

# HB0235S01 compared with HB0235

~~{deleted text}~~ shows text that was in HB0235 but was deleted in HB0235S01.

Inserted text shows text that was not in HB0235 but was inserted into HB0235S01.

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Representative John Knotwell proposes the following substitute bill:

## MUNICIPAL TAX AMENDMENTS

2019 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: John Knotwell**

Senate Sponsor: \_\_\_\_\_

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### LONG TITLE

#### General Description:

This bill establishes and amends provisions related to certain municipalities' authority to levy certain property taxes.

#### Highlighted Provisions:

This bill:

- ▶ consolidates several provisions that give certain municipalities authority to levy certain property taxes;
- ~~{~~ → gives a municipality the authority to levy a property tax to provide for certain services that a special service district or a local district may provide;
- ~~}~~ ▶ establishes provisions for a municipality that levies a property tax ~~{ described in the preceding paragraph }~~ to account separately for the revenues derived from that property tax; and

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- ▶ makes conforming changes.

### Money Appropriated in this Bill:

None

### Other Special Clauses:

None

### Utah Code Sections Affected:

#### AMENDS:

**9-7-402**, as renumbered and amended by Laws of Utah 1992, Chapter 241

#### ENACTS:

**10-5-112.4**, Utah Code Annotated 1953

**10-5-112.5**, Utah Code Annotated 1953

**10-6-133.4**, Utah Code Annotated 1953

**10-6-133.5**, Utah Code Annotated 1953

#### REPEALS:

**9-7-401**, as last amended by Laws of Utah 2018, Chapter 436

**10-7-14.2**, as last amended by Laws of Utah 2007, Chapter 329

**10-8-91**, as last amended by Laws of Utah 2003, Chapter 292

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

Section 1. Section **9-7-402** is amended to read:

**9-7-402. Establishment and maintenance of public library -- Library board of directors -- Expenses.**

(1) A city's governing body may establish and maintain a public library.

~~[(1)]~~ (2) When the city governing body decides to establish and maintain a city public library under the provisions of this part, it shall appoint a library board of directors of not less than five members and not more than nine members, chosen from the citizens of the city and based upon their fitness for the office.

~~[(2)]~~ (3) Only one member of the city governing body may be, at any one time, a member of the board.

~~[(3)]~~ (4) Each director shall serve without compensation, but their actual and necessary expenses incurred in the performance of their official duties may be paid from library funds.

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Section 2. Section **10-5-112.4** is enacted to read:

### **10-5-112.4. Property taxes levied for specified services -- Special revenue fund --**

#### **Limitations on expenditures.**

(1) A town may ~~levy a property tax for a specific purpose, and }~~account separately for the revenues derived from ~~{that}~~a property tax, that is lawfully levied for a specific purpose, in accordance with this section.~~†~~

~~— (2) A town may levy a property tax under this section to provide a service that:~~

~~— (a) a special service district may provide under Section 17D-1-201;~~

~~— (b) a local district may provide under Section 17B-1-202; or~~

~~— (c) a local district may provide under Title 17B, Chapter 2a, Provisions Applicable to Different Types of Local Districts.†~~

~~(†3)†2~~ To levy a property tax under this section, the legislative body of the town that levies the property tax shall indicate through ordinance:

(a) that the town levies the tax under this section; and

(b) the specific service {referenced under Subsection (2)} for which the town levies the tax.

~~(†4)†3~~ A property tax levied under this section is subject to the maximum rate a town may levy for property taxes under Section 10-5-112.

~~(†5)†4~~ (a) A town that collects a property tax under this section shall:

(i) create a special revenue fund to hold the revenues collected under this section; and

(ii) deposit revenues collected from that tax into the special revenue fund described in Subsection (†5)†4(a)(i).

(b) A town may only expend revenues from a special revenue fund described in Subsection (†5)†4(a) for a purpose that is solely related to the provision of the service described in Subsection (†3)†2(b) for which the town created the special revenue fund.

~~(†6)†5~~ Except as provided in Subsections ~~(†3)†2~~ and ~~(†5)†4~~, a town that levies a property tax under this section shall:

(a) levy and collect the tax in accordance with Title 59, Chapter 2, Property Tax Act;

(b) account for revenues derived from the tax in accordance with this chapter; and

(c) levy and collect and account for revenues derived from the tax in the same general manner as for the town's other property taxes.

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Section 3. Section **10-5-112.5** is enacted to read:

**10-5-112.5. Property tax levy for culinary water, wastewater treatment, hospitals, and recreational facilities.**

A town may levy a property tax for a purpose described in this section as follows:

(1) (a) A town that is not in an improvement district created to establish and maintaining a wastewater collection, treatment, or disposal system or a system for the supply, treatment, or distribution of water under Title 17B, Chapter 2a, Part 4, Improvement District Act, may levy a tax annually not to exceed .0008 per dollar of taxable value of taxable property in the town.

(b) The town shall place revenue raised by the levy described in Subsection (1)(a) in a special fund and may only use the revenue to:

(i) finance the construction of facilities to purify the town's drinking water; or

(ii) construct facilities to treat and dispose of the town's wastewater.

(c) The town may accumulate from year to year and reserve in the special fund described in Subsection (1)(b) the revenue collected through the levy described in this Subsection (1).

(d) The town shall make and collect the levy described in this Subsection (1) in the same manner as town levies and collects other property taxes.

(2) A town may levy a tax not exceeding .001 per dollar of taxable value of taxable property to own or operate a hospital under Section 10-8-90.

(3) The governing body of a town may, under Section 11-2-7, annually appropriate and cause to be raised by taxation, money to cover an expense described in Section 11-2-7 for the provision of recreational facilities or other services described in Title 11, Chapter 2, Playgrounds.

Section 4. Section **10-6-133.4** is enacted to read:

**10-6-133.4. Property taxes levied for specified services -- Special revenue fund -- Limitations on use -- Collection, accounting, and expenditures.**

(1) A city may ~~levy a property tax for a specific purpose, and~~ account separately for the revenues derived from ~~that~~ a property tax, that is lawfully levied for a specific purpose, in accordance with this section.<sup>f</sup>

~~———— (2) A city may levy a property tax under this section to provide a service that:~~

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- ~~— (a) a special service district may provide under Section 17D-1-201;~~
- ~~— (b) a local district may provide under Section 17B-1-202; or~~
- ~~— (c) that a local district may provide under Title 17B, Chapter 2a, Provisions Applicable to Different Types of Local Districts.}~~

~~(32)~~ To levy a property tax under this section, the legislative body of the city that levies the property tax shall indicate through ordinance:

- ~~(a) that the city levies the tax under this section; and~~
- ~~(b) the specific service referenced under Subsection (2)} for which the city levies the tax.~~

~~(43)~~ A property tax levied under this section is subject to the maximum rate a city may levy for property taxes under Section 10-6-133.

- ~~(54) (a) A city that collects a property tax under this section shall:~~
- ~~(i) create a special revenue fund to hold the revenues collected under this section; and~~
  - ~~(ii) deposit revenues collected from that tax into the special revenue fund described in Subsection (54)(a)(i).~~

~~(b) A city may only expend revenues from a special revenue fund described in Subsection (54)(a) for a purpose that is solely related to the provision of the service described in Subsection (32)(b) for which the city created the special revenue fund.~~

~~(65)~~ Except as provided in Subsections (32) and (54), a city that levies a property tax under this section shall:

- ~~(a) levy and collect the tax in accordance with Title 59, Chapter 2, Property Tax Act;~~
- ~~(b) account for revenues derived from the tax in accordance with this chapter; and~~
- ~~(c) levy and collect and account for revenues derived from the tax in the same general manner as for the city's other property taxes.~~

Section 5. Section **10-6-133.5** is enacted to read:

**10-6-133.5. Property tax levy for culinary water, wastewater treatment, hospitals, recreational facilities, and libraries.**

(1) A city may levy a property tax for a purpose described in this section in accordance with this section.

(2) (a) A city that is not in an improvement district created to establish and maintain a wastewater collection, treatment, or disposal system or a system for the supply, treatment, or

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distribution of water under Title 17B, Chapter 2a, Part 4, Improvement District Act, may levy a tax annually not to exceed .0008 per dollar of taxable value of taxable property in the city.

(b) The city shall place revenue raised by the levy described in Subsection (2)(a) in a special fund and may only use the revenue to:

(i) finance the construction of facilities to purify the city's drinking water; or

(ii) construct facilities to treat and dispose of the city's wastewater.

(c) The city may accumulate from year to year and reserve in the special fund described in Subsection (2)(b) the revenue collected through the levy described in Subsection (1).

(d) The city shall make and collect the levy described in this Subsection (2) in the same manner as the city levies and collects other property taxes.

(3) A city of the third, fourth, or fifth class may levy a tax not exceeding .001 per dollar of taxable value of taxable property to own or operate a hospital under Section 10-8-90.

(4) The governing body of a city may, under Section 11-2-7, annually appropriate and cause to be raised by taxation, money to cover an expense described in Section 11-2-7 for the provision of recreational facilities or other services described in Title 11, Chapter 2, Playgrounds.

(5) (a) A city that establishes or maintains a public library under Title 9, Chapter 7, Part 4, City Libraries, may levy annually a tax not to exceed .001 of taxable value of taxable property in the city.

(b) If bonds are issued for a library described in Subsection (5)(a) to purchase a site, or construct or furnish a building, the city may levy taxes sufficient for the payment of the bonds and any interest on the bonds.

(c) The city shall, for the taxes described in Subsection (5)(a) or (b):

(i) levy and collect the taxes in the same manner as other general taxes of the city; and

(ii) deposit revenues from the tax into a city library fund.

(d) The city library fund described in Subsection (5)(c) shall receive a portion of:

(i) the statewide uniform fee described in Section 59-2-405, in accordance with the procedures established in Section 59-2-405;

(ii) the statewide uniform fee described in Section 59-2-405.1, in accordance with the procedures established in Section 59-2-405.1;

(iii) the uniform statewide fee described in Section 59-2-405.2, in accordance with the

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procedures established in Section 59-2-405.2;

(iv) the uniform statewide fee described in Section 59-2-405.3, in accordance with the procedures established in Section 59-2-405.3; and

(v) the uniform fee described in Section 72-10-110.5, in accordance with the procedures established in Section 72-10-110.5.

Section 6. **Repealer.**

This bill repeals:

Section **9-7-401, Tax for establishment and maintenance of public library -- City library fund.**

Section **10-7-14.2, Special tax -- Grant of power to levy.**

Section **10-8-91, Levy of tax by cities of the third, fourth, and fifth class and towns.**