

## SB0094S01 compared with SB0094

~~{deleted text}~~ shows text that was in SB0094 but was deleted in SB0094S01.

Inserted text shows text that was not in SB0094 but was inserted into SB0094S01.

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Senator Lincoln Fillmore proposes the following substitute bill:

### LOCAL DISTRICT REVISIONS

2017 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Lincoln Fillmore**

House Sponsor: ~~{\_\_\_\_\_}~~ Steve Eliason

Cosponsors: Howard A. Stephenson

Curtis S. Bramble

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### LONG TITLE

#### General Description:

This bill modifies provisions related to property taxes levied by a local district.

#### Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ modifies the circumstances under which a local district ~~{, other than a large water conservancy district,}~~ may levy or collect a property tax that exceeds the certified tax rate;
- ▶ imposes requirements for a member of an appointed board of trustees to report the

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property tax increase to the legislative body that appointed or nominated the member to the board of trustees; and

- ▶ makes technical and conforming changes.

### Money Appropriated in this Bill:

None

### Other Special Clauses:

This bill provides a special effective date.

### Utah Code Sections Affected:

AMENDS:

**17B-1-1001**, as last amended by Laws of Utah 2013, Chapter 415

**17B-2a-1009**, as last amended by Laws of Utah 2013, Chapter 415

### ENACTS:

**17B-1-1003, Utah Code Annotated 1953**

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

Section 1. Section **17B-1-1001** is amended to read:

#### **17B-1-1001. Provisions applicable to property tax levy.**

(1) Each local district that levies and collects property taxes shall levy and collect them according to the provisions of Title 59, Chapter 2, Property Tax Act.

~~{1}~~(2) As used in this section ~~["elected official" means a local district board of trustees member who {1}];~~

~~[(a) is elected to the board of trustees by local district voters at an election held for that purpose, including a member elected under Subsection (4);]~~

~~[(b) holds, at the time of appointment to the board of trustees, an elected position with a municipality, county, or another local district that is partially or completely included within the boundaries of the local district;]~~

~~[(c) is appointed in accordance with Subsection 17B-1-303(5) or 17B-1-306(4)(f); or]~~

~~[(d) is considered to be elected in accordance with Subsection 17B-1-306(4)(g).]~~

~~{2} As used in this section, "directly elected official" means a local district {a}~~

"Appointed board of trustees" means a board of trustees {member who is:

{a} of a local district that includes a member who is appointed to the board of trustees

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in accordance with Section 17B-1-304, Subsection 17B-1-303(5), Subsection 17B-1-306(4)(f), or any of the applicable provisions in Title 17B, Chapter 2a, Provisions Applicable to Different Types of Local Districts.

(b) "Elected board of trustees" means a board of trustees of a local district that consists entirely of members who are elected to the board of trustees ~~by local district voters at an election held for that purpose;~~

~~(b) appointed;~~ in accordance with Subsection ~~{17B-1-303(5) or 17B-1-306(4)(f); or~~

~~(c) considered to be elected in accordance with Subsection~~ (4), Section 17B-1-306 ~~{(4)(g)}~~, or any of the applicable provisions in Title 17B, Chapter 2a, Provisions Applicable to Different Types of Local Districts.

~~[(3)(a) Except as provided in Subsection (3)(b), a local district may not levy or collect property tax revenue that exceeds the certified tax rate during a taxable year that begins on or after January 1, 2011.]~~

~~[(b)]~~ (3) (a) Notwithstanding Subsection (3)(a) For a taxable year beginning on or after January 1, 2018, a local district may not levy or collect property tax revenue that exceeds the certified tax rate ~~[during a taxable year that begins on or after January 1, {2011, if} {2018} unless {, if}: {~~

~~{~~ (i) ~~[and]~~ to the extent that the revenue from the property tax was pledged before January 1, ~~[2011,] 2018,~~ the local district pledges the property tax revenue to pay for bonds or other obligations of the local district; or

~~[(ii) {the members} each member of the board of trustees {are all} is a directly elected {officials;} {official;}~~

~~[(iii) the majority of the board of trustees are elected officials; or]~~

~~[(iv)]~~ (ii) the proposed tax or increase in the property tax rate has been approved by: {

~~[(A)]~~ (iii)

(A) an elected board of trustees;

(B) subject to Subsection (3)(b), an appointed board of trustees;

~~[(A)]~~ (C) a majority of the registered voters within the local district [at] approve the proposed tax levy who vote in {at} an election held for that purpose on a date specified in Section 20A-1-204; {or}

~~[(B)]~~ (D) the legislative body of the appointing authority; or {

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~~[(E)]~~ (E) the legislative body of: ~~{}~~

~~{}~~ (I) a majority of the municipalities partially or completely included within the boundary of the specified local district; or ~~{}~~

~~{}~~ (II) the county in which the specified local district is located, if the county has some or all of its unincorporated area included within the boundary of the specified local district. ~~{}~~

~~— (iv) subject to Subsection (3)(c), the proposed tax levy is approved by two-thirds of the legislative bodies of:~~

~~— (A) the municipalities that are located partially or completely within the boundaries of:~~

~~(b) For a local district with an appointed board of trustees, each member of the board of trustees shall comply with the trustee reporting requirements described in Section 17B-1-1003 before~~ the local district ~~}; and~~

~~— (B) the counties with an unincorporated area within the boundaries of the local district.~~

~~— (c) For purposes of Subsection (3)(b)(iv), the proposed tax levy need not be approved by two-thirds of the municipal legislative bodies and two-thirds of the county legislative bodies, but by two-thirds of the total number of legislative bodies} may impose a property tax levy that exceeds the certified tax rate.~~

(4) (a) Notwithstanding provisions to the contrary in Title 17B, Chapter 2a, Provisions Applicable to Different Types of Local Districts, and ~~[for purposes of Subsection (3)(b),]~~ subject to Subsection (4)(b), members of the board of trustees of a local district shall be elected, if ~~};~~ subject to Subsection (4)(b) {, a local district may change the local district's board of trustees to an elected board if}];

(i) two-thirds of all members of the board of trustees of the local district vote in favor of changing to an elected board of trustees; and

(ii) the legislative body of each municipality ~~{}~~ or ~~{}~~ and each county that appoints a member to the board of trustees adopts a resolution approving the change to an elected board of trustees.

(b) A change to an elected board of trustees under Subsection (4)(a) may not shorten the term of any member of the board of trustees serving at the time of the change.

(5) Subsections (2), (3), and (4) do not apply to:

(a) Title 17B, Chapter 2a, Part 6, Metropolitan Water District Act;

(b) Title 17B, Chapter 2a, Part 10, Water Conservancy District Act; or

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(c) a local district in which:

(i) the board of trustees consists solely of:

(A) land owners or the land owners' agents; or

(B) as described in Subsection 17B-1-302(1)(c), land owners or the land owners' agents or officers; and

(ii) there are no residents within the local district at the time a property tax is levied.

Section 2. Section ~~{17B-2a-1009}~~ 17B-1-1003 is enacted to read:

### 17B-1-1003. Trustee reporting requirement.

(1) As used in this section:

(a) "Appointed board of trustees" means a board of trustees of a local district that includes a member who is appointed to the board of trustees in accordance with Section 17B-1-304, Subsection 17B-1-303(5), Subsection 17B-1-306(4)(f), or any of the applicable provisions in Title 17B, Chapter 2a, Provisions Applicable to Different Types of Local Districts.

(b) "Legislative entity" means:

(i) the member's appointing authority, if the appointing authority is a legislative body;

or

(ii) the member's nominating entity, if the appointing authority is not a legislative body.

(c) (i) "Member" means an individual who is appointed to a board of trustees for a local district in accordance with Section 17B-1-304, Subsection 17B-1-303(5), Subsection 17B-1-306(4)(f), or any of the applicable provisions in Title 17B, Chapter 2a, Provisions Applicable to Different Types of Local Districts.

(ii) "Member" includes a member of the board of trustees who holds an elected position with a municipality, county, or another local district that is partially or completely included within the boundaries of the local district.

(d) "Nominating entity" means the legislative body that submits nominees for appointment to the board of trustees to an appointing authority.

(e) "Property tax increase" means a property tax levy that exceeds the certified tax rate for the taxable year.

(2) (a) If a local district board of trustees adopts a tentative budget that includes a property tax increase, each member shall report to the member's legislative entity on the

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property tax increase.

(b) (i) The local district shall request that each of the legislative entities that appoint or nominate a member to the local district's board of trustees hear the report required by Subsection (2)(a) at a public meeting of each legislative entity.

(ii) The request to make a report may be made by:

(A) the member appointed or nominated by the legislative entity; or

(B) another member of the board of trustees.

(c) The member appointed or nominated by the legislative entity shall make the report required by Subsection (2)(a) at a public meeting that:

(i) complies with Title 52, Chapter 4, Open and Public Meetings Act;

(ii) includes the report as a separate agenda item; and

(iii) is held within 30 days after the day on which the legislative entity receives a request to hear the report.

(d) (i) If the legislative entity does not have a scheduled meeting within 30 days after the day on which the legislative entity receives a request to hear the report required by Subsection (2)(a), the legislative entity shall schedule a meeting for that purpose.

(ii) If the legislative entity fails to hear the report at a public meeting that meets the criteria described in Subsection (2)(c), the trustee reporting requirements under this section shall be considered satisfied.

(3) (a) A report on a property tax increase at a legislative entity's public meeting shall include:

(i) a statement that the local district intends to levy a property tax at a rate that exceeds the certified tax rate for the taxable year;

(ii) the dollar amount of and purpose for additional ad valorem tax revenue that would be generated by the proposed increase in the certified tax rate;

(iii) the approximate percentage increase in ad valorem tax revenue for the local district based on the proposed property tax increase; and

(iv) any other information requested by the legislative entity.

(b) The legislative entity shall allow time during the meeting for comment from the legislative entity and members of the public on the property tax increase.

(4) (a) If more than one member is appointed to the board of trustees by the same

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legislative entity, a majority of the members appointed or nominated by the legislative entity shall be present to provide the report required by Subsection (2) and described in Subsection (3).

(b) The chair of the board of trustees shall appoint another member of the board of trustees to provide the report described in Subsection (3) to the legislative entity if:

(i) the member appointed or nominated by the legislative entity is unable or unwilling to provide the report at a public meeting that meets the requirements of Subsection (3)(a); and

(ii) the absence of the member appointed or nominated by the legislative entity results in:

(A) no member who was appointed or nominated by the legislative entity being present to provide the report; or

(B) an inability to comply with Subsection (4)(a).

(5) A local district board of trustees may approve a property tax increase only after the conditions of this section have been satisfied or considered satisfied for each member of the board of trustees.

Section 3. Section 17B-2a-1009 is amended to read:

**17B-2a-1009. Limit on property tax authority -- Exceptions.**

(1) As used in this section [~~,"{elected}];~~

~~(a) "Directly } elected official" means a water conservancy district board of {trustees member who:~~

~~(i) trustee member who];~~

(a) "Appointed board of trustees" means a board of trustees of a water conservancy district that includes a member who is appointed to the board of trustees in accordance with this part.

(b) "Elected board of trustees" means a board of trustees of a water conservancy district that consists entirely of members who are elected to the board of trustees in accordance with this part.

~~[(a) is elected to the board of trustees by water conservancy district voters at an election held for that purpose; {~~

~~(ii) is appointed in accordance with Subsection 17B-1-303(5) or 17B-1-306(4)(f); or~~

~~(iii) is considered to be elected in accordance with Subsection 17B-1-306(4)(g);~~

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~~\_\_\_\_\_ (b) "Elected official" means a water conservancy district board of [trustee] { trustees member who:~~

~~\_\_\_\_\_ [(a) (i) is elected to the board of trustees by water conservancy district voters at an election held for that purpose;}~~

~~[(b) (i) holds, at the time of appointment to the board of trustees, an elected position with a municipality, county, or local district that is partially or completely included within the boundaries of the water conservancy district; {} or]~~

~~[(c) (iii) is appointed in accordance with Subsection 17B-1-303(5) or 17B-1-306(4)(f) {; or [(g).}]~~

~~\_\_\_\_\_ (iv) is considered to be elected in accordance with Subsection 17B-1-306(4)(g).~~

~~\_\_\_\_\_ (c) "Large water conservancy district" means a water conservancy district that has more than one county partially or completely within the water conservancy district's geographic boundaries.~~

~~\_\_\_\_\_ (2) [The] During} or (g).]~~

~~(2) (a) [The board of trustees of] For a taxable year {that begins} beginning on or after January 1, {2015} 2018, {the} {board of trustees of a large} a water conservancy district may not collect property tax revenue [in a tax year beginning on or after January 1, 2015,] that would exceed the certified tax rate under Section 59-2-924 unless{:~~

~~\_\_\_\_\_ (a) [the members] each member of the board of trustees [are all] is an elected [officials] official;~~

~~\_\_\_\_\_ (b) the majority} the proposed tax levy has been previously approved by:~~

~~[(a) the members of the board of trustees are all elected officials;]~~

~~[(b) the majority of the board of trustees are elected officials; or]~~

~~[(c) the proposed tax levy has previously been approved by: {~~

~~\_\_\_\_\_ (i)}]~~

~~(i) an elected board of trustees;~~

~~(ii) subject to Subsection (2)(b), an appointed board of trustees;~~

~~[(i) (iii) a majority of the {large} water conservancy district voters [at] who vote in an election held for that purpose on a date specified in Section 20A-1-204; or~~

~~[(ii) (iv) for a district described in Subsection 17B-2a-1005(2)(b), the appointing authority.~~



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~~(3) During a taxable year beginning on or after January 1, 2018, the board of trustees of;~~ **For** a water conservancy district, ~~other than a large water conservancy district, may not collect property tax revenue that exceeds the certified tax rate under Section 59-2-924 unless:~~

- ~~— (a) with an appointed board of trustees, each member of the board of trustees is a directly elected official;~~
- ~~— (b) a majority of the voters within;~~ **shall comply with the trustee reporting requirements described in Section 17B-1-1003 before** the water conservancy district ~~approve the proposed tax levy at an election held for that purpose on a date specified in Section 20A-1-204; or~~
- ~~— (c) subject to Subsection (4), the proposed tax levy is approved by two-thirds of the legislative bodies of:~~
  - ~~(i) the municipalities that are located partially or completely within the boundaries of the water conservancy district; and~~
  - ~~(ii) the county with an unincorporated area within the boundaries of the water conservancy district.~~
- ~~(4) For purposes of Subsection (3)(c), the proposed tax levy need not be approved by two-thirds of the municipal legislative bodies and two-thirds of the county legislative bodies; but by two-thirds of the total number of legislative bodies.~~
- ~~Section 3} may impose a property tax levy that exceeds the certified tax rate.~~

### **Section 4. Effective date.**

This bill takes effect on January 1, 2018.

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**Legislative Review Note**

**Office of Legislative Research and General Counsel†**