

Candice B. Pierucci proposes the following substitute bill:

Special Districts Amendments

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Candice B. Pierucci

Senate Sponsor:

LONG TITLE

General Description:

This bill addresses withdrawal of a county or a municipality from a special district under certain circumstances.

Highlighted Provisions:

This bill:

- defines terms, including the term "garbage disposal district";
- creates a process for a county of the first class or a municipality located in a county of the first class to initiate withdrawal from a garbage disposal district;
- prohibits a garbage disposal district from incurring debt, issuing bonds, or otherwise incurring a financial obligation for a period of time after the county or municipality initiates the process to withdraw;

- authorizes a county or municipality and a garbage disposal district to enter into an agreement to withdraw;

- describes the requirements for a county or municipality to complete withdrawal from a garbage disposal district absent an agreement, including:

- conducting a feasibility study;
- conducting a public hearing on the proposed withdrawal;
- providing notice of a public hearing on the proposed withdrawal; and
- adopting a resolution to withdraw;

- ▶ provides that property within a withdrawn area may continue to be taxable by the garbage disposal district for purposes of paying the withdrawn area's proportionate share of bonded indebtedness or judgments against the garbage disposal district, under certain circumstances;

- requires the board of trustees of a garbage disposal district to file with the lieutenant governor certain documents after entering an agreement to withdraw or receiving a

29 resolution to withdraw;
30 ▶ describes the process to determine the effective date of a withdrawal; and
31 ▶ makes technical and conforming changes.

32 **Money Appropriated in this Bill:**

33 None

34 **Other Special Clauses:**

35 None

36 **Utah Code Sections Affected:**

37 **AMENDS:**

38 **17B-1-504**, as last amended by Laws of Utah 2024, Chapter 388

39 **17B-1-511**, as last amended by Laws of Utah 2024, Chapter 388

40 **17B-1-512**, as last amended by Laws of Utah 2025, Chapter 399

41 **ENACTS:**

42 **17B-1-505.7**, Utah Code Annotated 1953

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

45 Section 1. Section **17B-1-504** is amended to read:

46 **17B-1-504 . Initiation of withdrawal process -- Notice of petition.**

47 (1) ~~[Except as provided in Section 17B-1-505]~~ In addition to the procedures described in
48 Sections 17B-1-505 and 17B-1-505.7, the process to withdraw an area from a special
49 district may be initiated:

50 (a) for a special district funded predominantly by revenues from property taxes or
51 service charges other than those based upon acre-feet of water:

52 (i) by a petition signed by the owners of private real property that:

53 (A) is located within the area proposed to be withdrawn;

54 (B) covers at least 51% of the total private land within the area proposed to be
55 withdrawn; and

56 (C) is equal in taxable value to at least 51% of the taxable value of all private real
57 property within the area proposed to be withdrawn;

58 (ii) by a petition signed by registered voters residing within the area proposed to be
59 withdrawn equal in number to at least 67% of the number of votes cast in the same
60 area for the office of governor at the last regular general election before the filing
61 of the petition;

62 (iii) by a resolution adopted by the board of trustees of the special district in which

63 the area proposed to be withdrawn is located, which:

64 (A) states the reasons for withdrawal; and

65 (B) is accompanied by a general description of the area proposed to be withdrawn;
66 or

67 (iv) by a resolution to file a petition with the special district to withdraw from the
68 special district all or a specified portion of the area within a municipality or
69 county, adopted by the governing body of a municipality that has within [its]
70 municipal boundaries an area located within the boundaries of a special district, or
71 by the governing body of a county that has within [its] county boundaries an area
72 located within the boundaries of a special district that is located in more than one
73 county, which petition of the governing body shall be filed with the board of
74 trustees only if a written request to petition the board of trustees to withdraw an
75 area from the special district has been filed with the governing body of the
76 municipality, or county, and the request has been signed by registered voters
77 residing within the boundaries of the area proposed for withdrawal equal in
78 number to at least 51% of the number of votes cast in the same area for the office
79 of governor at the last regular general election before the filing of the petition;

80 (b) for a special district whose board of trustees is elected by electors based on the
81 acre-feet of water allotted to the land owned by the elector:

82 (i) in the same manner as provided in Subsection (1)(a)(iii) or Subsection (1)(a)(iv);
83 or

84 (ii) by a petition signed by the owners of at least 67% of the acre-feet of water
85 allotted to the land proposed to be withdrawn;

86 (c) for a special district funded predominantly by revenues other than property taxes,
87 service charges, or assessments based upon an allotment of acre-feet of water:

88 (i) in the same manner as provided in Subsection (1)(a)(iii) or Subsection (1)(a)(iv);
89 or

90 (ii) by a petition signed by the registered voters residing within the entire area
91 proposed to be withdrawn, which area shall be comprised of an entire
92 unincorporated area within the special district or an entire municipality within a
93 special district, or a combination thereof, equal in number to at least 67% of the
94 number of votes cast within the entire area proposed to be withdrawn for the
95 office of governor at the last regular general election before the filing of the
96 petition; or

97 (d) for an infrastructure financing district, by a petition signed by 100% of the owners of
98 all surface property within the area proposed to be withdrawn.

99 (2)(a) [Prior to] Before soliciting any signatures on a petition under Subsection (1), the
100 sponsors of the petition shall:

101 (i) notify the special district board with which the petition is intended to be filed that
102 the sponsors will be soliciting signatures for a petition; and
103 (ii) mail a copy of the petition to the special district board.

104 (b) Subsection (2)(a) does not apply to a petition to withdraw an area from an
105 infrastructure financing district.

106 Section 2. Section **17B-1-505.7** is enacted to read:

107 **17B-1-505.7 . Withdrawal from certain districts providing garbage collection and**
disposal.

109 (1) As used in this section:

110 (a) "Feasibility consultant" means a person with expertise in:

111 (i) the processes and economics of local government; and
112 (ii) the economics of providing municipal services to an area, including garbage
113 service.

114 (b) "Feasibility study" means a study to determine the functional and financial feasibility
115 of withdrawing an area from a garbage disposal district.

116 (c)(i) "Garbage disposal district" means a special or local district that was created to
117 provide garbage collection and disposal to counties or municipalities.

118 (ii) "Garbage disposal district" includes special districts reorganized from a local
119 district, as described in Section 17D-1-604.

120 (d)(i) "Incur a financial obligation" means an action that increases the annual budget
121 of a district beyond what would be expected after taking population growth or
122 inflation into account.

123 (ii) "Incur a financial obligation" does not mean the continuation of day-to-day
124 district operations, including:

125 (A) the payment of salaries and benefits;
126 (B) implementing previously budgeted cost-of-living wage increases;
127 (C) hiring a new employee to fulfill the duties of an individual who leaves
128 employment with the district; or
129 (D) purchasing necessary supplies under the same general terms and at the same
130 general rate the organization historically purchased the supplies.

131 (e) "Resolution to withdraw" means a resolution adopted by the legislative body of a
132 withdrawing entity describing the area within the withdrawing entity that shall be
133 removed from the boundaries of a garbage disposal district.

134 (f) "Withdrawing entity" means:
135 (i) a county of the first class, as classified under Section 17-60-104, that initiates the
136 process to withdraw the unincorporated areas of the county from the garbage
137 disposal district as described in this section; or
138 (ii) a municipality located in a county of the first class, as classified under Section
139 17-60-104, that initiates the process to withdraw the municipality from the
140 garbage disposal district as described in this section.

141 (2)(a) In addition to procedures described in Section 17B-1-504, the process to withdraw
142 an area from a garbage disposal district may be initiated by a county or municipal
143 legislative body adopting a notice of intent to withdraw as described in this section.

144 (b) The notice in Subsection (2)(a) shall include:
145 (i) a statement that the county or municipality intends to withdraw from the garbage
146 disposal district;
147 (ii) a description or map of the area proposed to be withdrawn; and
148 (iii) notice that the county or municipality intends to conduct a feasibility study in
149 accordance with this section if the withdrawing entity and garbage disposal
150 district do not agree to the withdrawal as described in Subsection (3).

151 (c) Within 10 days after adopting the notice in Subsection (2)(a), the legislative body
152 shall submit a copy of the notice to the garbage disposal district's board of trustees.

153 (d) Upon receiving the notice described in Subsection (2)(c), the garbage disposal
154 district may not incur debt, issue bonds, or otherwise incur a financial obligation until
155 the earlier of:
156 (i) the day on which:
157 (A) the initiated withdrawal is finalized; or
158 (B) the legislative body rescinds the notice of intent to withdraw as described in
159 Subsection (8); or
160 (ii) one year from the day on which the garbage disposal district receives the notice
161 described in Subsection (2)(c).

162 (3) A feasibility study under this section is not required if, within 30 days of the day on
163 which the garbage disposal district receives notice under Subsection (2)(c), the
164 withdrawing entity and the garbage disposal district:

165 (a) agree in writing to the withdrawal; and
166 (b) enter into a written agreement establishing the terms of the withdrawal.

167 (4)(a) The withdrawing entity shall select a feasibility consultant in accordance with
168 applicable county or municipal procurement procedures.

169 (b) Upon retaining a feasibility consultant, the legislative body shall require the
170 feasibility consultant to:

171 (i) complete the feasibility study and written report:
172 (A) as described in Subsection (5); and
173 (B) within 90 days; and

174 (ii) attend any public hearing the legislative body holds as described in Subsection (6).

175 (5)(a) The feasibility study shall consider:

176 (i) the physical and other assets that will be required by the withdrawing entity to
177 provide, without interruption or diminution of service, the same service that is
178 being provided by the garbage disposal district;

179 (ii) the physical and other assets that will no longer be required by the garbage
180 disposal district to continue to provide the current level of service to the remainder
181 of the garbage disposal district, excluding the withdrawing entity, and could be
182 transferred to the withdrawing entity;

183 (iii) a fair and equitable allocation of the garbage disposal district's assets between the
184 garbage disposal district and the withdrawing entity, effective upon the
185 withdrawal of the withdrawing entity from the garbage disposal district;

186 (iv) a fair and equitable allocation of the debts, liabilities, and obligations of the
187 garbage disposal district and any local building authority of the garbage disposal
188 district, between the withdrawing entity and the remaining garbage disposal
189 district, taking into consideration:

190 (A) any requirement to maintain the excludability of interest from the income of
191 the holder of the debt, liability, or obligation for federal income tax purposes;
192 and

193 (B) any garbage disposal district assets that have been purchased with the
194 proceeds of bonds issued by the garbage disposal district that the garbage
195 disposal district will retain and any assets that will be transferred to the
196 withdrawing entity;

197 (v) the number and classification of garbage disposal district employees who will no
198 longer be required to serve the remaining portions of the garbage disposal district

199 after the withdrawing entity withdraws from the garbage disposal district,
200 including the dollar amount of the wages, salaries, and benefits attributable to the
201 employees and the estimated cost associated with termination of the employees if
202 the withdrawing entity does not employ the employees; and

203 (vi) any other factor that the feasibility consultant considers relevant to the question
204 of the withdrawing entity's withdrawal from the garbage disposal district.

205 (b) A written report of the results of a feasibility study shall:

206 (i) contain a recommendation concerning whether a withdrawing entity's withdrawal
207 from a garbage disposal district is functionally and financially feasible for the
208 withdrawing entity;

209 (ii) include any conditions the feasibility consultant determines need to be satisfied in
210 order to make the withdrawal functionally and financially feasible, including the
211 garbage disposal district assets and liabilities to be allocated to the withdrawing
212 entity;

213 (iii) include a one-page summary of the feasibility study, the recommendation
214 described in Subsection (5)(b)(i), and any conditions described in Subsection
215 (5)(b)(ii) in terms that the average member of the public can understand; and

216 (iv) be sent to:

217 (A) the board of trustees of the garbage disposal district; and

218 (B) the legislative body that adopted the notice of intent to withdraw under
219 Subsection (2).

220 (6)(a) If upon receipt of the written report described in Subsection (5)(b), the
221 withdrawing entity determines that the results of the feasibility study are favorable
222 and any identified conditions are acceptable to the withdrawing entity, the legislative
223 body shall hold at least one public hearing:

224 (i) within 60 days of the day on which the written report is sent to the board of
225 trustees and the legislative body, as described in Subsection (5)(b); and

226 (ii) for the purpose of allowing:

227 (A) the feasibility consultant to present the results of the feasibility study; and
228 (B) the public to become informed about the feasibility study results, pose
229 questions to the feasibility consultant, and make public comment.

230 (b) At a public hearing described in this Subsection (6), the legislative body shall:

231 (i) provide a copy of the feasibility study for public review;

232 (ii) ensure that the presentation includes a description of any conditions the feasibility

233 consultant identifies as necessary to make the withdrawal functional and
234 financially feasible, as described in Subsection (5)(b); and
235 (iii) allow members of the public and representatives from the garbage disposal
236 district's board of trustees to make public comment about the proposed withdrawal.

237 (7)(a) The county or municipality shall publish notice of the public hearing required
238 under Subsection (6), and any additional public hearing in which the issue of
239 withdrawal or the feasibility study results are discussed, for the county or
240 municipality:

241 (i) as a class A notice under Section 63G-30-102; and
242 (ii) for at least two weeks before the day of the public hearing.

243 (b) The notice described in Subsection (7)(a) shall:

244 (i) be sent to the garbage disposal district's board of trustees;
245 (ii) include the summary described in Subsection (5)(b)(iii); and
246 (iii) indicate that a full copy of the feasibility study is available for inspection and
247 copying at the office of the county clerk or municipal clerk or recorder.

248 (8) The withdrawing entity's legislative body shall notify the garbage disposal district's
249 board of trustees that the legislative body is rescinding the notice of intent to withdraw:

250 (a) if, upon receipt of the written report described in Subsection (5)(b), the withdrawing
251 entity determines the results of the feasibility study are not favorable to the
252 withdrawing entity or that any identified conditions are not acceptable to the
253 withdrawing entity;
254 (b) if, after a public hearing described in Subsection (6), the legislative body fails to or
255 elects not to adopt a resolution to withdraw as described in Subsection (9); or
256 (c) the legislative body determines, for whatever reason and at any time before the
257 legislative body adopts a resolution to withdraw as described in Subsection (9), that
258 withdrawal is no longer in the best interest of the county or municipality.

259 (9)(a) The withdrawing entity's legislative body may adopt a resolution to withdraw at a
260 public meeting:

261 (i) after a public hearing described in Subsection (6); and
262 (ii) no later than 60 days after the day on which the last public hearing described in
263 Subsection (6) is held.

264 (b) A resolution to withdraw shall establish the terms of the withdrawal, including the
265 withdrawing entity's agreement to comply with any conditions included in the
266 feasibility study report.

267 (c) Upon adopting a resolution to withdraw, the legislative body shall notify the garbage
268 disposal district's board of trustees of the resolution to withdraw.

269 (10)(a) The withdrawal of a county or municipality from a garbage disposal district as
270 described in Subsection (9) does not require the approval of the garbage disposal
271 district's board of trustees.

272 (b) The effective date of a withdrawal under this section is governed by Subsection
273 17B-1-512(2)(a).

274 Section 3. Section **17B-1-511** is amended to read:

275 **17B-1-511 . Continuation of tax levy or assessment after withdrawal to pay for**
276 **proportionate share of district bonds.**

277 (1) Other than as provided in Subsection (2), and unless an escrow trust fund is established
278 and funded pursuant to Subsection 17B-1-510(5)(j), property within the withdrawn area
279 shall continue after withdrawal to be taxable by the special district:

280 (a) for the purpose of paying the withdrawn area's just proportion of the special district's
281 general obligation bonds or lease obligations payable from property taxes with
282 respect to lease revenue bonds issued by a local building authority on behalf of the
283 special district, other than those bonds treated as revenue bonds under Subsection
284 17B-1-510(5)(i), until the bonded indebtedness has been satisfied; and

285 (b) to the extent and for the years necessary to generate sufficient revenue that, when
286 combined with the revenues from the district remaining after withdrawal, is sufficient
287 to provide for the payment of principal and interest on the district's general obligation
288 bonds that are treated as revenue bonds under Subsection 17B-1-510(5)(i).

289 (2) For a special district funded predominately by revenues other than property taxes,
290 service charges, or assessments based upon an allotment of acre-feet of water, property
291 within the withdrawn area shall continue to be taxable by the special district for
292 purposes of paying the withdrawn area's proportionate share of bonded indebtedness or
293 judgments against the special district incurred [prior to] before:

294 (a) the date the petition was filed[-] ; or
295 (b) the date the garbage disposal district's board of trustees received the notice of intent
296 to withdraw under Section 17B-1-505.7.

297 (3) An area withdrawn from an infrastructure financing district remains subject to any
298 taxes, fees, and assessments imposed by the infrastructure financing district until
299 obligations allocable to the withdrawn area are paid.

300 (4) Except as provided in Subsections (1), (2), and (3), upon withdrawal, the withdrawing

301 area is relieved of all other taxes, assessments, and charges levied by the district,
302 including taxes and charges for the payment of revenue bonds and maintenance and
303 operation cost of the special district.

304 Section 4. Section **17B-1-512** is amended to read:

305 **17B-1-512 . Filing of notice and plat -- Recording requirements -- Contest period**

306 **-- Judicial review.**

307 (1)(a) Within the time specified in Subsection (1)(b), the board of trustees shall file with
308 the lieutenant governor:

309 (i) a copy of a notice of an impending boundary action, as defined in Section
310 67-1a-6.5, that meets the requirements of Subsection 67-1a-6.5(3); and
311 (ii) a copy of an approved final local entity plat, as defined in Section 67-1a-6.5.

312 (b) The board of trustees shall file the documents listed in Subsection (1)(a):

313 (i) within 10 days after adopting a resolution approving a withdrawal under Section
314 17B-1-510;
315 (ii) on or before January 31 of the year following:

316 (A) the board of trustees' receipt of a notice or copy described in Subsection [(1)(e)]
317 (1)(c)(i), if the board of trustees receives the notice or copy [between July 1
318 and December 31] on or after July 1 and before January 1; or

319 (B) the board of trustees entering into an agreement described in Subsection
320 (1)(c)(ii), if the agreement is executed by both parties on or after July 1 and
321 before January 1; or

322 (iii) on or before the July 31 following:

323 (A) the board of trustees' receipt of a notice or copy described in Subsection [(1)(e)]
324 (1)(c)(i), if the board of trustees receives the notice or copy [between January 1
325 and June 30] on or after January 1 and before June 30; or

326 (B) the board of trustees entering into an agreement described in Subsection
327 (1)(c)(ii), if the agreement is executed by both parties on or after January 1 and
328 before June 30.

329 (c) The board of trustees shall comply with the requirements described in Subsection

330 (1)(b)(ii) or (iii) after:

331 (i) receiving:

332 (A) [a-]notice under Subsection 10-2-813(2) of an automatic withdrawal under
333 Subsection 17B-1-502(2);

334 (B) a copy of the municipal legislative body's resolution approving an automatic

335 withdrawal under Subsection 17B-1-502(3)(a);[~~or~~]

336 (C) notice of a withdrawal of a municipality from a special district under Section
337 17B-1-502; or

338 (D) notice of a resolution to withdraw under Section 17B-1-505.7; or

339 (ii) entering into an agreement:

340 (A) with a municipality under Subsection 17B-1-505(5)(a)(ii)(A) or (5)(b); or

341 (B) with a withdrawing entity under Subsection 17B-1-505.7(3).

342 (d) Upon the lieutenant governor's issuance of a certificate of withdrawal under Section
343 67-1a-6.5, the board shall:

344 (i) if the withdrawn area is located within the boundary of a single county, submit to
345 the recorder of that county:

346 (A) the original:

347 (I) notice of an impending boundary action;

348 (II) certificate of withdrawal; and

349 (III) approved final local entity plat; and

350 (B) if applicable, a certified copy of the resolution or notice referred to in
351 Subsection (1)(b); or

352 (ii) if the withdrawn area is located within the boundaries of more than a single
353 county, submit:

354 (A) the original of the documents listed in Subsections (1)(d)(i)(A)(I), (II), and
355 (III) and, if applicable, a certified copy of the resolution or notice referred to in
356 Subsection (1)(b) to one of those counties; and

357 (B) a certified copy of the documents listed in Subsections (1)(d)(i)(A)(I), (II), and
358 (III) and a certified copy of the resolution or notice referred to in Subsection
359 (1)(b) to each other county.

360 (2) A withdrawal shall be effective, subject to the conditions of the withdrawal resolution,
361 if applicable, upon the lieutenant governor's issuance of the certificate of withdrawal
362 under Section 67-1a-6.5, for:

363 (a) a withdrawal under Section 17B-1-501;

364 (b) an automatic withdrawal under Subsection 17B-1-502(3);

365 (c) the withdrawal of a municipality from a special district under Section 17B-1-505; or

366 (d) the withdrawal of a county or a municipality from a garbage disposal district under
367 Section 17B-1-505.7.

368 [(2)(a) Upon the lieutenant governor's issuance of the certificate of withdrawal under

369 Seetion 67-1a-6.5 for a withdrawal under Seetion 17B-1-510, for an automatic
370 withdrawal under Subsection 17B-1-502(3), or for the withdrawal of a municipality
371 from a special district under Seetion 17B-1-505, the withdrawal shall be effeetive,
372 subjeet to the conditions of the withdrawal resolution, if applicable.]

373 [(b) An automatic withdrawal under Subsection 17B-1-502(3) shall be effective upon
374 the lieutenant governor's issuance of a certificate of withdrawal under Seetion
375 67-1a-6.5.]

376 (3)(a) The special district may provide for the publication of any resolution approving or
377 denying the withdrawal of an area:

378 (i) in a newspaper of general circulation in the area proposed for withdrawal; and
379 (ii) as required in Section 45-1-101.

380 (b) In lieu of publishing the entire resolution, the special district may publish a notice of
381 withdrawal or denial of withdrawal, containing:

382 (i) the name of the special district;
383 (ii) a description of the area proposed for withdrawal;
384 (iii) a brief explanation of the grounds on which the board of trustees determined to
385 approve or deny the withdrawal; and
386 (iv) the times and place where a copy of the resolution may be examined, which shall
387 be at the place of business of the special district, identified in the notice, during
388 regular business hours of the special district as described in the notice and for a
389 period of at least 30 days after the publication of the notice.

390 (4) Any sponsor of the petition or receiving entity may contest the board's decision to deny
391 a withdrawal of an area from the special district by submitting a request, within 60 days
392 after the resolution is adopted under Section 17B-1-510, to the board of trustees,
393 suggesting terms or conditions to mitigate or eliminate the conditions upon which the
394 board of trustees based [its] the board's decision to deny the withdrawal.

395 (5) Within 60 days after the request under Subsection (4) is submitted to the board of
396 trustees, the board may consider the suggestions for mitigation and adopt a resolution
397 approving or denying the request in the same manner as provided in Section 17B-1-510
398 with respect to the original resolution denying the withdrawal and file a notice of the
399 action as provided in Subsection (1).

400 (6)(a) Any person in interest may seek judicial review of:

401 (i) the board of trustees' decision to withdraw an area from the special district;
402 (ii) the terms and conditions of a withdrawal approved under Section 17B-1-510 or

403 Subsection (5); or

404 (iii) the board's decision to deny a withdrawal.

405 (b) Judicial review under this Subsection (6) shall be initiated by filing an action in the
406 district court in the county in which a majority of the area proposed to be withdrawn
407 is located:

408 (i) if the resolution approving or denying the withdrawal is published under
409 Subsection (3), within 60 days after the publication or after the board of trustees'
410 denial of the request under Subsection (5);

411 (ii) if the resolution is not published pursuant to Subsection (3), within 60 days after
412 the resolution approving or denying the withdrawal is adopted; or

413 (iii) if a request is submitted to the board of trustees of a special district under
414 Subsection (4), and the board adopts a resolution under Subsection (5), within 60
415 days after the board adopts a resolution under Subsection (5) unless the resolution
416 is published under Subsection (3), in which event the action shall be filed within
417 60 days after the publication.

418 (c) A court in which an action is filed under this Subsection (6) may not overturn, in
419 whole or in part, the board of trustees' decision to approve or reject the withdrawal
420 unless:

421 (i) the court finds the board of trustees' decision to be arbitrary or capricious; or

422 (ii) the court finds that the board materially failed to follow the procedures set forth
423 in this part.

424 (d) A court may award costs and expenses of an action under this section, including
425 reasonable attorney fees, to the prevailing party.

426 (7) After the applicable contest period under Subsection (4) or (6), no person may contest
427 the board of trustees' approval or denial of withdrawal for any cause.

428 **Section 5. Effective Date.**

429 This bill takes effect on May 6, 2026.