

**SPECIAL SERVICE DISTRICTS - SERVICE  
EXPANSION**

2005 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Mike Dmitrich**

House Sponsor: Brad King

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**LONG TITLE**

**General Description:**

This bill amends special service district provisions.

**Highlighted Provisions:**

This bill:

- ▶ adds certain economic development activities using federal mineral lease funds as one of the services that special service districts are authorized to provide; and
- ▶ prohibits counties and municipalities from levying a property tax for a special service district that provides economic development service.

**Monies Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

AMENDS:

**17A-2-1304**, as last amended by Chapters 131 and 277, Laws of Utah 2003

**17A-2-1322**, as last amended by Chapters 9 and 195, Laws of Utah 2001

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

Section 1. Section **17A-2-1304** is amended to read:

**17A-2-1304. Establishing special service districts -- Improvement districts within special service districts.**

(1) (a) A county or a municipality may establish a special service district for the purpose of providing within the area of the special service district any of the following services or any combination of them:

- (i) water;
- (ii) sewerage;
- (iii) drainage;
- (iv) flood control;
- (v) garbage;
- (vi) health care;
- (vii) transportation;
- (viii) recreation;
- (ix) fire protection and, if fire protection services are provided, emergency medical or ambulance or both;

(x) in a county of the first class, providing, operating, and maintaining jail facilities for the confinement of municipal, state, and other detainees and prisoners;

- (xi) street lighting;
- (xii) consolidated 911 and emergency dispatch; [~~and~~]
- (xiii) animal shelter and control[-]; and

(xiv) receiving federal mineral lease funds under Title 59, Chapter 21, Mineral Lease Funds, and expending those funds on economic development activities that:

- (A) promote the creation of jobs; and
- (B) do not compete with existing retail establishments within the special service district.

(b) Snow removal services may be provided in special service districts established under this section to more effectively carry out the purposes of those special service districts.

(c) These services may be provided through facilities or systems acquired or constructed for that purpose through construction, purchase, lease, contract, gift, or condemnation or any combination of the above.

(d) Special service districts may contract with a franchised, certificated public utility for

the construction and operation of an electrical service distribution system within the special service district.

(2) (a) The area within any special service district may include all or any part of the county or municipality that established it except that:

(i) a special service district may not include the area of any other special service district established by the same county or municipality that is now providing the same service proposed to be supplied by the new special service district;

(ii) a special service district established by a county may contain all or a part of any municipality or of an existing improvement district that provides the same service proposed to be provided by the special service district, but only with the consent of the governing authority as provided in a resolution or ordinance adopted by the governing authority; and

(iii) a special service district may not include any area not directly benefitted by the services provided under this section without the consent of the nonbenefitted landowner.

(b) All parts of a special service district need not be contiguous.

(3) (a) As provided in Section 17A-2-1315, the governing authority of any special service district created under this part may create one or more improvement districts within the boundaries of the special service district by following the procedures in, and meeting the requirements of, Chapter 3, Part 2, County Improvement District Act, or Part 3, Utah Municipal Improvement District Act.

(b) The intent to create an improvement district need not be present at the time a special service district is organized.

(c) Any improvement district created within the boundaries of a special service district may only be organized to undertake projects or improvements for which the special service district creating that improvement district was organized.

(d) The special service district shall meet all procedural requirements for creating an improvement district at the time the improvement district is created, as provided in Section 17A-2-1315 and in Chapter 3, Part 2, County Improvement District Act, or Part 3, Utah Municipal Improvement District Act.

(e) In determining whether or not a project or improvement undertaken by an improvement district is within the scope of the purposes for which the special service district creating that improvement district was organized, any project or improvement reasonably related to the purposes for which the special service district creating that improvement district was organized is considered to be within the scope of those purposes.

(4) The creation of a special service district to provide jail services as provided in Subsection (1)(a)(x) does not affect the ability of a municipality under Section 10-8-58 to provide, operate, and maintain facilities for the temporary incarceration, not to exceed 72 hours, of persons charged with the violation of a municipal ordinance.

Section 2. Section **17A-2-1322** is amended to read:

**17A-2-1322. Tax levy and bonds -- Approval by majority of electors voting in election -- Procedure for election.**

(1) ~~[The]~~ (a) Except as provided in Subsection (1)(b), the governing authority of a county or municipality which has established a service district may levy a tax on all taxable property within the service district in addition to all other taxes on such property levied or imposed by the county or municipality or by any other public corporation, district, or political subdivision in which the service district is located, and may also issue bonds payable in whole or in part from these taxes. No tax may be levied and no bonds or guaranteed bonds shall be issued, however, unless authorized, except as otherwise provided in Section 17A-2-1325, by a majority of the qualified electors of the service district voting at an election for that purpose held as provided in this section.

(b) The governing authority of a county or municipality may not levy a property tax under Subsection (1)(a) if the services provided by the special service district established by the county or municipality include economic development, as provided in Subsection 17A-2-1304(1)(a)(xiv).

(2) The proposition to levy the tax or to issue the bonds shall be submitted to the qualified electors of the service district at an election called and held and for which notice is given in the same manner as is provided in Title 11, Chapter 14, Utah Municipal Bond Act, for

the holding of bond elections. The proposition shall state the purpose or purposes for which the taxes are to be levied or the bonds are to be issued. In addition, a proposition for the issuance of bonds shall state the maximum amount of bonds to be issued, the maximum number of years from their respective dates for which the bonds may run, and, if the bonds are to be payable in whole or in part from taxes, that fact and that taxes may be levied on all taxable property in the service district to pay the principal of and interest on the bonds. The purpose or purposes may be stated in general terms and need not specify the particular projects or services for which the taxes are to be levied or the bonds are to be issued nor the specific amount of the proceeds of the taxes or of the bonds to be expended for each project or service. If bonds are to be payable in part from tax proceeds and in part from the operating revenues of the service district or from any combination of them, the proposition shall so indicate but need not specify how the bonds are to be divided as to source of payment. If the bonds are to be issued as guaranteed bonds, the proposition shall also clearly state that fact together with the name or names of the guarantors. A proposition for the levy of taxes and for the issuance of bonds may be combined as a single proposition.

(3) (a) A tax levied under this section shall be the sole source of funding for a special service district that provides jail service as provided in Subsection 17A-2-1304(1)(a)(x).

(b) Each tax levied under this section for a special service district that provides jail service as provided in Subsection 17A-2-1304(1)(a)(x) shall be considered to be levied by the county for purposes of the county's tax limitation under Section 59-2-908.