

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- provides that property within a withdrawn area may continue to be taxable by the garbage disposal district for purposes of paying the withdrawn area's proportionate share of bonded indebtedness or judgments against the garbage disposal district, under certain circumstances;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

resolution to withdraw;

- describes the process to determine the effective date of a withdrawal; and
- makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

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

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

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

ENACTS:

17B-1-505.7, Utah Code Annotated 1953

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

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

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

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

- (a) for a special district funded predominantly by revenues from property taxes or service charges other than those based upon acre-feet of water:
 - (i) by a petition signed by the owners of private real property that:
 - (A) is located within the area proposed to be withdrawn;
 - (B) covers at least 51% of the total private land within the area proposed to be withdrawn; and
 - (C) is equal in taxable value to at least 51% of the taxable value of all private real property within the area proposed to be withdrawn;
 - (ii) by a petition signed by registered voters residing within the area proposed to be withdrawn equal in number to at least 67% of the number of votes cast in the same area for the office of governor at the last regular general election before the filing of the petition;
 - (iii) by a resolution adopted by the board of trustees of the special district in which

the area proposed to be withdrawn is located, which:

(A) states the reasons for withdrawal; and

(B) is accompanied by a general description of the area proposed to be withdrawn;

or

- (iv) by a resolution to file a petition with the special district to withdraw from the special district all or a specified portion of the area within a municipality or county, adopted by the governing body of a municipality that has within [its] municipal boundaries an area located within the boundaries of a special district, or by the governing body of a county that has within [its] county boundaries an area located within the boundaries of a special district that is located in more than one county, which petition of the governing body shall be filed with the board of trustees only if a written request to petition the board of trustees to withdraw an area from the special district has been filed with the governing body of the municipality, or county, and the request has been signed by registered voters residing within the boundaries of the area proposed for withdrawal equal in number to at least 51% of the number of votes cast in the same area for the office of governor at the last regular general election before the filing of the petition;
- (b) for a special district whose board of trustees is elected by electors based on the acre-feet of water allotted to the land owned by the elector:
- (i) in the same manner as provided in Subsection (1)(a)(iii) or Subsection (1)(a)(iv);
- or
- (ii) by a petition signed by the owners of at least 67% of the acre-feet of water allotted to the land proposed to be withdrawn;
- (c) for a special district funded predominantly by revenues other than property taxes, service charges, or assessments based upon an allotment of acre-feet of water:
- (i) in the same manner as provided in Subsection (1)(a)(iii) or Subsection (1)(a)(iv);
- or
- (ii) by a petition signed by the registered voters residing within the entire area proposed to be withdrawn, which area shall be comprised of an entire unincorporated area within the special district or an entire municipality within a special district, or a combination thereof, equal in number to at least 67% of the number of votes cast within the entire area proposed to be withdrawn for the office of governor at the last regular general election before the filing of the petition; or

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

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

(i) notify the special district board with which the petition is intended to be filed that the sponsors will be soliciting signatures for a petition; and

(ii) mail a copy of the petition to the special district board.

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

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

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

(1) As used in this section:

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

(i) the processes and economics of local government; and

(ii) the economics of providing municipal services to an area, including garbage service.

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

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

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

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

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

(A) the payment of salaries and benefits;

(B) implementing previously budgeted cost-of-living wage increases;

(C) hiring a new employee to fulfill the duties of an individual who leaves employment with the district; or

(D) purchasing necessary supplies under the same general terms and at the same general rate the organization historically purchased the supplies.

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

(f) "Withdrawing entity" means:

(i) a county of the first class, as classified under Section 17-60-104, that initiates the process to withdraw the unincorporated areas of the county from the garbage disposal district as described in this section; or

(ii) a municipality located in a county of the first class, as classified under Section 17-60-104, that initiates the process to withdraw the municipality from the garbage disposal district as described in this section.

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

(b) The notice in Subsection (2)(a) shall include:

(i) a statement that the county or municipality intends to withdraw from the garbage disposal district;

(ii) a description or map of the area proposed to be withdrawn; and

(iii) notice that the county or municipality intends to conduct a feasibility study in accordance with this section if the withdrawing entity and garbage disposal district do not agree to the withdrawal as described in Subsection (3).

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

(d) Upon receiving the notice described in Subsection (2)(c), the garbage disposal district may not incur debt, issue bonds, or otherwise incur a financial obligation until the earlier of:

(i) the day on which:

(A) the initiated withdrawal is finalized; or

(B) the legislative body rescinds the notice of intent to withdraw as described in Subsection (8); or

(ii) one year from the day on which the garbage disposal district receives the notice described in Subsection (2)(c).

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

- after the withdrawing entity withdraws from the garbage disposal district,
including the dollar amount of the wages, salaries, and benefits attributable to the
employees and the estimated cost associated with termination of the employees if
the withdrawing entity does not employ the employees; and
(vi) any other factor that the feasibility consultant considers relevant to the question
of the withdrawing entity's withdrawal from the garbage disposal district.
- (b) A written report of the results of a feasibility study shall:
- (i) contain a recommendation concerning whether a withdrawing entity's withdrawal
from a garbage disposal district is functionally and financially feasible for the
withdrawing entity;
- (ii) include any conditions the feasibility consultant determines need to be satisfied in
order to make the withdrawal functionally and financially feasible, including the
garbage disposal district assets and liabilities to be allocated to the withdrawing
entity;
- (iii) include a one-page summary of the feasibility study, the recommendation
described in Subsection (5)(b)(i), and any conditions described in Subsection
(5)(b)(ii) in terms that the average member of the public can understand; and
- (iv) be sent to:
- (A) the board of trustees of the garbage disposal district; and
- (B) the legislative body that adopted the notice of intent to withdraw under
Subsection (2).
- (6)(a) If upon receipt of the written report described in Subsection (5)(b), the
withdrawing entity determines that the results of the feasibility study are favorable
and any identified conditions are acceptable to the withdrawing entity, the legislative
body shall hold at least one public hearing:
- (i) within 60 days of the day on which the written report is sent to the board of
trustees and the legislative body, as described in Subsection (5)(b); and
- (ii) for the purpose of allowing:
- (A) the feasibility consultant to present the results of the feasibility study; and
- (B) the public to become informed about the feasibility study results, pose
questions to the feasibility consultant, and make public comment.
- (b) At a public hearing described in this Subsection (6), the legislative body shall:
- (i) provide a copy of the feasibility study for public review;
- (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.

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

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

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

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

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

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

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

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

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

(a) the date the petition was filed[-] ; or

(b) the date the garbage disposal district's board of trustees received the notice of intent to withdraw under Section 17B-1-505.7.

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

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

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

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

17B-1-512 . Filing of notice and plat -- Recording requirements -- Contest period -- Judicial review.

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

(i) a copy of a notice of an impending boundary action, as defined in Section 67-1a-6.5, that meets the requirements of Subsection 67-1a-6.5(3); and

(ii) a copy of an approved final local entity plat, as defined in Section 67-1a-6.5.

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

(i) within 10 days after adopting a resolution approving a withdrawal under Section 17B-1-510;

(ii) on or before January 31 of the year following:

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

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

(iii) on or before the July 31 following:

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

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

(c) The board of trustees shall comply with the requirements described in Subsection (1)(b)(ii) or (iii) after:

(i) receiving:

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

(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~~

~~Section 67-1a-6.5 for a withdrawal under Section 17B-1-510, for an automatic withdrawal under Subsection 17B-1-502(3), or for the withdrawal of a municipality from a special district under Section 17B-1-505, the withdrawal shall be effective, subject to the conditions of the withdrawal resolution, if applicable.]~~

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

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

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

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

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

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

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

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

- (i) the board of trustees' decision to withdraw an area from the special district;
- (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.