

**BONDING AUTHORITY FOR IRRIGATION  
DISTRICTS**

2002 GENERAL SESSION

STATE OF UTAH

**Sponsor: David L. Gladwell**

**This act modifies the Special Districts Code by amending provisions related to irrigation districts. The act provides for definitions. The act repeals existing provisions relating to bonding authority of irrigation districts and enacts new bonding provisions. The act repeals outdated provisions relating to irrigation districts. The act provides for the assessment of use charges in place of annual assessments or taxes. The act provides for the collection of delinquent use charges. The act makes other changes to the irrigation district provisions.**

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

AMENDS:

- 17A-2-711, as last amended by Chapter 254, Laws of Utah 2000
- 17A-2-712, as last amended by Chapter 9, Laws of Utah 2001
- 17A-2-718, as last amended by Chapter 254, Laws of Utah 2000
- 17A-2-721, as last amended by Chapter 254, Laws of Utah 2000
- 17A-2-722, as renumbered and amended by Chapter 186, Laws of Utah 1990
- 17A-2-723, as last amended by Chapters 86 and 254, Laws of Utah 2000
- 17A-2-724, as last amended by Chapter 254, Laws of Utah 2000
- 17A-2-726, as last amended by Chapter 254, Laws of Utah 2000
- 17A-2-754, as last amended by Chapter 90, Laws of Utah 2001
- 17A-2-755, as renumbered and amended by Chapter 186, Laws of Utah 1990
- 17A-2-756, as last amended by Chapter 254, Laws of Utah 2000
- 17A-2-761, as last amended by Chapter 254, Laws of Utah 2000

ENACTS:

- 17A-2-701.1, Utah Code Annotated 1953
- 17A-2-701.2, Utah Code Annotated 1953
- 17A-2-701.5, Utah Code Annotated 1953

17A-2-717.5, Utah Code Annotated 1953

17A-2-719.5, Utah Code Annotated 1953

REPEALS:

17A-2-701, as last amended by Chapter 368, Laws of Utah 1998

17A-2-714, as last amended by Chapter 90, Laws of Utah 2001

17A-2-715, as last amended by Chapter 90, Laws of Utah 2001

17A-2-716, as last amended by Chapter 254, Laws of Utah 2000

17A-2-717, as renumbered and amended by Chapter 186, Laws of Utah 1990

17A-2-719, as last amended by Chapter 254, Laws of Utah 2000

17A-2-720, as last amended by Chapter 254, Laws of Utah 2000

17A-2-725, as last amended by Chapter 227, Laws of Utah 1993

17A-2-727, as last amended by Chapter 254, Laws of Utah 2000

17A-2-768, as last amended by Chapter 254, Laws of Utah 2000

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

Section 1. Section 17A-2-701.1 is enacted to read:

**Part 7. Irrigation District Act**

**17A-2-701.1. Title.**

This part is known as the "Irrigation District Act."

Section 2. Section 17A-2-701.2 is enacted to read:

**17A-2-701.2. Definitions.**

As used in this part:

(1) "Electric facilities" means facilities or interests in facilities for the generation of hydroelectric power, including hydroelectric power plants, turbine generators, penstocks, transformers, electrical equipment, lands, rights-of-way, and all other structures, works, property, and property interests necessary or proper for the generation of electricity or to otherwise carry out the purposes of the irrigation district, not including transmission facilities related to hydroelectric production plants.

(2) "Facilities" means water facilities and electric facilities.

(3) "Revenues" means moneys received for water, electricity, or other services furnished by an irrigation district, including use charges and other fees, rates, charges, or assessments.

(4) "Use charges" means all charges relating to the use, provision, or availability of water, electricity, or other irrigation district services, including, without limiting the generality of the foregoing, all direct or indirect charges, tolls, assessments, impact fees, connection fees, and reserve or availability charges.

(5) "Water facilities" means facilities or interests in facilities for irrigation purposes, including reservoir sites, reservoirs, water, water filings, water rights, rights-of-way, water works, sources of water supply, canals, ditches, wells, pipelines, lands, stock of irrigation, canal, or reservoir companies, and all other related structures, works, property, and property interests.

Section 3. Section **17A-2-701.5** is enacted to read:

**17A-2-701.5. Creation of irrigation districts.**

(1) The requirements and procedures for creating an irrigation district are governed by the provisions of Title 17B, Chapter 2, Part 2, Creation of Local Districts.

(2) Notwithstanding anything to the contrary in the provisions of Subsection (1):

(a) An owner of land located within a proposed district may, prior to the date on which the legislative body adopts a resolution pursuant to Subsection (2)(b), request the county legislative body to include the land in or exclude the land from the proposed irrigation district.

(b) Within 60 days after the last hearing required under Section 17B-2-210, the legislative body of each county in which lands of the proposed district are located shall adopt a resolution listing, by acreage and ownership, the lands in that county to be included in the proposed district. The lands need not be contiguous. The list of lands to be included will be based upon:

(i) the boundaries set forth in the map accompanying the petition or resolution to create the local district filed pursuant to Section 17B-2-203;

(ii) requests for the exclusion of lands from the proposed district; and

(iii) requests for the inclusion of lands in the proposed district.

(c) In determining whether to deny requests for inclusion or exclusion, and in listing the lands to be included in the proposed district, the county legislative body may not alter the included

lands, shown by the map accompanying the petition or resolution filed pursuant to Section 17B-2-210, in a manner which changes the objects of the petition or exempts from the operation of this part any lands, requiring water, shown on the map included with the petition, and susceptible of irrigation by the same system of waterworks applicable to other lands in the proposed district. Nor may any land which will not, in the judgment of the county legislative body, be benefitted by the proposed system be included in the district.

(d) At the time of creation of the district, the lands included in the district will consist of the lands listed in the resolution adopted pursuant to Subsection (2)(b).

Section 4. Section **17A-2-711** is amended to read:

**17A-2-711. Board of trustees -- Organization -- Powers and duties -- Other provisions applicable.**

(1) The board shall establish boundaries of election precincts and may change them, but no change may be made less than 30 days prior to an election. Upon the completion of the organization of the district [~~and before~~], the board of trustees may request the state engineer to conduct a water survey and allotment which shall be paid for by the district. Thereupon it will be the duty of the state engineer to cause to be made a water survey of all lands within the district for the purpose of determining and allotting the maximum amounts of water which could be beneficially used on such land; each 40-acre tract or smaller tracts in separate ownership within each such legal subdivision shall be separately surveyed and the allotment made therefor. On completion of said survey and allotment, the state engineer shall file with the county legislative body with which the petition for the creation of the district was filed, his return of survey and report of allotment. Before any bond issue or contract is voted on, any assessment levied, or toll or use charge imposed, the board of trustees, having first determined the amount of water available for the use of the district, shall upon notice and a hearing and under rules determined by the board, make a final revision and allotment of the available water to each 40-acre tract or smaller tract in separate ownership within each legal subdivision; but no allotment may be increased above the amount originally allotted by the state engineer without the consent of the state engineer and the final allotment may not be decreased as long as there may be any outstanding indebtedness in excess of .4% of the fair market value of the

lands within the district. The allotment may, however, be increased to an amount not exceeding the amount allotted by the state engineer if the additional amount of water becomes available for the use of the district. The final allotment in acre-feet may be the basis of the vote at all elections subsequent to the creation of the district. The final allotment in acre-feet, or other units of measurement, the service, turnout, construction, distribution charges, or other charges, if any, [~~shall be the basis for all assessments, tolls, and charges levied against the land and shall also subsequently be the basis of the vote at all elections~~] may be the basis for any use charges. A copy of the order making the allotment or any increase provided, certified to by the secretary of the district, shall be immediately filed for record in the office of the county clerk of the county in which the office of the district is located and a certified copy filed with the county recorder of each county in which any lands of the district are situated. Nothing in this part may prohibit the state engineer, upon petition by the board of trustees after the organization of the district has been perfected, from increasing the maximum allotment of water for any tract or tracts of land embraced within the district when in the opinion of the state engineer the tract or tracts of land cannot be beneficially irrigated with the amount of water allotted. The board of trustees may construct facilities or may acquire facilities by contract, purchase, or condemnation[~~; or otherwise, canals, ditches, reservoirs, reservoir sites, irrigation systems or works and lands necessary or incidental to the use and operation of irrigation works, and reservoir sites, which~~] pursuant to Title 78, Chapter 34, Eminent Domain, or otherwise. District lands may be leased when leasing will not interfere with their use for irrigation purposes[~~; and also water filings, water rights, rights-of-way, or other property or any interest in the property, including power plants when acquired or developed in connection with an irrigation system with the right to sell or dispose of the surplus power~~]. The board may also purchase stock of irrigation canal, and reservoir companies. The board may exchange bonds of the district for any such property upon terms and conditions the board considers best, subject to the approval of the State Board of Certification. The board, its agents, and employees may enter upon any land in the district to make surveys and to locate and construct any canal or canals, and the necessary laterals. The board may, by condemnation, acquire rights of way for the enlargement of any ditches, canals, or reservoirs, but the board may not occupy the premises proposed to be condemned pending the determination of a

suit, except upon filing the bond required by law in the case of suits by other corporations and individuals. The right-of-way is given, dedicated, and set apart, to locate, construct, and maintain the works, or reservoirs, over, through, or upon any of the lands which are now, or may be the property of the state. The board may make these investigations and based on them, make representations and assurances to the Secretary of the Interior, as may be requisite under the act of Congress, approved August 11, 1916, or other applicable law, and may enter into any obligation or contract with the United States for the construction or operation and maintenance of the necessary works for the delivery and distribution of water or for the assumption, as principal or guarantor of indebtedness to the United States on account of district lands, or for the temporary rental of water under the provisions of the Federal Reclamation Act, and all acts amendatory of that act, or supplementary to it, or any other Acts of Congress now enacted or which may be enacted, and the rules and regulations established under them; or the board may contract with the United States for a water supply under any act of Congress providing for or permitting the contract, and may convey to the United States as partial or full consideration water rights or other property of the district, and in case the contract has been or may be made with the United States as provided in this section, [~~bonds of the district may be deposited with the United States at 95% of their par value to the amount to be paid by the district to the United States under the contract, the interest on the bonds to be provided for by assessment and levy as in the case of other bonds of the district, and regularly paid to the United States to be applied as provided in the contract, and if bonds of the district are not so deposited;~~] the board of trustees shall include as part of any [~~levy or assessment~~] use charges now provided for by law, an amount sufficient to meet each year all payments accruing under the terms of the contract and the board may accept on behalf of the district, appointment of the district as fiscal agent of the United States, or authorization of the district by the United States, or authorization of the district by the United States to make collections of moneys for or on behalf of the United States in connection with any federal reclamation project, at which time the district shall be authorized so as to act and to assume the duties and liabilities incident to that action, and the board may do any and all things required by the federal statutes enacted in connection with it, and all things required by the rules and regulations established by any department of the federal government. Districts cooperating with the

United States may rent or lease water to private lands, entrymen, or municipalities in the neighborhood of the district, in pursuance of a contract with the United States. ~~[If a contract is proposed to be made with the United States and bonds are not to be deposited with the United States in connection with the contract, the question to be submitted to the voters at a special election is whether or not the contract shall be entered into with the United States. The notice of election shall state under the terms of what Act or Acts of Congress the contract is proposed to be made, and the maximum amount of money payable to the United States for construction purposes exclusive of penalties and interest and the water rights and other property, if any, to be conveyed to the United States as provided in this section. The ballots for the election shall contain the words "Contract with the United States-Yes" and "Contract with the United States-No," or the equivalent. If a majority of the votes cast at the election are "Contract with the United States-Yes," the board of trustees shall immediately enter into the contract with the United States.]~~ The board shall establish equitable rules for the distribution and use of water among the owners of lands included in this district, and may provide that no water may be delivered to lands which are delinquent or in default in the payment of any ~~[toll, charge, tax, or assessment]~~ amount due to the district. The rules shall, as soon as adopted, be printed in convenient form for distribution in the district; but water, the right to the use of which is acquired by the district under any contract with the United States, shall be distributed and apportioned by the district in accordance with the Acts of Congress, the rules and regulations, and the provisions of the contract.

(2) The board of trustees may annually instruct the county assessor of the county in which the lands to be affected are located to remove from the ~~[assessment]~~ assessor's roll any land publicly dedicated to streets, highways, and roads, and also other land the use of which has so permanently changed as to prevent the beneficial use of water, and the assessor shall do so. The instructions to the assessor shall be accompanied by a written consent to the removal from the ~~[assessment]~~ assessor's roll signed by all owners of private land affected by it.

(3) When any tract of land in the district which has no water allotment becomes susceptible to irrigation and use of water, or when any tract has an insufficient water allotment, the board of trustees, upon written application of the owner of the land, may temporarily permit water to be

applied on the land, and in that case the board may ~~[annually instruct the county assessor of the county in which the tract to be affected is located to assess the tract for water in the amount fixed by the board, and the assessor shall do so]~~ impose use charges upon that owner. Nothing contained in this section may affect the permanent water allotments in the district.

(4) The board of trustees may lease or rent the use of water not needed by the landowners of the district and in addition may contract to supply and deliver the water to municipalities, corporations, associations, or individuals, within or without the district for irrigation or any other beneficial use, at prices and terms the board considers best. No lease or rental agreement running for a period of more than five years may be made, and no vested or prescriptive right to the use of the water may attach to the land by virtue of the lease or rental; and any landowner in the district may, where practicable, with the consent of the board of trustees, assign the right to the whole or any portion of the water apportioned to the landowner's land for any one year to any other bona fide landowner, for use in the district for the year; if the landowners have paid all ~~[amounts due on assessments upon the lands]~~ use charges due. The board shall, at the end of each fiscal year, prepare and submit to a public meeting of the landowners within the district, called for that purpose, a report covering all transactions and operations of the district during the year.

(5) (a) The provisions of Title 17B, Chapter 2, Part 4, Board of Trustees, apply to each irrigation district to the same extent as if the irrigation district were a local district under Title 17B, Chapter 2, Local Districts.

~~[(b) (i) If a change in the number of board of trustees members is necessary to comply with the requirements of Subsection 17B-2-402(1), the board of trustees may by majority vote, notwithstanding Subsection 17B-2-402(3), change the number of board members to the next odd number higher or lower than the number of current board members.]~~

~~[(ii) If a change under Subsection (5)(b)(i) decreases the number of board members, the change may not take effect until the expiration of the term of the member whose term next expires.]~~

~~[(iii) If a change in the number of board members necessitated by Subsection 17B-2-402(1) would cause the district to violate a provision of bonds issued by the district, the number of board members may be modified to the extent necessary to avoid a violation.]~~

~~[(c)]~~ (b) (i) If a change in the expiration date of the term of a board of trustees member is necessary to comply with the requirements of Subsection 17B-2-403(1), the term of each board member whose term expires on a day other than the first Monday in January shall be extended to the first Monday in January after the normal expiration date next following the special district election date under Section 17A-1-305.

(ii) If a change in the length of the term of a board of trustees member is necessary to comply with the requirements of Subsection 17B-2-403(2), the change may not take effect until the expiration of the term of the member whose term length is to be changed.

Section 5. Section **17A-2-712** is amended to read:

**17A-2-712. Additional powers of board.**

(1) ~~[In addition to any of the powers granted in this part, the board of trustees of any irrigation district]~~ Irrigation districts may acquire, purchase, construct, improve, enlarge, and operate~~[-, or contract for the construction, improvement, enlargement, and operation of:-]~~ water facilities, electric facilities, or any combination thereof.

~~[(a) reservoir sites, reservoirs, water, water filings, water rights, canals, ditches, and all other related structures and works necessary or proper for the storage and conveyance of water for irrigation purposes and all other structures and facilities necessary or proper for the purposes of the irrigation district; and]~~

~~[(b) facilities for the generation of hydroelectric power and all other related structures and works necessary or proper for the generation of electricity, including hydroelectric power plants; turbine generators, penstocks, transformers, electrical equipment, and other facilities related to hydroelectric production plants, not including transmission facilities related to hydroelectric production plants:-]~~

(2) ~~[In addition to any of the powers granted in this part, the board of trustees of any irrigation district]~~ Irrigation districts may enter into contracts for the sale of all or a portion of the electric power generated at a hydroelectric power plant, whether or not the electric power to be sold is surplus to the needs of the district, and may enter into contracts for the sale of water, for the periods of time and under the terms and conditions the board ~~[deems]~~ considers necessary in order

to accomplish the purposes of the district. Any sale of ~~[the]~~ electric power or water may be for the period and upon the terms and conditions as may be provided in contracts authorized by the board and entered into by the district and any purchaser of the electric power ~~[having, at the time of the commencement of the acquisition and construction of the electric power plant by the district,]~~ or water having a system for distributing the electric power or water. Any revenues received by the district pursuant to power or water sale contracts may be used and pledged for the payment of the principal of and interest and any premium on bonds or notes of the district issued to pay all or part of the cost of acquiring, constructing, improving, or enlarging ~~[the facilities from which the hydroelectric power is generated]~~ facilities, or for any other lawful purpose of the district.

(3) The boards of trustees of any two or more irrigation districts may, by appropriate resolutions, enter into agreements with one another, pursuant to Title 11, Chapter 13, Interlocal Cooperation Act, by which the districts may jointly or cooperatively exercise any of the powers conferred by this ~~[section]~~ part.

~~[(3)]~~ (4) The board may issue ~~[revenue]~~ bonds of the district, in the manner provided in this section:

(a) to pay for all or part of the costs of the acquisition, construction, improvement, or enlargement of any facilities ~~[described in Subsection (1) and other related structures and works]~~ and to pay expenses preliminary and incidental thereto;

(b) to pay interest on the bonds during acquisition, construction, improvement, or enlargement of any facilities; and

(c) to provide for necessary reserves and to pay costs of issuance and sale of the bonds, including, without limitation, printing, registration, and transfer costs, legal, financial advisor's, and rating agency fees, insurance premiums, and underwriter's discount.

~~[(4)]~~ (5) The board may provide that any ~~[revenue]~~ bonds issued and sold under this section shall be payable solely out of a special fund into which the district issuing the ~~[revenue]~~ bonds shall be obligated to deposit, as from time to time received, all or a designated portion of the ~~[proceeds from the sale of the services furnished by the facilities of the irrigation district, including the facilities to be so acquired, constructed, improved, or enlarged, all pursuant to contracts to be entered~~

~~into as authorized in this section.] revenues or other income of the district. Any pledge of revenues creates a lien which:~~

~~[(5) Revenue bonds of the district issued under the authority of this section shall]~~

~~(a) is perfected and enforceable upon the effective date of the security agreement pursuant to which the bonds are issued;~~

~~(b) has priority as against all parties having claims of any kind in tort, contract, or otherwise against the district; and~~

~~(c) has priority based on the time of the creation of the pledge unless otherwise provided in the security agreement.~~

~~(6) Bonds of the district may~~ be issued and sold in compliance with Title 11, Chapter 14, Utah Municipal Bond Act, and Title 11, Chapter 27, Utah Refunding Bond Act, as applicable, and may be in the form and denominations and have the provisions and details as are permitted ~~[by Title 11, Chapter 14, Utah Municipal Bond Act]~~ thereby. The bonds and any evidences of participation interests in the bonds may be issued, executed, authenticated, registered, transferred, exchanged, and otherwise made to comply with Title 15, Chapter 7, Registered Public Obligations Act, or any other statute relating to the registration of bonds enacted to meet the requirements of Section 149(a) of the Internal Revenue Code of 1986, or any similar or successor federal law, and applicable regulations. Bonds may be issued under the authority of this section at one time or from time to time. If more than one issue or series of bonds is delivered under the authority of this section, the bonds of the respective issue or series shall have the priorities of payment as provided in the proceedings authorizing the bonds.

~~[(6)] (7) Any resolution, indenture, agreement, or other document~~ authorizing ~~[revenue]~~ bonds may contain covenants with the future holders of the bonds as to:

(a) the management and operation of the facilities of the irrigation district, including the facilities acquired, constructed, improved, enlarged, or operated pursuant to this section;

(b) the imposition and collection of ~~[rates for the services furnished thereby]~~ use charges;

(c) the disposition of the revenues;

(d) the issuance of future bonds and the creation of future liens and encumbrances against

these facilities and the revenues thereof;

(e) the carrying of insurance on these facilities and the disposition of the proceeds of insurance;

(f) the sale, disposal, or alienation of these facilities; and

(g) other pertinent matters deemed necessary or proper by the board to assure the merchantability of the bonds. These covenants and agreements may not be inconsistent with this section.

~~[(7) When a district has issued revenue]~~

(8) The district may undertake in the resolution, indenture, agreement, or other document authorizing bonds to make the revenues of the facilities sufficient to pay the expense of their operation and maintenance, and may undertake to make the revenues or net revenues of the facilities sufficient to produce in each year an amount in excess of actual requirements for principal of and interest on the bonds in that year as the board may consider necessary to assure the highest marketability of the bonds.

(9) Any resolution, indenture, agreement, or other document authorizing bonds may provide that the bonds will recite that they are issued under authority of this part. The recital will conclusively import full compliance with all of the provisions of this part, and all bonds issued containing the recital will be incontestable for any cause whatsoever after their delivery for value.

(10) When a district has issued bonds and pledged for the payment thereof any revenues of the [facilities of the irrigation district, including the facilities acquired, constructed, improved, enlarged, or operated pursuant to this section, the district shall establish rates and collect fees and charges for the services furnished by these facilities] district, the district shall establish and collect use charges in that amount and at those rates which will be fully sufficient at all times to pay the expenses of operating and maintaining these facilities, to provide a special fund sufficient to assure the prompt payment of principal of and interest on the bonds as principal and interest fall due, and to provide funds for reserves and contingencies and for a depreciation fund for repairs, extensions, and improvements to these facilities as considered necessary to assure adequate and efficient service, all as may be required by the bond resolution. No board or commission other than the board of

trustees of the district has authority over or is required to approve the making or fixing of [~~the fees and~~] use charges or the acquisition of property by the district or the issuance of its bonds.

~~[(8) Any restrictions, limitations, or regulations in any other section of this part relative to the issuance of bonds or the execution of contracts pursuant to the authority contained in this section do not apply to the revenue bonds issued under this section or the execution of contracts under the authority of this section. Sections 17A-2-750, 17A-2-751, 17A-2-752, and 17A-2-753 do not apply to any contract entered into by an irrigation district under this section, nor to the issuance of any revenue bonds by an irrigation district under this section.]~~

(11) (a) If an irrigation district board determines that the interests of the district require the issuance of bonds or the making of a contract with the United States, the board will, except as provided in Subsection (13), adopt a resolution directing that an election be held to determine whether bonds may be issued or a contract with the United States may be entered into for the purposes specified in the resolution.

(b) The following are subject to the conditions provided in Title 11, Chapter 14, Utah Municipal Bond Act:

- (i) adoption of the resolution calling the election;
- (ii) giving notice of the election;
- (iii) conduct of the election;
- (iv) determination of voters' qualifications; and
- (v) canvassing of election results.

(12) In designating the voting places for purposes of the election, the board may treat the entire district as a single precinct or divide the district into precincts.

(13) No election is required under this section prior to the issuance of bonds or the making of a contract with the United States except as otherwise required by the constitution or Subsection (14).

(14) Notwithstanding anything to the contrary in this section or Title 11, Chapter 14, Utah Municipal Bond Act, no irrigation district may issue bonds, other than bonds issued to refund outstanding bonds, or enter into a contract with the United States unless:

(a) the issuance of the bonds or the making of the contract has been approved at an election called and held as provided in this section; or

(b) the board of trustees:

(i) provides notice of a public hearing on whether to issue the bonds or enter into the contract by:

(A) publishing notice in a newspaper published in or of general circulation in the district at least seven days prior to the public hearing which sets forth:

(I) the maximum principal amount and the purpose of the proposed bond issue or contract;

(II) the date, time, and place of the public hearing;

(III) when and where written comments regarding the bonds or the contract may be filed; and

(IV) whether the district reasonably expects that paying amounts due on the bonds or under the contract will result in a substantial increase in use charges; and

(B) if the district reasonably expects that paying amounts due on the bonds or under the contract will increase use charges by more than \$15 per connection per year, mailing notice to every household containing a qualified voter who is eligible to vote on the bonds or the contract, at least seven days but not more than 30 days before the public hearing, on a minimum three-inch by five-inch postcard or a voter information pamphlet prepared by the governing body that includes the information required by Subsection (14)(b)(i)(A);

(ii) holds a public hearing on the date and at the time and place specified in the notice of public hearing, provided that the hearing may be adjourned from time to time to a fixed future time and place;

(iii) considers at the public hearing all comments that have been filed or stated at the hearing relating to the bonds or the contract;

(iv) after considering all comments received, adopts a resolution during or after the meeting at which the public hearing is held, declaring the intention of the board of trustees to issue bonds or enter into the contract; and

(v) directs that notice of the district's intention to issue bonds or enter into the contract be published once in a newspaper of general circulation in the district stating:

(A) the maximum principal amount and purpose of the proposed bond issue or contract;  
(B) when and where petitions may be filed requesting the calling of an election to determine whether the bonds or the contract should be authorized; and  
(C) when and where a form of petition requesting the calling of an election may be obtained from the district.

(15) If, within 30 days after publication of the notice of intention, a petition is filed with the secretary, signed by not less than 5% of the qualified electors of the district, requesting that an election be called to authorize the contract or the bonds, then the board shall call and hold an election as provided in this section before the bonds are issued or the contract is entered into.

(16) If no petition is filed, or if the number of signatures filed within the 30-day period is less than the required number, the board of trustees may proceed to issue the bonds or enter into the contract.

Section 6. Section **17A-2-717.5** is enacted to read:

**17A-2-717.5. Validation of previous bond issues.**

All bonds issued in accordance with the provisions of this part as they existed prior to May 6, 2002, are valid and shall be governed by the provisions of this part as they existed at the time of the issuance of the bonds.

Section 7. Section **17A-2-718** is amended to read:

**17A-2-718. Trustees to determine amounts required for current years -- Establishment of sinking funds and reserve funds -- Certification of amounts.**

The board of trustees shall, on or before July 1st of each year, determine the amount of money required for the current year[;] to pay interest on and all maturing installments of principal of any bonds, and warrants, and all payments due or to become due to the United States under any contract between the district and the United States accompanying which bonds of the district have not been deposited with the United States as in Section 17A-2-711, and all operation and maintenance or rental payments to be made by the district to the United States under the provisions of any such contract between the United States and the district, and all water payments and all operation and maintenance or rental payments to be made by the district to other entities under the

provisions of any contract between the district and other entities, and meet the cost of any construction or reconstruction proposed to be covered by ~~[annual assessments]~~ use charges, and all maintenance, operating and current expenses, including the payment of assessments upon stock of irrigation, canal, or reservoir companies owned by the district, and the amount necessary to meet the obligations of local improvement districts, and establish, keep, and maintain sinking funds sufficient to assure the prompt payment of principal of and interest on the bonds as principal and interest fall due, and reserve funds at the level required by any contract between the district and the United States, and other entities; and establish, keep and maintain adequate reserve funds for depreciation, repairs, extensions and improvements to the works necessary to assure adequate and efficient service,

as determined by the board, and certify to the county legislative body of the county in which the office of the district is located, those amounts together with such additional amount as may be necessary to meet any deficiencies theretofore incurred, and if so provided in case of contract with the United States a further amount to cover any deficit in payments due the United States thereunder which may have resulted from delinquent ~~[assessments]~~ use charges for any preceding year.

Section 8. Section **17A-2-719.5** is enacted to read:

**17A-2-719.5. Use charges -- Duty of county assessors.**

(1) The board of trustees of the district may impose use charges upon the customers or lands served by the district. The use charges may be based upon the amount of water or electricity received from the district, the area of the land served, or any other reasonable basis determined by the board of trustees. In determining the use charges to be imposed, the board of trustees may consider the cost of maintaining and operating the district, the cost of acquiring, purchasing, constructing, improving, or enlarging district facilities, the cost of issuing and paying debt service on bonds of the district, and the cost of providing for necessary reserves.

(2) If the district imposes use charges based upon the size of the land served, the district shall notify the county assessor of the charge to be imposed per unit of land or portion thereof served by the district. The county assessor of each county embracing the whole or a part of any irrigation district shall, after determining the size of each parcel of property served by the district, calculate the use charges.

(3) The board of trustees of the district may divide the district into units and apply different use charges to the various units.

(4) The use charges imposed under this section may not be calculated on the basis of the value of property and do not constitute ad valorem property taxes or other taxes.

Section 9. Section **17A-2-721** is amended to read:

**17A-2-721. Duties of county treasurer -- Liability -- Accounts to be kept and methods of payments -- Deposit of funds.**

(1) The county treasurer of each county in which any irrigation district is located shall be liable upon the treasurer's official bond and to indictment and criminal prosecution for malfeasance, or failure to perform any duty as county treasurer as provided by law in other cases as county treasurer. ~~[The]~~

(2) If the district imposes use charges based upon the size of land served pursuant to Subsection 17A-2-719.5(1), the treasurer shall collect, receive, and receipt for all moneys belonging to the district arising through ~~[taxation]~~ use charges.

(3) The county treasurer of each county in which any irrigation district is located shall, in whole or in part, furnish each landowner under the district within the county with the valuation notice for general taxes, and a separate notice of ~~[the taxable value for district taxes]~~ use charges, and of the day fixed by the board of equalization for hearing complaints, and collect and receipt for all ~~[taxes levied]~~ use charges, but payment of district ~~[taxes]~~ use charges may be received and receipted for separately from taxes upon real estate for county purposes. ~~[The county treasurer shall receive in payment of the general fund tax for the year in which the taxes are levied, warrants drawn against the general fund the same as so much lawful money of the United States, if the warrant does not exceed the amount of the general fund tax which the person tendering it owes. The county treasurer shall receive in payment of the district bond fund taxes for the year in which the taxes were levied, interest coupons or bonds of the irrigation district maturing within the year the same as so much lawful money of the United States, if the interest coupons or bonds do not exceed the amount of district bond fund tax which the person tendering them owes. Except in case of contract obligation due to the United States as provided in Section 17A-2-717, any landowner may tender;~~

~~and the county treasurer shall receive, money, bonds, or coupons of the district equaling the landowner's proportion of the total issue of bonds of the district, with interest to maturity, based on the proportion of the landowner's water allotment to the total final water allotment of the district, and taxes for payment of the bonds or interest on the bonds of the district may not subsequently be levied against the landowner.]~~

(4) The county treasurer of each county comprising a portion of the irrigation district shall, on the first Monday of each month, remit to the district all ~~[moneys, warrants, coupons, or bonds]~~ monies previously collected or received on account of the district. The funds so remitted shall be deposited to the credit of the district by the ~~[secretary]~~ treasurer of the district. ~~[The secretary of the district shall serve also as treasurer of the district, unless a treasurer is otherwise provided by the board. The district shall keep a bond fund account, United States contract fund account, local improvement fund accounts, reserve fund account and a general fund account. The bond fund account shall consist of all moneys received on account of interest and principal of bonds issued by the district, the accounts for interest and principal shall be kept separate, and the United States contract fund account shall consist of all moneys received on account of any and all payments due or to become due the United States accompanying which bonds of the district have not been deposited with the United States as provided in Section 17A-2-711. The local improvement fund accounts shall consist of moneys received on account of local improvements of local improvement district or districts respectively. The reserve fund account shall consist of funds required contractually to be kept and maintained and for depreciation, repairs, extensions, and improvements as determined by the board. The general fund shall consist of all other moneys or general fund warrants received by the collection of taxes or otherwise. The district shall pay out of the bond fund, when due, the interest and principal of the bonds of the district, at the time and place specified in the bonds, and shall pay out of the United States contract under any fund when due all payments due to the United States under any contract between the district and the United States accompanying which bonds of the district have not been deposited with the United States as provided in Section 17A-2-711, and shall pay out of the local improvement fund accounts respectively, all obligations of local improvement districts as they become due, and shall pay out of the reserve fund those~~

~~amounts contractually to be paid from it and repairs, extensions, and improvement charges for which the reserve funds were provided.]~~

~~[In cases where bonds have been deposited with the United States as provided in this part, the moneys to be paid to the United States for rentals or operation and maintenance charges, if not secured by bonds, shall be paid out of the general fund account along with all other construction, operation, and maintenance charges of the district for which no reserve funds exist. The district shall pay out of the general fund only upon the order of the board of trustees of the district, signed by the chair or other trustee authorized by the board and countersigned by the secretary of the district. All district taxes collected and paid to county treasurers as provided shall be received by the treasurers in their official capacity, and they shall be responsible for the safekeeping and remittance of the taxes to the district the same as for other moneys collected by them as treasurers. County treasurers shall receive as sole compensation for the collection of the taxes the amount allowed by the board of trustees, which is in addition to the regular salary of the county treasurers as provided by law. The district may deposit the district funds with any bank or trust company.]~~

Section 10. Section **17A-2-722** is amended to read:

**17A-2-722. Lien for unpaid use charges -- Sale of land for delinquent use charges -- Redemption period.**

~~[The revenue laws of this state for the assessment, levying and collecting of taxes on real estate for county purposes, except as herein modified, shall be applicable for the purposes of this part, including the enforcement of penalties and forfeiture for delinquent taxes; provided that lands sold for delinquent district taxes shall be sold separately for such tax, and provided further, that at any time after the sale shall have]~~

Any unpaid and delinquent use charges will be certified by the secretary of the district to the treasurer or assessor of the county in which the delinquent premises are located. The amount of the delinquent use charges, together with interest and penalties, will immediately upon the certification become a lien on the delinquent premises on a parity with and collectible at the same time and in the same manner as general county taxes are a lien on the premises and are collectible. All methods of enforcement available for the collection of general county taxes, including sale of the delinquent

premises, are available and may be used in the collection of the delinquent use charges. At any time after the sale of property resulting from delinquent use charges has closed and before the time for redemption has expired, the county treasurer is authorized and required to sell and assign the interest of the county in any of the real estate sold to the county for delinquency of district [taxes] use charges to the district itself, or to any person or corporation holding a recorded mortgage or other lien against such real estate, or to any holder of bonds issued by such district, or to any person who will pay the [taxes] use charges, interest, penalty, and costs[; and provided further, that the]. The period of redemption from sale for [taxes] delinquent use charges under this part shall be two years. In all respects, [an] the irrigation [or water conservation] district shall be the beneficiary of [taxes assessed and levied] use charges imposed by it, provided, however, that the county treasurer [shall] may retain costs and expenses provided by law for the advertisement, sale, and redemption of [irrigation or water conservation district taxes. All taxes levied by an irrigation district under the provisions of this part, or any act supplemental or amendatory thereof, shall constitute a first lien on the property assessed, which lien shall remain in force until the taxes are paid] use charges.

Section 11. Section **17A-2-723** is amended to read:

**17A-2-723. Construction -- Notice -- Awarding contracts -- Contractor's bonds.**

(1) As used in this section, the word "sealed" does not preclude acceptance of electronically sealed and submitted bids or proposals in addition to bids or proposals manually sealed and submitted.

(2) After adopting a plan for the construction of [~~canals, reservoirs, and works~~] facilities, the board of trustees shall give notice thereof by publication in the county in which the principal office of the district is located at least once not less than ten days prior to the expiration of the period in which bids shall be received, and the other notice as they consider advisable calling for bids for the furnishing of material or construction of the work or any portion thereof.

(3) If less than the whole work is advertised, then the portion so advertised must be particularly described in the notice; the notice shall set forth that plans and specifications, or specifications alone where there are no plans, may be seen at the office of the board, and that the board will receive sealed proposals therefor, and that the contract will be let to the lowest responsible

bidder, stating the time and the place for opening the proposal which at that time and place shall be opened in public, and as soon as convenient thereafter the board shall let the work, either in portions or as a whole, or award and order for materials, to the lowest responsible bidder, or it may reject any or all bids, and thereupon readvertise for proposals, or proceed to construct the work under its own superintendence.

(4) Contracts for the purchase of material shall be awarded to the lowest responsible bidder unless all bids are rejected or the board determines to readvertise for bids.

(5) The person or persons to whom a contract may be awarded shall enter into a bond, with good and sufficient sureties, to be approved by the board, payable to the district for not less than 25% of the amount of the contract price and conditioned for the faithful performance of the contract, but no such bond need be required by the board where materials are contracted for the bond requirement.

(6) The work shall be done under the direction and to the satisfaction of the engineer in charge, and be approved by the board, and shall be paid for out of the general fund account; provided, that the provisions of this section shall not apply in the case of any contract between the district and the United States.

(7) Nothing herein contained shall be construed to prohibit the district from purchasing material or doing any work required by it without advertising for bids and without the letting of a contract where the estimated cost of the work or the material does not exceed \$30,000 or in cases of emergencies the board of trustees may let contracts for the work required in the emergency without advertising for bids or may cause the work to be done by the district itself.

Section 12. Section **17A-2-724** is amended to read:

**17A-2-724. Claims -- Manner of payment -- Registry of warrants -- Emergency loans.**

No claims shall be paid by the district until the same shall have been allowed by the board, and then only upon warrants signed by the chair, or other trustee authorized by the board, and countersigned by the secretary, which warrants shall state the date authorized by the board and for what purpose; and if the district has not sufficient money on hand to pay such warrant when it is presented for payment, the secretary or treasurer of the district shall endorse thereon "Not paid for want of funds; this warrant draws interest from date of presentation at 6% per annum," and endorse

thereon the date when so presented, over the secretary or treasurer's signature, and from the time of such presentation until paid such warrant shall draw interest at the rate of 6% per annum; provided, when there is more than the sum of \$100 in the hands of the district it shall be applied upon the warrant. All claims against the district shall be verified as required in the case of claims filed against counties in this state, and the secretary of the district is hereby authorized and empowered to administer oaths to the parties verifying the claims, as the county clerk or a notary public might do. The district shall keep a register in which shall be entered each warrant, to whom payable, the date of the presentation for payment, the date of payment, and the amount paid in redemption thereof, and all warrants shall be paid in the order of their presentation for payment to the district. All warrants shall be drawn payable to the claimant or bearer in the same manner as county warrants. The district is also authorized to pay claims against the district by checks signed by the chair, or other trustee authorized by the board, and countersigned by the [secretary] treasurer. To meet necessary expenses in anticipation of the collection of [taxes] use charges, the board of trustees may incur indebtedness by borrowing money or otherwise, not exceeding the [taxes] use charges for the current year, and as evidence of such indebtedness may issue negotiable notes of the district, payable in not more than one year from date thereof. In case of a break in the reservoir or canal or other disaster, the board of trustees is authorized to borrow money and make the necessary repairs.

Section 13. Section **17A-2-726** is amended to read:

**17A-2-726. Compensation of officials -- Prohibitions -- Penalties.**

The salary of the secretary, manager, engineer, and other officers and employees shall be fixed by the board of trustees. No director or any officer named in this part shall, in any manner be interested, directly or indirectly, in any contract awarded or to be awarded by the board, or in the profits to be derived therefrom; nor shall receive any bonds, gratuity, or bribe, and for any violation of this provision, such officer shall be considered guilty of a felony, and upon conviction therefor he shall forfeit office, and be punished by a fine not exceeding \$5,000, or by imprisonment in the penitentiary for a term of not less than one or more than five years. The violation of this provision will not cause any bonds held by third persons or contracts with third persons related to bonds to be invalid or unenforceable.

Section 14. Section **17A-2-754** is amended to read:

**17A-2-754. Transfer of water rights -- Notice to landowners.**

The board of trustees of any irrigation district [~~with the consent of the bondholders and other creditors;~~] may sell, transfer, and convey the water rights and all or any other property belonging to the district to any irrigation company; provided, however, that no such sale, transfer, or conveyance shall be made in violation of any agreement with the bondholders or other creditors and until notice of the intention of the board to make the same [~~shall have~~] has been published, as in Subsection 17A-2-751(2), and mailed to each landowner in the district at his last known address at least 30 days prior to the expiration of the time fixed for protest, and provided further that no such sale, transfer, or conveyance shall be made if within 30 days from the last publication of such notice the owners of 1/3 of the acre-feet of water allotted in the district file with the board their written protest against such sale, transfer, or conveyance.

Section 15. Section **17A-2-755** is amended to read:

**17A-2-755. Districts declared bodies corporate -- Tax exemption of bonds and securities except corporate franchise tax.**

(1) Irrigation districts organized under this part and all irrigation districts heretofore organized under the laws of this state are hereby declared to be bodies corporate and politic, and the bonds and other securities of such corporations are exempt from taxation within this state, except for the corporate franchise tax.

(2) No district created under this part is a municipal corporation within the meaning of Article XIV, Section 4, Utah Constitution, or a political subdivision of any county or municipality.

Section 16. Section **17A-2-756** is amended to read:

**17A-2-756. Inclusion of state lands.**

(1) Lands belonging to the state not under contract of sale may be included in any irrigation district upon petition by the state entity responsible for the administration of the affected lands for the inclusion of those lands.

(2) No such state lands included within any legally organized irrigation district [~~shall~~] may ever be assessed, nor [~~shall~~] do any of the [~~preceding sections~~] provisions relative to the levying and

collection of assessments [~~and taxes~~] in this part apply.

(3) The entity responsible for the administration of the affected lands and the state engineer shall make a thorough examination as to the benefits to accrue to these lands by reason of the inclusion of the lands in the irrigation district, and by reason of the acquiring of water rights for the lands.

(4) (a) The entity responsible for the administration of the affected lands may enter into contract with the board of trustees of the irrigation district, specifying by legal subdivisions the land benefitted and the amount of benefit to accrue to each tract of land.

(b) The contract shall provide that annual payments shall be made to the district, to be applied on the cost of constructing the irrigation works for the district, until the full amount of the benefit is paid.

(c) The entity responsible for the administration of the affected lands has the option to pay the full amount of the contract at any time, upon any or all of the legal subdivisions.

Section 17. Section **17A-2-761** is amended to read:

**17A-2-761. Validation of the creation and organization of irrigation districts and of district elections.**

All proceedings that have been adopted and actions taken before [~~March 16, 1987~~] January 1, 2002, under authority of this part, purporting to create any irrigation district or purporting to provide for the inclusion of any additional area in any irrigation district, including all petitions filed and all notices given, published, and mailed in connection with any such creation and any inclusion, are validated, ratified, and confirmed, notwithstanding any failure to comply with any one or more pertinent statutory provisions, and each irrigation district so created or enlarged is declared to be a validly created and existing district. All proceedings and actions taken with respect to the appointment, election, and organization of a board of trustees and officers for each irrigation district are validated, ratified, and confirmed and each board of trustees is declared to be the de facto and de jure governing body of its respective irrigation district.

Section 18. **Repealer.**

This act repeals:

**Section 17A-2-701, Certain exemptions -- Entrymen.**

**Section 17A-2-714, Judicial notice -- Presumptions as to organization.**

**Section 17A-2-715, Issuance of bonds -- Special election -- Contract with the United States -- Additional bonding -- Validation of previous issues.**

**Section 17A-2-716, Sale of bonds -- Use of funds.**

**Section 17A-2-717, Assessments upon real property -- Payment of bonds.**

**Section 17A-2-719, Duty of county assessors -- Basis of valuation -- Uniformity -- Returns -- Apportionment in case of contracts with United States.**

**Section 17A-2-720, Fixing tax levy -- Covering delinquencies -- All taxes special.**

**Section 17A-2-725, Tolls, charges, assessments.**

**Section 17A-2-727, Debt limit -- Interest on warrants.**

**Section 17A-2-768, Effect of repeals construed -- Procedure against defaulting members.**