

# A Closer Look at Utah's Limited Purpose Local Governments

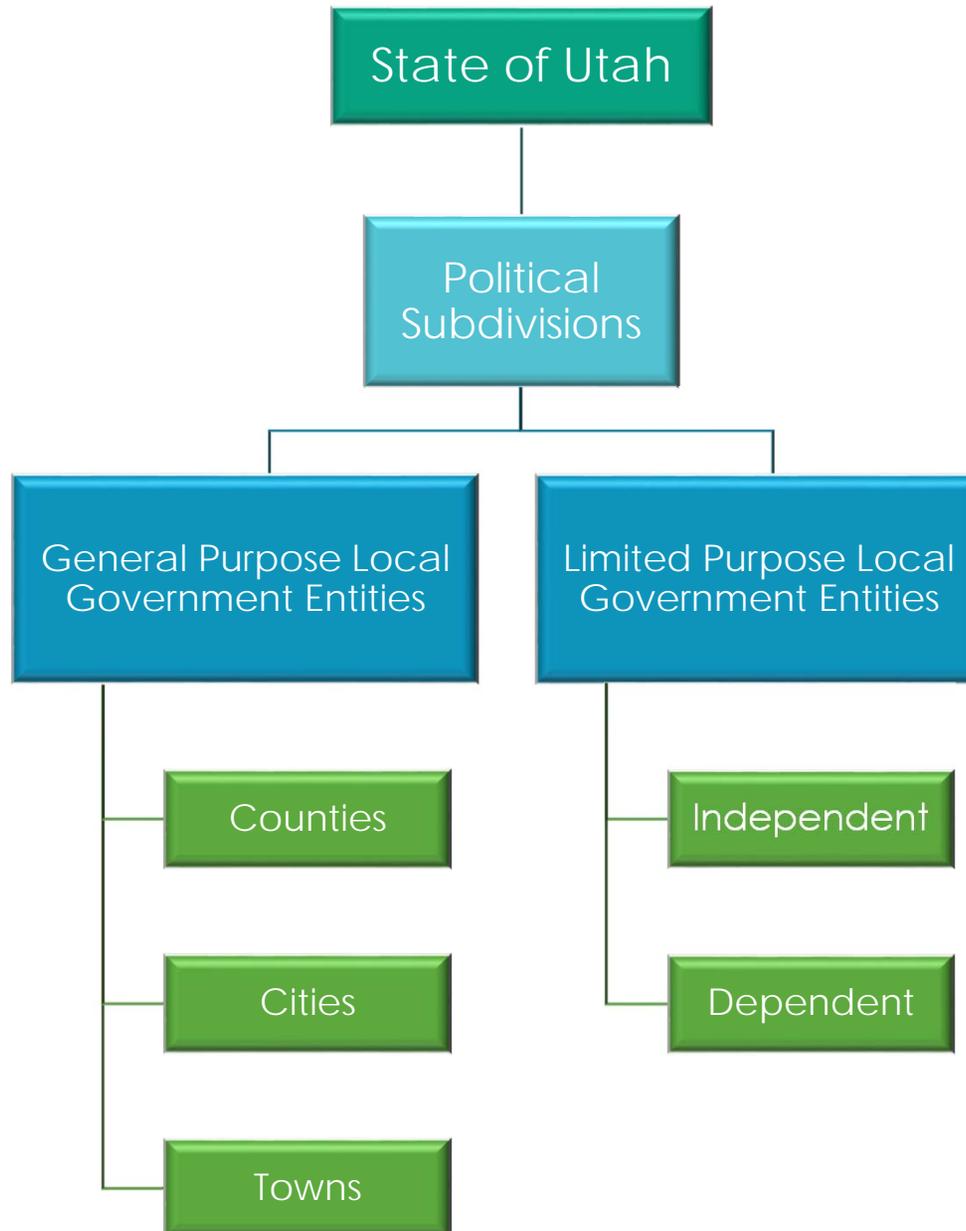
Bagels & Briefings – February 2017

*Michael Curtis & Megan Bolin – OLRGC's Political Subdivisions Team*

# Agenda

1. What is a limited purpose local government (LPLG)?
2. Why do LPLGs matter?
3. How do Utah's LPLGs compare to each other?

# What is a limited purpose local government (LPLG)?



“ Authorized by state law to provide only one or a limited number of designated functions, and with sufficient administrative and fiscal autonomy to qualify as separate governments.”  
- U.S. Census Bureau

# Benefits and challenges

## Benefits

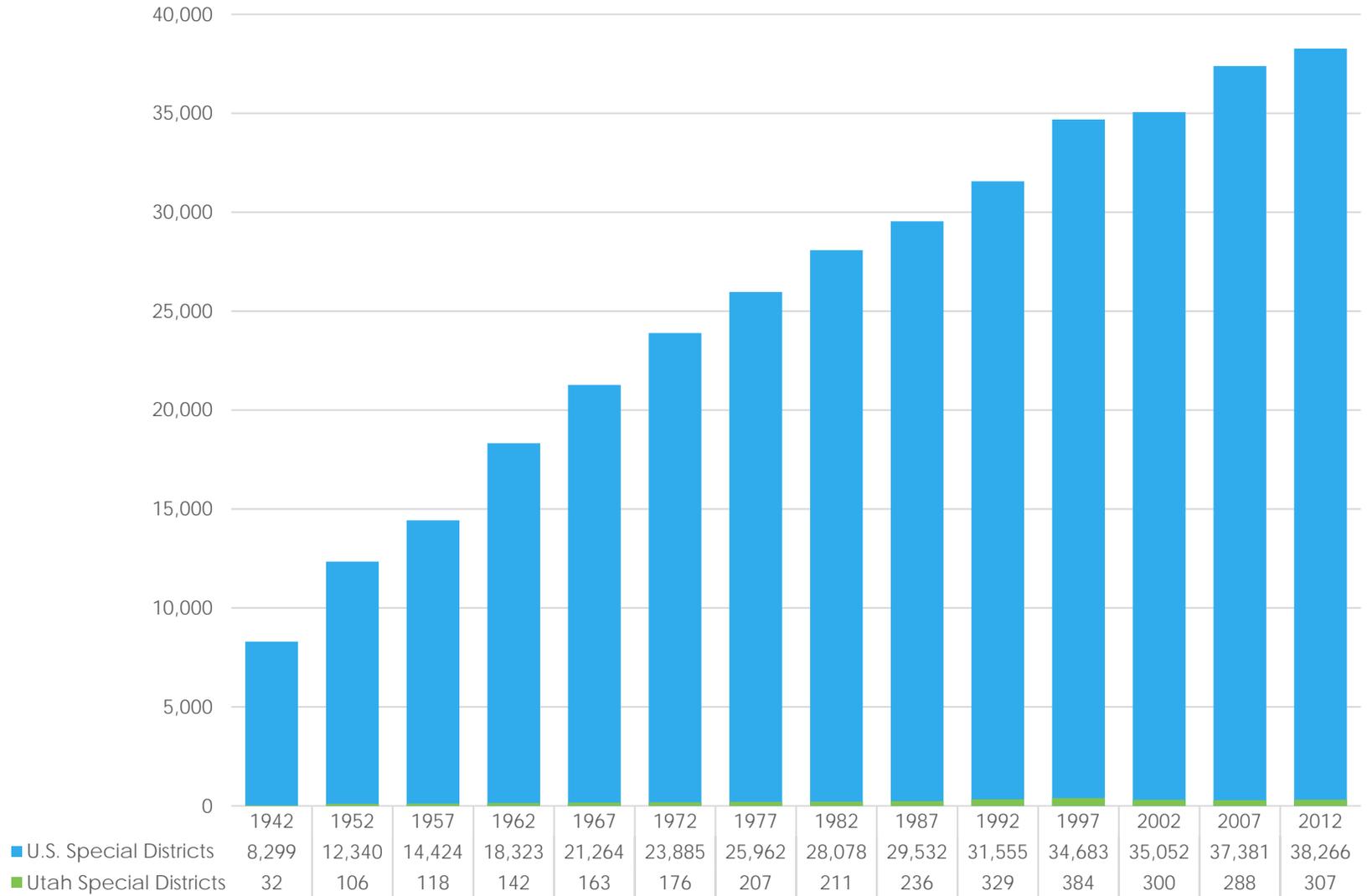
- Supplement services provided by a general purpose government
- Overcome jurisdictional and financial barriers
- Direct cost-benefit

## Challenges

- Accountability
- Transparency
- Fragmented service provision

# National trends

Special Districts in the United States and Utah<sup>1</sup>

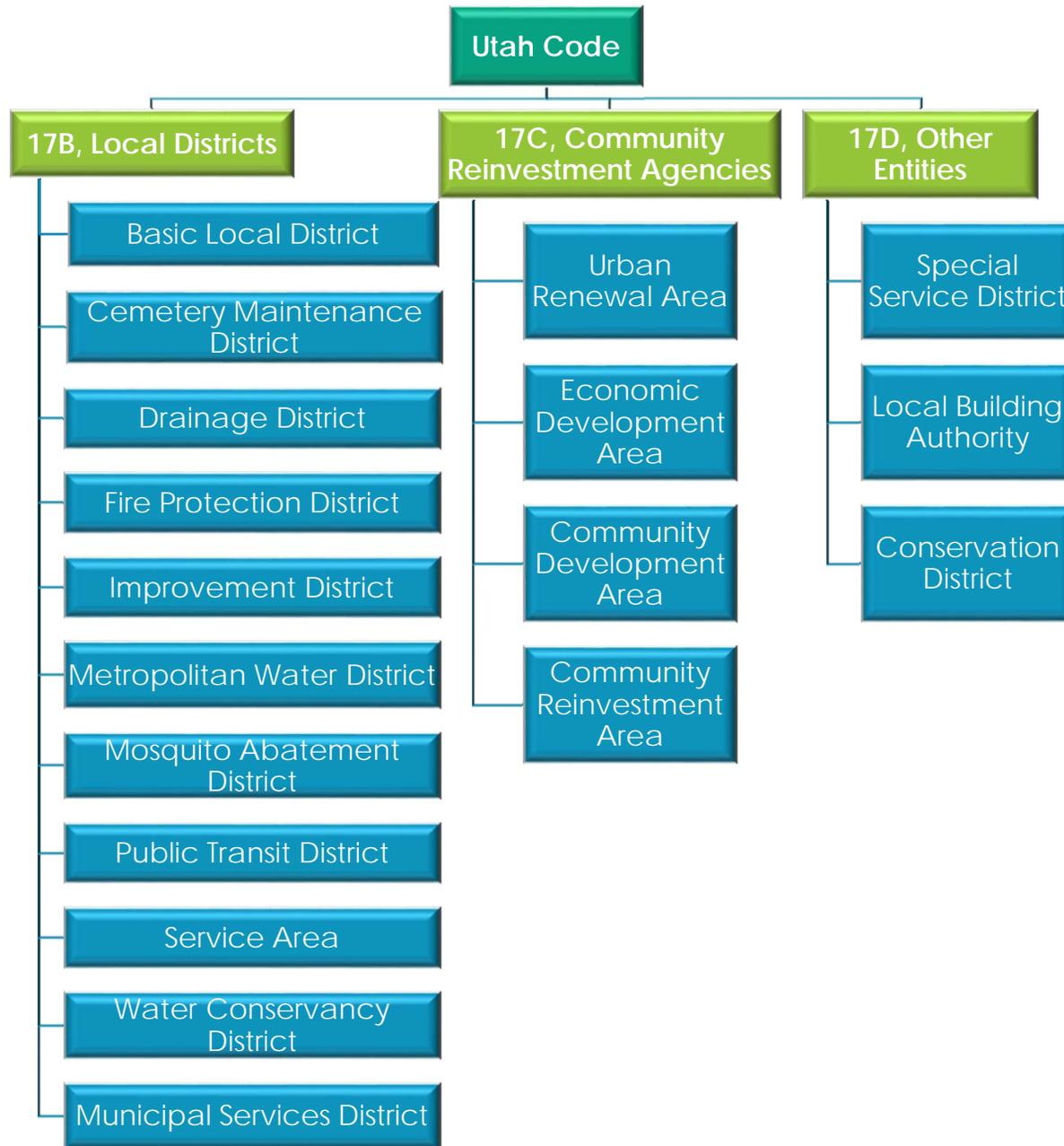


<sup>1</sup> Source: U.S. Census Bureau, Census of Governments. Special Districts do not include school districts.

# Legislative history

- 1913 • Utah Code authorizes the formation of districts
- Pre-1990 • Service districts and other local government financing mechanisms scattered throughout Utah Code
- 1990 • SB 57, Recodification of Special Districts
- 2006 • SB 196, Revisions to Redevelopment Agency Provisions
- 2007 • HB 65, Special and Local Districts Amendments
- 2008 • SB 47, Limited Purpose Local Government Entities Revisions
- 2014 • HB 17, Interlocal Act Amendments
- 2015 • HB 190, Assessment Area Act Modifications
- 2016 • SB 151, Community Development and Renewal Agencies Act Amendments

# Today's statutory framework



# Purpose of Utah's LPLGs

1. Local District
  2. Special Service District
  3. Community Reinvestment Agency
  4. Conservation District
  5. Local Building Authority
- Both are created to provide services to citizens within their boundaries.
    - Local Districts are limited to four services.
    - Special Service Districts have no limit.

Service	Local District	Special Service District
Animal control service	✓	✓
Control/abatement of earth movement/landslide	✓	✓
Fire protection/emergency service	✓	✓
Garbage collection/disposal	✓	✓
Health care	✓	✓
Parks operations, recreational facilities	✓	✓
Sewage system operations	✓	✓
Transportation (transit, streets)	✓	✓
Water system operations	✓	✓
Acquisition/assessment of groundwater right	✓	
Airport operations	✓	
Cemetery operations	✓	
Law enforcement service	✓	
Library operations	✓	
Mosquito control/abatement	✓	
Right-of-way construction/maintenance	✓	
Street lighting		✓
Correctional/rehabilitation facilities		✓
Consolidated 911/emergency dispatch		✓
Drainage/flood control		✓
Extended police protection (1 <sup>st</sup> class county only)		✓
Receipt of federal mineral lease funds		✓



# Purpose of Utah's LPLGs

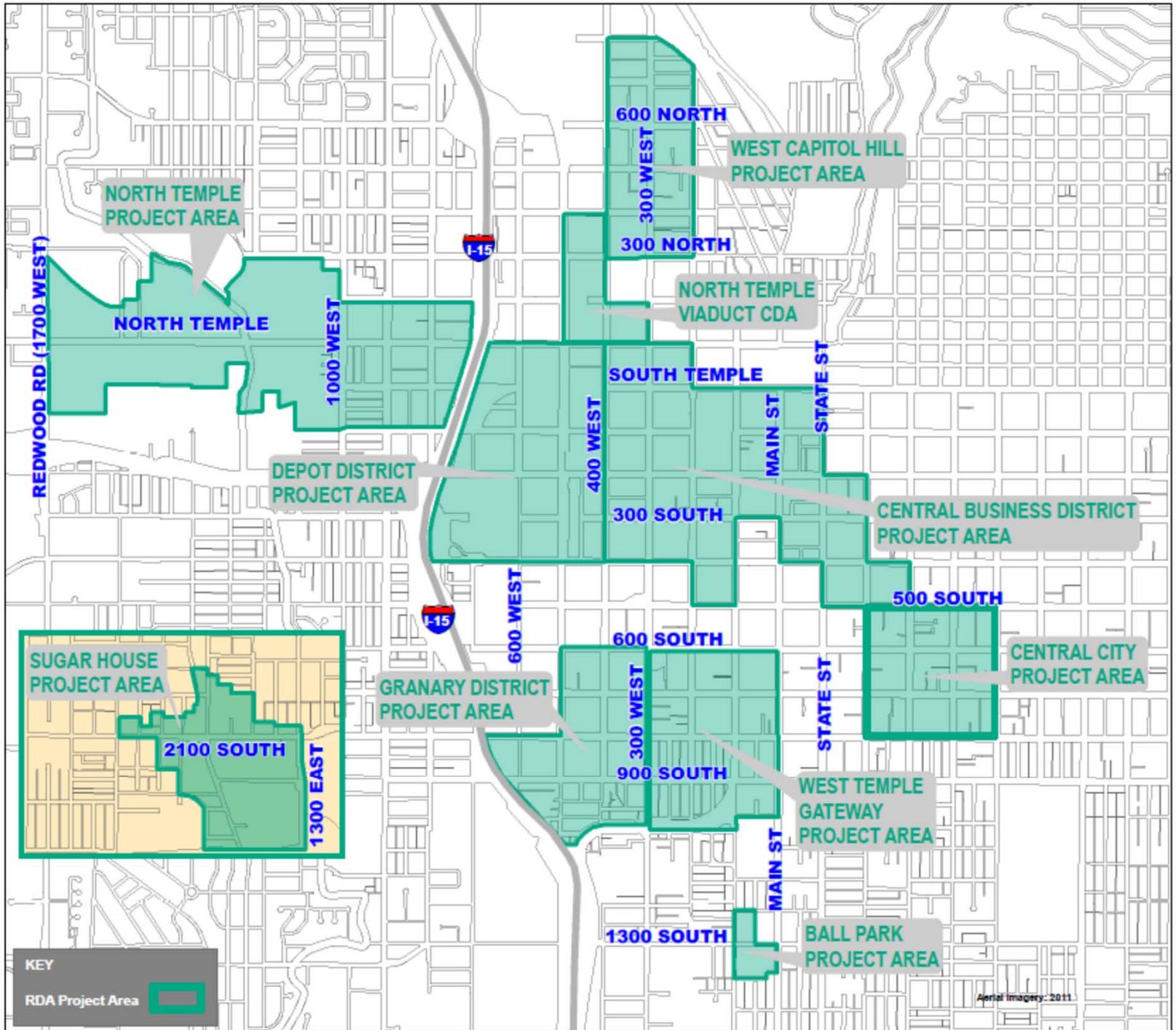
1. Local District
2. Special Service District
3. Community Reinvestment Agency
4. Conservation District
5. Local Building Authority

- Created to undertake community development and redevelopment within the boundaries of the county or municipality that creates the agency.
- Pre-2016 project areas: 1) Urban Renewal 2) Economic Development 3) Community Development
- Post-2016 project area: Community Reinvestment
- Tax increment is primary financing tool.



SLCRDA

# Redevelopment Agency of Salt Lake City



# Purpose of Utah's LPLGs

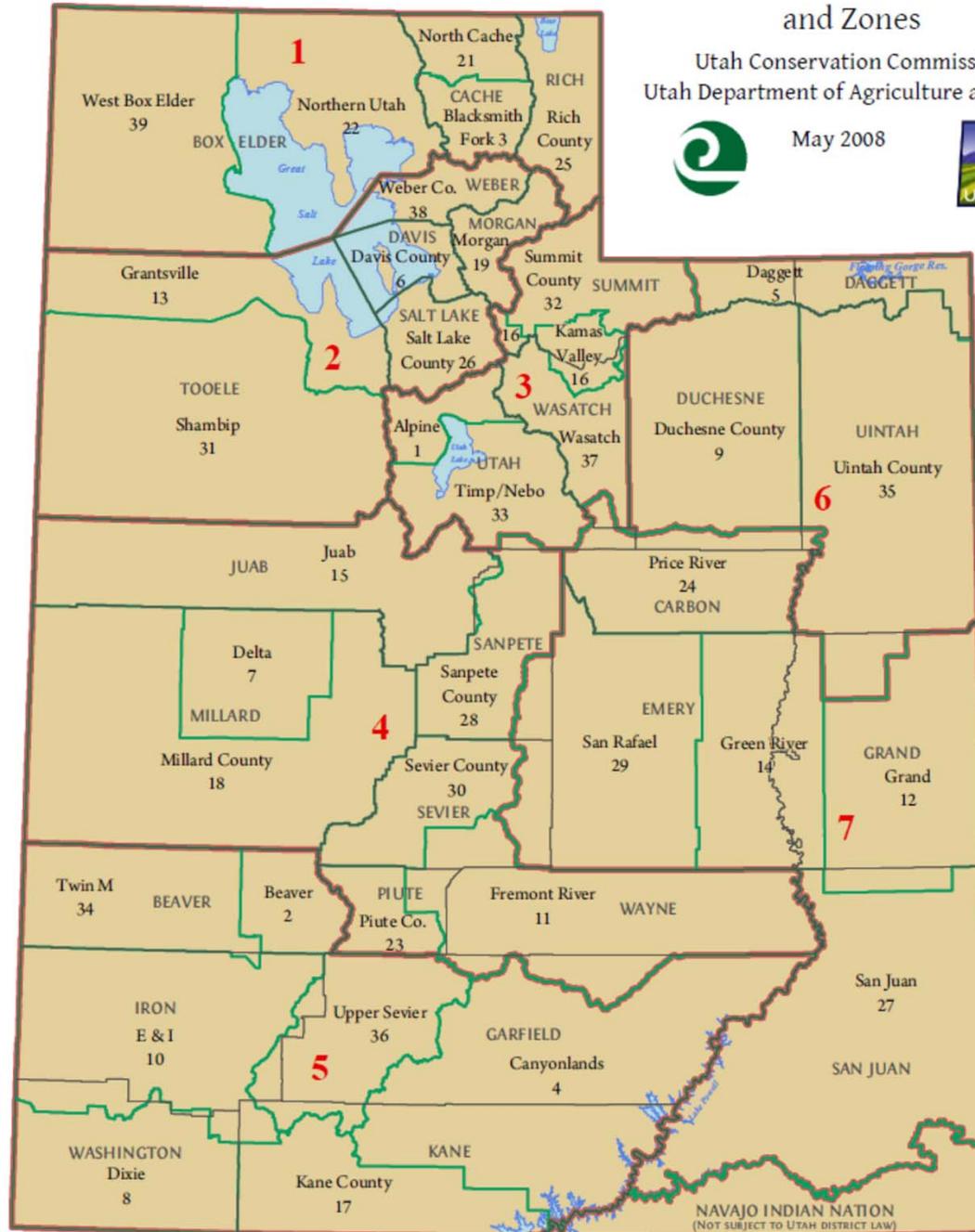
1. Local District
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- Created to survey, investigate, prevent, and research soil erosion, floodwater, water pollution, flood control, sediment damage, and watershed development.

# Utah Conservation Districts and Zones

Utah Conservation Commission  
Utah Department of Agriculture and Food



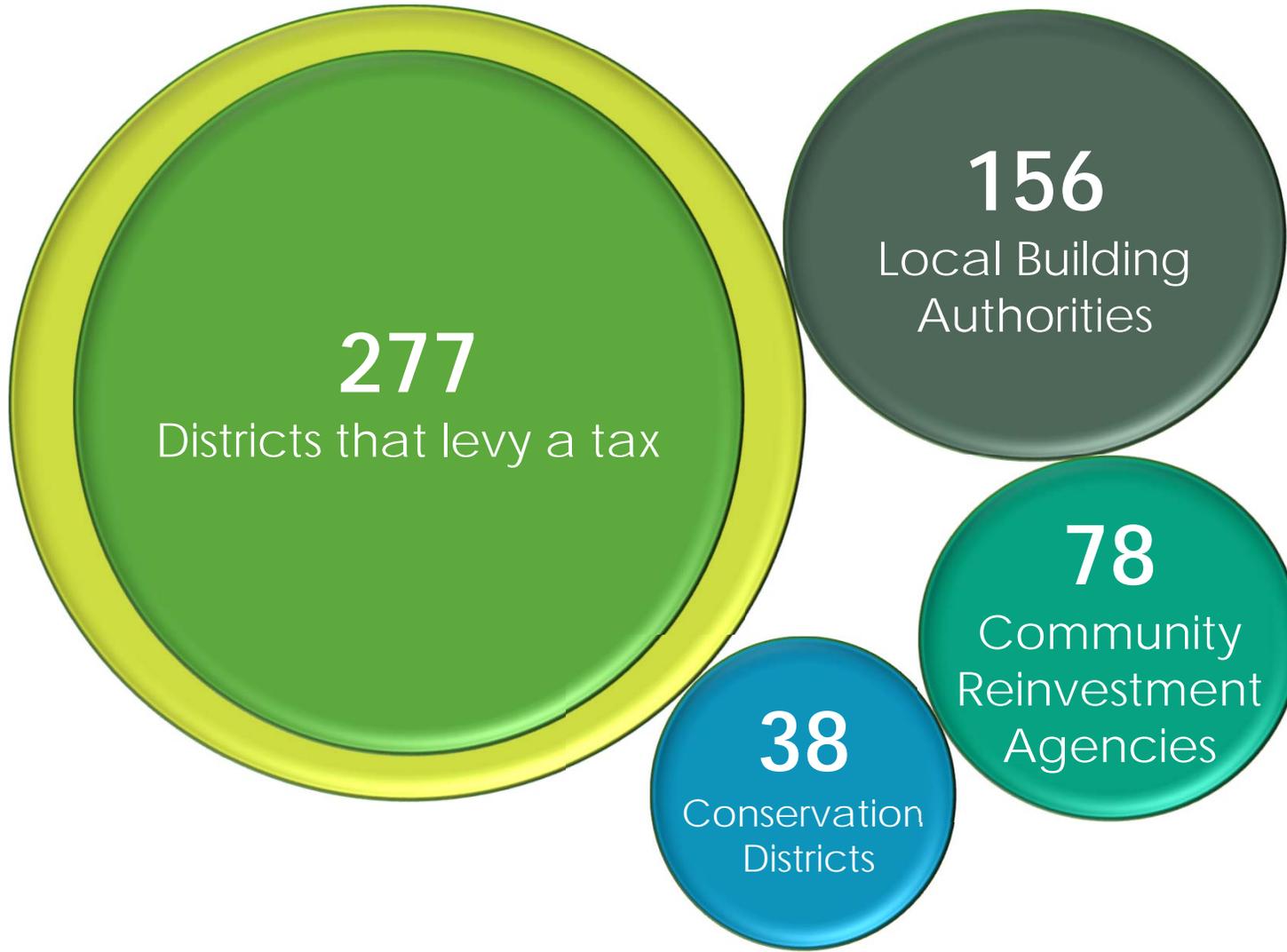
May 2008



# Purpose of Utah's LPLGs

1. Local District
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- Created to finance costs of constructing, acquiring, or improving projects on behalf of a local government.

# Number of Utah LPLGs



# Taxpayer impact example

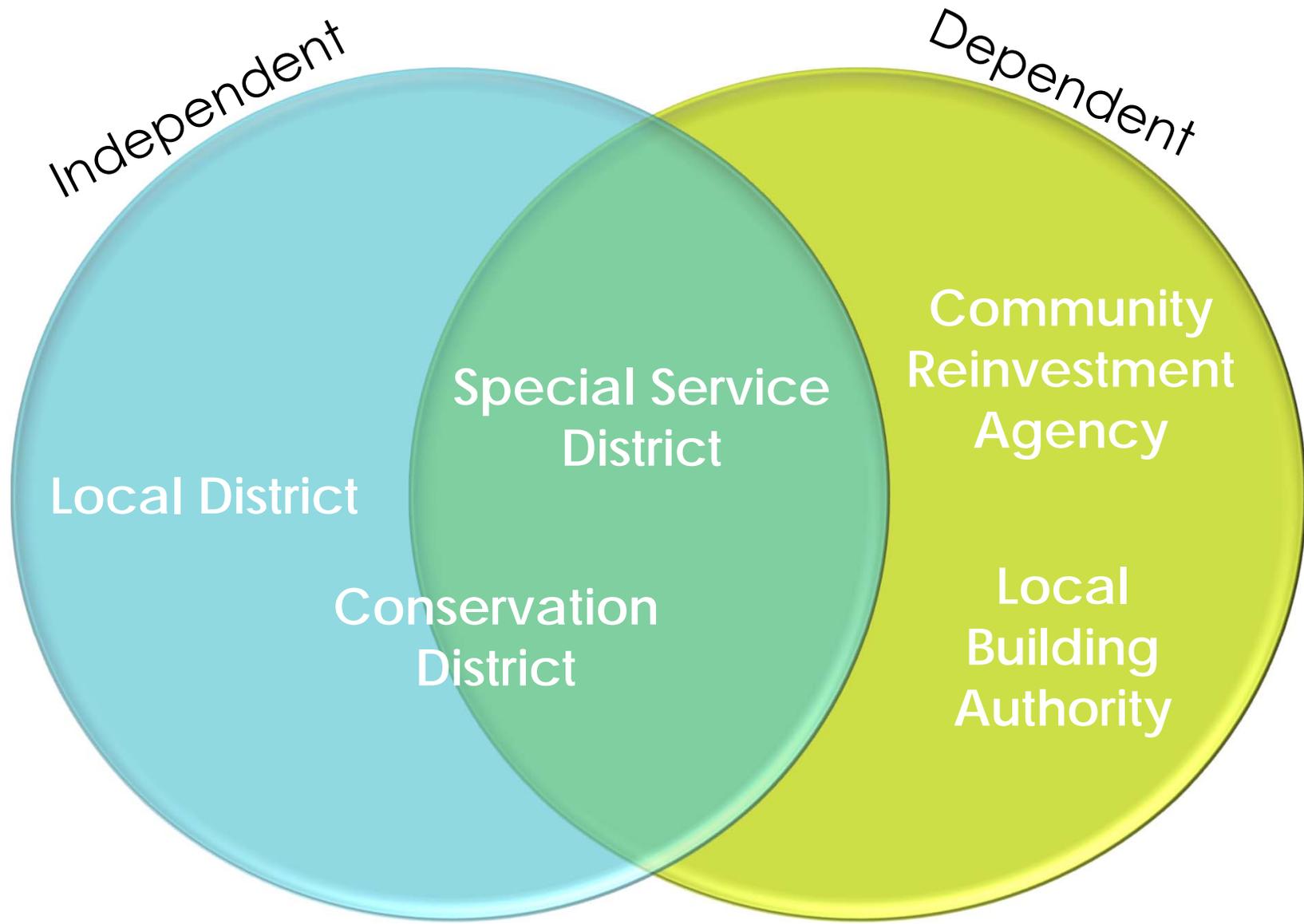
Davis County – Tax Area 005	Certified Tax Rate	% of Total Tax Rate	Annual Tax Due on \$100,000 Property
Davis County School District	.008555	65%	\$856
Davis (county)	.002153	16%	\$215
Bountiful (city)	.000957	7%	\$96
County Library (district)	.000361	3%	\$36
South Davis Recreation District	.000334	3%	\$33
South Davis County Sewer Improvement District	.000303	2%	\$30
South Davis County Water Improvement District	.000250	2%	\$25
Weber Basin Water Conservancy District	.000196	1%	\$20
Davis County Mosquito Abatement District	.000122	1%	\$12
<b>Total</b>	<b>.013231</b>	<b>100%</b>	<b>\$1,323</b>

School District = 65% of total tax rate

General Purpose Local Government Entities = 23% of total tax rate

Limited Purpose Local Government Entities = 12% of total tax rate

# Governance



# Creation process

	Initiation	Public hearing	Protest period	Election	Adopt ordinance or resolution	Record documents	Certified by Lt. Governor
LD	Petition or Resolution	✓	✓	✓	✓ (if election is not required)	✓	✓
SSD	Petition or Resolution	✓	✓		✓	✓	✓
CRA					✓	✓	✓
CD	Petition	✓			✓		✓
LBA					Local entity creates a nonprofit corporation	Division of Corporations and Commercial Code	

# Dissolution process

	Initiation	Public hearing	Adopt ordinance or resolution	Certified by Lt. Governor
Active LD	Petition, 100% of property owners or registered voters	✓	✓	✓
Inactive LD	Petition or Resolution	✓	✓	✓
SSD			✓	✓
CRA			✓	✓
CD			✓	✓
LBA			✓	

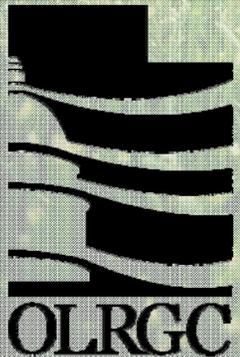
# Fiscal procedures and oversight

	Annual budget	Quarterly financial reports	Annual financial report	Annual audit	Annual general report
LD	✓	✓	✓	✓	
SSD	✓	✓	✓	✓	
CD	✓	✓	✓	✓	
LBA	✓	✓	✓	✓	

Most financial reports can be accessed online from the [Office of the State Auditor's website](#) or the [Utah Public Finance Website](#)

# Sources of revenue

	Property Tax	Fee	Bond	Other
LD	✓	✓	✓	
SSD		✓	✓	Local government may levy a tax to pay for the district's bond debt service
CRA			✓	Property tax increment or a taxing entity's sales and use tax revenue
CD		✓		Federal, state, private funds
LBA			✓	



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