

Daniel McCay proposes the following substitute bill:

Special Districts Amendments

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Candice B. Pierucci

Senate Sponsor: Daniel McCay

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 and modifies definitions;
- provides a process for a county of the first class to initiate withdrawal from a first responder district;
- modifies the process to conduct a feasibility study on withdrawal from a first responder 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 from the garbage disposal district;
- 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;
- modifies the process to file with the lieutenant governor certain documents;
- describes the process to determine the effective date of a withdrawal; and

29 ▸ makes technical and conforming changes.

30 **Money Appropriated in this Bill:**

31 None

32 **Other Special Clauses:**

33 None

34 **Utah Code Sections Affected:**

35 AMENDS:

36 **17B-1-502**, as last amended by Laws of Utah 2025, First Special Session, Chapter 11

37 **17B-1-504**, as last amended by Laws of Utah 2024, Chapter 388

38 **17B-1-505**, as last amended by Laws of Utah 2023, Chapter 15

39 **17B-1-505.5**, as last amended by Laws of Utah 2023, Chapters 15, 435

40 **17B-1-511**, as last amended by Laws of Utah 2024, Chapter 388

41 **17B-1-512**, as last amended by Laws of Utah 2025, Chapter 399

42 ENACTS:

43 **17B-1-505.7**, Utah Code Annotated 1953

44

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

46 Section 1. Section **17B-1-502** is amended to read:

47 **17B-1-502 . Withdrawal of area from special district -- Automatic withdrawal in**
48 **certain circumstances.**

49 (1)(a) An area within the boundaries of a special district may be withdrawn from the
50 special district only as provided in this part or, if applicable, as provided in Chapter
51 2a, Part 11, Municipal Services District Act.

52 (b) Except as provided in Subsections (2) and (3), the inclusion of an area of a special
53 district within a municipality because of a municipal incorporation under Title 10,
54 Chapter 2a, Municipal Incorporation, a municipal annexation under Title 10, Chapter
55 2, Part 8, Annexation, or a boundary adjustment under Title 10, Chapter 2, Part 9,
56 Municipal Boundary Adjustments, does not affect the requirements under this part
57 for the process of withdrawing that area from the special district.

58 (2)(a) An area within the boundaries of a special district is automatically withdrawn
59 from the special district by the annexation of the area to a municipality under Title
60 10, Chapter 2, Part 8, Annexation, or the adding of the area to a municipality by
61 boundary adjustment under Title 10, Chapter 2, Part 9, Municipal Boundary
62 Adjustments, if:

- 63 (i) the special district provides:
- 64 (A) fire protection, paramedic, and emergency services; or
- 65 (B) law enforcement service;
- 66 (ii) an election for the creation of the special district was not required because of
- 67 Subsection 17B-1-214(3)(d) or (g); and
- 68 (iii) before annexation or boundary adjustment, the boundaries of the special district
- 69 do not include any of the annexing municipality.
- 70 (b) The effective date of a withdrawal under this Subsection (2) is governed by
- 71 Subsection 17B-1-512(2)(b).
- 72 (3)(a) Except as provided in Subsection (3)(c) or (d), an area within the boundaries of a
- 73 special district located in a county of the first class is automatically withdrawn from
- 74 the special district by the incorporation of a municipality whose boundaries include
- 75 the area if:
- 76 (i) the special district provides municipal services, as defined in Section 17B-2a-1102,
- 77 excluding fire protection, paramedic, emergency, and law enforcement services;
- 78 (ii) an election for the creation of the special district was not required because of
- 79 Subsection 17B-1-214(3)(g); and
- 80 (iii) the legislative body of the newly incorporated municipality:
- 81 (A) adopts a resolution no later than 180 days after the effective date of
- 82 incorporation approving the withdrawal that includes the legal description of
- 83 the area to be withdrawn; and
- 84 (B) delivers a copy of the resolution to the board of trustees of the special district.
- 85 (b) The effective date of a withdrawal under this Subsection (3) is governed by
- 86 Subsection 17B-1-512(2)(a).
- 87 (c) Section 17B-1-505 governs the withdrawal of an ~~incorporated~~ area within a county
- 88 of the first class if:
- 89 (i) the special district from which the area is withdrawn provides:
- 90 (A) fire protection, paramedic, and emergency services;
- 91 (B) law enforcement service; or
- 92 (C) municipal services, as defined in Section 17B-2a-1102;
- 93 (ii) an election for the creation of the special district was not required under
- 94 Subsection 17B-1-214(3)(d) or (g); and
- 95 (iii) for a special district that provides municipal services, as defined in Section
- 96 17B-2a-1102, excluding fire protection, paramedic, emergency, and law

97 enforcement services, the 180-day period described in Subsection (3)(a)(iii)(A) is
98 expired.

99 (d) An area may not be withdrawn from a special district that provides municipal
100 services, as defined in Section 17B-2a-1102, excluding fire protection, paramedic,
101 emergency, and law enforcement services, if the area is within a converted
102 municipality, as defined in Section 10-1-201.5.

103 Section 2. Section **17B-1-504** is amended to read:

104 **17B-1-504 . Initiation of withdrawal process -- Notice of petition.**

105 (1) Except as provided in Section 17B-1-505, the process to withdraw an area from a
106 special district may be initiated:

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

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

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

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

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

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

119 (iii) by a resolution adopted by the board of trustees of the special district in which
120 the area proposed to be withdrawn is located, which:

121 (A) states the reasons for withdrawal; and

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

124 (iv) by a resolution to file a petition with the special district to withdraw from the
125 special district all or a specified portion of the area within a municipality or
126 county, adopted by the governing body of a municipality that has within [its]
127 municipal boundaries an area located within the boundaries of a special district, or
128 by the governing body of a county that has within [its] county boundaries an area
129 located within the boundaries of a special district that is located in more than one
130 county, which petition of the governing body shall be filed with the board of

131 trustees only if a written request to petition the board of trustees to withdraw an
 132 area from the special district has been filed with the governing body of the
 133 municipality, or county, and the request has been signed by registered voters
 134 residing within the boundaries of the area proposed for withdrawal equal in
 135 number to at least 51% of the number of votes cast in the same area for the office
 136 of governor at the last regular general election before the filing of the petition;

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

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

140 or

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

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

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

146 or

147 (ii) by a petition signed by the registered voters residing within the entire area
 148 proposed to be withdrawn, which area shall be comprised of an entire
 149 unincorporated area within the special district or an entire municipality within a
 150 special district, or a combination thereof, equal in number to at least 67% of the
 151 number of votes cast within the entire area proposed to be withdrawn for the
 152 office of governor at the last regular general election before the filing of the
 153 petition; or

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

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

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

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

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

163 Section 3. Section **17B-1-505** is amended to read:

164 **17B-1-505 . Withdrawal from certain districts providing fire protection,**

165 **paramedic, and emergency services or law enforcement service or municipal services.**

166 (1) As used in this section[;] :

167 (a) "County" means all of the unincorporated land in a county of the first class, as
 168 classified under Section 17-60-104, that is entirely within the boundary of a first
 169 responder district.

170 (b) "Eligible area" means:

171 (i) all of the unincorporated land in a county of the first class, as classified under
 172 Section 17-60-104, that is entirely within the boundary of a first responder district;

173 or

174 (ii) all of a municipality that is entirely within the boundary of a qualified district.

175 (c) [~~"first"~~] "First responder district" means a special district, other than a municipal
 176 services district, that provides:

177 [~~(a)~~] (i) fire protection, paramedic, and emergency services; or

178 [~~(b)~~] (ii) law enforcement service.

179 (d) "Legislative body" means:

180 (i) for an eligible area that is wholly within a municipality, the municipal legislative
 181 body; and

182 (ii) for an eligible area that is all of the unincorporated land in a county, the county
 183 legislative body.

184 (e) "Municipal services district" means a municipal services district formed under
 185 Chapter 2a, Part 11, Municipal Services District Act.

186 (f) "Qualified district" means:

187 (i) a first responder district; or

188 (ii) a municipal services district.

189 (2) This section [~~applies to the~~] provides the sole method of withdrawal of:

190 (a) a municipality that is entirely within the boundary of a first responder district from
 191 the first responder district;

192 (b) a municipality that is entirely within the boundary of a municipal services district
 193 from the municipal services district; and

194 (c) [~~or municipal services district that was created without the necessity of an election~~
 195 ~~because of Subsection 17B-1-214(3)(d) or (g)] a county from a first responder district.~~

196 (3)(a) The process to withdraw a municipality from a first responder district or
 197 municipal services district, or a county from a first responder district, may be
 198 initiated by a resolution adopted by [~~the~~] a legislative body[~~of the municipality~~],

- 199 subject to Subsection (3)(b).
- 200 (b) The legislative body of a municipality that is within a municipal services district may
201 not adopt a resolution under Subsection (3)(a) to withdraw from the municipal
202 services district unless the municipality has conducted a feasibility study in
203 accordance with Section 17B-2a-1110.
- 204 (c) Within 10 days after adopting a resolution under Subsection (3)(a), the ~~[municipal-]~~
205 legislative body shall submit to the board of trustees of the ~~[-first responder district or~~
206 ~~municipal services-]~~ qualified district written notice of the adoption of the resolution,
207 accompanied by a copy of the resolution.
- 208 (4) If a resolution is adopted under Subsection (3)(a)~~[-]~~ by the legislative body of a
209 municipality within a municipal services district, the municipal legislative body shall
210 hold an election at the next municipal general election that is more than ~~[60]~~ 180 days
211 after adoption of the resolution on the question of whether the municipality should
212 withdraw from the municipal services district.
- 213 (5)(a) A municipality or county shall be withdrawn from a first responder district if:
- 214 (i) the legislative body ~~[of the municipality-]~~ governing the municipality or county
215 adopts a resolution initiating the withdrawal under Subsection (3)(a); and
- 216 (ii)(A) ~~[whether before or after the effective date of this section, the municipality]~~
217 the legislative body of the municipality or county and the first responder
218 district agree in writing to the withdrawal; or
- 219 (B) except as provided in Subsection (5)(b) and subject to Subsection (6), the
220 voters ~~[of the municipality-]~~ residing in the eligible area approve the withdrawal
221 at an election held for that purpose.
- 222 (b) An election under Subsection (5)(a)(ii)(B) is not required if, after a feasibility study
223 is conducted under Section 17B-1-505.5 and a public hearing is held under
224 Subsection 17B-1-505.5(14), the ~~[municipality]~~ legislative body governing the
225 eligible area and first responder district agree in writing to the withdrawal.
- 226 (6) An election under Subsection (5)(a)(ii)(B) may not be held unless:
- 227 (a) a feasibility study is conducted under Section 17B-1-505.5; and
- 228 (b)(i) the feasibility study concludes that the withdrawal is functionally and
229 financially feasible for the ~~[municipality]~~ eligible area and the first responder
230 district; or
- 231 (ii)(A) the feasibility study concludes that the withdrawal would be functionally
232 and financially feasible for the ~~[municipality]~~ eligible area and the first

233 responder district if conditions specified in the feasibility study are met; and
 234 (B) the legislative body of the [municipality] eligible area adopts a resolution
 235 irrevocably committing the [municipality] eligible area to satisfying the
 236 conditions specified in the feasibility study, if the withdrawal is approved by
 237 the [municipality's-]voters.

238 (7) If a majority of those voting on the question of withdrawal at an election held under
 239 Subsection [-](4) or (5)(a)(ii)(B) [-]vote in favor of withdrawal, the [municipality]
 240 eligible area shall be withdrawn from the [~~special~~] qualified district.

241 (8)(a) Within 10 days after the canvass of an election at which a withdrawal under this
 242 section is submitted to voters, the [municipal-]legislative body shall send written
 243 notice to the board of the [~~first responder district or municipal services-~~] qualified
 244 district from which the [municipality] eligible area is proposed to withdraw.

245 (b) Each notice under Subsection (8)(a) shall:

246 (i) state the results of the withdrawal election; and

247 (ii) if the withdrawal was approved by voters, be accompanied by a copy of an
 248 approved final local entity plat, as defined in Section 67-1a-6.5.

249 (9) The effective date of a withdrawal under this section is governed by [Subsection
 250 ~~17B-1-512(2)(a)] Section 17B-1-512.~~

251 Section 4. Section **17B-1-505.5** is amended to read:

252 **17B-1-505.5 . Feasibility study for withdrawal from a special district providing**
 253 **fire protection, paramedic, and emergency services or law enforcement service -- Notice**
 254 **of hearing.**

255 (1) As used in this section:

256 (a) "Eligible area" means the same as that term is defined in Section 17B-1-505.

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

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

259 (ii) the economics of providing fire protection, paramedic, and emergency services or
 260 law enforcement service.

261 [~~(b)~~] (c) "Feasibility study" means a study to determine the functional and financial
 262 feasibility of a municipality's withdrawal from a first responder special district.

263 [~~(e)~~] (d) "First responder district" means [~~a special district, other than a municipal~~
 264 ~~services district, that provides:]~~

265 [~~(i) fire protection, paramedic, and emergency services; or]~~

266 [~~(ii) law enforcement service]~~ the same as that term is defined in Section 17B-1-505.

- 267 ~~[(d)]~~ (e) "Withdrawing [municipality] entity" means:
- 268 (i) a municipality whose legislative body has adopted a resolution under Subsection
- 269 17B-1-505(3)(a) to initiate the process of the municipality's withdrawal from a
- 270 first responder district[-] ; or
- 271 (ii) a county whose legislative body has adopted a resolution under Subsection
- 272 17B-1-505(3)(a) to initiate the process of withdrawing all unincorporated areas of
- 273 the county from a first responder district.
- 274 (2) This section applies and a feasibility study shall be conducted, as provided in this
- 275 section, if:
- 276 (a) the legislative body of a [municipality] withdrawing entity has adopted a resolution
- 277 under Subsection 17B-1-505(3)(a) to initiate the process of the [municipality's-]
- 278 withdrawal from a first responder district;
- 279 (b) the [municipality] withdrawing entity and first responder district have not agreed in
- 280 writing to the withdrawal; and
- 281 (c) a feasibility study is a condition under Subsection 17B-1-505(6)(a) for an election to
- 282 be held approving the withdrawal.
- 283 (3)(a) As provided in this Subsection (3), the withdrawing [municipality] entity and first
- 284 responder district shall choose and engage a feasibility consultant to conduct a
- 285 feasibility study.
- 286 (b) The withdrawing [municipality] entity and first responder district shall jointly choose
- 287 and engage a feasibility consultant according to applicable county, municipal, or
- 288 special district procurement procedures.
- 289 (c)(i) If the withdrawing [municipality] entity and first responder district cannot agree
- 290 on and have not engaged a feasibility consultant under Subsection (3)(b) within 45
- 291 days after the legislative body of the withdrawing [municipality] entity submits
- 292 written notice to the first responder district under Subsection 17B-1-505(3)(c), the
- 293 withdrawing [municipality] entity and first responder district shall, as provided in
- 294 this Subsection (3)(c), choose a feasibility consultant from a list of at least eight
- 295 feasibility consultants provided by the Utah Association of Certified Public
- 296 Accountants.
- 297 (ii) A list of feasibility consultants under Subsection (3)(c)(i) may not include a
- 298 feasibility consultant that has had a contract to provide services to the
- 299 withdrawing [municipality] entity or first responder district at any time during the
- 300 two-year period immediately preceding the date the list is provided under

- 301 Subsection (3)(c)(i).
- 302 (iii)(A) Beginning with the first responder district, the first responder district and
303 withdrawing [municipality] entity shall alternately eliminate one feasibility
304 consultant each from the list of feasibility consultants until one feasibility
305 consultant remains.
- 306 (B) Within five days after receiving the list of consultants from the Utah
307 Association of Certified Public Accountants, the first responder district shall
308 make the first elimination of a feasibility consultant from the list and notify the
309 withdrawing [municipality] entity in writing of the elimination.
- 310 (C) After the first elimination of a feasibility consultant from the list, the
311 withdrawing [municipality] entity and first responder district shall each, within
312 three days after receiving the written notification of the preceding elimination,
313 notify the other in writing of the elimination of a feasibility consultant from the
314 list.
- 315 (d) If a withdrawing [municipality] entity and first responder district do not engage a
316 feasibility consultant under Subsection (3)(b), the withdrawing [municipality] entity
317 and first responder district shall engage the feasibility consultant that has not been
318 eliminated from the list at the completion of the process described in Subsection
319 (3)(c).
- 320 (4) A feasibility consultant that conducts a feasibility study under this section shall be
321 independent of and unaffiliated with the withdrawing [municipality] entity and first
322 responder district.
- 323 (5) In conducting a feasibility study under this section, the feasibility consultant shall
324 consider:
- 325 (a) population and population density within the [~~withdrawing municipality~~] eligible area;
- 326 (b) current and five-year projections of demographics and economic base in the
327 withdrawing [municipality] entity, including household size and income, commercial
328 and industrial development, and public facilities;
- 329 (c) projected growth in the withdrawing [municipality] entity during the next five years;
- 330 (d) subject to Subsection (6)(a), the present and five-year projections of the cost,
331 including overhead, of providing the same service in the withdrawing [municipality]
332 entity as is provided by the first responder district, including:
- 333 (i) the estimated cost if the first responder district continues to provide service; and
334 (ii) the estimated cost if the withdrawing [municipality] entity provides service;

- 335 (e) subject to Subsection (6)(a), the present and five-year projections of the cost,
336 including overhead, of the first responder district providing service with:
- 337 (i) the [municipality] eligible area included in the first responder district's service
338 area; and
- 339 (ii) the withdrawing [municipality] entity excluded from the first responder district's
340 service area;
- 341 (f) a projection of any new taxes per household that may be levied within the
342 withdrawing [municipality] entity within five years after the withdrawal;
- 343 (g) the fiscal impact that the withdrawing [municipality's] entity's withdrawal has on
344 other municipalities and unincorporated areas served by the first responder district,
345 including any rate increase that may become necessary to maintain required coverage
346 ratios for the first responder district's debt;
- 347 (h) the physical and other assets that will be required by the withdrawing [municipality]
348 entity to provide, without interruption or diminution of service, the same service that
349 is being provided by the first responder district;
- 350 (i) the physical and other assets that will no longer be required by the first responder
351 district to continue to provide the current level of service to the remainder of the first
352 responder district, excluding the withdrawing [municipality] entity, and could be
353 transferred to the withdrawing [municipality] entity;
- 354 (j) subject to Subsection (6)(b), a fair and equitable allocation of the first responder
355 district's assets between the first responder district and the withdrawing [municipality]
356 entity, effective upon the withdrawal of the withdrawing [municipality] entity from
357 the first responder district;
- 358 (k) a fair and equitable allocation of the debts, liabilities, and obligations of the first
359 responder district and any local building authority of the first responder district,
360 between the withdrawing [municipality] entity and the remaining first responder
361 district, taking into consideration:
- 362 (i) any requirement to maintain the excludability of interest from the income of the
363 holder of the debt, liability, or obligation for federal income tax purposes; and
- 364 (ii) any first responder district assets that have been purchased with the proceeds of
365 bonds issued by the first responder district that the first responder district will
366 retain and any of those assets that will be transferred to the withdrawing [
367 municipality] entity;
- 368 (l) the number and classification of first responder district employees who will no longer

369 be required to serve the remaining portions of the first responder district after the
370 withdrawing [municipality] entity withdraws from the first responder district,
371 including the dollar amount of the wages, salaries, and benefits attributable to the
372 employees and the estimated cost associated with termination of the employees if the
373 withdrawing [municipality] entity does not employ the employees;

374 (m) maintaining as a base, for a period of three years after withdrawal, the existing
375 schedule of pay and benefits for first responder district employees who are
376 transferred to the employment of the withdrawing [municipality] entity; and

377 (n) any other factor that the feasibility consultant considers relevant to the question of
378 the withdrawing [municipality's] entity's withdrawal from the first responder district.

379 (6)(a) For purposes of Subsections (5)(d) and (e):

380 (i) the feasibility consultant shall assume a level and quality of service to be provided
381 in the future to the withdrawing [municipality] entity that fairly and reasonably
382 approximates the level and quality of service that the first responder district
383 provides to the withdrawing [municipality] entity at the time of the feasibility
384 study;

385 (ii) in determining the present value cost of a service that the first responder district
386 provides, the feasibility consultant shall consider:

387 (A) the cost to the withdrawing [municipality] entity of providing the service for
388 the first five years after the withdrawal; and

389 (B) the first responder district's present and five-year projected cost of providing
390 the same service within the withdrawing [municipality] entity; and

391 (iii) the feasibility consultant shall consider inflation and anticipated growth in
392 calculating the cost of providing service.

393 (b) The feasibility consultant may not consider an allocation of first responder district
394 assets or a transfer of first responder district employees to the extent that the
395 allocation or transfer would impair the first responder district's ability to continue to
396 provide the current level of service to the remainder of the first responder district
397 without the withdrawing [municipality] entity, unless the first responder district
398 consents to the allocation or transfer.

399 (7) A feasibility consultant may retain an architect, engineer, or other professional, as the
400 feasibility consultant considers prudent and as provided in the agreement with the
401 withdrawing [municipality] entity and first responder district, to assist the feasibility
402 consultant to conduct a feasibility study.

- 403 (8) The withdrawing [municipality] entity and first responder district shall require the
404 feasibility consultant to:
- 405 (a) complete the feasibility study within a time established by the withdrawing [
406 municipality] entity and first responder district;
- 407 (b) prepare and submit a written report communicating the results of the feasibility
408 study, including a one-page summary of the results; and
- 409 (c) attend all public hearings relating to the feasibility study under Subsection (14).
- 410 (9) A written report of the results of a feasibility study under this section shall:
- 411 (a) contain a recommendation concerning whether a withdrawing [municipality's] entity's
412 withdrawal from a first responder district is functionally and financially feasible for
413 both the first responder district and the withdrawing [municipality] entity; and
- 414 (b) include any conditions the feasibility consultant determines need to be satisfied in
415 order to make the withdrawal functionally and financially feasible, including:
- 416 (i) first responder district assets and liabilities to be allocated to the withdrawing [
417 municipality] entity; and
- 418 (ii)(A) first responder district employees to become employees of the withdrawing [
419 municipality] entity; and
- 420 (B) sick leave, vacation, and other accrued benefits and obligations relating to the
421 first responder district employees that the withdrawing [municipality] entity
422 needs to assume.
- 423 (10) The withdrawing [municipality] entity and first responder district shall equally share
424 the feasibility consultant's fees and costs, as specified in the agreement between the
425 withdrawing [municipality] entity and first responder district and the feasibility
426 consultant.
- 427 (11)(a) Upon completion of the feasibility study and preparation of a written report, the
428 feasibility consultant shall deliver a copy of the report to the withdrawing [
429 municipality] entity and first responder district.
- 430 (b)(i) A withdrawing [municipality] entity or first responder district that disagrees
431 with any aspect of a feasibility study report may, within 20 business days after
432 receiving a copy of the report under Subsection (11)(a), submit to the feasibility
433 consultant a written objection detailing the disagreement.
- 434 (ii)(A) A withdrawing [municipality] entity that submits a written objection under
435 Subsection (11)(b)(i) shall simultaneously deliver a copy of the objection to the
436 first responder district.

- 437 (B) A first responder district that submits a written objection under Subsection
438 (11)(b)(i) shall simultaneously deliver a copy of the objection to the
439 withdrawing [municipality] entity.
- 440 (iii) A withdrawing [municipality] entity or first responder district may, within 10
441 business days after receiving an objection under Subsection (11)(b)(ii), submit to
442 the feasibility consultant a written response to the objection.
- 443 (iv)(A) A withdrawing [municipality] entity that submits a response under
444 Subsection (11)(b)(iii) shall simultaneously deliver a copy of the response to
445 the first responder district.
- 446 (B) A first responder district that submits a response under Subsection (11)(b)(iii)
447 shall simultaneously deliver a copy of the response to the withdrawing [
448 municipality] entity.
- 449 (v) If an objection is filed under Subsection (11)(b)(i), the feasibility consultant shall,
450 within 20 business days after the expiration of the deadline under Subsection
451 (11)(b)(iii) for submitting a response to an objection:
- 452 (A) modify the feasibility study report or explain in writing why the feasibility
453 consultant is not modifying the feasibility study report; and
- 454 (B) deliver the modified feasibility study report or written explanation to the
455 withdrawing [municipality] entity and first responder special district.
- 456 (12) Within seven days after the expiration of the deadline under Subsection (11)(b)(i) for
457 submitting an objection or, if an objection is submitted, within seven days after
458 receiving a modified feasibility study report or written explanation under Subsection
459 (11)(b)(v), but at least 30 days before a public hearing under Subsection (14), the
460 withdrawing [municipality] entity shall:
- 461 (a) make a copy of the report available to the public at the primary office of the
462 withdrawing [municipality] entity; and
- 463 (b) if the withdrawing [municipality] entity has a website, post a copy of the report on the [
464 municipality's] entity's website.
- 465 (13) A feasibility study report or, if a feasibility study report is modified under Subsection
466 (11), a modified feasibility study report may not be challenged unless the basis of the
467 challenge is that the report results from collusion or fraud.
- 468 (14)(a) Following the expiration of the deadline under Subsection (11)(b)(i) for
469 submitting an objection, or, if an objection is submitted under Subsection (11)(b)(i),
470 following the withdrawing [municipality's] entity's receipt of the modified feasibility

471 study report or written explanation under Subsection (11)(b)(v), the legislative body
472 of the withdrawing [municipality] entity shall, at the legislative body's next regular
473 meeting, schedule at least one public hearing to be held:

474 (i) within the following 60 days; and

475 (ii) for the purpose of allowing:

476 (A) the feasibility consultant to present the results of the feasibility study; and

477 (B) the public to become informed about the feasibility study results, to ask the
478 feasibility consultant questions about the feasibility study, and to express the
479 public's views about the proposed withdrawal.

480 (b) At a public hearing under Subsection (14)(a), the legislative body of the withdrawing [
481 municipality] entity shall:

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

483 (ii) allow the public to:

484 (A) ask the feasibility consultant questions about the feasibility study; and

485 (B) express the public's views about the withdrawing [municipality's] entity's
486 proposed withdrawal from the first responder district.

487 (15)(a) The clerk or recorder of the withdrawing [municipality] entity shall publish
488 notice of a hearing under Subsection (14) for the withdrawing [municipality] entity, as
489 a class A notice under Section 63G-30-102, for three consecutive weeks immediately
490 before the public hearing.

491 (b) A notice under Subsection (15)(a) shall state:

492 (i) the date, time, and location of the public hearing; and

493 (ii) that a copy of the feasibility study report may be obtained, free of charge, at the
494 office of the withdrawing [municipality] entity or on the withdrawing [
495 municipality's] entity's website.

496 (16) Unless the withdrawing [municipality] entity and first responder district agree
497 otherwise, conditions that a feasibility study report indicates are necessary to be met for
498 a withdrawal to be functionally and financially feasible for the withdrawing [
499 municipality] entity and first responder district are binding on the withdrawing [
500 municipality] entity and first responder district if the withdrawal occurs.

501 Section 5. Section **17B-1-505.7** is enacted to read:

502 **17B-1-505.7 . Withdrawal from certain districts providing garbage collection and**
503 **disposal.**

504 (1) As used in this section:

- 505 (a) "Feasibility consultant" means a person with expertise in:
506 (i) the processes and economics of local government; and
507 (ii) the economics of providing municipal services to an area, including garbage
508 service.
- 509 (b) "Feasibility study" means a study to determine the functional and financial feasibility
510 of withdrawing an area from a garbage disposal district.
- 511 (c)(i) "Garbage disposal district" means a special or local district that was created to
512 provide garbage collection and disposal to counties or municipalities.
513 (ii) "Garbage disposal district" includes special districts reorganized from a local
514 district, as described in Section 17D-1-604.
- 515 (d)(i) "Incur a financial obligation" means an action that increases the annual budget
516 of a district beyond what would be expected after taking population growth or
517 inflation into account.
518 (ii) "Incur a financial obligation" does not mean the continuation of day-to-day
519 district operations, including:
520 (A) the payment of salaries and benefits;
521 (B) implementing previously budgeted cost-of-living wage increases;
522 (C) hiring a new employee to fulfill the duties of an individual who leaves
523 employment with the district; or
524 (D) purchasing necessary supplies under the same general terms and at the same
525 general rate the organization historically purchased the supplies.
- 526 (e) "Resolution to withdraw" means a resolution adopted by the legislative body of a
527 withdrawing entity describing the area within the withdrawing entity that shall be
528 removed from the boundaries of a garbage disposal district.
- 529 (f) "Withdrawing entity" means:
530 (i) a county of the first class, as classified under Section 17-60-104, that initiates the
531 process to withdraw the unincorporated areas of the county from the garbage
532 disposal district as described in this section; or
533 (ii) a municipality located in a county of the first class, as classified under Section
534 17-60-104, that initiates the process to withdraw the municipality from the
535 garbage disposal district as described in this section.
- 536 (2)(a) In addition to procedures described in Section 17B-1-504, the process to withdraw
537 an area from a garbage disposal district may be initiated by a county or municipal
538 legislative body adopting a notice of intent to withdraw as described in this section.

- 539 (b) The notice in Subsection (2)(a) shall include:
- 540 (i) a statement that the county or municipality intends to withdraw from the garbage
- 541 disposal district;
- 542 (ii) a description or map of the area proposed to be withdrawn; and
- 543 (iii) notice that the county or municipality intends to conduct a feasibility study in
- 544 accordance with this section if the withdrawing entity and garbage disposal
- 545 district do not agree to the withdrawal as described in Subsection (3).
- 546 (c) Within 10 days after adopting the notice in Subsection (2)(a), the legislative body
- 547 shall submit a copy of the notice to the garbage disposal district's board of trustees.
- 548 (d) Upon receiving the notice described in Subsection (2)(c), the garbage disposal
- 549 district may not incur debt, issue bonds, or otherwise incur a financial obligation until
- 550 the earlier of:
- 551 (i) the day on which:
- 552 (A) the initiated withdrawal is finalized; or
- 553 (B) the legislative body rescinds the notice of intent to withdraw as described in
- 554 Subsection (8); or
- 555 (ii) one year from the day on which the garbage disposal district receives the notice
- 556 described in Subsection (2)(c).
- 557 (3) A feasibility study under this section is not required if, within 30 days of the day on
- 558 which the garbage disposal district receives notice under Subsection (2)(c), the
- 559 withdrawing entity and the garbage disposal district:
- 560 (a) agree in writing to the withdrawal; and
- 561 (b) enter into a written agreement establishing the terms of the withdrawal.
- 562 (4)(a) The withdrawing entity shall select a feasibility consultant in accordance with
- 563 applicable county or municipal procurement procedures.
- 564 (b) Upon retaining a feasibility consultant, the legislative body shall require the
- 565 feasibility consultant to:
- 566 (i) complete the feasibility study and written report:
- 567 (A) as described in Subsection (5); and
- 568 (B) within 90 days; and
- 569 (ii) attend any public hearing the legislative body holds as described in Subsection (6).
- 570 (5)(a) The feasibility study shall consider:
- 571 (i) the physical and other assets that will be required by the withdrawing entity to
- 572 provide, without interruption or diminution of service, the same service that is

- 573 being provided by the garbage disposal district;
- 574 (ii) the physical and other assets that will no longer be required by the garbage
575 disposal district to continue to provide the current level of service to the remainder
576 of the garbage disposal district, excluding the withdrawing entity, and could be
577 transferred to the withdrawing entity;
- 578 (iii) a fair and equitable allocation of the garbage disposal district's assets between the
579 garbage disposal district and the withdrawing entity, effective upon the
580 withdrawal of the withdrawing entity from the garbage disposal district;
- 581 (iv) a fair and equitable allocation of the debts, liabilities, and obligations of the
582 garbage disposal district and any local building authority of the garbage disposal
583 district, between the withdrawing entity and the remaining garbage disposal
584 district, taking into consideration:
- 585 (A) any requirement to maintain the excludability of interest from the income of
586 the holder of the debt, liability, or obligation for federal income tax purposes;
587 and
- 588 (B) any garbage disposal district assets that have been purchased with the
589 proceeds of bonds issued by the garbage disposal district that the garbage
590 disposal district will retain and any assets that will be transferred to the
591 withdrawing entity;
- 592 (v) the number and classification of garbage disposal district employees who will no
593 longer be required to serve the remaining portions of the garbage disposal district
594 after the withdrawing entity withdraws from the garbage disposal district,
595 including the dollar amount of the wages, salaries, and benefits attributable to the
596 employees and the estimated cost associated with termination of the employees if
597 the withdrawing entity does not employ the employees; and
- 598 (vi) any other factor that the feasibility consultant considers relevant to the question
599 of the withdrawing entity's withdrawal from the garbage disposal district.
- 600 (b) A written report of the results of a feasibility study shall:
- 601 (i) contain a recommendation concerning whether a withdrawing entity's withdrawal
602 from a garbage disposal district is functionally and financially feasible for the
603 withdrawing entity;
- 604 (ii) include any conditions the feasibility consultant determines need to be satisfied in
605 order to make the withdrawal functionally and financially feasible, including the
606 garbage disposal district assets and liabilities to be allocated to the withdrawing

- 607 entity;
- 608 (iii) include a one-page summary of the feasibility study, the recommendation
- 609 described in Subsection (5)(b)(i), and any conditions described in Subsection
- 610 (5)(b)(ii) in terms that the average member of the public can understand; and
- 611 (iv) be sent to:
- 612 (A) the board of trustees of the garbage disposal district; and
- 613 (B) the legislative body that adopted the notice of intent to withdraw under
- 614 Subsection (2).
- 615 (6)(a) If upon receipt of the written report described in Subsection (5)(b), the
- 616 withdrawing entity determines that the results of the feasibility study are favorable
- 617 and any identified conditions are acceptable to the withdrawing entity, the legislative
- 618 body shall hold at least one public hearing:
- 619 (i) within 60 days of the day on which the written report is sent to the board of
- 620 trustees and the legislative body, as described in Subsection (5)(b); and
- 621 (ii) for the purpose of allowing:
- 622 (A) the feasibility consultant to present the results of the feasibility study; and
- 623 (B) the public to become informed about the feasibility study results, pose
- 624 questions to the feasibility consultant, and make public comment.
- 625 (b) At a public hearing described in this Subsection (6), the legislative body shall:
- 626 (i) provide a copy of the feasibility study for public review;
- 627 (ii) ensure that the presentation includes a description of any conditions the feasibility
- 628 consultant identifies as necessary to make the withdrawal functional and
- 629 financially feasible, as described in Subsection (5)(b); and
- 630 (iii) allow members of the public and representatives from the garbage disposal
- 631 district's board of trustees to make public comment about the proposed withdrawal.
- 632 (7)(a) The county or municipality shall publish notice of the public hearing required
- 633 under Subsection (6), and any additional public hearing in which the issue of
- 634 withdrawal or the feasibility study results are discussed, for the county or
- 635 municipality:
- 636 (i) as a class A notice under Section 63G-30-102; and
- 637 (ii) for at least two weeks before the day of the public hearing.
- 638 (b) The notice described in Subsection (7)(a) shall:
- 639 (i) be sent to the garbage disposal district's board of trustees;
- 640 (ii) include the summary described in Subsection (5)(b)(iii); and

- 641 (iii) indicate that a full copy of the feasibility study is available for inspection and
642 copying at the office of the county clerk or municipal clerk or recorder.
- 643 (8) The withdrawing entity's legislative body shall notify the garbage disposal district's
644 board of trustees that the legislative body is rescinding the notice of intent to withdraw:
645 (a) if, upon receipt of the written report described in Subsection (5)(b), the withdrawing
646 entity determines the results of the feasibility study are not favorable to the
647 withdrawing entity or that any identified conditions are not acceptable to the
648 withdrawing entity;
649 (b) if, after a public hearing described in Subsection (6), the legislative body fails to or
650 elects not to adopt a resolution to withdraw as described in Subsection (9); or
651 (c) if the legislative body determines, for whatever reason and at any time before the
652 legislative body adopts a resolution to withdraw as described in Subsection (9), that
653 withdrawal is no longer in the best interest of the county or municipality.
- 654 (9)(a) The withdrawing entity's legislative body may adopt a resolution to withdraw at a
655 public meeting:
656 (i) after a public hearing described in Subsection (6); and
657 (ii) no later than 60 days after the day on which the last public hearing described in
658 Subsection (6) is held.
659 (b) A resolution to withdraw shall establish the terms of the withdrawal, including the
660 withdrawing entity's agreement to comply with any conditions included in the
661 feasibility study report.
662 (c) Upon adopting a resolution to withdraw, the legislative body shall notify the garbage
663 disposal district's board of trustees of the resolution to withdraw.
- 664 (10) The withdrawal of a county or municipality from a garbage disposal district as
665 described in Subsection (9) does not require the approval of the garbage disposal
666 district's board of trustees.
- 667 (11)(a) Within 10 days of the day on which a withdrawing entity and garbage disposal
668 district enter into an agreement to withdraw under Subsection (3) or a legislative
669 body adopts a resolution to withdraw under Subsection (9), the withdrawing entity
670 shall file with the lieutenant governor a copy of:
671 (i) the notice of an impending boundary action, as defined in Section 67-1a-6.5, that
672 meets the requirements of Subsection 67-1a-6.5(3); and
673 (ii) an approved final local entity plat, as defined in Section 67-1a-6.5.
674 (b) Upon the lieutenant governor's issuance of a certificate of withdrawal under Section

675 67-1a-6.5, the withdrawing entity shall submit to the county recorder the original:
 676 (i) notice of impending boundary action, as defined in Section 67-1a-6.5, that meets
 677 the requirements of Subsection 67-1a-6.5(3);
 678 (ii) approved final local entity plat, as defined in Section 67-1a-6.5; and
 679 (iii) certificate of withdrawal.

680 (12) A withdrawal under this section is effective the day on which the lieutenant governor
 681 issues a certificate of withdrawal under Section 67-1a-6.5.

682 Section 6. Section **17B-1-511** is amended to read:

683 **17B-1-511 . Continuation of tax levy or assessment after withdrawal to pay for**
 684 **proportionate share of district bonds.**

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

688 (a) for the purpose of paying the withdrawn area's just proportion of the special district's
 689 general obligation bonds or lease obligations payable from property taxes with
 690 respect to lease revenue bonds issued by a local building authority on behalf of the
 691 special district, other than those bonds treated as revenue bonds under Subsection
 692 17B-1-510(5)(i), until the bonded indebtedness has been satisfied; and

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

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

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

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

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

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

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

712 Section 7. Section **17B-1-512** is amended to read:

713 **17B-1-512 . Filing of notice and plat -- Recording requirements -- Contest period**
 714 **-- Judicial review.**

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

- 717 (i) a copy of a notice of an impending boundary action, as defined in Section
- 718 67-1a-6.5, that meets the requirements of Subsection 67-1a-6.5(3); and
- 719 (ii) a copy of an approved final local entity plat, as defined in Section 67-1a-6.5.

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

721 (i) within 10 days after adopting a resolution approving a withdrawal under Section
 722 17B-1-510;

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

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

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

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

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

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

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

739 (i) receiving:

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

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

- 743 withdrawal under Subsection 17B-1-502(3)(a); or
 744 (C) a notice of a withdrawal of a municipality from a special district under Section
 745 17B-1-502; or
 746 (ii) entering into an agreement with a municipality or county under Subsection
 747 17B-1-505(5)(a)(ii)(A) or (5)(b).
- 748 (d) Upon the lieutenant governor's issuance of a certificate of withdrawal under Section
 749 67-1a-6.5, the board shall:
- 750 (i) if the withdrawn area is located within the boundary of a single county, submit to
 751 the recorder of that county:
- 752 (A) the original:
- 753 (I) notice of an impending boundary action;
 754 (II) certificate of withdrawal; and
 755 (III) approved final local entity plat; and
- 756 (B) if applicable, a certified copy of the resolution or notice referred to in
 757 Subsection (1)(b); or
- 758 (ii) if the withdrawn area is located within the boundaries of more than a single
 759 county, submit:
- 760 (A) the original of the documents listed in Subsections (1)(d)(i)(A)(I), (II), and
 761 (III) and, if applicable, a certified copy of the resolution or notice referred to in
 762 Subsection (1)(b) to one of those counties; and
- 763 (B) a certified copy of the documents listed in Subsections (1)(d)(i)(A)(I), (II), and
 764 (III) and a certified copy of the resolution or notice referred to in Subsection
 765 (1)(b) to each other county.
- 766 (2) A withdrawal shall be effective, subject to the conditions of the withdrawal resolution,
 767 if applicable, upon the lieutenant governor's issuance of the certificate of withdrawal
 768 under Section 67-1a-6.5, for:
- 769 (a) a withdrawal under Section 17B-1-510;
 770 (b) an automatic withdrawal under Subsection 17B-1-502(3); or
 771 (c) the withdrawal of an eligible area from a district under Section 17B-1-505.
- 772 [~~(2)(a) Upon the lieutenant governor's issuance of the certificate of withdrawal under~~
 773 ~~Section 67-1a-6.5 for a withdrawal under Section 17B-1-510, for an automatic~~
 774 ~~withdrawal under Subsection 17B-1-502(3), or for the withdrawal of a municipality~~
 775 ~~from a special district under Section 17B-1-505, the withdrawal shall be effective,~~
 776 ~~subject to the conditions of the withdrawal resolution, if applicable.]~~

- 777 ~~[(b) An automatic withdrawal under Subsection 17B-1-502(3) shall be effective upon~~
778 ~~the lieutenant governor's issuance of a certificate of withdrawal under Section~~
779 ~~67-1a-6.5.]~~
- 780 (3)(a) The special district may provide for the publication of any resolution approving or
781 denying the withdrawal of an area:
- 782 (i) in a newspaper of general circulation in the area proposed for withdrawal; and
783 (ii) as required in Section 45-1-101.
- 784 (b) In lieu of publishing the entire resolution, the special district may publish a notice of
785 withdrawal or denial of withdrawal, containing:
- 786 (i) the name of the special district;
787 (ii) a description of the area proposed for withdrawal;
788 (iii) a brief explanation of the grounds on which the board of trustees determined to
789 approve or deny the withdrawal; and
790 (iv) the times and place where a copy of the resolution may be examined, which shall
791 be at the place of business of the special district, identified in the notice, during
792 regular business hours of the special district as described in the notice and for a
793 period of at least 30 days after the publication of the notice.
- 794 (4) Any sponsor of the petition or receiving entity may contest the board's decision to deny
795 a withdrawal of an area from the special district by submitting a request, within 60 days
796 after the resolution is adopted under Section 17B-1-510, to the board of trustees,
797 suggesting terms or conditions to mitigate or eliminate the conditions upon which the
798 board of trustees based ~~[its] the board's~~ decision to deny the withdrawal.
- 799 (5) Within 60 days after the request under Subsection (4) is submitted to the board of
800 trustees, the board may consider the suggestions for mitigation and adopt a resolution
801 approving or denying the request in the same manner as provided in Section 17B-1-510
802 with respect to the original resolution denying the withdrawal and file a notice of the
803 action as provided in Subsection (1).
- 804 (6)(a) Any person in interest may seek judicial review of:
- 805 (i) the board of trustees' decision to withdraw an area from the special district;
806 (ii) the terms and conditions of a withdrawal approved under Section 17B-1-510 or
807 Subsection (5); or
808 (iii) the board's decision to deny a withdrawal.
- 809 (b) Judicial review under this Subsection (6) shall be initiated by filing an action in the
810 district court in the county in which a majority of the area proposed to be withdrawn

- 811 is located:
- 812 (i) if the resolution approving or denying the withdrawal is published under
- 813 Subsection (3), within 60 days after the publication or after the board of trustees'
- 814 denial of the request under Subsection (5);
- 815 (ii) if the resolution is not published pursuant to Subsection (3), within 60 days after
- 816 the resolution approving or denying the withdrawal is adopted; or
- 817 (iii) if a request is submitted to the board of trustees of a special district under
- 818 Subsection (4), and the board adopts a resolution under Subsection (5), within 60
- 819 days after the board adopts a resolution under Subsection (5) unless the resolution
- 820 is published under Subsection (3), in which event the action shall be filed within
- 821 60 days after the publication.
- 822 (c) A court in which an action is filed under this Subsection (6) may not overturn, in
- 823 whole or in part, the board of trustees' decision to approve or reject the withdrawal
- 824 unless:
- 825 (i) the court finds the board of trustees' decision to be arbitrary or capricious; or
- 826 (ii) the court finds that the board materially failed to follow the procedures set forth
- 827 in this part.
- 828 (d) A court may award costs and expenses of an action under this section, including
- 829 reasonable attorney fees, to the prevailing party.
- 830 (7) After the applicable contest period under Subsection (4) or (6), no person may contest
- 831 the board of trustees' approval or denial of withdrawal for any cause.

832 **Section 8. Effective Date.**

833 This bill takes effect on May 6, 2026.