

SALE OF MUNICIPAL POWER SYSTEMS

2002 GENERAL SESSION

STATE OF UTAH

Sponsor: John W. Hickman

This act modifies the Utah Municipal Code to clarify provisions relating to a municipality's sale or lease of its electric power system. This act authorizes the municipal legislative body to accept or reject a bid and to add or subtract from the appraised value of the power system. The act clarifies the authority of a municipal legislative body in the process of selling or leasing a municipal power system. The act also makes technical changes.

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

AMENDS:

10-7-15, Utah Code Annotated 1953

10-7-16, Utah Code Annotated 1953

10-7-17, Utah Code Annotated 1953

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

Section 1. Section **10-7-15** is amended to read:

10-7-15. Submitting proposition to electors.

~~[Whenever in the judgment of the board of commissioners or city council of any city, or the board of trustees of any town, it shall be deemed advisable to sell or lease the works or plant, constructed, purchased or used by such city or town]~~

(1) (a) Before selling or leasing the works or plant constructed, purchased, or used by the municipality for the purpose of generating or distributing electrical energy for light, heat [or power purposes, such board of commissioners, city council or board of trustees, as the case may be, shall cause an appraisal], or power purposes, the municipal legislative body shall:

(i) cause an appraisal of the property proposed to be sold or leased to be made [by] under the supervision of three resident taxpayers of [such city or town] the municipality, to be appointed by the [commissioners, city council or board of trustees, and shall] municipal legislative body; and



28 (ii) provide for submitting the question of the sale or lease of ~~[such property to the~~
29 ~~qualified electors of such city or town as shall have paid a property tax in the year preceding such~~
30 ~~election]~~ the property to the registered voters of the municipality, at the next general election or
31 at a special election called for that purpose. ~~[Such election]~~

32 **(b) The value of the works or plant determined in an appraisal under Subsection (1)(a)(i)**
33 **shall include all items that the municipal legislative body determines to add value to or subtract**
34 **value from the works or plant.**

35 **(2) Each election under Subsection (1)(a)(ii) shall be called and conducted in the same**
36 **manner as provided by statute for the issue of bonds in Section 10-7-8, the necessary changes in**
37 **the form of the ballot being made.**

38 **(3) In the process of selling or leasing the electrical works or plant, a municipal legislative**
39 **body may take whatever action it considers appropriate and in the sequence it considers**
40 **appropriate, subject to the requirements of Subsection (1) and Sections 10-7-16 and 10-7-17.**

41 Section 2. Section **10-7-16** is amended to read:

42 **10-7-16. Call for bids -- Notice -- Contents.**

43 ~~[In case]~~ **(1) If a majority of the [qualified electors] registered voters of any city or town**
44 **voting [thereon at any general election or special election called for that purpose shall] at an**
45 **election under Subsection 10-7-15(1)(a)(ii) vote in favor of selling or leasing [any] the property**
46 **mentioned in Section 10-7-15, the [board of commissioners, city council or board of trustees, as**
47 **the case may be,] municipal legislative body shall cause notice of the election results to be given**
48 **by publication [thereof] for at least [twenty] 20 days in a newspaper published or having general**
49 **circulation in the city or town, giving a general description of the property to be sold or leased, and**
50 **specifying the time when sealed bids for the [said] property, or for a lease [thereon] on the**
51 **property, will be received, and the time when and the place where the [same] bids will be opened.**

52 **(2) A municipal legislative body may receive or refuse to receive any bid submitted for the**
53 **sale or lease of the electrical works or plant.**

54 Section 3. Section **10-7-17** is amended to read:

55 **10-7-17. Opening of bids -- Amount to equal appraised value and amount of**
56 **outstanding bonds.**

57 At the time and place mentioned in ~~[such notice]~~ **the notice under Section 10-7-16**, all bids
58 received **by the municipal legislative body** for the property sought to be sold or leased shall be

59 opened and considered, and the [~~commissioners, city council or trustees~~] municipal legislative
60 body shall accept the bid of the highest responsible bidder[~~; provided, that such bid, if for the~~
61 ~~purchase of the works or plant,] if the bid price:~~

62 (1) (a) is for an amount equal to the appraised value [~~thereof, and in the judgment of the~~
63 ~~commissioners, city council or board of trustees is an adequate price for the said property; and~~
64 ~~provided further, that no offer to purchase the works or plant shall be accepted which does not~~
65 ~~amount to the total] of the property to be sold, as determined under Subsection 10-7-15(1); or~~

66 (b) in the judgment of the municipal legislative body, is an adequate price for the property;
67 and

68 (2) equals or exceeds the total principal and interest on any outstanding bonds sold for the
69 purpose of constructing the [same, together with accumulated interest thereon] works or plant.

Legislative Review Note
as of 12-19-01 9:06 AM

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

Office of Legislative Research and General Counsel