

Representative Stephen G. Handy proposes the following substitute bill:

LOCAL GOVERNMENT FINANCIAL AMENDMENTS

2018 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Stephen G. Handy

Senate Sponsor: Jerry W. Stevenson

LONG TITLE

General Description:

This bill amends provisions related to a local district's insurance and revenue.

Highlighted Provisions:

This bill:

- ▶ encourages a local district with a certain budget to obtain liability insurance;
- ▶ modifies the balance a local district may accumulate in the district's general fund;
- ▶ allows a certain county or municipality to share revenue other than sales tax for a municipal services district purpose and provides for the use of that revenue; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

17B-1-113, as renumbered and amended by Laws of Utah 2007, Chapter 329

17B-1-612, as renumbered and amended by Laws of Utah 2007, Chapter 329

17B-2a-703, as last amended by Laws of Utah 2014, Chapter 377



26 **17B-2a-1109**, as enacted by Laws of Utah 2014, Chapter 405

27

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

29 Section 1. Section **17B-1-113** is amended to read:

30 **17B-1-113. Liability insurance.**

31 (1) Each local district with an annual operating budget of \$50,000 or more shall obtain
32 liability insurance as considered appropriate by the local district board.

33 (2) Each local district with an annual operating budget of less than \$50,000 is not
34 required to obtain liability insurance, but liability insurance is encouraged, as considered
35 appropriate by the local district board.

36 Section 2. Section **17B-1-612** is amended to read:

37 **17B-1-612. Accumulated fund balances -- Limitations -- Excess balances --**
38 **Unanticipated excess of revenues -- Reserves for capital projects.**

39 (1) (a) A local district may accumulate retained earnings or fund balances, as
40 appropriate, in any fund.

41 (b) For the general fund only, a local district may only use an accumulated fund
42 balance [~~may be used only~~] to:

43 (i) [~~to~~] provide working capital to finance expenditures from the beginning of the
44 budget year until general property taxes or other applicable revenues are collected, subject to
45 Subsection (1)(c);

46 (ii) [~~to~~] provide a resource to meet emergency expenditures under Section **17B-1-623**;
47 and

48 (iii) [~~to~~] cover a pending year-end excess of expenditures over revenues from an
49 unavoidable shortfall in revenues, subject to Subsection (1)(d).

50 (c) Subsection (1)(b)(i) [~~may not be construed to~~] does not authorize a local district to
51 appropriate a fund balance for budgeting purposes, except as provided in Subsection (4).

52 (d) Subsection (1)(b)(iii) [~~may not be construed to~~] does not authorize a local district to
53 appropriate a fund balance to avoid an operating deficit during a budget year except:

54 (i) as provided under Subsection (4); or

55 (ii) for emergency purposes under Section **17B-1-623**.

56 (2) (a) [~~The~~] Except as provided in Subsection (2)(b), the accumulation of a fund

57 balance in the general fund may not exceed ~~[the greater of]:~~

58 ~~[(a)] (i) the most recently adopted general fund budget, plus 100% of the current year's~~
59 ~~property tax[; or].~~

60 ~~[(b) (i) 25% of the total general fund revenues for a district with an annual general fund~~
61 ~~budget greater than \$100,000; or]~~

62 ~~[(ii) 50% of the total general fund revenues for a district with an annual general fund~~
63 ~~budget equal to or less than \$100,000.]~~

64 (b) Notwithstanding Subsection (2)(a), a local district may accumulate in the general
65 fund mineral lease revenue that the local district receives from the United States under the
66 Mineral Lands Leasing Act, 30 U.S.C. Sec. 181 et seq., through a distribution under:

67 (i) Title 35A, Chapter 8, Part 3, Community Impact Alleviation; or

68 (ii) Title 59, Chapter 21, Mineral Lease Funds.

69 (3) If the fund balance at the close of any fiscal year exceeds the amount permitted
70 under Subsection (2), the district shall appropriate the excess ~~[in the manner provided]~~ in
71 accordance with Section 17B-1-613.

72 (4) ~~[Any]~~ A local district may utilize any fund balance in excess of 5% of the total
73 revenues of the general fund ~~[may be utilized]~~ for budget purposes.

74 (5) (a) Within a capital projects fund, the board of trustees may, in any budget year,
75 appropriate from estimated revenue or fund balance to a reserve for capital projects for the
76 purpose of financing future specific capital projects, including new construction, capital
77 repairs, replacement, and maintenance, under a formal long-range capital plan ~~[adopted by]~~ that
78 the board of trustees adopts.

79 (b) A local district may allow a reserve amount under Subsection (5)(a) to accumulate
80 from year to year until the accumulated total is sufficient to permit economical expenditure for
81 the specified purposes.

82 (c) A local district may disburse from a reserve account under Subsection (5)(a) only
83 by a budget appropriation ~~[adopted in the manner provided by]~~ that the local district adopts in
84 accordance with this part.

85 (d) ~~[Expenditures]~~ A local district shall ensure that the expenditures from the ~~[above]~~
86 appropriation budget accounts ~~[shall]~~ described in this Subsection (5) conform to all
87 requirements of this part relating to execution and control of budgets.

88 Section 3. Section **17B-2a-703** is amended to read:

89 **17B-2a-703. Additional mosquito abatement district powers.**

90 In addition to the powers conferred on a mosquito abatement district under Section
91 [17B-1-103](#), a mosquito abatement district may:

92 (1) take all necessary and proper steps for the extermination of mosquitos, flies,
93 crickets, grasshoppers, and other insects:

94 (a) within the district; or

95 (b) outside the district, if lands inside the district are benefitted;

96 (2) abate as nuisances all stagnant pools of water and other breeding places for
97 mosquitos, flies, crickets, grasshoppers, or other insects anywhere inside or outside the state
98 from which mosquitos migrate into the district;

99 (3) enter upon territory referred to in Subsections (1) and (2) in order to inspect and
100 examine the territory and to remove from the territory, without notice, stagnant water or other
101 breeding places for mosquitos, flies, crickets, grasshoppers, or other insects;

102 (4) issue bonds as provided in and subject to Chapter 1, Part 11, Local District Bonds,
103 to carry out the purposes of the district;

104 (5) make a contract to indemnify or compensate an owner of land or other property for
105 injury or damage [~~necessarily caused by~~] that the exercise of district powers necessarily causes
106 or arising out of the use, taking, or damage of property for a district purpose; and

107 (6) in addition to the accumulated fund balance allowed under Section [17B-1-612](#),
108 establish a reserve fund, not to exceed the greater of 25% of the district's annual operating
109 budget or \$50,000, to pay for extraordinary abatement measures, including a vector-borne
110 public health emergency.

111 Section 4. Section **17B-2a-1109** is amended to read:

112 **17B-2a-1109. Counties and municipalities authorized to provide funds to a**
113 **municipal services district -- Use of funds.**

114 (1) A county[;] or, subject to Section [17B-2a-1108](#), a municipality involved in the
115 establishment and operation of a municipal services district may fund the operation and
116 maintenance of the district through the sharing of sales tax and other revenue for district
117 purposes.

118 (2) A municipal services district may use sales tax or other revenue that the district

119 receives from a county or a municipality under Subsection (1) to fund expenses and activities
120 of a county or municipality that is part of the district.