Enrolled Copy **H.B. 176**

CERTAIN COUNTY DEBT FORGIVEN

2007 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: David Clark

Senate Sponsor: John W. Hickman

LONG TITLE

General Description:

This bill forgives certain loans for disaster relief outstanding as of June 30, 2007.

Highlighted Provisions:

This bill:

- forgives loans issued for disaster relief that are outstanding on June 30, 2007; and
- makes technical and conforming changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

53-2-102.5, as last amended by Chapter 89, Laws of Utah 2006

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

Section 1. Section **53-2-102.5** is amended to read:

53-2-102.5. Loan program for disasters.

(1) The director may make loans to local governments as provided in this section when:

(a) the governor has issued a proclamation declaring a state of emergency because of a natural disaster;

(b) the Legislature has appropriated monies to the division explicitly for that purpose;

and

(c) threats to the public health and safety, or damages to flood control systems or the transportation infrastructure exist.

(2) (a) In order to qualify for loans under this section, the county and each political subdivision within the county shall:

(i) pass a resolution that:

(A) requests a loan;

(B) identifies the loan amount that is requested; and

(C) describes, in as much detail as possible, how the entity will spend the loan proceeds; and

(ii) complete the application for funds provided by the director.

(b) Each political subdivision other than the county shall submit a copy of its resolution and application to the county legislative body.

(c) The county legislative body shall file with the director:

(i) a letter identifying the total loan amount sought by the county and its political subdivisions; and

(ii) a copy of the county's resolution and application and a copy of the resolution and application of each political subdivision seeking loan funds.

(3) (a) To the extent appropriated funds are available, the director shall prepare a promissory note lending the county the total amount requested by the county for itself and its political subdivisions.

(b) Except as required in Subsections (8) and (9), the director shall ensure that the promissory note contains:

(i) a requirement that the principal on the note is due on the May 1 in the calendar year two years after the year in which the note is signed;

(ii) terms that require repayment of the principal on the note be made to the General Fund Budget Reserve Account established in Section 63-38-2.5; and

(iii) terms that limit the use of note proceeds to the repair and reconstruction of infrastructures owned by local governments located within the county.

(c) After an authorized representative of the county signs the promissory note, the director shall disburse the loan funds to the county.

(4) The county and any participating political subdivision may not use loan proceeds for costs:

(a) that could have been paid from other available funding sources if the county or participating political subdivision had applied for those funds; or

(b) to compensate private businesses or private persons for damages incurred in the disaster by those private businesses or persons.

(5) After receiving the loan proceeds from the state, the county shall, before disbursing loan proceeds to the other county political subdivisions, obtain signed promissory notes from each participating political subdivision that include terms substantially similar to the terms contained in the promissory note signed by the county.

(6) The county shall, on behalf of itself and any participating political subdivision, file a report with the director every three months, that:

(a) specifies each project on which loan funds were expended, classified by the name of the local entity that expended the funds; and

(b) identifies the amount expended for that project.

(7) If the county or one of its participating political subdivisions has not expended or committed the funds by the date that the promissory note is due, the county or participating political subdivision shall return the unused or uncommitted funds to the director for redeposit into the fund.

(8) For each promissory note issued under this section that is unpaid on May 1, 2006, the director shall issue a new promissory note to replace the existing promissory note:

(a) for the principal amount of the unpaid promissory note without accrued interest, if any;

(b) due on or before June 30, 2007; and

(c) with no interest rate.

(9) The director shall ensure that each promissory note issued under this section that is funded by monies appropriated and available for disaster loans as of January 1, 2006, are due on or before June 30, 2007.

(10) Any amount on a promissory note issued under this section before April 30, 2007 that is unpaid as of June 30, 2007 is forgiven and need not be repaid.