

## HB0332S01 compared with HB0332

~~{deleted text}~~ shows text that was in HB0332 but was deleted in HB0332S01.

Inserted text shows text that was not in HB0332 but was inserted into HB0332S01.

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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: \_\_\_\_\_

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#### 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:

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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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) Subsection (1)(b)(i) [~~may not be construed to~~] does not authorize a local district to

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appropriate a fund balance for budgeting purposes, except as provided in Subsection (4).

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

- (i) as provided under Subsection (4); or
- (ii) for emergency purposes under Section 17B-1-623.

(2) (a) ~~[The]~~ Except as provided in Subsection (2)(b), the accumulation of a fund balance in the general fund may not exceed ~~[the greater of]~~:

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

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

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

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

- (i) Title 35A, Chapter 8, Part 3, Community Impact Alleviation; or
- (ii) Title 59, Chapter 21, Mineral Lease Funds.

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

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

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

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

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

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

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

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

In addition to the powers conferred on a mosquito abatement district under Section 17B-1-103, a mosquito abatement district may:

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

(a) within the district; or

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

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

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

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

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

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

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

### **17B-2a-1109. Counties and municipalities authorized to provide funds to a**

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### municipal services district -- Use of funds.

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

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### Legislative Review Note

~~Office of Legislative Research and General Counsel;~~ (2) A municipal services district may use sales tax or other revenue that the district receives from a county or a municipality under Subsection (1) to fund expenses and activities of a county or municipality that is part of the district.