

CERTAIN COUNTY DEBT FORGIVEN

2007 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: David Clark

Senate Sponsor: _____

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



28 natural disaster;

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

30 and

31 (c) threats to the public health and safety, or damages to flood control systems or the

32 transportation infrastructure exist.

33 (2) (a) In order to qualify for loans under this section, the county and each political

34 subdivision within the county shall:

35 (i) pass a resolution that:

36 (A) requests a loan;

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

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

39 proceeds; and

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

41 (b) Each political subdivision other than the county shall submit a copy of its

42 resolution and application to the county legislative body.

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

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

45 subdivisions; and

46 (ii) a copy of the county's resolution and application and a copy of the resolution and

47 application of each political subdivision seeking loan funds.

48 (3) (a) To the extent appropriated funds are available, the director shall prepare a

49 promissory note lending the county the total amount requested by the county for itself and its

50 political subdivisions.

51 (b) Except as required in Subsections (8) and (9), the director shall ensure that the

52 promissory note contains:

53 (i) a requirement that the principal on the note is due on the May 1 in the calendar year

54 two years after the year in which the note is signed;

55 (ii) terms that require repayment of the principal on the note be made to the General

56 Fund Budget Reserve Account established in Section 63-38-2.5; and

57 (iii) terms that limit the use of note proceeds to the repair and reconstruction of

58 infrastructures owned by local governments located within the county.

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

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

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

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

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

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

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

75 (b) identifies the amount expended for that project.

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

80 (8) ~~[For each]~~ Each promissory note issued under this section that is unpaid on ~~[May 1,~~
81 ~~2006, the director shall issue a new promissory note to replace the existing promissory note.]~~
82 June 30, 2007 is forgiven and need not be repaid.

83 ~~[(a) for the principal amount of the unpaid promissory note without accrued interest, if~~
84 ~~any;]~~

85 ~~[(b) due on or before June 30, 2007; and]~~

86 ~~[(c) with no interest rate.]~~

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

Legislative Review Note
as of 1-24-07 3:58 PM

Office of Legislative Research and General Counsel

H.B. 176 - Certain County Debt Forgiven

Fiscal Note

2007 General Session
State of Utah

State Impact

Enactment of this bill will reduce disaster relief repayments statutorily targeted for deposit into the Rainy Day Fund of \$17,385,100.

	<u>FY 2007</u> <u>Approp.</u>	<u>FY 2008</u> <u>Approp.</u>	<u>FY 2009</u> <u>Approp.</u>	<u>FY 2007</u> <u>Revenue</u>	<u>FY 2008</u> <u>Revenue</u>	<u>FY 2009</u> <u>Revenue</u>
Restricted Funds	\$0	\$0	\$0	(\$17,385,100)	\$0	\$0
Total	\$0	\$0	\$0	(\$17,385,100)	\$0	\$0

Individual, Business and/or Local Impact

Enactment of this bill likely will not result in direct, measurable costs and/or benefits for individuals, businesses, or local governments, except for local governments directly impacted by the provisions of this bill.
