

**Representative John Knotwell** proposes the following substitute bill:

**LOCAL TAX AMENDMENTS**

2019 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: John Knotwell**

Senate Sponsor: Lincoln Fillmore

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**LONG TITLE**

**General Description:**

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

**Highlighted Provisions:**

This bill:

- ▶ consolidates several provisions that give certain municipalities authority to levy certain property taxes;
- ▶ establishes provisions for a municipality or a county that levies a property tax to account separately for the revenues derived from that property tax; and
- ▶ 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:



- 26 [10-5-112.4](#), Utah Code Annotated 1953
- 27 [10-5-112.5](#), Utah Code Annotated 1953
- 28 [10-6-133.4](#), Utah Code Annotated 1953
- 29 [10-6-133.5](#), Utah Code Annotated 1953
- 30 [17-36-31.5](#), Utah Code Annotated 1953

31 REPEALS:

- 32 [9-7-401](#), as last amended by Laws of Utah 2018, Chapter 436
- 33 [10-7-14.2](#), as last amended by Laws of Utah 2007, Chapter 329
- 34 [10-8-91](#), as last amended by Laws of Utah 2003, Chapter 292



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

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

38 **9-7-402. Establishment and maintenance of public library -- Library board of**  
39 **directors -- Expenses.**

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

41 ~~[(1)]~~ (2) When the city governing body decides to establish and maintain a city public  
42 library under the provisions of this part, it shall appoint a library board of directors of not less  
43 than five members and not more than nine members, chosen from the citizens of the city and  
44 based upon their fitness for the office.

45 ~~[(2)]~~ (3) Only one member of the city governing body may be, at any one time, a  
46 member of the board.

47 ~~[(3)]~~ (4) Each director shall serve without compensation, but their actual and necessary  
48 expenses incurred in the performance of their official duties may be paid from library funds.

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

50 **10-5-112.4. Property taxes levied for specified services -- Special revenue fund --**  
51 **Limitations on expenditures.**

52 (1) A town may account separately for the revenues derived from a property tax, that is  
53 lawfully levied for a specific purpose, in accordance with this section.

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

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

57 (b) the specific service for which the town levies the tax.

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

60 (4) (a) A town that collects a property tax under this section shall:

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

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

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

67 (5) Except as provided in Subsections (2) and (4), a town that levies a property tax  
68 under this section shall:

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

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

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

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

74 **10-5-112.5. Property tax levy for culinary water, wastewater treatment, hospitals,**  
75 **and recreational facilities.**

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

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

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

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

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

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

88 Subsection (1).

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

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

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

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

98 **10-6-133.4. Property taxes levied for specified services -- Special revenue fund --**  
99 **Limitations on use -- Collection, accounting, and expenditures.**

100 (1) A city may account separately for the revenues derived from a property tax, that is  
101 lawfully levied for a specific purpose, in accordance with this section.

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

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

105 (b) the specific service for which the city levies the tax.

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

108 (4) (a) A city that collects a property tax under this section shall:

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

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

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

115 (5) Except as provided in Subsections (2) and (4), a city that levies a property tax under  
116 this section shall:

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

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

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

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

122 **10-6-133.5. Property tax levy for culinary water, wastewater treatment, hospitals,**  
123 **recreational facilities, and libraries.**

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

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

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

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

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

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

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

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

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

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

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

- 150 (c) The city shall, for the taxes described in Subsection (5)(a) or (b):
- 151 (i) levy and collect the taxes in the same manner as other general taxes of the city; and
- 152 (ii) deposit revenues from the tax into a city library fund.
- 153 (d) The city library fund described in Subsection (5)(c) shall receive a portion of:
- 154 (i) the statewide uniform fee described in Section 59-2-405, in accordance with the
- 155 procedures established in Section 59-2-405;
- 156 (ii) the statewide uniform fee described in Section 59-2-405.1, in accordance with the
- 157 procedures established in Section 59-2-405.1;
- 158 (iii) the uniform statewide fee described in Section 59-2-405.2, in accordance with the
- 159 procedures established in Section 59-2-405.2;
- 160 (iv) the uniform statewide fee described in Section 59-2-405.3, in accordance with the
- 161 procedures established in Section 59-2-405.3; and
- 162 (v) the uniform fee described in Section 72-10-110.5, in accordance with the
- 163 procedures established in Section 72-10-110.5.

164 Section 6. Section 17-36-31.5 is enacted to read:

165 **17-36-31.5. Property taxes levied for specified services -- Special revenue fund --**  
166 **Limitations on use -- Collection, accounting, and expenditures.**

- 167 (1) A county may account separately for the revenues derived from a property tax, that
- 168 is lawfully levied for a specific purpose, in accordance with this section.
- 169 (2) To levy a property tax under this section, the legislative body of the county that
- 170 levies the property tax shall indicate through ordinance:
- 171 (a) that the county levies the tax under this section; and
- 172 (b) the specific service for which the county levies the tax.
- 173 (3) A property tax levied under this section is subject to the maximum rate a county
- 174 may levy for property taxes under Section 59-2-908.
- 175 (4) (a) A county that collects a property tax under this section shall:
- 176 (i) create a special revenue fund to hold the revenues collected under this section; and
- 177 (ii) deposit revenues collected from that tax into the special revenue fund described in
- 178 Subsection (4)(a)(i).
- 179 (b) A county may only expend revenues from a special revenue fund described in
- 180 Subsection (4)(a) for a purpose that is solely related to the provision of the service described in

181 Subsection (2)(b) for which the county created the special revenue fund.

182 (5) Except as provided in Subsections (2) and (4), a county that levies a property tax  
183 under this section shall:

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

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

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

188 Section 7. **Repealer.**

189 This bill repeals:

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

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

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