

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