

274 when added to the existing general obligation debt of the member would exceed the debt limit
 275 fixed by law for that member entity.

276 (6) Bonds issued by an interlocal entity that are not general obligation bonds are not
 277 subject to this section or Section 11-13-218.6.

278 (7) An interlocal entity is not considered to be a municipal corporation for purposes of
 279 the debt limitation of the Utah Constitution, Article XIV, Section 4.

280 (8) Bonds issued by an interlocal entity created under this chapter are not bonds of a
 281 public agency that participates in the agreement creating the interlocal entity.

282 Section 3. Section 11-13-218.6 is enacted to read:

283 **11-13-218.6. Levy to pay for general obligation bonds ~~H~~→ --Obligation upon**
 283a **withdrawal of a member ←~~H~~.**

284 (1) If an interlocal entity issues general obligation bonds, or expects to have debt
 285 service payments due on general obligation bonds during the current year, the interlocal entity's
 286 governing body may make an annual levy of ad valorem property taxes within the interlocal
 287 boundaries as described in a certificate issued under Section 67-1a-6.5 for the following
 288 purposes only:

289 (a) to pay the principal of and interest on the general obligation bonds;

290 (b) to establish a sinking fund for defaults and future debt service on the general
 291 obligation bonds; and

292 (c) to establish a reserve to secure payment of the general obligation bonds.

293 (2) (a) Each interlocal entity that levies an ad valorem property tax under Subsection
 294 (1) shall:

295 (i) levy the tax as a separate and special levy solely for the purpose stated in Subsection
 296 (1)(a) or (b); and

297 (ii) apply the proceeds from the levy solely for the purpose of paying the principal of
 298 and interest on the general obligation bonds, even though the proceeds may be used to establish
 299 or replenish a sinking fund under Subsection (1)(b) or a reserve under Subsection (1)(c).

300 (b) A levy under Subsection (2)(a) is not subject to a priority in favor of an interlocal
 301 entity obligation in existence at the time the bonds were issued.

301a **~~H~~→ (3) Notwithstanding the withdrawal of a member of the interlocal entity, upon the issuance**
 301b **of a general obligation bond in accordance with Section 11-13-218.5 all taxable property within**
 301c **the boundaries of the interlocal entity, as the interlocal entity existed on the date of issuance of**
 301d **the bonds or as later expanded through the addition of a new member to the interlocal entity,**
 301e **is subject to assessment and levy, in accordance with applicable law and bond covenants, ☉**

301f **⊕ for the payment of principal and interest on the bonds until the bonded indebtedness is**
301g **paid in full. ←H**

302 Section 4. Section **11-13-218.7** is enacted to read:

303 **11-13-218.7. Property tax levy -- Time for setting -- Computation of total levy --**

304 **Apportionment of proceeds -- Maximum levy.**