-919.
- 42 (3) Proof that notice was given in accordance with Subsection (1)(b), or (2) is prima facie
 - 43 evidence that notice was properly given.
- 44 (4) If a notice required under Subsection (1)(b), or (2) is not challenged within 30 days after
 - 45 the day on which the hearing is held, the notice is adequate and proper.

46 Section 2. Section **17B-1-609** is amended to read:

47 **17B-1-609 . Hearing to consider adoption -- Notice.**

- 48 (1) At the meeting at which the tentative budget is adopted, the board of trustees shall:
 - 49 (a) establish the time and place of a public hearing to consider [its] the budget's adoption;
 - 50 and
 - 51 (b) except as provided in Subsection (6) or (7), order that notice of the hearing be
 - 52 published for the district, as a class A notice under Section 63G-30-102, for at least
 - 53 seven days before the day of the hearing.
- 54 (2) If the budget hearing is held in conjunction with a tax increase hearing, the notice
 - 55 required in Subsection (1)(b):
 - 56 (a) may be combined with the notice required under [~~Section 59-2-919~~] Subsection
 - 57 59-2-919(3) or (4)(c); and
 - 58 (b) shall be published in accordance with the advertisement provisions of Section
 - 59 59-2-919.
- 60 (3) If the budget hearing is to be held in conjunction with a fee increase hearing, the notice
 - 61 required in Subsection (1)(b):
 - 62 (a) may be combined with the notice required under Section 17B-1-643; and

- 63 (b) shall be published or mailed in accordance with the notice provisions of Section
 64 17B-1-643.
- 65 (4) Proof that notice was given in accordance with Subsection (1)(b), (2), (3), or (6) is prima
 66 facie evidence that notice was properly given.
- 67 (5) If a notice required under Subsection (1)(b), (2), (3), or (6) is not challenged within 30
 68 days after the day on which the hearing is held, the notice is adequate and proper.
- 69 (6) A board of trustees of a special district with an annual operating budget of less than
 70 \$250,000 may satisfy the notice requirements in Subsection (1)(b) by:
- 71 (a) mailing a written notice, postage prepaid, to each voter in the special district; and
 72 (b) posting the notice in three public places within the district.
- 73 (7) The notice described in this section is exempt from the physical posting requirement
 74 described in Subsection 63G-30-102(1)(c).

75 Section 3. Section **59-2-911** is amended to read:

76 **59-2-911 . Exceptions to maximum levy limitation.**

- 77 (1) The maximum levies set forth in Section 59-2-908 do not apply to and do not include:
- 78 (a) levies made to pay outstanding judgment debts;
- 79 (b) levies made in any special improvement districts;
- 80 (c) levies made for extended services in any county service area;
- 81 (d) levies made for county library services;
- 82 (e) levies made for county animal welfare services;
- 83 (f) levies made to be used for storm water, flood, and water quality control;
- 84 (g) levies made to share disaster recovery expenses for public facilities and structures as
 85 a condition of state assistance when a Presidential Declaration has been issued under
 86 the Disaster Relief Act of 1974, 42 U.S.C. Sec. 5121;
- 87 (h) levies made to pay interest and provide for a sinking fund in connection with any
 88 bonded or voter authorized indebtedness, including the bonded or voter authorized
 89 indebtedness of county service areas, special service districts, and special
 90 improvement districts;
- 91 (i) levies made to fund local health departments;
- 92 (j) levies made to fund public transit districts;
- 93 (k) levies made to establish, maintain, and replenish special improvement guaranty
 94 funds;
- 95 (l) levies made in any special service district;
- 96 (m) levies made to fund municipal-type services to unincorporated areas of counties

- 97 under Title 17, Chapter 78, Part 5, Provision of Municipal-Type Services to
 98 Unincorporated Areas;
- 99 (n) levies made to fund the purchase of paramedic or ambulance facilities and equipment
 100 and to defray administration, personnel, and other costs of providing emergency
 101 medical and paramedic services, but this exception only applies to those counties in
 102 which a resolution setting forth the intention to make those levies has been duly
 103 adopted by the county legislative body and approved by a majority of the voters of
 104 the county voting at a special or general election;
- 105 (o) the multicounty and county assessing and collecting levies under Section 59-2-1602;
 106 and
- 107 (p) all other exceptions to the maximum levy limitation pursuant to statute.

108 (2)(a) Upon the retirement of bonds issued for the development of a convention complex
 109 described in Section 17-63-904, and notwithstanding Section 59-2-908, any county of
 110 the first class may continue to impose a property tax levy equivalent to the average
 111 property tax levy previously imposed to pay debt service on those retired bonds.

112 (b) Notwithstanding that the imposition of the levy described in Subsection (2)(a) may
 113 not result in an increased amount of ad valorem tax revenue, the levy is subject to the
 114 notice requirements of [~~Section 59-2-919~~] Subsection 59-2-919(3).

115 (c) The revenue from this continued levy shall be used only for the funding of
 116 convention facilities as defined in Section 59-12-602.

117 Section 4. Section **59-2-919** is amended to read:

118 **59-2-919 . Notice and public hearing requirements for certain tax increases --**

119 **Exceptions -- Audit.**

120 (1) As used in this section:

121 (a) "Additional ad valorem tax revenue" means ad valorem property tax revenue
 122 generated by the portion of the tax rate that exceeds the taxing entity's certified tax
 123 rate.

124 (b) "Ad valorem tax revenue" means ad valorem property tax revenue not including
 125 revenue from:

126 (i) eligible new growth; or

127 (ii) personal property that is:

128 (A) assessed by a county assessor in accordance with Part 3, County Assessment;

129 and

130 (B) semiconductor manufacturing equipment.

- 131 (c) "Base year" means a taxing entity's fiscal year that immediately precedes the fiscal
 132 year in which the taxing entity first adopted a budget below last year's property tax
 133 budgeted revenue.
- 134 (d) "Base year budgeted revenue" means the property tax budgeted revenue, excluding
 135 eligible new growth, for the base year.
- 136 (e) "Calendar year taxing entity" means a taxing entity that operates under a fiscal year
 137 that begins on January 1 and ends on December 31.
- 138 (f) "County executive calendar year taxing entity" means a calendar year taxing entity
 139 that operates under the county executive-council form of government described in
 140 Section 17-62-203.
- 141 (g) "Current calendar year" means the calendar year immediately preceding the calendar
 142 year for which a calendar year taxing entity seeks to levy a tax rate that exceeds the
 143 calendar year taxing entity's certified tax rate.
- 144 (h) "Eligible new growth" means the same as that term is defined in Section 59-2-924.
- 145 (i) "Fiscal year taxing entity" means a taxing entity that operates under a fiscal year that
 146 begins on July 1 and ends on June 30.
- 147 (j) "Meeting" means the same as that term is defined in Section 52-4-103.
- 148 (k) "Last year's property tax budgeted revenue" does not include:
 149 (i) revenue received by a taxing entity from a debt service levy voted on by the public;
 150 (ii) revenue generated by the combined basic rate as defined in Section 53F-2-301; or
 151 (iii) revenue generated by the charter school levy described in Section 53F-2-703.
- 152 (l) "Specified taxing entity" means a fiscal year taxing entity for which a mayor or
 153 budget officer proposes a tax rate increase in the tentative budget.
- 154 (m) "Truth-in-taxation exemption period" means a six-year period that begins with the
 155 base year.
- 156 (2) Except as provided in Subsection (11), a taxing entity may not levy a tax rate that
 157 exceeds the taxing entity's certified tax rate unless the taxing entity meets:
 158 (a) the requirements of this section that apply to the taxing entity; and
 159 (b) all other requirements as may be required by law.
- 160 (3)(a) Subject to Subsection (3)(b) and except as provided in Subsection (5), a calendar
 161 year taxing entity may levy a tax rate that exceeds the calendar year taxing entity's
 162 certified tax rate if the calendar year taxing entity:
 163 (i) 14 or more days before the date of the regular general election or municipal
 164 general election held in the current calendar year, states at a public meeting:

- 165 (A) that the calendar year taxing entity intends to levy a tax rate that exceeds the
166 calendar year taxing entity's certified tax rate;
- 167 (B) the dollar amount of and purpose for additional ad valorem tax revenue that [
168 ~~would be generated~~] the calendar year taxing entity would generate by the
169 proposed increase in the certified tax rate; and
- 170 (C) the approximate percentage increase in ad valorem tax revenue for the taxing
171 entity based on the proposed increase described in Subsection (3)(a)(i)(B);
- 172 (ii) provides notice for the public meeting described in Subsection (3)(a)(i) in
173 accordance with Title 52, Chapter 4, Open and Public Meetings Act, including
174 providing a separate item on the meeting agenda that notifies the public that the
175 calendar year taxing entity intends to make the statement described in Subsection
176 (3)(a)(i);
- 177 (iii) meets the advertisement requirements of Subsections (6) and (7) before the
178 calendar year taxing entity conducts the public hearing [~~required by~~]Subsection
179 (3)(a)(v) requires;
- 180 (iv) provides notice by mail:
- 181 (A) seven or more days before the regular general election or municipal general
182 election held in the current calendar year; and
- 183 (B) as provided in Subsection (3)(c); and
- 184 (v) conducts a public hearing that is held:
- 185 (A) in accordance with Subsections (8) and (9); and
- 186 (B) in conjunction with the public hearing required by Section 17-63-304 or
187 17B-1-610.
- 188 (b)(i) For a county executive calendar year taxing entity, the statement described in
189 Subsection (3)(a)(i) shall be made by the:
- 190 (A) county council;
- 191 (B) county executive; or
- 192 (C) both the county council and county executive.
- 193 (ii) If the county council makes the statement described in Subsection (3)(a)(i) or the
194 county council states a dollar amount of additional ad valorem tax revenue that is
195 greater than the amount of additional ad valorem tax revenue previously stated by
196 the county executive in accordance with Subsection (3)(a)(i), the county executive
197 calendar year taxing entity shall:
- 198 (A) make the statement described in Subsection (3)(a)(i) 14 or more days before

- 199 the county executive calendar year taxing entity conducts the public hearing
200 under Subsection (3)(a)(v); and
- 201 (B) provide the notice required by Subsection (3)(a)(iv) 14 or more days before
202 the county executive calendar year taxing entity conducts the public hearing
203 required by Subsection (3)(a)(v).
- 204 (c) The notice described in Subsection (3)(a)(iv):
- 205 (i) shall be mailed to each owner of property:
- 206 (A) within the calendar year taxing entity; and
- 207 (B) listed on the assessment roll;
- 208 (ii) shall be printed on a separate form that:
- 209 (A) is developed by the commission;
- 210 (B) states at the top of the form, in bold upper-case type no smaller than 18 point
211 "NOTICE OF PROPOSED TAX INCREASE"; and
- 212 (C) may be mailed with the notice required by Section 59-2-1317;
- 213 (iii) shall contain for each property described in Subsection (3)(c)(i):
- 214 (A) the value of the property for the current calendar year;
- 215 (B) the tax on the property for the current calendar year; and
- 216 (C) subject to Subsection (3)(d), for the calendar year for which the calendar year
217 taxing entity seeks to levy a tax rate that exceeds the calendar year taxing
218 entity's certified tax rate, the estimated tax on the property;
- 219 (iv) shall contain the following statement:
- 220 "[Insert name of taxing entity] is proposing a tax increase for [insert applicable calendar
221 year]. This notice contains estimates of the tax on your property and the proposed tax increase
222 on your property as a result of this tax increase. These estimates are calculated on the basis of
223 [insert previous applicable calendar year] data. The actual tax on your property and proposed
224 tax increase on your property may vary from this estimate.";
- 225 (v) shall state the dollar amount of additional ad valorem tax revenue that would be
226 generated each year by the proposed increase in the certified tax rate;
- 227 (vi) shall include a brief statement of the primary purpose for the proposed tax
228 increase, including the taxing entity's intended use of additional ad valorem tax
229 revenue described in Subsection (3)(c)(v);
- 230 (vii) shall state the date, time, and place of the public hearing described in Subsection
231 (3)(a)(v);
- 232 (viii) shall state the [~~Internet~~] internet address for the taxing entity's public website;

- 233 (ix) may contain other information approved by the commission; and
 234 (x) if sent in calendar year 2024, 2025, or 2026, shall contain:
- 235 (A) notice that the taxpayer may request electronic notice as described in
 236 Subsection 17-71-302(1)(m); and
 237 (B) instructions describing how to elect to receive a notice as described in
 238 Subsection 17-71-302(1)(m).
- 239 (d) For purposes of Subsection (3)(c)(iii)(C), a calendar year taxing entity shall calculate
 240 the estimated tax on property on the basis of:
- 241 (i) data for the current calendar year; and
 242 (ii) the amount of additional ad valorem tax revenue stated in accordance with this
 243 section.
- 244 (4) Except as provided in Subsection (5), a fiscal year taxing entity may levy a tax rate that
 245 exceeds the fiscal year taxing entity's certified tax rate if~~[the fiscal year taxing entity]:~~
- 246 (a) ~~[provides notice by meeting the advertisement requirements of Subsections (6) and~~
 247 ~~(7) before the fiscal year taxing entity conducts the public meeting at which the fiscal~~
 248 ~~year taxing entity's annual budget is adopted; and] a fiscal year entity that is a~~
 249 ~~specified taxing entity posts the meeting notice for the public meeting at which the~~
 250 ~~mayor or budget officer will first present the tentative budget to the governing body~~
 251 ~~of the specified taxing entity:~~
- 252 (i) with a statement that the tentative budget includes a proposed tax rate increase;
 253 (ii)(A) on the specified taxing entity's website; or
 254 (B) for a town, as classified in Section 10-2-301, that does not have a website, at
 255 the town's town hall or principal place of business; and
 256 (iii)(A) in accordance with Title 52, Chapter 4, Open and Public Meetings Act; and
 257 (B) at least seven calendar days after the day on which the specified taxing entity
 258 holds the public meeting;
- 259 (b) the fiscal year taxing entity conducts a public hearing in accordance with
 260 Subsections (8) and (9) before the fiscal year taxing entity's annual budget is adopted~~[-]~~
 261 ; and
- 262 (c) the fiscal year taxing entity provides notice for the public hearing described in
 263 Subsection (4)(b) by meeting the advertisement requirements of Subsections (6) and
 264 (7).
- 265 (5)(a) A taxing entity is not required to meet the notice or public hearing requirements of
 266 Subsection (3) or (4) if the taxing entity is expressly exempted by law from

- 267 complying with the requirements of this section.
- 268 (b) A taxing entity is not required to meet the notice requirements of Subsection (3) or
- 269 (4) if:
- 270 (i) Section 53F-8-301 allows the taxing entity to levy a tax rate that exceeds that
- 271 certified tax rate without having to comply with the notice provisions of this
- 272 section; or
- 273 (ii) the taxing entity:
- 274 (A) budgeted less than \$20,000 in ad valorem tax revenue for the previous fiscal
- 275 year; and
- 276 (B) sets a budget during the current fiscal year of less than \$20,000 of ad valorem
- 277 tax revenue.

278 (6)(a) Before holding the public hearing described in Subsection (3)(a)(v) or (4)(b), a

279 taxing entity proposing a tax rate increase under this section shall publish an

280 advertisement regarding the proposed tax increase:

- 281 (i) electronically in accordance with Section 45-1-101; and
- 282 (ii) as a class A notice under Section 63G-30-102.

283 (b) The advertisement described in Subsection (6)(a) shall:

- 284 (i) be published for at least 14 days before the day on which the taxing entity
- 285 conducts the public hearing described in Subsection (3)(a)(v) or (4)(b); and
- 286 (ii) substantially be in the following form and content:

287 "NOTICE OF PROPOSED TAX INCREASE

288 (NAME OF TAXING ENTITY)

289 The (name of the taxing entity) is proposing to increase its property tax revenue.

290 • The (name of the taxing entity) tax on a (insert the average value of a residence in

291 the taxing entity rounded to the nearest thousand dollars) residence would increase from

292 \$_____ to \$_____, which is \$_____ per year.

293 • The (name of the taxing entity) tax on a (insert the value of a business having the

294 same value as the average value of a residence in the taxing entity) business would increase

295 from \$_____ to \$_____, which is \$_____ per year.

296 • If the proposed budget is approved, (name of the taxing entity) would receive an

297 additional \$_____ in property tax revenue per year as a result of the tax increase.

298 • If the proposed budget is approved, (name of the taxing entity) would increase its

299 property tax budgeted revenue by ___% above last year's property tax budgeted revenue

300 excluding eligible new growth.

301 The (name of the taxing entity) invites all concerned citizens to a public hearing for the
 302 purpose of hearing comments regarding the proposed tax increase and to explain the reasons
 303 for the proposed tax increase. You have the option to attend or participate in the public hearing
 304 in person or online.

PUBLIC HEARING

305 Date/Time: (date) (time)

306 Location: (name of meeting place and address of meeting place)

307 Virtual Meeting Link: (Internet address for remote participation and live streaming
 308 options)

309 To obtain more information regarding the tax increase, citizens may contact the (name
 310 of the taxing entity) at (phone number of taxing entity) or visit (Internet address for the taxing
 311 entity's public website)."
 312

313 (7) The commission:

314 (a) shall adopt rules in accordance with Title 63G, Chapter 3, Utah Administrative
 315 Rulemaking Act, governing the joint use of one advertisement described in
 316 Subsection (6) by two or more taxing entities; and

317 (b) subject to Section 45-1-101, may authorize a taxing entity's use of a
 318 commission-approved direct notice to each taxpayer if:

319 (i) the direct notice is different and separate from the notice required under Section
 320 59-2-919.1; and

321 (ii) the taxing entity petitions the commission for the use of a commission-approved
 322 direct notice.

323 (8)(a)(i) On or before June 1, a fiscal year taxing entity shall notify the commission
 324 and the county auditor of the date, time, and place of the public hearing described
 325 in Subsection (4)(b).

326 (ii) On or before October 1 of the current calendar year, a calendar year taxing entity
 327 shall notify the commission and the county auditor of the date, time, and place of
 328 the public hearing described in Subsection (3)(a)(v).

329 (b)(i) A public hearing described in Subsection (3)(a)(v) or (4)(b) shall be:

330 (A) open to the public;

331 (B) held at a meeting of the taxing entity with no items on the agenda other than
 332 discussion and action on the taxing entity's intent to levy a tax rate that exceeds
 333 the taxing entity's certified tax rate, the taxing entity's budget, a special
 334 district's or special service district's fee implementation or increase, or a

- 335 combination of these items; and
- 336 (C) available for individuals to attend or participate either in person or remotely
- 337 through electronic means.
- 338 (ii) The governing body of a taxing entity conducting a public hearing described in
- 339 Subsection (3)(a)(v) or (4)(b) shall:
- 340 (A) state the dollar amount of additional ad valorem tax revenue that would be
- 341 generated each year by the proposed increase in the certified tax rate;
- 342 (B) explain the reasons for the proposed tax increase, including the taxing entity's
- 343 intended use of additional ad valorem tax revenue described in Subsection
- 344 (8)(b)(ii)(A);
- 345 (C) if the county auditor compiles the list required by Section 59-2-919.2, present
- 346 the list at the public hearing and make the list available on the taxing entity's
- 347 public website; and
- 348 (D) provide an interested party desiring to be heard an opportunity to present oral
- 349 testimony within reasonable time limits and without unreasonable restriction
- 350 on the number of individuals allowed to make public comment.
- 351 (c)(i) Except as provided in Subsection (8)(c)(ii), a taxing entity may not schedule a
- 352 public hearing described in Subsection (3)(a)(v) or (4)(b) at the same time as the
- 353 public hearing of another overlapping taxing entity in the same county.
- 354 (ii) The taxing entities in which the power to set tax levies is vested in the same
- 355 governing board or authority may consolidate the public hearings described in
- 356 Subsection (3)(a)(v) or (4)(b) into one public hearing.
- 357 (d) The county auditor shall resolve any conflict in public hearing dates and times after
- 358 consultation with each affected taxing entity.
- 359 (e)(i) A taxing entity shall hold a public hearing described in Subsection (3)(a)(v) or
- 360 (4)(b) beginning at or after 6 p.m.
- 361 (ii) If a taxing entity holds a public meeting for the purpose of addressing general
- 362 business of the taxing entity on the same date as a public hearing described in
- 363 Subsection (3)(a)(v) or (4)(b), the public meeting addressing general business
- 364 items shall conclude before the beginning of the public hearing described in
- 365 Subsection (3)(a)(v) or (4)(b).
- 366 (f)(i) Except as provided in Subsection (8)(f)(ii), a taxing entity may not hold the
- 367 public hearing described in Subsection (3)(a)(v) or (4)(b) on the same date as
- 368 another public hearing of the taxing entity.

- 369 (ii) A taxing entity may hold the following hearings on the same date as a public
370 hearing described in Subsection (3)(a)(v) or (4)(b):
371 (A) a budget hearing;
372 (B) if the taxing entity is a special district or a special service district, a fee
373 hearing described in Section 17B-1-643;
374 (C) if the taxing entity is a town, an enterprise fund hearing described in Section
375 10-5-107.5; or
376 (D) if the taxing entity is a city, an enterprise fund hearing described in Section
377 10-6-135.5.

378 (9)(a) If a taxing entity does not make a final decision on budgeting additional ad
379 valorem tax revenue at a public hearing described in Subsection (3)(a)(v) or (4)(b),
380 the taxing entity shall:

- 381 (i) announce at that public hearing the scheduled time and place of the next public
382 meeting at which the taxing entity will consider budgeting the additional ad
383 valorem tax revenue; and
384 (ii) if the taxing entity is a fiscal year taxing entity, hold the public meeting described
385 in Subsection (9)(a)(i) before September 1.
386 (b) A calendar year taxing entity may not adopt a final budget that budgets an amount of
387 additional ad valorem tax revenue that exceeds the largest amount of additional ad
388 valorem tax revenue stated at a public meeting under Subsection (3)(a)(i).
389 (c) A public hearing on levying a tax rate that exceeds a fiscal year taxing entity's
390 certified tax rate may coincide with a public hearing on the fiscal year taxing entity's
391 proposed annual budget.

392 (10)(a) A county auditor may conduct an audit to verify a taxing entity's compliance
393 with Subsection (8).

- 394 (b) If the county auditor, after completing an audit, finds that a taxing entity has failed to
395 meet the requirements of Subsection (8), the county auditor shall prepare and submit
396 a report of the auditor's findings to the commission.
397 (c) The commission may not certify a tax rate that exceeds a taxing entity's certified tax
398 rate if, on or before September 15 of the year in which the taxing entity is required to
399 hold the public hearing described in Subsection (3)(a)(v) or (4)(b), the commission
400 determines that the taxing entity has failed to meet the requirements of [~~Subsection~~
401 ~~(8)~~] this section.

402 (11) For a fiscal year within a truth-in-taxation exemption period, a taxing entity may adopt

403 a budget that is equal to or less than the base year budgeted revenue without complying
404 with this section.

405 Section 5. Section **63G-7-704** is amended to read:

406 **63G-7-704 . Tax levy by political subdivisions for payment of claims, judgments,**
407 **or insurance premiums.**

408 (1) Notwithstanding any provision of law to the contrary, a political subdivision may levy
409 an annual property tax sufficient to pay:

410 (a) any claim, settlement, or judgment, including interest payments and issuance costs
411 for bonds issued under Subsection 11-14-103(1)(d) to pay the portion of any claim,
412 settlement, or judgment that exceeds \$3,000,000;

413 (b) the costs to defend against any claim, settlement, or judgment; or

414 (c) for the establishment and maintenance of a reserve fund for the payment of claims,
415 settlements, or judgments that may be reasonably anticipated.

416 (2)(a) The payments authorized to pay for punitive damages or to pay the premium for
417 authorized insurance is money spent for a public purpose within the meaning of this
418 section and Utah Constitution, Article XIII, [~~See-~~] Section 5, even though, as a result
419 of the levy, the maximum levy as otherwise restricted by law is exceeded.

420 (b)(i) Except as provided in Subsection (2)(b)(ii), a levy under this section may not
421 exceed .0001 per dollar of taxable value of taxable property.

422 (ii) A levy under Subsection (1)(a) to pay the portion of any claim, settlement, or
423 judgment that exceeds \$3,000,000 may not exceed .001 per dollar of taxable value
424 of taxable property.

425 (c) Except as provided in Subsection 17-63-808(2), the revenues derived from this levy
426 may not be used for any purpose other than those specified in this section.

427 (3) Beginning January 1, 2012, a local school board may not levy a tax in accordance with
428 this section.

429 (4) A political subdivision that levies an annual property tax under Subsection (1)(a) to pay
430 the portion of any claim, settlement, or judgment that exceeds \$3,000,000:

431 (a) shall comply with the notice and public hearing requirements under [~~Section~~
432 ~~59-2-919~~] Subsections 59-2-919(4)(b) and (c); and

433 (b) may levy the annual property tax until the bonds' maturity dates expire.

434 Section 6. **Effective Date.**

435 This bill takes effect on January 1, 2027.