

## **Part 5 Withdrawal**

### **17B-1-501 Definition.**

As used in this part, "receiving entity" means the entity that will, after the withdrawal of an area from a special district, provide to the withdrawn area the service that the special district previously provided to the area.

Amended by Chapter 15, 2023 General Session

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

- (1)
  - (a) An area within the boundaries of a special district may be withdrawn from the special district only as provided in this part or, if applicable, as provided in Chapter 2a, Part 11, Municipal Services District Act.
  - (b) Except as provided in Subsections (2) and (3), the inclusion of an area of a special district within a municipality because of a municipal incorporation under Title 10, Chapter 2a, Municipal Incorporation, or a municipal annexation or boundary adjustment under Title 10, Chapter 2, Part 4, Annexation, does not affect the requirements under this part for the process of withdrawing that area from the special district.
- (2)
  - (a) An area within the boundaries of a special district is automatically withdrawn from the special district by the annexation of the area to a municipality or the adding of the area to a municipality by boundary adjustment under Title 10, Chapter 2, Part 4, Annexation, if:
    - (i) the special district provides:
      - (A) fire protection, paramedic, and emergency services; or
      - (B) law enforcement service;
    - (ii) an election for the creation of the special district was not required because of Subsection 17B-1-214(3)(d) or (g); and
    - (iii) before annexation or boundary adjustment, the boundaries of the special district do not include any of the annexing municipality.
  - (b) The effective date of a withdrawal under this Subsection (2) is governed by Subsection 17B-1-512(2)(b).
- (3)
  - (a) Except as provided in Subsection (3)(c) or (d), an area within the boundaries of a special district located in a county of the first class is automatically withdrawn from the special district by the incorporation of a municipality whose boundaries include the area if:
    - (i) the special district provides municipal services, as defined in Section 17B-2a-1102, excluding fire protection, paramedic, emergency, and law enforcement services;
    - (ii) an election for the creation of the special district was not required because of Subsection 17B-1-214(3) (g); and
    - (iii) the legislative body of the newly incorporated municipality:
      - (A) adopts a resolution no later than 180 days after the effective date of incorporation approving the withdrawal that includes the legal description of the area to be withdrawn; and
      - (B) delivers a copy of the resolution to the board of trustees of the special district.

- (b) The effective date of a withdrawal under this Subsection (3) is governed by Subsection 17B-1-512(2)(a).
- (c) Section 17B-1-505 governs the withdrawal of an incorporated area within a county of the first class if:
  - (i) the special district from which the area is withdrawn provides:
    - (A) fire protection, paramedic, and emergency services;
    - (B) law enforcement service; or
    - (C) municipal services, as defined in Section 17B-2a-1102;
  - (ii) an election for the creation of the special district was not required under Subsection 17B-1-214(3)(d) or (g); and
  - (iii) for a special district that provides municipal services, as defined in Section 17B-2a-1102, excluding fire protection, paramedic, emergency, and law enforcement services, the 180-day period described in Subsection (3)(a)(iii)(A) is expired.
- (d) An area may not be withdrawn from a special district that provides municipal services, as defined in Section 17B-2a-1102, excluding fire protection, paramedic, emergency, and law enforcement services, if the area is within a converted municipality, as defined in Section 10-1-201.5.

Amended by Chapter 438, 2024 General Session

**17B-1-503 Withdrawal or boundary adjustment with municipal approval.**

- (1) A municipality and a special district whose boundaries adjoin or overlap may adjust the boundary of the special district to include more or less of the municipality, including the expansion area identified in the annexation policy plan adopted by the municipality under Section 10-2-401.5, in the special district by following the same procedural requirements as set forth in Section 17B-1-417 for boundary adjustments between adjoining special districts.
- (2)
  - (a) Notwithstanding any other provision of this title, a municipality annexing all or part of an unincorporated island or peninsula under Title 10, Chapter 2, Classification, Boundaries, Consolidation, and Dissolution of Municipalities, that overlaps a municipal services district organized under Chapter 2a, Part 11, Municipal Services District Act, may petition to withdraw the area from the municipal services district in accordance with this Subsection (2).
  - (b) For a valid withdrawal described in Subsection (2)(a):
    - (i) the annexation petition under Section 10-2-403 or a separate consent, signed by owners of at least 60% of the total private land area, shall state that the signers request the area to be withdrawn from the municipal services district; and
    - (ii) the legislative body of the municipality shall adopt a resolution, which may be the resolution adopted in accordance with Subsection 10-2-418(5)(a), stating the municipal legislative body's intent to withdraw the area from the municipal services district.
  - (c) The board of trustees of the municipal services district shall consider the municipality's petition to withdraw the area from the municipal services district within 90 days after the day on which the municipal services district receives the petition.
  - (d) The board of trustees of the municipal services district:
    - (i) may hold a public hearing in accordance with the notice and public hearing provisions of Section 17B-1-508;
    - (ii) shall consider information that includes any factual data presented by the municipality and any owner of private real property who signed a petition or other form of consent described in Subsection (2)(b)(i); and

- (iii) identify in writing the information upon which the board of trustees relies in approving or rejecting the withdrawal.
- (e) The board of trustees of the municipal services district shall approve the withdrawal, effective upon the annexation of the area into the municipality or, if the municipality has already annexed the area, as soon as possible in the reasonable course of events, if the board of trustees makes a finding that:
  - (i)
    - (A) the loss of revenue to the municipal services district due to a withdrawal of the area will be offset by savings associated with no longer providing municipal-type services to the area; or
    - (B) if the loss of revenue will not be offset by savings resulting from no longer providing municipal-type services to the area, the municipality agreeing to terms and conditions, which may include terms and conditions described in Subsection 17B-1-510(5), can mitigate or eliminate the loss of revenue;
  - (ii) the annexation petition under Section 10-2-403, or a separate petition meeting the same signature requirements, states that the signers request the area to be withdrawn from the municipal services district; or
  - (iii) the following have consented in writing to the withdrawal:
    - (A) owners of more than 60% of the total private land area; or
    - (B) owners of private land equal in assessed value to more than 60% of the assessed value of all private real property within the area proposed for withdrawal have consented in writing to the withdrawal.
- (f) If the board of trustees of the municipal services district does not make any of the findings described in Subsection (2)(e), the board of trustees may approve or reject the withdrawal based upon information upon which the board of trustees relies and that the board of trustees identifies in writing.
- (g)
  - (i) If a municipality annexes an island or a part of an island before May 14, 2019, the legislative body of the municipality may initiate the withdrawal of the area from the municipal services district by adopting a resolution that:
    - (A) requests that the area be withdrawn from the municipal services district; and
    - (B) a final local entity plat accompanies, identifying the area proposed to be withdrawn from the municipal services district.
  - (ii)
    - (A) Upon receipt of the resolution and except as provided in Subsection (2)(g)(ii)(B), the board of trustees of the municipal services district shall approve the withdrawal.
    - (B) The board of trustees of the municipal services district may reject the withdrawal if the rejection is based upon a good faith finding that lost revenues due to the withdrawal will exceed expected cost savings resulting from no longer serving the area.
- (h)
  - (i) Based upon a finding described in Subsection (e) or (f):
    - (A) the board of trustees of the municipal services district shall adopt a resolution approving the withdrawal; and
    - (B) the chair of the board shall sign a notice of impending boundary action, as defined in Section 67-1a-6.5, that meets the requirements of Subsection 67-1a-6.5(3).
  - (ii) The annexing municipality shall deliver the following to the lieutenant governor:
    - (A) the resolution and notice of impending boundary action described in Subsection (2)(g)(i);
    - (B) a copy of an approved final local entity plat as defined in Section 67-1a-6.5; and

- (C) any other documentation required by law.
- (i)
  - (i) Once the lieutenant governor has issued an applicable certificate as defined in Section 67-1a-6.5, the municipality shall deliver the certificate, the resolution and notice of impending boundary action described in Subsection (2)(h)(i), the final local entity plat as defined in Section 67-1a-6.5, and any other document required by law, to the recorder of the county in which the area is located.
  - (ii) After the municipality makes the delivery described in Subsection (2)(i)(i), the area, for all purposes, is no longer part of the municipal services district.
- (j) The annexing municipality and the municipal services district may enter into an interlocal agreement under Title 11, Chapter 13, Interlocal Cooperation Act, stating:
  - (i) the municipality's and the district's duties and responsibilities in conducting a withdrawal under this Subsection (2); and
  - (ii) any other matter respecting an unincorporated island that the municipality surrounds on all sides.
- (3) After a boundary adjustment under Subsection (1) or a withdrawal under Subsection (2) is complete:
  - (a) the special district shall, without interruption, provide the same service to any area added to the special district as provided to other areas within the special district; and
  - (b) the municipality shall, without interruption, provide the same service that the special district previously provided to any area withdrawn from the special district.
- (4) No area within a municipality may be added to the area of a special district under this section if the area is part of a special district that provides the same wholesale or retail service as the first special district.

Amended by Chapter 15, 2023 General Session

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

- (1) Except as provided in Section 17B-1-505, 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 boundaries an area located within the boundaries of a special district, or by the governing body of a county that has within

its 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 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.

Amended by Chapter 388, 2024 General Session

**17B-1-505 Withdrawal of municipality from certain districts providing fire protection, paramedic, and emergency services or law enforcement service or municipal services.**

- (1) As used in this section, "first responder district" means a special district, other than a municipal services district, that provides:
  - (a) fire protection, paramedic, and emergency services; or
  - (b) law enforcement service.
- (2) This section applies to the withdrawal of a municipality that is entirely within the boundary of a first responder district or municipal services district that was created without the necessity of an election because of Subsection 17B-1-214(3)(d) or (g).
- (3)
  - (a) The process to withdraw a municipality from a first responder district or municipal services district may be initiated by a resolution adopted by the legislative body of the municipality, subject to Subsection (3)(b).

- (b) The legislative body of a municipality that is within a municipal services district may not adopt a resolution under Subsection (3)(a) to withdraw from the municipal services district unless the municipality has conducted a feasibility study in accordance with Section 17B-2a-1110.
- (c) Within 10 days after adopting a resolution under Subsection (3)(a), the municipal legislative body shall submit to the board of trustees of the first responder district or municipal services district written notice of the adoption of the resolution, accompanied by a copy of the resolution.
- (4) If a resolution is adopted under Subsection (3)(a) by the legislative body of a municipality within a municipal services district, the municipal legislative body shall hold an election at the next municipal general election that is more than 60 days after adoption of the resolution on the question of whether the municipality should withdraw from the municipal services district.
- (5)
  - (a) A municipality shall be withdrawn from a first responder district if:
    - (i) the legislative body of the municipality adopts a resolution initiating the withdrawal under Subsection (3)(a); and
    - (ii)
      - (A) whether before or after the effective date of this section, the municipality and first responder district agree in writing to the withdrawal; or
      - (B) except as provided in Subsection (5)(b) and subject to Subsection (6), the voters of the municipality approve the withdrawal at an election held for that purpose.
  - (b) An election under Subsection (5)(a)(ii)(B) is not required if, after a feasibility study is conducted under Section 17B-1-505.5 and a public hearing is held under Subsection 17B-1-505.5(14), the municipality and first responder district agree in writing to the withdrawal.
- (6) An election under Subsection (5)(a)(ii)(B) may not be held unless:
  - (a) a feasibility study is conducted under Section 17B-1-505.5; and
  - (b)
    - (i) the feasibility study concludes that the withdrawal is functionally and financially feasible for the municipality and the first responder district; or
    - (ii)
      - (A) the feasibility study concludes that the withdrawal would be functionally and financially feasible for the municipality and the first responder district if conditions specified in the feasibility study are met; and
      - (B) the legislative body of the municipality adopts a resolution irrevocably committing the municipality to satisfying the conditions specified in the feasibility study, if the withdrawal is approved by the municipality's voters.
- (7) If a majority of those voting on the question of withdrawal at an election held under Subsection (4) or (5)(a)(ii)(B) vote in favor of withdrawal, the municipality shall be withdrawn from the special district.
- (8)
  - (a) Within 10 days after the canvass of an election at which a withdrawal under this section is submitted to voters, the municipal legislative body shall send written notice to the board of the first responder district or municipal services district from which the municipality is proposed to withdraw.
  - (b) Each notice under Subsection (8)(a) shall:
    - (i) state the results of the withdrawal election; and
    - (ii) if the withdrawal was approved by voters, be accompanied by a copy of an approved final local entity plat, as defined in Section 67-1a-6.5.

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

Amended by Chapter 15, 2023 General Session

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

- (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 fire protection, paramedic, and emergency services or law enforcement service.
  - (b) "Feasibility study" means a study to determine the functional and financial feasibility of a municipality's withdrawal from a first responder special district.
  - (c) "First responder district" means a special district, other than a municipal services district, that provides:
    - (i) fire protection, paramedic, and emergency services; or
    - (ii) law enforcement service.
  - (d) "Withdrawing municipality" means a municipality whose legislative body has adopted a resolution under Subsection 17B-1-505(3)(a) to initiate the process of the municipality's withdrawal from a first responder district.
- (2) This section applies and a feasibility study shall be conducted, as provided in this section, if:
- (a) the legislative body of a municipality has adopted a resolution under Subsection 17B-1-505(3) (a) to initiate the process of the municipality's withdrawal from a first responder district;
  - (b) the municipality and first responder district have not agreed in writing to the withdrawal; and
  - (c) a feasibility study is a condition under Subsection 17B-1-505(6)(a) for an election to be held approving the withdrawal.
- (3)
- (a) As provided in this Subsection (3), the withdrawing municipality and first responder district shall choose and engage a feasibility consultant to conduct a feasibility study.
  - (b) The withdrawing municipality and first responder district shall jointly choose and engage a feasibility consultant according to applicable municipal or special district procurement procedures.
  - (c)
    - (i) If the withdrawing municipality and first responder district cannot agree on and have not engaged a feasibility consultant under Subsection (3)(b) within 45 days after the legislative body of the withdrawing municipality submits written notice to the first responder district under Subsection 17B-1-505(3)(c), the withdrawing municipality and first responder district shall, as provided in this Subsection (3)(c), choose a feasibility consultant from a list of at least eight feasibility consultants provided by the Utah Association of Certified Public Accountants.
    - (ii) A list of feasibility consultants under Subsection (3)(c)(i) may not include a feasibility consultant that has had a contract to provide services to the withdrawing municipality or first responder district at any time during the two-year period immediately preceding the date the list is provided under Subsection (3)(c)(i).
  - (iii)

- (A) Beginning with the first responder district, the first responder district and withdrawing municipality shall alternately eliminate one feasibility consultant each from the list of feasibility consultants until one feasibility consultant remains.
- (B) Within five days after receiving the list of consultants from the Utah Association of Certified Public Accountants, the first responder district shall make the first elimination of a feasibility consultant from the list and notify the withdrawing municipality in writing of the elimination.
- (C) After the first elimination of a feasibility consultant from the list, the withdrawing municipality and first responder district shall each, within three days after receiving the written notification of the preceding elimination, notify the other in writing of the elimination of a feasibility consultant from the list.
- (d) If a withdrawing municipality and first responder district do not engage a feasibility consultant under Subsection (3)(b), the withdrawing municipality and first responder district shall engage the feasibility consultant that has not been eliminated from the list at the completion of the process described in Subsection (3)(c).
- (4) A feasibility consultant that conducts a feasibility study under this section shall be independent of and unaffiliated with the withdrawing municipality and first responder district.
- (5) In conducting a feasibility study under this section, the feasibility consultant shall consider:
  - (a) population and population density within the withdrawing municipality;
  - (b) current and five-year projections of demographics and economic base in the withdrawing municipality, including household size and income, commercial and industrial development, and public facilities;
  - (c) projected growth in the withdrawing municipality during the next five years;
  - (d) subject to Subsection (6)(a), the present and five-year projections of the cost, including overhead, of providing the same service in the withdrawing municipality as is provided by the first responder district, including:
    - (i) the estimated cost if the first responder district continues to provide service; and
    - (ii) the estimated cost if the withdrawing municipality provides service;
  - (e) subject to Subsection (6)(a), the present and five-year projections of the cost, including overhead, of the first responder district providing service with:
    - (i) the municipality included in the first responder district's service area; and
    - (ii) the withdrawing municipality excluded from the first responder district's service area;
  - (f) a projection of any new taxes per household that may be levied within the withdrawing municipality within five years after the withdrawal;
  - (g) the fiscal impact that the withdrawing municipality's withdrawal has on other municipalities and unincorporated areas served by the first responder district, including any rate increase that may become necessary to maintain required coverage ratios for the first responder district's debt;
  - (h) the physical and other assets that will be required by the withdrawing municipality to provide, without interruption or diminution of service, the same service that is being provided by the first responder district;
  - (i) the physical and other assets that will no longer be required by the first responder district to continue to provide the current level of service to the remainder of the first responder district, excluding the withdrawing municipality, and could be transferred to the withdrawing municipality;
  - (j) subject to Subsection (6)(b), a fair and equitable allocation of the first responder district's assets between the first responder district and the withdrawing municipality, effective upon the withdrawal of the withdrawing municipality from the first responder district;



- (k) a fair and equitable allocation of the debts, liabilities, and obligations of the first responder district and any local building authority of the first responder district, between the withdrawing municipality and the remaining first responder district, taking into consideration:
    - (i) any requirement to maintain the excludability of interest from the income of the holder of the debt, liability, or obligation for federal income tax purposes; and
    - (ii) any first responder district assets that have been purchased with the proceeds of bonds issued by the first responder district that the first responder district will retain and any of those assets that will be transferred to the withdrawing municipality;
  - (l) the number and classification of first responder district employees who will no longer be required to serve the remaining portions of the first responder district after the withdrawing municipality withdraws from the first responder 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 municipality does not employ the employees;
  - (m) maintaining as a base, for a period of three years after withdrawal, the existing schedule of pay and benefits for first responder district employees who are transferred to the employment of the withdrawing municipality; and
  - (n) any other factor that the feasibility consultant considers relevant to the question of the withdrawing municipality's withdrawal from the first responder district.
- (6)
- (a) For purposes of Subsections (5)(d) and (e):
    - (i) the feasibility consultant shall assume a level and quality of service to be provided in the future to the withdrawing municipality that fairly and reasonably approximates the level and quality of service that the first responder district provides to the withdrawing municipality at the time of the feasibility study;
    - (ii) in determining the present value cost of a service that the first responder district provides, the feasibility consultant shall consider:
      - (A) the cost to the withdrawing municipality of providing the service for the first five years after the withdrawal; and
      - (B) the first responder district's present and five-year projected cost of providing the same service within the withdrawing municipality; and
    - (iii) the feasibility consultant shall consider inflation and anticipated growth in calculating the cost of providing service.
  - (b) The feasibility consultant may not consider an allocation of first responder district assets or a transfer of first responder district employees to the extent that the allocation or transfer would impair the first responder district's ability to continue to provide the current level of service to the remainder of the first responder district without the withdrawing municipality, unless the first responder district consents to the allocation or transfer.
- (7) A feasibility consultant may retain an architect, engineer, or other professional, as the feasibility consultant considers prudent and as provided in the agreement with the withdrawing municipality and first responder district, to assist the feasibility consultant to conduct a feasibility study.
- (8) The withdrawing municipality and first responder district shall require the feasibility consultant to:
- (a) complete the feasibility study within a time established by the withdrawing municipality and first responder district;
  - (b) prepare and submit a written report communicating the results of the feasibility study, including a one-page summary of the results; and

- (c) attend all public hearings relating to the feasibility study under Subsection (14).
- (9) A written report of the results of a feasibility study under this section shall:
  - (a) contain a recommendation concerning whether a withdrawing municipality's withdrawal from a first responder district is functionally and financially feasible for both the first responder district and the withdrawing municipality; and
  - (b) include any conditions the feasibility consultant determines need to be satisfied in order to make the withdrawal functionally and financially feasible, including:
    - (i) first responder district assets and liabilities to be allocated to the withdrawing municipality; and
    - (ii)
      - (A) first responder district employees to become employees of the withdrawing municipality; and
      - (B) sick leave, vacation, and other accrued benefits and obligations relating to the first responder district employees that the withdrawing municipality needs to assume.
- (10) The withdrawing municipality and first responder district shall equally share the feasibility consultant's fees and costs, as specified in the agreement between the withdrawing municipality and first responder district and the feasibility consultant.
- (11)
  - (a) Upon completion of the feasibility study and preparation of a written report, the feasibility consultant shall deliver a copy of the report to the withdrawing municipality and first responder district.
  - (b)
    - (i) A withdrawing municipality or first responder district that disagrees with any aspect of a feasibility study report may, within 20 business days after receiving a copy of the report under Subsection (11)(a), submit to the feasibility consultant a written objection detailing the disagreement.
    - (ii)
      - (A) A withdrawing municipality that submits a written objection under Subsection (11)(b)(i) shall simultaneously deliver a copy of the objection to the first responder district.
      - (B) A first responder district that submits a written objection under Subsection (11)(b)(i) shall simultaneously deliver a copy of the objection to the withdrawing municipality.
    - (iii) A withdrawing municipality or first responder district may, within 10 business days after receiving an objection under Subsection (11)(b)(ii), submit to the feasibility consultant a written response to the objection.
    - (iv)
      - (A) A withdrawing municipality that submits a response under Subsection (11)(b)(iii) shall simultaneously deliver a copy of the response to the first responder district.
      - (B) A first responder district that submits a response under Subsection (11)(b)(iii) shall simultaneously deliver a copy of the response to the withdrawing municipality.
  - (v) If an objection is filed under Subsection (11)(b)(i), the feasibility consultant shall, within 20 business days after the expiration of the deadline under Subsection (11)(b)(iii) for submitting a response to an objection:
    - (A) modify the feasibility study report or explain in writing why the feasibility consultant is not modifying the feasibility study report; and
    - (B) deliver the modified feasibility study report or written explanation to the withdrawing municipality and first responder special district.
- (12) Within seven days after the expiration of the deadline under Subsection (11)(b)(i) for submitting an objection or, if an objection is submitted, within seven days after receiving a

- modified feasibility study report or written explanation under Subsection (11)(b)(v), but at least 30 days before a public hearing under Subsection (14), the withdrawing municipality shall:
- (a) make a copy of the report available to the public at the primary office of the withdrawing municipality; and
  - (b) if the withdrawing municipality has a website, post a copy of the report on the municipality's website.
- (13) A feasibility study report or, if a feasibility study report is modified under Subsection (11), a modified feasibility study report may not be challenged unless the basis of the challenge is that the report results from collusion or fraud.
- (14)
- (a) Following the expiration of the deadline under Subsection (11)(b)(i) for submitting an objection, or, if an objection is submitted under Subsection (11)(b)(i), following the withdrawing municipality's receipt of the modified feasibility study report or written explanation under Subsection (11)(b)(v), the legislative body of the withdrawing municipality shall, at the legislative body's next regular meeting, schedule at least one public hearing to be held:
    - (i) within the following 60 days; 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, to ask the feasibility consultant questions about the feasibility study, and to express the public's views about the proposed withdrawal.
  - (b) At a public hearing under Subsection (14)(a), the legislative body of the withdrawing municipality shall:
    - (i) provide a copy of the feasibility study for public review; and
    - (ii) allow the public to:
      - (A) ask the feasibility consultant questions about the feasibility study; and
      - (B) express the public's views about the withdrawing municipality's proposed withdrawal from the first responder district.
- (15)
- (a) The clerk or recorder of the withdrawing municipality shall publish notice of a hearing under Subsection (14) for the withdrawing municipality, as a class A notice under Section 63G-30-102, for three consecutive weeks immediately before the public hearing.
  - (b) A notice under Subsection (15)(a) shall state:
    - (i) the date, time, and location of the public hearing; and
    - (ii) that a copy of the feasibility study report may be obtained, free of charge, at the office of the withdrawing municipality or on the withdrawing municipality's website.
- (16) Unless the withdrawing municipality and first responder district agree otherwise, conditions that a feasibility study report indicates are necessary to be met for a withdrawal to be functionally and financially feasible for the withdrawing municipality and first responder district are binding on the withdrawing municipality and first responder district if the withdrawal occurs.

Amended by Chapter 15, 2023 General Session  
Amended by Chapter 435, 2023 General Session

**17B-1-506 Withdrawal petition requirements.**

- (1) Each petition under Section 17B-1-504 shall:

- (a) indicate the typed or printed name and current address of each owner of acre-feet of water, property owner, registered voter, or authorized representative of the governing body signing the petition;
  - (b) separately group signatures by municipality and, in the case of unincorporated areas, by county;
  - (c) if it is a petition signed by the owners of land, the assessment of which is based on acre-feet of water, indicate the address of the property and the property tax identification parcel number of the property as to which the owner is signing the request;
  - (d) designate up to three signers of the petition as sponsors, or in the case of a petition filed under Subsection 17B-1-504(1)(a)(iv), designate a governmental representative as a sponsor, and in each case, designate one sponsor as the contact sponsor with the mailing address and telephone number of each;
  - (e) state the reasons for withdrawal; and
  - (f) when the petition is filed with the special district board of trustees, be accompanied by a map generally depicting the boundaries of the area proposed to be withdrawn and a legal description of the area proposed to be withdrawn.
- (2)
- (a) The special district may prepare an itemized list of expenses, other than attorney expenses, that will necessarily be incurred by the special district in the withdrawal proceeding. The itemized list of expenses may be submitted to the contact sponsor. If the list of expenses is submitted to the contact sponsor within 21 days after receipt of the petition, the contact sponsor on behalf of the petitioners shall be required to pay the expenses to the special district within 90 days of receipt. Until funds to cover the expenses are delivered to the special district, the district will have no obligation to proceed with the withdrawal and the time limits on the district stated in this part will be tolled. If the expenses are not paid within the 90 days, or within 90 days from the conclusion of any arbitration under Subsection (2)(b), the petition requesting the withdrawal shall be considered to have been withdrawn.
  - (b) If there is no agreement between the board of trustees of the special district and the contact sponsor on the amount of expenses that will necessarily be incurred by the special district in the withdrawal proceeding, either the board of trustees or the contact sponsor may submit the matter to binding arbitration in accordance with Title 78B, Chapter 6, Part 2, Alternative Dispute Resolution Act; provided that, if the parties cannot agree upon an arbitrator and the rules and procedures that will control the arbitration, either party may pursue arbitration under Title 78B, Chapter 11, Utah Uniform Arbitration Act.
- (3)
- (a) A signer of a petition may withdraw or, once withdrawn, reinstate the signer's signature at any time before the public hearing under Section 17B-1-508 by submitting a written statement requesting withdrawal or reinstatement with the board of trustees of the special district in which the area proposed to be withdrawn is located.
  - (b) A statement described in Subsection (3)(a) shall comply with the requirements described in Subsection 20A-1-1003(2).
  - (c) As applicable and using the procedures described in Subsection 20A-1-1003(3), the county clerk shall assist the board of trustees to determine whether to remove or reinstate a registered voter's signature after the voter submits a timely, valid statement described in Subsection (3)(a).
- (4) If it reasonably appears that, if the withdrawal which is the subject of a petition filed under Subsection 17B-1-504(1)(a)(i) or (ii) is granted, it will be necessary for a municipality to provide to the withdrawn area the service previously supplied by the special district, the board of

trustees of the special district may, within 21 days after receiving the petition, notify the contact sponsor in writing that, before it will be considered by the board of trustees, the petition shall be presented to and approved by the governing body of the municipality as provided in Subsection 17B-1-504(1)(a)(iv) before it will be considered by the special district board of trustees. If the notice is timely given to the contact sponsor, the petition shall be considered to have been withdrawn until the municipality files a petition with the special district under Subsection 17B-1-504(1)(a)(iv).

- (5)
- (a) After receiving the notice required by Subsection 17B-1-504(2), unless specifically allowed by law, a public entity may not make expenditures from public funds to support or oppose the gathering of signatures on a petition for withdrawal.
  - (b) Nothing in this section prohibits a public entity from providing factual information and analysis regarding a withdrawal petition to the public, so long as the information grants equal access to both the opponents and proponents of the petition for withdrawal.
  - (c) Nothing in this section prohibits a public official from speaking, campaigning, contributing personal money, or otherwise exercising the public official's constitutional rights.
- (6) Subsections (2), (3), (4), and (5) do not apply to a petition seeking the withdrawal of an area from an infrastructure financing district.

Amended by Chapter 388, 2024 General Session

**17B-1-507 Withdrawal petition certification -- Amended petition.**

- (1) Within 30 days after the filing of a petition under Sections 17B-1-504 and 17B-1-506, the board of trustees of the special district in which the area proposed to be withdrawn is located shall:
- (a)
    - (i) as necessary and with the assistance of the county clerk of the county in which the area proposed to be withdrawn is located, use the procedures described in Section 20A-1-1002 to determine whether a signer is a registered voter; and
    - (ii) with the assistance of officers of the county in which the area proposed to be withdrawn is located, determine whether the petition meets the requirements of Sections 17B-1-504 and 17B-1-506; and
  - (b)
    - (i) if the petition complies with the requirements set forth in Sections 17B-1-504 and 17B-1-506, certify the petition and mail or deliver written notification of the certification to the contact sponsor; or
    - (ii) if the petition fails to comply with any of the requirements set forth in Sections 17B-1-504 and 17B-1-506, reject the petition as insufficient and mail or deliver written notification of the rejection and the reasons for the rejection to the contact sponsor.
- (2)
- (a) If the board rejects the petition under Subsection (1)(b)(ii), the petition may be amended to correct the deficiencies for which it was rejected and then refiled within 60 days after notice of the rejection.
  - (b) A valid signature on a petition that was rejected under Subsection (1)(b)(ii) may be used toward fulfilling the applicable signature requirement for an amended petition refiled under Subsection (2)(a).
- (3) The board of trustees shall process an amended petition refiled under Subsection (2)(a) in the same manner as an original petition under Subsection (1). If an amended petition is rejected for failure to comply with the requirements of Sections 17B-1-504 and 17B-1-506, the board of

trustees shall issue a final rejection of the petition for insufficiency and mail or deliver written notice of the final rejection to the contact sponsor.

- (4)
- (a) A signer of a petition for which there has been a final rejection under Subsection (3) for insufficiency may seek judicial review of the board of trustees' final decision to reject the petition as insufficient.
  - (b) Judicial review under Subsection (4)(a) shall be initiated by filing an action in state district court in the county in which a majority of the area proposed to be withdrawn is located.
  - (c) The court in which an action is filed under this Subsection (4) may not overturn the board of trustees' decision to reject the petition unless the court finds that:
    - (i) the board of trustees' decision was arbitrary or capricious; or
    - (ii) the petition materially complies with the requirements set forth in Sections 17B-1-504 and 17B-1-506.
  - (d) The court may award costs and expenses of an action under this section, including reasonable attorney fees, to the prevailing party.

Amended by Chapter 15, 2023 General Session  
Amended by Chapter 116, 2023 General Session

**17B-1-508 Public hearing -- Quorum of board required to be present.**

- (1) A public hearing on the proposed withdrawal shall be held by the board of trustees of a special district that:
- (a) certifies a petition under Subsection 17B-1-507(1)(b)(i) unless the petition was signed by all of the owners of private land within the area proposed to be withdrawn or all of the registered voters residing within the area proposed to be withdrawn; or
  - (b) adopts a resolution under Subsection 17B-1-504(1)(a)(iii) unless another special district provides to the area proposed to be withdrawn the same retail or wholesale service as provided by the special district that adopted the resolution.
- (2) The public hearing required by Subsection (1) for a petition certified by the board of trustees of a special district under Subsection 17B-1-507(1)(b)(i), other than a petition filed in accordance with Subsection 17B-1-504(1)(a)(iv), may be held as an agenda item of a meeting of the board of trustees of the special district without complying with the requirements of Subsection (3)(b), (3)(c), or Section 17B-1-509.
- (3) Except as provided in Subsection (2), the public hearing required by Subsection (1) shall be held:
- (a) no later than 90 days after:
    - (i) certification of the petition under Subsection 17B-1-507(1)(b)(i); or
    - (ii) adoption of a resolution under Subsection 17B-1-504(1)(a)(iii);
  - (b)
    - (i) for a special district located entirely within a single county:
      - (A) within or as close as practicable to the area proposed to be withdrawn; or
      - (B) at the special district office; or
    - (ii) for a special district located in more than one county:
      - (A)
        - (I) within the county in which the area proposed to be withdrawn is located; and
        - (II) within or as close as practicable to the area proposed to be withdrawn; or
      - (B) if the special district office is reasonably accessible to all residents within the area proposed to be annexed, at the special district office;

- (c) on a weekday evening other than a holiday beginning no earlier than 6:00 p.m.; and
- (d) for the purpose of allowing:
  - (i) the public to ask questions and obtain further information about the proposed withdrawal and issues raised by it; and
  - (ii) any interested person to address the board of trustees concerning the proposed withdrawal.
- (4) A quorum of the board of trustees of the special district shall be present throughout the public hearing provided for under this section.
- (5) A public hearing under this section may be postponed or continued to a new time, date, and place without further notice by a resolution of the board of trustees adopted at the public hearing held at the time, date, and place specified in the published notice; provided, however, that the public hearing may not be postponed or continued to a date later than 15 days after the 90-day period under Subsection (3).

Amended by Chapter 15, 2023 General Session

**17B-1-509 Notice of hearing and withdrawal.**

- (1) Unless it is held as an agenda item of a meeting of the board of trustees of a special district as allowed by Subsection 17B-1-508(2), before holding a public hearing under Section 17B-1-508, the board of trustees of the special district shall:
  - (a) mail notice of the public hearing and of the proposed withdrawal to:
    - (i) if the special district is funded predominantly by revenues from a property tax, each owner of private real property located within the area proposed to be withdrawn, as shown upon the county assessment roll last equalized as of the previous December 31;
    - (ii) if the special district is funded by fees based upon an allotment of acre-feet of water, each owner of private real property with an allotment of water located within the area proposed to be withdrawn, as shown upon the district's records; or
    - (iii) if the special district is not funded predominantly by revenues from a property tax or fees based upon an allotment of acre-feet of water, each registered voter residing within the area proposed to be withdrawn, as determined by the voter registration list maintained by the county clerk as of a date selected by the board of trustees that is at least 20 but not more than 60 days before the public hearing; and
  - (b) post notice of the public hearing and of the proposed withdrawal in at least four conspicuous places within the area proposed to be withdrawn, no less than five nor more than 30 days before the public hearing.
- (2) Each notice required under Subsection (1) shall:
  - (a) describe the area proposed to be withdrawn;
  - (b) identify the special district in which the area proposed to be withdrawn is located;
  - (c) state the date, time, and location of the public hearing;
  - (d) state that the petition or resolution may be examined during specified times and at a specified place in the special district; and
  - (e) state that any person interested in presenting comments or other information for or against the petition or resolution may:
    - (i) prior to the hearing, submit relevant comments and other information in writing to the board of trustees at a specified address in the special district; or
    - (ii) at the hearing, present relevant comments and other information in writing and may also present comments and information orally.

Amended by Chapter 15, 2023 General Session

**17B-1-510 Resolution approving or rejecting withdrawal -- Criteria for approval or rejection -- Terms and conditions.**

- (1)
  - (a) No later than 90 days after the public hearing under Section 17B-1-508, or, if no hearing is held, within 90 days after the filing of a petition under Section 17B-1-504, the board of trustees of the special district in which the area proposed to be withdrawn is located shall adopt a resolution:
    - (i) approving the withdrawal of some or all of the area from the special district; or
    - (ii) rejecting the withdrawal.
  - (b) Each resolution approving a withdrawal shall:
    - (i) include a legal description of the area proposed to be withdrawn;
    - (ii) state the effective date of the withdrawal; and
    - (iii) set forth the terms and conditions under Subsection (5), if any, of the withdrawal.
  - (c) Each resolution rejecting a withdrawal shall include a detailed explanation of the board of trustees' reasons for the rejection.
- (2) Unless denial of the petition is required under Subsection (3), the board of trustees shall adopt a resolution approving the withdrawal of some or all of the area from the special district if the board of trustees determines that:
  - (a) the area to be withdrawn does not and will not require the service that the special district provides;
  - (b) the special district will not be able to provide service to the area to be withdrawn for the reasonably foreseeable future; or
  - (c) the area to be withdrawn has obtained the same service that is provided by the special district or a commitment to provide the same service that is provided by the special district from another source.
- (3) The board of trustees shall adopt a resolution denying the withdrawal if it determines that the proposed withdrawal would:
  - (a) result in a breach or default by the special district under:
    - (i) any of its notes, bonds, or other debt or revenue obligations;
    - (ii) any of its agreements with entities which have insured, guaranteed, or otherwise credit-enhanced any debt or revenue obligations of the special district; or
    - (iii) any of its agreements with the United States or any agency of the United States; provided, however, that, if the special district has entered into an agreement with the United States that requires the consent of the United States for a withdrawal of territory from the district, a withdrawal under this part may occur if the written consent of the United States is obtained and filed with the board of trustees;
  - (b) adversely affect the ability of the special district to make any payments or perform any other material obligations under:
    - (i) any of its agreements with the United States or any agency of the United States;
    - (ii) any of its notes, bonds, or other debt or revenue obligations; or
    - (iii) any of its agreements with entities which have insured, guaranteed, or otherwise credit-enhanced any debt or revenue obligations of the special district;
  - (c) result in the reduction or withdrawal of any rating on an outstanding note, bond, or other debt or revenue obligation of the special district;
  - (d) create an island or peninsula of nondistrict territory within the special district or of district territory within nondistrict territory that has a material adverse affect on the special district's



- ability to provide service or materially increases the cost of providing service to the remainder of the special district;
- (e) materially impair the operations of the remaining special district; or
  - (f) require the special district to materially increase the fees it charges or property taxes or other taxes it levies in order to provide to the remainder of the district the same level and quality of service that was provided before the withdrawal.
- (4) In determining whether the withdrawal would have any of the results described in Subsection (3), the board of trustees may consider the cumulative impact that multiple withdrawals over a specified period of time would have on the special district.
- (5)
- (a) Despite the presence of one or more of the conditions listed in Subsection (3), the board of trustees may approve a resolution withdrawing an area from the special district imposing terms or conditions that mitigate or eliminate the conditions listed in Subsection (3), including:
    - (i) a requirement that the owners of property located within the area proposed to be withdrawn or residents within that area pay their proportionate share of any outstanding district bond or other obligation as determined pursuant to Subsection (5)(b);
    - (ii) a requirement that the owners of property located within the area proposed to be withdrawn or residents within that area make one or more payments in lieu of taxes, fees, or assessments;
    - (iii) a requirement that the board of trustees and the receiving entity agree to reasonable payment and other terms in accordance with Subsections (5)(f) through (g) regarding the transfer to the receiving entity of district assets that the district used before withdrawal to provide service to the withdrawn area but no longer needs because of the withdrawal; provided that, if those district assets are allocated in accordance with Subsections (5)(f) through (g), the district shall immediately transfer to the receiving entity on the effective date of the withdrawal, all title to and possession of district assets allocated to the receiving entity; or
    - (iv) any other reasonable requirement considered to be necessary by the board of trustees.
  - (b) Other than as provided for in Subsection 17B-1-511(2), and except as provided in Subsection (5)(e), in determining the proportionate share of outstanding bonded indebtedness or other obligations under Subsection (5)(a)(i) and for purposes of determining the allocation and transfer of district assets under Subsection (5)(a)(iii), the board of trustees and the receiving entity, or in cases where there is no receiving entity, the board and the sponsors of the petition shall:
    - (i) engage engineering and accounting consultants chosen by the procedure provided in Subsection (5)(d); provided however, that if the withdrawn area is not receiving service, an engineering consultant need not be engaged; and
    - (ii) require the engineering and accounting consultants engaged under Subsection (5)(b)(i) to communicate in writing to the board of trustees and the receiving entity, or in cases where there is no receiving entity, the board and the sponsors of the petition the information required by Subsections (5)(f) through (h).
  - (c) For purposes of this Subsection (5):
    - (i) "accounting consultant" means a certified public accountant or a firm of certified public accountants with the expertise necessary to make the determinations required under Subsection (5)(h); and
    - (ii) "engineering consultant" means a person or firm that has the expertise in the engineering aspects of the type of system by which the withdrawn area is receiving service that is necessary to make the determination required under Subsections (5)(f) and (g).

- (d)
  - (i) Unless the board of trustees and the receiving entity, or in cases where there is no receiving entity, the board and the sponsors of the petition agree on an engineering consultant and an accounting consultant, each consultant shall be chosen from a list of consultants provided by the Consulting Engineers Council of Utah and the Utah Association of Certified Public Accountants, respectively, as provided in this Subsection (5)(d).
  - (ii) A list under Subsection (5)(d)(i) may not include a consultant who has had a contract for services with the district or the receiving entity during the two-year period immediately before the list is provided to the special district.
  - (iii) Within 20 days of receiving the lists described in Subsection (5)(d)(i), the board of trustees shall eliminate the name of one engineering consultant from the list of engineering consultants and the name of one accounting consultant from the list of accounting consultants and shall notify the receiving entity, or in cases where there is no receiving entity, the sponsors of the petition in writing of the eliminations.
  - (iv) Within three days of receiving notification under Subsection (5)(d), the receiving entity, or in cases where there is no receiving entity, the sponsors of the petition shall eliminate another name of an engineering consultant from the list of engineering consultants and another name of an accounting consultant from the list of accounting consultants and shall notify the board of trustees in writing of the eliminations.
  - (v) The board of trustees and the receiving entity, or in cases where there is no receiving entity, the board and the sponsors of the petition shall continue to alternate between them, each eliminating the name of one engineering consultant from the list of engineering consultants and the name of one accounting consultant from the list of accounting consultants and providing written notification of the eliminations within three days of receiving notification of the previous notification, until the name of only one engineering consultant remains on the list of engineering consultants and the name of only one accounting consultant remains on the list of accounting consultants.
- (e) The requirement under Subsection (5)(b) to engage engineering and accounting consultants does not apply if the board of trustees and the receiving entity, or in cases where there is no receiving entity, the board and the sponsors of the petition agree on the allocations that are the engineering consultant's responsibility under Subsection (5)(f) or the determinations that are the accounting consultant's responsibility under Subsection (5)(h); provided however, that if engineering and accounting consultants are engaged, the district and the receiving entity, or in cases where there is no receiving entity, the district and the sponsors of the petition shall equally share the cost of the engineering and accounting consultants.
- (f)
  - (i) The engineering consultant shall allocate the district assets between the district and the receiving entity as provided in this Subsection (5)(f).
  - (ii) The engineering consultant shall allocate:
    - (A) to the district those assets reasonably needed by the district to provide to the area of the district remaining after withdrawal the kind, level, and quality of service that was provided before withdrawal; and
    - (B) to the receiving entity those assets reasonably needed by the receiving entity to provide to the withdrawn area the kind and quality of service that was provided before withdrawal.
  - (iii) If the engineering consultant determines that both the special district and the receiving entity reasonably need a district asset to provide to their respective areas the kind and quality of service provided before withdrawal, the engineering consultant shall:

- (A) allocate the asset between the special district and the receiving entity according to their relative needs, if the asset is reasonably susceptible of division; or
  - (B) allocate the asset to the special district, if the asset is not reasonably susceptible of division.
- (g) All district assets remaining after application of Subsection (5)(f) shall be allocated to the special district.
- (h)
- (i) The accounting consultant shall determine the withdrawn area's proportionate share of any redemption premium and the principal of and interest on:
    - (A) the special district's revenue bonds that were outstanding at the time the petition was filed;
    - (B) the special district's general obligation bonds that were outstanding at the time the petition was filed; and
    - (C) the special district's general obligation bonds that:
      - (I) were outstanding at the time the petition was filed; and
      - (II) are treated as revenue bonds under Subsection (5)(i); and
    - (D) the district's bonds that were issued prior to the date the petition was filed to refund the district's revenue bonds, general obligation bonds, or general obligation bonds treated as revenue bonds.
  - (ii) For purposes of Subsection (5)(h)(i), the withdrawn area's proportionate share of redemption premium, principal, and interest shall be the amount that bears the same relationship to the total redemption premium, principal, and interest for the entire district that the average annual gross revenues from the withdrawn area during the three most recent complete fiscal years before the filing of the petition bears to the average annual gross revenues from the entire district for the same period.
- (i) For purposes of Subsection (5)(h)(i), a district general obligation bond shall be treated as a revenue bond if:
- (i) the bond is outstanding on the date the petition was filed; and
  - (ii) the principal of and interest on the bond, as of the date the petition was filed, had been paid entirely from special district revenues and not from a levy of ad valorem tax.
- (j)
- (i) Before the board of trustees of the special district files a resolution approving a withdrawal, the receiving entity, or in cases where there is no receiving entity, the sponsors of the petition shall irrevocably deposit government obligations, as defined in Subsection 11-27-2(6), into an escrow trust fund the principal of and interest on which are sufficient to provide for the timely payment of the amount determined by the accounting consultant under Subsection (5)(h) or in an amount mutually agreeable to the board of trustees of the special district and the receiving entity, or in cases where there is no receiving entity, the board and the sponsors of the petition. Notwithstanding Subsection 17B-1-512(1), the board of trustees may not be required to file a resolution approving a withdrawal until the requirements for establishing and funding an escrow trust fund in this Subsection (5)(j)(i) have been met; provided that, if the escrow trust fund has not been established and funded within 180 days after the board of trustees passes a resolution approving a withdrawal, the resolution approving the withdrawal shall be void.
  - (ii) Concurrently with the creation of the escrow, the receiving entity, or in cases where there is no receiving entity, the sponsors of the petition shall provide to the board of trustees of the special district:
    - (A) a written opinion of an attorney experienced in the tax-exempt status of municipal bonds stating that the establishment and use of the escrow to pay the proportionate share of

- the district's outstanding revenue bonds and general obligation bonds that are treated as revenue bonds will not adversely affect the tax-exempt status of the bonds; and
- (B) a written opinion of an independent certified public accountant verifying that the principal of and interest on the deposited government obligations are sufficient to provide for the payment of the withdrawn area's proportionate share of the bonds as provided in Subsection (5)(h).
  - (iii) The receiving entity, or in cases where there is no receiving entity, the sponsors of the petition shall bear all expenses of the escrow and the redemption of the bonds.
  - (iv) The receiving entity may issue bonds under Title 11, Chapter 14, Local Government Bonding Act, and Title 11, Chapter 27, Utah Refunding Bond Act, to fund the escrow.
- (6) A requirement imposed by the board of trustees as a condition to withdrawal under Subsection (5) shall, in addition to being expressed in the resolution, be reduced to a duly authorized and executed written agreement between the parties to the withdrawal.
  - (7) An area that is the subject of a withdrawal petition under Section 17B-1-504 that results in a board of trustees resolution denying the proposed withdrawal may not be the subject of another withdrawal petition under Section 17B-1-504 for two years after the date of the board of trustees resolution denying the withdrawal.

Amended by Chapter 15, 2023 General Session

**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 the date the petition was filed.
- (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.

Amended by Chapter 388, 2024 General Session

**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 the board of trustees' receipt of a notice or copy described in Subsection (1)(c), if the board of trustees receives the notice or copy between July 1 and December 31; or
    - (iii) on or before the July 31 following the board of trustees' receipt of a notice or copy described in Subsection (1)(c), if the board of trustees receives the notice or copy between January 1 and 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 10-2-425(3) of an automatic withdrawal under Subsection 17B-1-502(2);
      - (B) a copy of the municipal legislative body's resolution approving an automatic withdrawal under Subsection 17B-1-502(3)(a); or
      - (C) notice of a withdrawal of a municipality from a special district under Section 17B-1-502; or
    - (ii) entering into an agreement with a municipality under Subsection 17B-1-505(5)(a)(ii)(A) or (5)(b).
  - (d) Upon the lieutenant governor's issuance of a certificate of withdrawal under Section 67-1a-6.5, the board shall:
    - (i) if the withdrawn area is located within the boundary of a single county, submit to the recorder of that county:
      - (A) the original:
        - (I) notice of an impending boundary action;
        - (II) certificate of withdrawal; and
        - (III) approved final local entity plat; and
      - (B) if applicable, a certified copy of the resolution or notice referred to in Subsection (1)(b); or
    - (ii) if the withdrawn area is located within the boundaries of more than a single county, submit:
      - (A) the original of the documents listed in Subsections (1)(d)(i)(A)(I), (II), and (III) and, if applicable, a certified copy of the resolution or notice referred to in Subsection (1)(b) to one of those counties; and
      - (B) a certified copy of the documents listed in Subsections (1)(d)(i)(A)(I), (II), and (III) and a certified copy of the resolution or notice referred to in Subsection (1)(b) to each other county.
- (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 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; or
  - (iii) the board's decision to deny a withdrawal.
- (b) Judicial review under this Subsection (6) shall be initiated by filing an action in the district court in the county in which a majority of the area proposed to be withdrawn is located:
- (i) if the resolution approving or denying the withdrawal is published under Subsection (3), within 60 days after the publication or after the board of trustees' denial of the request under Subsection (5);
  - (ii) if the resolution is not published pursuant to Subsection (3), within 60 days after the resolution approving or denying the withdrawal is adopted; or
  - (iii) if a request is submitted to the board of trustees of a special district under Subsection (4), and the board adopts a resolution under Subsection (5), within 60 days after the board adopts a resolution under Subsection (5) unless the resolution is published under Subsection (3), in which event the action shall be filed within 60 days after the publication.
- (c) A court in which an action is filed under this Subsection (6) may not overturn, in whole or in part, the board of trustees' decision to approve or reject the withdrawal unless:
- (i) the court finds the board of trustees' decision to be arbitrary or capricious; or
  - (ii) the court finds that the board materially failed to follow the procedures set forth in this part.

- (d) A court may award costs and expenses of an action under this section, including reasonable attorney fees, to the prevailing party.
- (7) After the applicable contest period under Subsection (4) or (6), no person may contest the board of trustees' approval or denial of withdrawal for any cause.

Amended by Chapter 342, 2024 General Session

**17B-1-513 Termination of terms of trustees representing withdrawn areas.**

- (1) Except as provided in Subsection (4), on the effective date of withdrawal of an area from a special district, any trustee residing in the withdrawn area shall cease to be a member of the board of trustees of the special district.
- (2) Except as provided in Subsection (4), if the special district has been divided into divisions for the purpose of electing or appointing trustees and the area withdrawn from a district constitutes all or substantially all of the area in a division of the special district that is represented by a member of the board of trustees, on the effective date of the withdrawal, the trustee representing the division shall cease to be a member of the board of trustees of the special district.
- (3) In the event of a vacancy on the board of trustees as a result of an area being withdrawn from the special district:
  - (a) the board of trustees shall reduce the number of trustees of the special district as provided by law; or
  - (b) the trustee vacancy shall be filled as provided by law.
- (4) Subsections (1) and (2) apply only to a trustee who is required by law to be a resident of the special district or of a particular division within the special district.

Amended by Chapter 15, 2023 General Session