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1                                   **SPECIAL DISTRICT AND LOCAL DISTRICT**

2   **AMENDMENTS**

3   2001 GENERAL SESSION

4   STATE OF UTAH

5   **Sponsor: David L. Gladwell**

6 **This act modifies provisions relating to Special Districts and Limited Purpose Local**  
7 **Government Entities to rewrite and standardize annexation, withdrawal, and dissolution**  
8 **provisions for specified special districts and for local districts. The act repeals inconsistent**  
9 **and obsolete provisions and makes technical changes.**

10 This act affects sections of Utah Code Annotated 1953 as follows:

11 ENACTS:

12           **17B-2-501**, Utah Code Annotated 1953

13           **17B-2-502**, Utah Code Annotated 1953

14           **17B-2-503**, Utah Code Annotated 1953

15           **17B-2-504**, Utah Code Annotated 1953

16           **17B-2-505**, Utah Code Annotated 1953

17           **17B-2-506**, Utah Code Annotated 1953

18           **17B-2-507**, Utah Code Annotated 1953

19           **17B-2-508**, Utah Code Annotated 1953

20           **17B-2-509**, Utah Code Annotated 1953

21           **17B-2-510**, Utah Code Annotated 1953

22           **17B-2-511**, Utah Code Annotated 1953

23           **17B-2-512**, Utah Code Annotated 1953

24           **17B-2-513**, Utah Code Annotated 1953

25           **17B-2-601**, Utah Code Annotated 1953

26           **17B-2-602**, Utah Code Annotated 1953

27           **17B-2-603**, Utah Code Annotated 1953

- 28           **17B-2-604**, Utah Code Annotated 1953
- 29           **17B-2-605**, Utah Code Annotated 1953
- 30           **17B-2-606**, Utah Code Annotated 1953
- 31           **17B-2-607**, Utah Code Annotated 1953
- 32           **17B-2-608**, Utah Code Annotated 1953
- 33           **17B-2-609**, Utah Code Annotated 1953
- 34           **17B-2-701**, Utah Code Annotated 1953
- 35           **17B-2-702**, Utah Code Annotated 1953
- 36           **17B-2-703**, Utah Code Annotated 1953
- 37           **17B-2-704**, Utah Code Annotated 1953
- 38           **17B-2-705**, Utah Code Annotated 1953
- 39           **17B-2-706**, Utah Code Annotated 1953
- 40           **17B-2-707**, Utah Code Annotated 1953
- 41           **17B-2-708**, Utah Code Annotated 1953

42    *Be it enacted by the Legislature of the state of Utah:*

43           Section 1. Section **17B-2-501** is enacted to read:

44   **Part 5. Annexation**

45           **17B-2-501. Reserved.**

46           This section is reserved.

47           Section 2. Section **17B-2-502** is enacted to read:

48           **17B-2-502. Annexation of area outside local district -- Multiple areas -- No**  
49 **requirement to be contiguous.**

50           (1) An area outside the boundaries of a local district may be annexed to the local district  
51 as provided in this part.

52           (2) The area proposed to be annexed:

53           (a) may consist of multiple noncontiguous areas; and

54           (b) need not be adjacent to the boundaries of the proposed annexing local district.

55           Section 3. Section **17B-2-503** is enacted to read:

56           **17B-2-503. Annexation petition and resolution.**

57           (1) The process to annex an area to a local district may be initiated by:

58           (a) a petition signed by the owners of private real property that:

- 59 (i) is located within the area proposed to be annexed;  
60 (ii) covers at least 10% of the total private land area within the area proposed to be  
61 annexed; and  
62 (iii) is equal in value to at least 10% of the value of all private real property within the area  
63 proposed to be annexed;  
64 (b) (i) if the local district is located entirely within a single county:  
65 (A) within or as close as practicable to the area proposed to be annexed; or  
66 (B) at the office of the local district; or  
67 (ii) if the local district is located within more than one county:  
68 (A) within the county in which the area proposed to be annexed is located; and  
69 (B) within or as close as practicable to the area proposed to be annexed;  
70 (c) a petition signed by registered voters residing within the area proposed to be annexed  
71 equal in number to at least 10% of the number of votes cast in the same area for the office of  
72 governor at the last regular general election before the filing of the petition;  
73 (d) a resolution adopted by the legislative body of each county whose unincorporated area  
74 includes and each municipality whose boundaries include any of the area proposed to be annexed;  
75 or  
76 (e) if the area proposed to be annexed has been served by the proposed annexing local  
77 district for at least 12 consecutive months immediately preceding adoption of the resolution, a  
78 resolution adopted by the board of trustees of the local district that proposes to annex the area.  
79 (2) Each petition and resolution under Subsection (1) shall:  
80 (a) describe the area proposed to be annexed; and  
81 (b) be accompanied by a map that shows the boundaries of the area proposed to be  
82 annexed.  
83 (3) The legislative body of each county and municipality that adopts a resolution under  
84 Subsection (1)(c) shall, within five days of adopting the resolution, mail or deliver a copy of the  
85 resolution to the board of trustees of the proposed annexing local district.

86 Section 4. Section **17B-2-504** is enacted to read:

87 **17B-2-504. Petition requirements.**

88 (1) Each petition under Subsections 17B-2-503(1)(a) and (b) shall:

89 (a) indicate the typed or printed name and current residence address of each property

90 owner or registered voter signing the petition;

91 (b) if it is a property owner petition, indicate the address of the property as to which the  
92 owner is signing the request;

93 (c) designate up to three signers of the petition as sponsors, one of whom shall be  
94 designated the contact sponsor, with the mailing address and telephone number of each; and

95 (d) be filed with the board of trustees of the proposed annexing local district.

96 (2) A signer of a petition may withdraw, or once withdrawn, reinstate the signer's signature  
97 at any time before the public hearing under Section 17B-2-506 by submitting a written withdrawal  
98 or reinstatement with the board of trustees of the proposed annexing local district.

99 Section 5. Section **17B-2-505** is enacted to read:

100 **17B-2-505. Petition certification.**

101 (1) Within 30 days after the filing of a petition under Subsection 17B-2-503(1)(a) or (b),  
102 the board of trustees of the proposed annexing local district shall:

103 (a) with the assistance of officers of the county in which the area proposed to be annexed  
104 is located from whom the board requests assistance, determine whether the petition meets the  
105 requirements of Subsection 17B-2-503(1)(a) or (b), as the case may be, Subsection 17B-2-503(2),  
106 and Subsection 17B-2-504(1); and

107 (b) (i) if the board determines that the petition complies with the requirements, certify the  
108 petition and mail or deliver written notification of the certification to the contact sponsor; or

109 (ii) if the board determines that the petition fails to comply with any of the requirements,  
110 reject the petition and mail or deliver written notification of the rejection and the reasons for the  
111 rejection to the contact sponsor.

112 (2) (a) If the board rejects a petition under Subsection (1)(b)(ii), the petition may be  
113 amended to correct the deficiencies for which it was rejected and then refiled.

114 (b) A valid signature on a petition that was rejected under Subsection (1)(b)(ii) may be  
115 used toward fulfilling the applicable signature requirement of the petition as amended under  
116 Subsection (2)(a).

117 (3) The board shall process an amended petition filed under Subsection (2)(a) in the same  
118 manner as an original petition under Subsection (1).

119 Section 6. Section **17B-2-506** is enacted to read:

120 **17B-2-506. Public hearing.**

121 (1) Except as provided in Section 17B-3-509, the board of trustees of each local district  
122 that certifies a petition under Subsection 17B-2-505(1)(b), receives a resolution adopted under  
123 Subsection 17B-2-503(1)(c), or adopts a resolution under Subsection 17B-2-503(1)(d) shall hold  
124 a public hearing on the proposed annexation.

125 (2) Each public hearing under Subsection (1) shall be held:

126 (a) no later than 45 days after:

127 (i) for a public hearing relating to a petition filed under Subsection 17B-2-503(1)(a) or (b),  
128 certification of the petition under Subsection 17B-2-505(1)(b);

129 (ii) for a public hearing relating to a resolution adopted under Subsection 17B-2-503(1)(c)  
130 or (d), adoption of the resolution;

131 (b) within the area proposed to be annexed;

132 (c) on a weekday evening other than a holiday beginning no earlier than 6:00 p.m.; and

133 (d) for the purpose of allowing:

134 (i) the public to ask questions and obtain further information about the proposed  
135 annexation and issues raised by it; and

136 (ii) any interested person to address the board regarding the proposed annexation.

137 (3) A quorum of the board of trustees of the proposed annexing local district shall be  
138 present throughout each public hearing held under this section.

139 Section 7. Section **17B-2-507** is enacted to read:

140 **17B-2-507. Notice of public hearing.**

141 (1) Before holding a public hearing required under Section 17B-2-506, the board of  
142 trustees of each proposed annexing local district shall:

143 (a) mail notice of the public hearing and the proposed annexation to:

144 (i) each registered voter residing within the area proposed to be annexed, as determined  
145 by the voter registration list maintained by the county clerk as of a date selected by the board of  
146 trustees that is at least 20 but not more than 60 days before the public hearing; and

147 (ii) each owner of private real property as shown upon the county assessment roll last  
148 equalized as of the previous December 31; and

149 (b) post notice of the public hearing and the proposed annexation in at least four  
150 conspicuous places within the area proposed to be annexed, no less than five and no more than 30  
151 days before the public hearing.

152 (2) Each notice required under Subsection (1) shall:  
 153 (a) describe the area proposed to be annexed;  
 154 (b) identify the proposed annexing local district;  
 155 (c) state the date, time, and location of the public hearing; and  
 156 (d) explain that property owners and registered voters within the area proposed to be  
 157 annexed may protest the annexation by filing a written protest to the local district board of trustees  
 158 within 30 days after the public hearing.

159 Section 8. Section **17B-2-508** is enacted to read:

160 **17B-2-508. Protests -- Election.**

161 (1) Except as provided in Section 17B-2-509, an owner of private real property located  
 162 within and a registered voter residing within an area proposed to be annexed may protest an  
 163 annexation by filing a written protest with the board of trustees of the proposed annexing local  
 164 district.

165 (2) Each protest under Subsection (1) shall be filed within 30 days after the date of the  
 166 public hearing under Section 17B-3-506.

167 (3) (a) Except as provided in Section 17B-2-509, an election shall be held on the proposed  
 168 annexation if timely protests are filed by:

169 (i) the owners of private real property that:

170 (A) is located within the area proposed to be annexed; and

171 (B) covers at least 10% of the total private land area within the area proposed to be  
 172 annexed; or

173 (ii) registered voters residing within the area proposed to be annexed equal in number to  
 174 at least 10% of the number of votes cast in the same area for the office of governor at the last  
 175 regular general election before the filing of the petition.

176 (b) If a majority of registered voters residing within the area proposed to be annexed and  
 177 voting on the proposal vote:

178 (i) in favor of annexation, the board may complete the annexation by adopting a resolution  
 179 annexing the area; or

180 (ii) against annexation, the annexation process is terminated and the area proposed to be  
 181 annexed may not be the subject of an annexation effort under this part for two years.

182 Section 9. Section **17B-2-509** is enacted to read:

183 **17B-2-509. Hearing, notice, and protest provisions do not apply for certain petitions.**

184 Sections 17B-2-506, 17B-2-507, and 17B-2-508 do not apply if the process to annex an  
185 area to a local district was initiated by:

186 (1) a petition under Subsection 17B-2-503(1)(a) that was signed by the owners of private  
187 real property that cover at least 67% of the total private land area within the area proposed to be  
188 annexed; or

189 (2) a petition under Subsection 17B-2-503(1)(b) that was signed by registered voters equal  
190 in number to at least 67% of the number of votes cast in the area proposed to be annexed for the  
191 office of governor at the last regular general election before the filing of the petition.

192 Section 10. Section **17B-2-510** is enacted to read:

193 **17B-2-510. Resolution approving or rejecting the annexation -- Notice of annexation**  
194 **-- When annexation complete.**

195 (1) The board of trustees of a proposed annexing local district may adopt a resolution  
196 approving or rejecting the annexation after:

197 (a) expiration of the protest period under Subsection 17B-2-507(2), if sufficient protests  
198 are not filed to require an election under Subsection 17B-2-507(3); or

199 (b) the election under Subsection 17B-2-507(3), if sufficient protests are filed to require  
200 an election.

201 (2) (a) Within ten days after adoption of a resolution under Subsection (1) approving an  
202 annexation, the board shall file a written notice of annexation to the State Tax Commission, the  
203 state auditor, and the assessor of the county in which the annexed area is located.

204 (b) Each notice under Subsection (2)(a) shall be accompanied by a map showing the  
205 boundaries of the local district including the newly annexed area, prepared and certified by a  
206 licensed surveyor.

207 (3) Upon the board filing the notices required under Subsection (2), the annexation shall  
208 be complete.

209 Section 11. Section **17B-2-511** is enacted to read:

210 **17B-2-511. Annexation through municipal expansion.**

211 (1) An area outside the boundaries of a local district shall be annexed to the local district  
212 if:

213 (a) the boundaries of the local district entirely encompass a municipality;

214 (b) the municipality annexes the area under Title 10, Chapter 2, Part 4, Annexation;

215 (c) except as provided in Subsection (2), no part of the area is within the boundaries of an  
216 independent special district under Title 17A, Chapter 2, Independent Special Districts, or another  
217 local district that provides the same service as the proposed annexing local district.

218 (2) (a) Notwithstanding Subsection (1)(c), an area outside the boundaries of a local district  
219 and within the boundaries of an independent special district or another local district that provides  
220 the same service as the proposed annexing local district may be annexed by the proposed annexing  
221 local district if:

222 (i) the conditions under Subsections (1)(a) and (b) are present; and

223 (ii) the proposed annexing local district and the independent special district or other local  
224 district follow the same procedure as is required for a boundary adjustment, including both district  
225 boards adopting a resolution approving the annexation of the area to the proposed annexing local  
226 district and the withdrawal of that area from the other district.

227 (b) Upon both boards adopting a resolution under Subsection (2)(a)(ii), the board of the  
228 annexing local district shall comply with the requirements of Subsection 17B-2-510(2).

229 (c) Subsection 17B-2-510(3) applies to an annexation under this section.

230 Section 12. Section **17B-2-512** is enacted to read:

231 **17B-2-512. Annexation through expansion of retail district.**

232 (1) For purposes of this section:

233 (a) "Retail" means, with respect to a service provided by a local district or independent  
234 special district, that the service is provided directly to the ultimate user.

235 (b) "Wholesale" means, with respect to a service provided by a local district or  
236 independent special district, that the service is not provided directly to the ultimate user but is  
237 provided to a retail provider.

238 (2) An area outside the boundaries of a local district providing a wholesale service shall  
239 be annexed to the local district if:

240 (a) the area is annexed by an independent special district or another local district that:

241 (i) acquires the wholesale service from the local district and provides it as a retail service;

242 and

243 (ii) is, before the annexation, located entirely within the boundaries of the local district;

244 and



245 (b) except as provided in Subsection (3), no part of the area is within the boundaries of an  
246 independent special district under Title 17A, Chapter 2, Independent Special Districts, or another  
247 local district that provides the same wholesale service as the proposed annexing local district.

248 (3) (a) Notwithstanding Subsection (2)(b), an area outside the boundaries of a local district  
249 providing a wholesale service and located partly or entirely within the boundaries of an  
250 independent special district or another local district that provides the same wholesale service may  
251 be annexed to the local district if:

252 (i) the conditions under Subsection (2)(a) are present; and

253 (ii) the proposed annexing local district and the independent special district or other local  
254 district follow the same procedure as is required for a boundary adjustment, including both district  
255 boards adopting a resolution approving the annexation of the area to the proposed annexing local  
256 district and the withdrawal of that area from the other district.

257 (b) Upon both boards adopting a resolution under Subsection (3)(a)(ii), the board of the  
258 annexing local district shall comply with the requirements of Subsection 17B-2-510(2).

259 (c) Subsection 17B-2-510(3) applies to an annexation under this section.

260 Section 13. Section **17B-2-513** is enacted to read:

261 **17B-2-513. Boundary adjustment -- Notice and hearing -- Protest -- Resolution**  
262 **adjusting boundaries -- Notice of the adjustment.**

263 (1) As used in this section, "affected area" means the area located within the boundaries  
264 of one local district that will leave that local district and be included within the boundaries of  
265 another local district because of the boundary adjustment.

266 (2) The boards of trustees of two or more local districts having common boundaries and  
267 providing the same service may adjust their common boundaries as provided in this section.

268 (3) (a) The board of trustees of each local district intending to adjust a boundary that is  
269 common with another local district shall:

270 (i) adopt a resolution indicating the board's intent to adjust a common boundary;

271 (ii) hold a public hearing on the proposed boundary adjustment no less than 60 days after  
272 the adoption of the resolution under Subsection (3)(a)(i); and

273 (iii) (A) publish notice once a week for two successive weeks in a newspaper of general  
274 circulation within the local district; or

275 (B) if there is no newspaper of general circulation within the local district, post notice in

276 at least four conspicuous places within the local district.

277 (b) The notice required under Subsection (3)(a)(iii) shall:

278 (i) state that the board of trustees of the local district has adopted a resolution indicating  
279 the board's intent to adjust a boundary that the local district has in common with another local  
280 district that provides the same service as the local district;

281 (ii) describe the affected area;

282 (iii) state the date, time, and location of the public hearing required under Subsection  
283 (3)(a)(ii); and

284 (iv) state in conspicuous and plain terms that the board will adjust the boundaries unless,  
285 at or before the public hearing under Subsection (3)(a)(ii), written protests to the adjustment are  
286 filed with the board by:

287 (A) the owners of private real property that:

288 (I) is located within the affected area; and

289 (II) covers at least 25% of the total private land area within the affected area; or

290 (B) registered voters residing within the affected area equal in number to at least 25% of  
291 the votes cast in the affected area for the office of governor at the last regular general election  
292 before the filing of the protests.

293 (c) The first publication of the notice required under Subsection (3)(a)(iii)(A) shall be  
294 within 14 days after the board's adoption of a resolution under Subsection (3)(a)(i).

295 (4) After the public hearing required under Subsection (3)(a)(ii), the board of trustees may  
296 adopt a resolution adjusting the common boundary unless, at or before the public hearing, written  
297 protests to the boundary adjustment have been filed with the board by:

298 (a) the owners of private real property that:

299 (i) is located within the affected area; and

300 (ii) covers at least 25% of the total private land area within the affected area; or

301 (b) registered voters residing within the affected area equal in number to at least 25% of  
302 the votes cast in the affected area for the office of governor at the last regular general election  
303 before the filing of the protests.

304 (5) A resolution adopted under Subsection (4) does not take effect until the board of each  
305 local district whose boundaries are being adjusted has adopted a resolution under Subsection (4).

306 (6) (a) Within ten days after adoption of a resolution under Subsection (4), the board shall

307 file a written notice of the boundary adjustment to the State Tax Commission, the state auditor,  
308 and the clerk and assessor of the county in which the affected area is located.

309 (b) Each notice under Subsection (6)(a) shall be accompanied by a map showing the  
310 boundaries of the local district after the boundary adjustment, prepared and certified by a licensed  
311 surveyor.

312 (7) Upon the filing of the notices required under Subsection (6) by the board of each local  
313 district whose boundaries are being adjusted, the boundary adjustment shall be complete.

314 Section 14. Section **17B-2-601** is enacted to read:

#### 315 **Part 6. Withdrawal**

316 **17B-2-601. Withdrawal of area from local district.**

317 An area within the boundaries of a local district may be withdrawn from the local district  
318 as provided in this part.

319 Section 15. Section **17B-2-602** is enacted to read:

320 **17B-2-602. Initiation of withdrawal process.**

321 (1) The process to withdraw an area from a local district may be initiated by:

322 (a) a petition signed by the owners of private real property that:

323 (i) is located within the area proposed to be withdrawn; and

324 (ii) covers at least 25% of the total private land area within the area proposed to be  
325 withdrawn;

326 (b) a petition signed by registered voters residing within the area proposed to be withdrawn  
327 equal in number to at least 25% of the number of votes cast in the same area for the office of  
328 governor at the last regular general election before the filing of the petition; or

329 (c) a resolution adopted by the board of trustees of the local district in which the area  
330 proposed to be withdrawn is located.

331 (2) Each petition and resolution under Subsection (1) shall:

332 (a) describe the area proposed to be withdrawn; and

333 (b) be accompanied by a map that shows the boundaries of the area proposed to be  
334 withdrawn.

335 Section 16. Section **17B-2-603** is enacted to read:

336 **17B-2-603. Withdrawal petition requirements.**

337 (1) Each petition under Subsections 17B-2-602(1)(a) and (b) shall:

338 (a) indicate the typed or printed name and current residence address of each property  
339 owner or registered voter signing the petition;

340 (b) if it is a property owner petition, indicate the address of the property as to which the  
341 owner is signing the request;

342 (c) designate up to three signers of the petition as sponsors, one of whom shall be  
343 designated the contact sponsor, with the mailing address and telephone number of each; and

344 (d) be filed with the board of trustees of the local district in which the area proposed to be  
345 withdrawn is located.

346 (2) A signer of a petition may withdraw, or, once withdrawn, reinstate the signer's  
347 signature at any time before the filing of the petition by submitting a written withdrawal or  
348 reinstatement with the board of trustees of the local district in which the area proposed to be  
349 withdrawn is located.

350 Section 17. Section **17B-2-604** is enacted to read:

351 **17B-2-604. Withdrawal petition certification -- Amended petition.**

352 (1) Within 30 days after the filing of a petition under Subsection 17B-2-602(1)(a) or (b),  
353 the board of trustees of the local district in which the area proposed to be withdrawn is located  
354 shall:

355 (a) with the assistance of officers of the county in which the area proposed to be withdrawn  
356 is located from whom the board requests assistance, determine whether the petition meets the  
357 requirements of Subsection 17B-2-603(1)(a) or (b), as the case may be, Subsection 17B-2-603(2),  
358 and Subsection 17B-2-604(1); and

359 (b) (i) if the board determines that the petition complies with the requirements, certify the  
360 petition and mail or deliver written notification of the certification to the contact sponsor; or

361 (ii) if the board determines that the petition fails to comply with any of the requirements,  
362 reject the petition and mail or deliver written notification of the rejection and the reasons for the  
363 rejection to the contact sponsor.

364 (2) (a) If the board rejects a petition under Subsection (1)(b)(i), the petition may be  
365 amended to correct the deficiencies for which it was rejected and then refiled.

366 (b) A valid signature on a petition that was rejected under Subsection (1)(b)(ii) may be  
367 used toward fulfilling the applicable signature requirement of the petition as amended under  
368 Subsection (2)(a).

369 (3) The board shall process an amended petition filed under Subsection (2)(a) in the same  
370 manner as an original petition under Subsection (1).

371 Section 18. Section **17B-2-605** is enacted to read:

372 **17B-2-605. Public hearing -- Quorum of board required to be present.**

373 (1) The board of trustees of each local district that certifies a petition under Subsection  
374 17B-2-604(1)(b) or adopts a resolution under Subsection 17B-2-602(1)(c) shall hold a public  
375 hearing on the proposed withdrawal.

376 (2) Each public hearing under Subsection (1) shall be held:

377 (a) no later than 45 days after certification of the petition under Subsection  
378 17B-2-604(1)(b) or adoption of a resolution under Subsection 17B-2-602(1)(c), as the case may  
379 be;

380 (b) within the area proposed to be withdrawn or, if it is not practicable to hold a public  
381 hearing in that area, then within the local district at a location as close to the area proposed to be  
382 withdrawn as practicable;

383 (c) on a weekday evening other than a holiday beginning no earlier than 6:00 p.m.; and

384 (d) for the purpose of allowing:

385 (i) the public to ask questions and obtain further information about the proposed  
386 withdrawal and issues raised by it; and

387 (ii) any interested person to address the board of trustees concerning the proposed  
388 withdrawal.

389 (3) A quorum of the board of trustees of the local district in which the area proposed to  
390 be withdrawn shall be present throughout each public hearing under this section.

391 Section 19. Section **17B-2-606** is enacted to read:

392 **17B-2-606. Notice of hearing and withdrawal.**

393 (1) Before holding a public hearing required under Section 17B-2-605, the board of  
394 trustees of each local district in which the area proposed to be withdrawn is located shall:

395 (a) publish notice of the public hearing and of the proposed withdrawal in a newspaper of  
396 general circulation within the area proposed to be withdrawn; and

397 (b) post notice of the public hearing and of the proposed withdrawal in at least four  
398 conspicuous places within the area proposed to be withdrawn, no less than five and no more than  
399 30 days before the public hearing.

400 (2) Each notice required under Subsection (1) shall:

401 (a) describe the area proposed to be withdrawn;

402 (b) identify the local district in which the area proposed to be withdrawn is located; and

403 (c) state the date, time, and location of the public hearing.

404 Section 20. Section **17B-2-607** is enacted to read:

405 **17B-2-607. Resolution approving or rejecting withdrawal -- Terms and conditions.**

406 (1) (a) After the public hearing required under Subsection 17B-2-605(1), the board of  
407 trustees of the local district in which the area proposed to be withdrawn is located may adopt a  
408 resolution:

409 (i) subject to Subsection (1)(b), rejecting the proposed withdrawal; or

410 (ii) subject to Subsection (2), approving the withdrawal of some or all of the area from the  
411 local district.

412 (b) Each resolution rejecting a withdrawal shall include an explanation of the board's  
413 reasons for the rejection.

414 (2) A board of trustees may not adopt a resolution withdrawing an area from the local  
415 district unless the board determines that:

416 (a) (i) the area to be withdrawn does not and will not require the service that the local  
417 district provides;

418 (ii) the local district will be unable to provide service to the area to be withdrawn for the  
419 reasonably foreseeable future; or

420 (iii) the area to be withdrawn has obtained or may reasonably obtain from another source  
421 the same service that is provided by the local district; and

422 (b) the withdrawal would not:

423 (i) result in a breach or default by the local district or adversely affect the ability of the  
424 local district to make payments or perform any other material obligation under:

425 (A) an agreement with the United States or an agency of the United States;

426 (B) a note, bond, or other debt or obligation of the local district; or

427 (C) an agreement between the local district and an entity that has ensured, guaranteed, or  
428 otherwise credit-enhanced a debt or revenue obligation of the local district;

429 (ii) create an island or peninsula of nondistrict territory within the local district that  
430 adversely affects the local district's ability to provide service or significantly increases the cost of

431 providing service to the remainder of the local district;

432 (iii) jeopardize the viability of the remaining local district; and

433 (iv) require the local district to increase significantly the fees or property taxes it charges

434 in order to provide to the remainder of the district the same level of service provided before the

435 withdrawal.

436 (3) A resolution under Subsection (1)(b) may impose reasonable terms and conditions to

437 be met before withdrawal may occur including:

438 (a) a requirement that the owners of property located within the area proposed to be

439 withdrawn pay their proportionate share of outstanding district bonds by:

440 (i) making one or more payments in lieu of the taxes or assessments that would have been

441 imposed without the withdrawal; or

442 (ii) continuing to subject the property within the area proposed to be withdrawn to property

443 tax until the bonds are paid;

444 (b) a requirement that property within the area proposed to be withdrawn continue to be

445 subject to property tax by the local district to the extent and in those years necessary to prevent a

446 default on revenue bonds issued by the local district;

447 (c) the receipt of a firm commitment by a county, municipality, special district, or another

448 local district to provide to the area proposed to be withdrawn the service provided by the local

449 district; and

450 (d) a requirement that the local district and the entity that takes over providing service to

451 the withdrawn area reasonably agree to payment and other terms regarding the transfer to the other

452 entity of district facilities and improvements that the local district used before withdrawal to

453 provide service to the withdrawn area but no longer needs because of the withdrawal.

454 (4) If a resolution under Subsection (1)(b) imposes conditions under Subsection (3)(d):

455 (a) any issues upon which the local district and other entity are unable to reach agreement

456 shall be submitted to binding arbitration; and

457 (b) payments by the other entity to the local district for district facilities and improvements

458 shall be applied to pay any outstanding district bonds whose proceeds were used to construct the

459 facilities or improvements.

460 (5) If the board of trustees has not adopted a resolution under Subsection (1) within 90

461 days after certification of a petition under Subsection 17B-2-604(1)(b) or adoption of a resolution

462 under Subsection 17B-2-602(1)(c), the board shall be considered to have rejected the withdrawal.

463 Section 21. Section **17B-2-608** is enacted to read:

464 **17B-2-608. Notice of withdrawal -- Effective date of withdrawal.**

465 (1) Within ten days after adopting a resolution under Subsection 17B-2-607(1)(a)(ii)  
466 approving a withdrawal, the board of trustees shall file a written notice of the withdrawal to the  
467 State Tax Commission, the state auditor, and the clerk and assessor of the county in which the  
468 withdrawn area is located.

469 (2) Each notice under Subsection (1) shall be accompanied by a map showing the  
470 boundaries of the local district after withdrawal, prepared and certified by a licensed surveyor.

471 (3) Upon the board filing the notices required under Subsection (1), the withdrawal shall  
472 be complete.

473 Section 22. Section **17B-2-609** is enacted to read:

474 **17B-2-609. Judicial review.**

475 (1) Any affected person may seek judicial review of an approval or rejection of a  
476 withdrawal under this part by filing an action in the district court of the county in which a majority  
477 of the area proposed to be withdrawn is located.

478 (2) Each action under Subsection (1) shall be filed within 30 days after:

479 (a) the board's adoption of a resolution under Subsection 17B-2-607(1); or

480 (b) if the board fails to adopt a resolution under Subsection 17B-2-607(1), the date the  
481 board is considered to have rejected the withdrawal under Subsection 17B-2-607(5).

482 (3) A court in which an action under Subsection (1) is filed may overturn, in whole or in  
483 part, the board of trustees decision approving or rejecting the withdrawal if the court finds the  
484 board's decision to be arbitrary or capricious.

485 Section 23. Section **17B-2-701** is enacted to read:

486 **Part 7. Dissolution**

487 **17B-2-701. Definitions.**

488 For purposes of this part:

489 (1) "Active" means, with respect to a local district, that the district is not inactive.

490 (2) "Administrative body" means:

491 (a) if the local district proposed to be dissolved has a duly constituted board of trustees in  
492 sufficient numbers to form a quorum, the board of trustees; or



- 493 (b) except as provided in Subsection (2)(a):  
494 (i) for a local district located entirely within a single municipality, the legislative body of  
495 that municipality;  
496 (ii) for a local district located in multiple municipalities within the same county or at least  
497 partly within the unincorporated area of a county, the legislative body of that county; or  
498 (iii) for a local district located within multiple counties, the legislative body of the county  
499 whose boundaries include more of the local district than is included within the boundaries of any  
500 other county.
- 501 (3) "Clerk" means:  
502 (a) the board of trustees if the board is also the administrative body under Subsection  
503 (2)(a);  
504 (b) the clerk or recorder of the municipality whose legislative body is the administrative  
505 body under Subsection (2)(a)(i); or  
506 (c) the clerk of the county whose legislative body is the administrative body under  
507 Subsection (2)(a)(ii) or (iii).
- 508 (4) "Inactive" means, with respect to a local district, that during the preceding three years  
509 the district has not:  
510 (a) provided any service or otherwise operated;  
511 (b) received property taxes or user or other fees; and  
512 (c) expended any funds.
- 513 Section 24. Section **17B-2-702** is enacted to read:  
514 **17B-2-702. Dissolution of local district.**  
515 A local district may be dissolved as provided in this part.
- 516 Section 25. Section **17B-2-703** is enacted to read:  
517 **17B-2-703. Initiation of dissolution process.**  
518 The process to dissolve a local district may be initiated by:  
519 (1) for an inactive local district:  
520 (a) a petition signed by the owners of private real property that:  
521 (i) is located within the local district proposed to be dissolved; and  
522 (ii) covers at least 25% of the private land area within the local district;  
523 (b) a petition signed by registered voters residing within the local district proposed to be

524 dissolved equal in number to at least 25% of the number of votes cast in the district for the office  
525 of governor at the last regular general election before the filing of the petition; or

526 (c) a resolution adopted by the administrative body; and

527 (2) for an active local district, a petition signed by the owners of 100% of the private real  
528 property located within the local district proposed to be dissolved.

529 Section 26. Section **17B-2-704** is enacted to read:

530 **17B-2-704. Petition requirements.**

531 (1) Each petition under Subsection 17B-2-703(1)(a), (b), or (2) shall:

532 (a) indicate the typed or printed name and current residence address of each property  
533 owner or registered voter signing the petition;

534 (b) if it is a property owner petition, indicate the address of the property as to which the  
535 owner is signing;

536 (c) designate up to three signers of the petition as sponsors, one of whom shall be  
537 designated the contact sponsor, with the mailing address and telephone number of each; and

538 (d) be filed with the clerk.

539 (2) A signer of a petition to dissolve a local district may withdraw, or, once withdrawn,  
540 reinstate the signer's signature at any time until 30 days after the public hearing under Section  
541 17B-2-706.

542 Section 27. Section **17B-2-705** is enacted to read:

543 **17B-2-705. Petition certification.**

544 (1) Within 30 days after the filing of a petition under Subsection 17B-2-703(1)(a), (b), or  
545 (2), the clerk shall:

546 (a) with the assistance of officers of the county in which the local district is located from  
547 whom the clerk requests assistance, determine whether the petition meets the requirements of  
548 Subsection 17B-2-704(1); and

549 (b) (i) if the clerk determines that the petition complies with the requirements, certify the  
550 petition and mail or deliver written notification of the certification to the contact sponsor; or

551 (ii) if the clerk determines that the petition fails to comply with any of the requirements,  
552 reject the petition and mail or deliver written notification of the rejection and the reasons for the  
553 rejection to the contact sponsor.

554 (2) (a) If the clerk rejects a petition under Subsection (1)(b)(ii), the petition may be

555 amended to correct the deficiencies for which it was rejected and then refiled.

556 (b) A valid signature on a petition that was rejected under Subsection (1)(b)(ii) may be  
557 used toward fulfilling the applicable signature requirement of the petition as amended under  
558 Subsection (2)(a).

559 (3) The clerk shall process an amended petition filed under Subsection (2)(a) in the same  
560 manner as an original petition under Subsection (1).

561 Section 28. Section **17B-2-706** is enacted to read:

562 **17B-2-706. Public hearing.**

563 (1) For each petition certified under Section 17B-2-705 and each resolution adopted under  
564 Subsection 17B-2-703(1)(c), the administrative body shall hold a public hearing on the proposed  
565 dissolution.

566 (2) Each public hearing under Subsection (1) shall be held:

567 (a) no later than 45 days after certification of the petition under Section 17B-2-705 or  
568 adoption of a resolution under Subsection 17B-2-703(1)(c), as the case may be;

569 (b) within the local district proposed to be dissolved;

570 (c) on a weekday evening other than a holiday beginning no earlier than 6:00 p.m.; and

571 (d) for the purpose of allowing:

572 (i) the public to ask questions and obtain further information about the proposed  
573 dissolution and issues raised by it; and

574 (ii) any interested person to address the administrative body concerning the proposed  
575 dissolution.

576 (3) A quorum of the administrative body shall be present throughout each public hearing  
577 under this section.

578 Section 29. Section **17B-2-707** is enacted to read:

579 **17B-2-707. Notice of public hearing and of dissolution.**

580 (1) Before holding a public hearing required under Section 17B-2-706, the administrative  
581 body shall:

582 (a) publish notice of the public hearing and of the proposed dissolution in a newspaper of  
583 general circulation within the local district proposed to be dissolved; and

584 (b) post notice of the public hearing and of the proposed dissolution in at least four  
585 conspicuous places within the local district proposed to be dissolved, no less than five and no more

586 than 30 days before the public hearing.

587 (2) Each notice required under Subsection (1) shall:

588 (a) identify the local district proposed to be dissolved and the service it was created to  
589 provide; and

590 (b) state the date, time, and location of the public hearing.

591 Section 30. Section **17B-2-708** is enacted to read:

592 **17B-2-708. Dissolution resolution -- Limitations on dissolution.**

593 (1) After the public hearing required under Section 17B-2-706 and subject to Subsection

594 (2), the administrative body may adopt a resolution dissolving the local district.

595 (2) A resolution under Subsection (1) may not be adopted unless:

596 (a) any outstanding debt of the local district is:

597 (i) satisfied and discharged in connection with the dissolution; or

598 (ii) assumed by another governmental entity with the consent of all the holders of that debt  
599 and all the holders of other debts of the local district;

600 (b) for a local district that has provided service during the preceding three years or  
601 undertaken planning or other activity preparatory to providing service:

602 (i) another entity has committed to provide the same service to the area being served or  
603 proposed to be served by the local district; and

604 (ii) all who are to receive the service have consented to the service being provided by the  
605 other entity;

606 (c) adequate provision is made to ensure that any remaining assets of the local district  
607 benefit property owners or others who have through taxes, fees, or assessments paid for the assets;  
608 and

609 (d) all outstanding contracts to which the local district is a party are resolved through  
610 mutual termination or the assignment of the district's rights, duties, privileges, and responsibilities  
611 to another entity with the consent of the other parties to the contract.

**Legislative Review Note**  
**as of 11-16-00 9:56 AM**

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

**Office of Legislative Research and General Counsel**

**Committee Note**

The Political Subdivisions Interim Committee recommended this bill.