

Part 5

Special Service District Bonds

17D-1-501 Provisions applicable to a special service district's issuance of bonds.

Except as otherwise provided in this chapter:

- (1) each special service 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 special service district that issues refunding bonds shall issue them as provided in Title 11, Chapter 27, Utah Refunding Bond Act.

Enacted by Chapter 360, 2008 General Session

17D-1-502 General obligation bonds.

- (1) Except as provided in Subsection (3), if a special service district intends to issue general obligation bonds, the special service district shall first obtain the approval of special service 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 special service district.
- (3) A special service 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 special service district may not issue general obligation bonds if the issuance of the bonds will cause the outstanding principal amount of all of the special service district's general obligation bonds to exceed the amount that results from multiplying the fair market value of the taxable property within the special service district, as determined under Subsection 11-14-301(3)(b), by .12.
 - (b) Bonds or other obligations of a special service district that are not general obligation bonds are not included in the limit stated in Subsection (4)(a).
- (5) A special service 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 special service district that participates in the agreement creating the administrative or legal entity.

Enacted by Chapter 360, 2008 General Session

17D-1-503 Levy to pay for general obligation bonds.

- (1)
 - (a) If a special service district has issued general obligation bonds, or expects to have debt service payments due on general obligation bonds during the current year, the legislative body of the county or municipality that created the special service district 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) without limitation as to rate or amount; and
 - (ii) subject to the prior approval of a majority of registered voters of the special service district voting in an election held for that purpose on a date specified in Section 20A-1-204.
- (2)
- (a) Each county or municipality 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 special service district obligation in existence at the time the bonds were issued.

Amended by Chapter 415, 2013 General Session

17D-1-504 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 special service 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 special service district.

Enacted by Chapter 360, 2008 General Session

17D-1-505 Revenue bonds -- Requirement to impose rates and charges to cover revenue bonds -- Authority to make agreements and covenants to provide for bond repayment.

- (1) Subject to Subsection 17D-1-501(2), a special service district intending to issue revenue bonds may, but is not required to, submit to special service 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 special service 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 special service district revenues, to carry out all undertakings of the special service district with respect to its revenue bonds.
- (3) A special service district that issues revenue bonds may:
 - (a) agree to pay operation and maintenance expenses of the special service district from the proceeds of the ad valorem taxes that this chapter authorizes the county or municipality that created the special service district to levy; 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 governing body considers proper to assure the marketability of the bonds.

Enacted by Chapter 360, 2008 General Session

17D-1-506 Governing body required to fix rates to cover district expenses and bonds.

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

- (1) pay the special service district's operating expenses;
- (2) provide for repairs and depreciation of works owned or operated by the special service district;
- (3) pay the interest on any bonds issued by the special service 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 360, 2008 General Session

17D-1-507 Guaranteed bonds.

- (1) Before a special service district may issue guaranteed bonds:
 - (a) the special service district shall:
 - (i) obtain a report:
 - (A) prepared by:
 - (I) a qualified, registered architect or engineer; or
 - (II) a person qualified by experience appropriate to the project proposed to be funded by the proceeds from the guaranteed bonds;
 - (B) setting forth:
 - (I) a description of the project proposed to be funded by the proceeds from the guaranteed bonds;
 - (II) the estimated or, if available, the actual cost of the project;
 - (III) the principal amount and date and amount of each stated maturity of:
 - (Aa) the guaranteed bonds to be issued; and
 - (Bb) any outstanding guaranteed bonds of the special service district;
 - (IV) the interest rate or rates of any outstanding guaranteed bonds of the special service district;
 - (V) the amount of the annual debt service for each year during the life of all outstanding guaranteed bonds issued by the special service district;
 - (VI) the estimated amount of the annual debt service for each year during the life of all guaranteed bonds that the special service district intends to issue to finance all or any part of the project; and
 - (VII) the date or estimated date that the project will be complete; and
 - (ii) submit to the Governor's Office of Economic Opportunity:
 - (A) the report described in Subsection (1)(a)(i);
 - (B) a copy of each proposed guarantee of the guaranteed bonds, certified by the special service district;
 - (C) a legal opinion indicating that each guarantee, when executed, will be the legal and binding obligation of the taxpayer executing the guarantee in accordance with the terms of the guarantee; and

- (D) evidence satisfactory to the Governor's Office of Economic Opportunity from each taxpayer executing a guarantee of the guaranteed bonds as to the financial ability of the taxpayer to perform under the guarantee;
 - (b) the Governor's Office of Economic Opportunity shall, if it approves the issuance of the guaranteed bonds, deliver to the special service district governing body a written statement of its approval; and
 - (c) the special service district governing body shall file the written approval statement under Subsection (1)(b) with the recorder of the county in which the special service district is located.
- (2) The issuance of guaranteed bonds is conditioned upon the approval of special service district voters at an election held for that purpose as provided in Title 11, Chapter 14, Local Government Bonding Act.
 - (3) Guaranteed bonds that have been issued and remain outstanding shall be included in the determination of the debt limit under Subsection 17D-1-502(4) if the bonds by their terms no longer enjoy the benefit of the guarantee.
 - (4) On July 1 of each year, the governing body shall file with the department of community affairs a report certifying:
 - (a) the total amount of bonds issued by the special service district and other debt then outstanding and subject to the debt limit of Subsection 17D-1-502(4);
 - (b) the total amount of guaranteed bonds then outstanding and not subject to the debt limit of Subsection 17D-1-502(4); and
 - (c) the total amount of guaranteed bonds that, during the preceding 12 months, discontinued to enjoy the benefit of the guarantee.

Amended by Chapter 282, 2021 General Session

17D-1-508 Special service district obligations are not obligations of any other entity.

A special service district bond, note, or other obligation or indebtedness, whether or not payable from taxes, may not be:

- (1) considered to be a bond, note, or other obligation or indebtedness of or to be enforceable against the state or a county, municipality, school district, or other political subdivision of the state; or
- (2) taken into account in calculating a debt limit applicable to the state or a county, municipality, school district, or other political subdivision of the state.

Enacted by Chapter 360, 2008 General Session

17D-1-509 Ratification of previously issued bonds and previously entered contracts.

All bonds issued or contracts entered into by a special service district before May 5, 2008 are ratified, validated, and confirmed and declared to be valid and legally binding obligations of the special service district in accordance with their terms.

Enacted by Chapter 360, 2008 General Session