

DISSOLUTION OF LOCAL DISTRICTS

2017 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Justin L. Fawson

Senate Sponsor: _____

LONG TITLE

General Description:

This bill modifies provisions related to the dissolution of local districts.

Highlighted Provisions:

This bill:

- ▶ modifies the procedure to dissolve a local district; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

17B-1-1301, as renumbered and amended by Laws of Utah 2007, Chapter 329

17B-1-1303, as renumbered and amended by Laws of Utah 2007, Chapter 329

17B-1-1306, as renumbered and amended by Laws of Utah 2007, Chapter 329

17B-1-1308, as last amended by Laws of Utah 2016, Chapter 176

ENACTS:

17B-1-1309, Utah Code Annotated 1953

17B-1-1310, Utah Code Annotated 1953



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

29 Section 1. Section **17B-1-1301** is amended to read:

30 **17B-1-1301. Definitions.**

31 For purposes of this part:

32 (1) "Active" means, with respect to a local district, that the district is not inactive.

33 (2) "Administrative body" means:

34 (a) if the local district proposed to be dissolved has a duly constituted board of trustees
35 in sufficient numbers to form a quorum, the board of trustees; or

36 (b) except as provided in Subsection (2)(a):

37 (i) for a local district located entirely within a single municipality, the legislative body
38 of that municipality;

39 (ii) for a local district located in multiple municipalities within the same county or at
40 least partly within the unincorporated area of a county, the legislative body of that county; or

41 (iii) for a local district located within multiple counties, the legislative body of the
42 county whose boundaries include more of the local district than is included within the
43 boundaries of any other county.

44 (3) "Clerk" means:

45 (a) the board of trustees if the board is also the administrative body under Subsection
46 (2)(a);

47 (b) the clerk or recorder of the municipality whose legislative body is the
48 administrative body under Subsection (2)(b)(i); or

49 (c) the clerk of the county whose legislative body is the administrative body under
50 Subsection (2)(b)(ii) or (iii).

51 (4) "Controlling legislative body" means:

52 (a) for a local district located entirely within a single municipality, the legislative body
53 of that municipality;

54 (b) for a local district located in multiple municipalities within the same county or at
55 least partly within the unincorporated area of a county, the legislative body of that county; or

56 (c) for a local district located within multiple counties, the legislative body of the
57 county whose boundaries include more of the local district than is included within the
58 boundaries of any other county.

59 ~~[(4)]~~ (5) "Inactive" means, with respect to a local district, that during the preceding
60 three years the district has not:

- 61 (a) provided any service or otherwise operated;
- 62 (b) received property taxes or user or other fees; and
- 63 (c) expended any funds.

64 Section 2. Section **17B-1-1303** is amended to read:

65 **17B-1-1303. Initiation of dissolution process.**

66 The process to dissolve a local district may be initiated by:

67 (1) for an inactive local district:

68 (a) (i) for a local district whose board of trustees is elected by electors based on the
69 acre-feet of water allotted to the land owned by the elector, a petition signed by the owners of
70 25% of the acre-feet of water allotted to the land within the local district; or

71 (ii) for all other districts:

72 (A) a petition signed by the owners of private real property that:

73 (I) is located within the local district proposed to be dissolved;

74 (II) covers at least 25% of the private land area within the local district; and

75 (III) is equal in assessed value to at least 25% of the assessed value of all private real
76 property within the local district; or

77 (B) a petition signed by registered voters residing within the local district proposed to
78 be dissolved equal in number to at least 25% of the number of votes cast in the district for the
79 office of governor at the last regular general election before the filing of the petition; or

80 (b) a resolution adopted by the administrative body; and

81 (2) for an active local district~~[-];~~

82 (a) a petition signed by:

83 ~~[(a)]~~ (i) for a local district whose board of trustees is elected by electors based on the
84 acre-feet of water allotted to the land owned by the elector, ~~[a petition signed by]~~ the owners of
85 100% of the acre-feet of water allotted to the land within the local district; or

86 ~~[(b)]~~ (ii) for all other districts, the owners of 100% of the private real property located
87 within or 100% of registered voters residing within the local district proposed to be
88 dissolved~~[-];~~ or

89 (b) a resolution adopted by the controlling legislative body.

90 Section 3. Section 17B-1-1306 is amended to read:

91 **17B-1-1306. Public hearing.**

92 (1) (a) For each petition certified under Section 17B-1-1305 and each resolution
93 adopted by an administrative body under Subsection 17B-1-1303(1)(b), the administrative body
94 shall hold a public hearing on the proposed dissolution.

95 (b) For each resolution adopted by a controlling legislative body under Subsection
96 17B-1-1303(2)(b), the controlling legislative body shall hold a public hearing on the proposed
97 dissolution.

98 (2) Each public hearing under Subsection (1) shall be held:

99 (a) no later than 45 days after certification of the petition under Section 17B-1-1305 or
100 adoption of a resolution under Subsection 17B-1-1303(1)(b) or (2)(b), as the case may be;

101 (b) within the local district proposed to be dissolved;

102 (c) on a weekday evening other than a holiday beginning no earlier than 6 p.m.; and

103 (d) for the purpose of allowing:

104 (i) the public to ask questions and obtain further information about the proposed
105 dissolution and issues raised by it; and

106 (ii) any interested person to address the administrative body or the controlling
107 legislative body concerning the proposed dissolution.

108 (3) A quorum of the administrative body or the controlling legislative body shall be
109 present throughout each public hearing under this section.

110 Section 4. Section 17B-1-1308 is amended to read:

111 **17B-1-1308. Dissolution resolution -- Limitations on dissolution -- Distribution of**
112 **remaining assets -- Notice to lieutenant governor -- Recording requirements.**

113 (1) After the public hearing [~~required under Section~~] described in Subsection
114 17B-1-1306(1)(a) and subject to Subsection (2), the administrative body may adopt a resolution
115 approving dissolution of the local district.

116 (2) [~~A~~] The administrative body may not adopt a resolution under Subsection (1) [~~may~~
117 ~~not be adopted~~] unless:

118 (a) any outstanding debt of the local district is:

119 (i) satisfied and discharged in connection with the dissolution; or

120 (ii) assumed by another governmental entity with the consent of all the holders of that

121 debt and all the holders of other debts of the local district;

122 (b) for a local district that has provided service during the preceding three years or
123 undertaken planning or other activity preparatory to providing service:

124 (i) another entity has committed to provide the same service to the area being served or
125 proposed to be served by the local district; and

126 (ii) all who are to receive the service have consented to the service being provided by
127 the other entity; and

128 (c) all outstanding contracts to which the local district is a party are resolved through
129 mutual termination or the assignment of the local district's rights, duties, privileges, and
130 responsibilities to another entity with the consent of the other parties to the contract.

131 ~~[(3) (a) (i) Any assets of the local district remaining after paying all debts and other
132 obligations of the local district shall be used to pay costs associated with the dissolution
133 process under this part.]~~

134 ~~[(ii) Any costs of the dissolution process remaining after exhausting the remaining
135 assets of the local district under Subsection (3)(a)(i) shall be paid by the administrative body.]~~

136 ~~[(b) Any assets of the local district remaining after application of Subsection (3)(a)
137 shall be distributed:]~~

138 ~~[(i) proportionately to the owners of real property within the dissolved local district if
139 there is a readily identifiable connection between a financial burden borne by the real property
140 owners in the district and the remaining assets; or]~~

141 ~~[(ii) except as provided in Subsection (3)(b)(i), to each county, city, town, or metro
142 township in which the dissolved local district was located before dissolution in the same
143 proportion that the land area of the local district located within the unincorporated area of the
144 county or within the city, town, or metro township bears to the total local district land area.]~~

145 ~~[(4) (a) The administrative body shall:]~~

146 ~~[(i) within 30 days after adopting a resolution approving dissolution, file with the
147 lieutenant governor a copy of a notice of an impending boundary action, as defined in Section
148 67-1a-6.5, that meets the requirements of Subsection 67-1a-6.5(3); and]~~

149 ~~[(ii) upon the lieutenant governor's issuance of a certificate of dissolution under
150 Section 67-1a-6.5:]~~

151 ~~[(A) if the local district was located within the boundary of a single county, submit to~~

152 the recorder of that county:]

153 [~~(F) the original;~~]

154 [~~(Aa) notice of an impending boundary action; and]~~

155 [~~(Bb) certificate of dissolution; and]~~

156 [~~(H) a certified copy of the resolution adopted under Subsection (1); or]~~

157 [~~(B) if the local district was located within the boundaries of more than a single~~
158 ~~county:]~~

159 [~~(I) submit to the recorder of one of those counties:]~~

160 [~~(Aa) the original of the documents listed in Subsections (4)(a)(ii)(A)(I)(Aa) and (Bb);~~
161 ~~and]~~

162 [~~(Bb) a certified copy of the resolution adopted under Subsection (1); and]~~

163 [~~(H) submit to the recorder of each other county:]~~

164 [~~(Aa) a certified copy of the documents listed in Subsections (4)(a)(ii)(A)(I)(Aa) and~~
165 ~~(Bb); and]~~

166 [~~(Bb) a certified copy of the resolution adopted under Subsection (1).]~~

167 [~~(b) Upon the lieutenant governor's issuance of the certificate of dissolution under~~
168 ~~Section [67-1a-6.5](#), the local district is dissolved.]~~

169 Section 5. Section **17B-1-1309** is enacted to read:

170 **17B-1-1309. Dissolution resolution by controlling legislative body -- Election to**
171 **dissolve local district -- Notice to lieutenant governor -- Recording requirements.**

172 (1) (a) Subject to Subsection (1)(b), after the public hearing described in Subsection
173 [17B-1-1306](#)(1)(b), the controlling legislative body may adopt a dissolution resolution that:

174 (i) certifies that the requirements described in Subsection (1)(b) are satisfied; and

175 (ii) initiates the dissolution election described in Subsection (2).

176 (b) The controlling legislative body may not adopt a dissolution resolution described in
177 Subsection (1)(a) unless:

178 (i) any outstanding debt of the local district is:

179 (A) satisfied and discharged in connection with the dissolution; or

180 (B) assumed by another governmental entity with the consent of all the holders of that
181 debt and all the holders of other debts of the local district;

182 (ii) for a local district that has provided service during the preceding three years or

183 undertaken planning or other activity preparatory to providing service, another entity has
184 committed to provide the same service to the area being served or proposed to be served by the
185 local district; and

186 (iii) all outstanding contracts to which the local district is a party are resolved through
187 mutual termination or the assignment of the local district's rights, duties, privileges, and
188 responsibilities to another entity.

189 (2) After a controlling legislative body adopts a dissolution resolution described in
190 Subsection (1), the voters within the boundaries of the local district shall, in the next municipal
191 or general election, vote whether to dissolve the local district.

192 Section 6. Section **17B-1-1310** is enacted to read:

193 **17B-1-1310. Distribution of remaining assets -- Notice to lieutenant governor --**
194 **Recording requirements.**

195 (1) (a) (i) After dissolution of a local district under this part, any assets of the local
196 district remaining after paying all debts and other obligations of the local district shall be used
197 to pay costs associated with the dissolution process.

198 (ii) Any costs of the dissolution process remaining after exhausting the remaining
199 assets of the local district described in Subsection (1)(a)(i) shall be paid by the administrative
200 body.

201 (b) Any assets of the local district remaining after application of Subsection (1)(a) shall
202 be distributed:

203 (i) proportionately to the owners of real property within the dissolved local district if
204 there is a readily identifiable connection between a financial burden borne by the real property
205 owners in the district and the remaining assets; or

206 (ii) except as provided in Subsection (1)(b)(i), to each county, city, metro township, or
207 town in which the dissolved local district was located before dissolution in the same proportion
208 that the land area of the local district located within the unincorporated area of the county or
209 within the city, town, or metro township bears to the total local district land area.

210 (2) For a dissolution under Section [11-13-1308](#), the administrative body, or for a
211 dissolution under Section [11-13-1309](#), the controlling legislative body, shall file with the
212 lieutenant governor a copy of a notice of an impending boundary action, as defined in Section
213 [67-1a-6.5](#), that meets the requirements of Subsection [67-1a-6.5\(3\)](#):

214 (a) within 30 days after the day on which the administrative body adopts a resolution
215 approving dissolution under Section 17B-1-1308; or
216 (b) within 30 days after the day on which a majority of the voters within a local district
217 approve dissolution of the local district in an election described in Subsection 17B-1-1309(2).
218 (3) Upon the lieutenant governor's issuance of a certificate of dissolution under Section
219 67-1a-6.5, the administrative body or the controlling legislative body shall:
220 (a) if the local district was located within the boundary of a single county, submit to the
221 recorder of that county:
222 (i) the original:
223 (A) notice of an impending boundary action; and
224 (B) certificate of dissolution; and
225 (ii) a certified copy of the resolution adopted under Subsection 17B-1-1308(1); or
226 (b) if the local district was located within the boundaries of more than a single county:
227 (i) submit to the recorder of one of those counties:
228 (A) the original of the documents listed in Subsections (3)(a)(i)(A) and (B); and
229 (B) if applicable, a certified copy of the resolution adopted under Subsection
230 17B-1-1308(1); and
231 (ii) submit to the recorder of each other county:
232 (A) a certified copy of the documents listed in Subsections (3)(a)(i)(A) and (B); and
233 (B) if applicable, a certified copy of the resolution adopted under Subsection
234 17B-1-1308(1).
235 (4) Upon the lieutenant governor's issuance of the certificate of dissolution under
236 Section 67-1a-6.5, the local district is dissolved.

Legislative Review Note
Office of Legislative Research and General Counsel