

Part 11 Local District Bonds

17B-1-1101 Provisions applicable to a local district's issuance of bonds.

Subject to the provisions of this part:

- (1) each local district that issues bonds shall:
 - (a) issue them as provided in, as applicable:
 - (i) Title 11, Chapter 14, Local Government Bonding Act; or
 - (ii) Title 11, Chapter 42, Assessment Area Act; and
 - (b) receive the benefits of Title 11, Chapter 30, Utah Bond Validation Act; and
- (2) each local district that issues refunding bonds shall issue them as provided in Title 11, Chapter 27, Utah Refunding Bond Act.

Amended by Chapter 360, 2008 General Session

17B-1-1102 General obligation bonds.

- (1) Except as provided in Subsection (3), if a district intends to issue general obligation bonds, the district shall first obtain the approval of district voters for issuance of the bonds at an election held for that purpose as provided in Title 11, Chapter 14, Local Government Bonding Act.
- (2) General obligation bonds shall be secured by a pledge of the full faith and credit of the district, subject, for a water conservancy district, to the property tax levy limits of Section 17B-2a-1006.
- (3) A district may issue refunding general obligation bonds, as provided in Title 11, Chapter 27, Utah Refunding Bond Act, without obtaining voter approval.
- (4)
 - (a) A local district may not issue general obligation bonds if the issuance of the bonds will cause the outstanding principal amount of all of the district's general obligation bonds to exceed the amount that results from multiplying the fair market value of the taxable property within the district, as determined under Subsection 11-14-301(3)(b), by a number that is:
 - (i) .05, for a basic local district;
 - (ii) .004, for a cemetery maintenance district;
 - (iii) .002, for a drainage district;
 - (iv) .004, for a fire protection district;
 - (v) .024, for an improvement district;
 - (vi) .1, for an irrigation district;
 - (vii) .1, for a metropolitan water district;
 - (viii) .0004, for a mosquito abatement district;
 - (ix) .03, for a public transit district;
 - (x) .12, for a service area; or
 - (xi) .05 for a municipal services district.
 - (b) Bonds or other obligations of a local district that are not general obligation bonds are not included in the limit stated in Subsection (4)(a).
- (5) A district may not be considered to be a municipal corporation for purposes of the debt limitation of the Utah Constitution, Article XIV, Section 4.
- (6) Bonds issued by an administrative or legal entity created under Title 11, Chapter 13, Interlocal Cooperation Act, may not be considered to be bonds of a local district that participates in the agreement creating the administrative or legal entity.

Amended by Chapter 352, 2015 General Session

17B-1-1103 Levy to pay for general obligation bonds.

- (1)
- (a) If a district has issued general obligation bonds, or expects to have debt service payments due on general obligation bonds during the current year, the district's board of trustees may make an annual levy of ad valorem property taxes in order to:
 - (i) pay the principal of and interest on the general obligation bonds;
 - (ii) establish a sinking fund for defaults and future debt service on the general obligation bonds; and
 - (iii) establish a reserve to secure payment of the general obligation bonds.
 - (b) A levy under Subsection (1)(a) is:
 - (i) for a water conservancy district, subject to the limit stated in Section 17B-2a-1006; and
 - (ii) for each other local district, without limitation as to rate or amount.
- (2)
- (a) Each district that levies a tax under Subsection (1) shall:
 - (i) levy the tax as a separate and special levy for the specific purposes stated in Subsection (1); and
 - (ii) apply the proceeds from the levy solely for the purpose of paying the principal of and interest on the general obligation bonds, even though the proceeds may be used to establish or replenish a sinking fund under Subsection (1)(a)(ii) or a reserve under Subsection (1)(a)(iii).
 - (b) A levy under Subsection (2)(a) is not subject to a priority in favor of a district obligation in existence at the time the bonds were issued.

Amended by Chapter 360, 2008 General Session

17B-1-1104 Pledge of revenues to pay for bonds.

Bonds may be payable from and secured by the pledge of all or any specified part of:

- (1) the revenues to be derived by the district from providing its services and from the operation of its facilities and other properties;
- (2) sales and use taxes, property taxes, and other taxes;
- (3) federal, state, or local grants;
- (4) in the case of special assessment bonds, the special assessments pledged to repay the special assessment bonds; and
- (5) other money legally available to the district.

Amended by Chapter 360, 2008 General Session

17B-1-1105 Revenue bonds -- Requirement to impose rates and charges to cover revenue bonds -- Authority to make agreements and covenants to provide for bond repayment.

- (1) A local district intending to issue revenue bonds may, but is not required to, submit to district voters for their approval the issuance of the revenue bonds at an election held for that purpose as provided in Title 11, Chapter 14, Local Government Bonding Act.
- (2) Each local district that has issued revenue bonds shall impose rates and charges for the services or commodities it provides fully sufficient, along with other sources of district revenues, to carry out all undertakings of the district with respect to its revenue bonds.
- (3) A local district that issues revenue bonds may:

- (a) agree to pay operation and maintenance expenses of the district from the proceeds of the ad valorem taxes authorized in Subsection 17B-1-103(2)(g); and
- (b) for the benefit of bondholders, enter into covenants that:
 - (i) are permitted by Title 11, Chapter 14, Local Government Bonding Act; and
 - (ii) provide for other pertinent matters that the board of trustees considers proper to assure the marketability of the bonds.

Enacted by Chapter 329, 2007 General Session

17B-1-1106 Board of trustees required to fix rates to cover district expenses and bonds.

The board of trustees shall fix the rate or rates for services or commodities provided by the district that will, in conjunction with the proceeds of any maintenance and operation tax and other district revenues:

- (1) pay the district's operating expenses;
- (2) provide for repairs and depreciation of works owned or operated by the district;
- (3) pay the interest on any bonds issued by the district; and
- (4) provide, as much as practicable, a sinking or other fund to pay the principal of the bonds as they become due.

Enacted by Chapter 329, 2007 General Session

17B-1-1107 Ratification of previously issued bonds and previously entered contracts.

All bonds issued or contracts entered into by a local district before April 30, 2007 are ratified, validated, and confirmed and declared to be valid and legally binding obligations of the district in accordance with their terms.

Enacted by Chapter 329, 2007 General Session