

**AUTOMATIC LOCAL DISTRICT WITHDRAWAL
AMENDMENTS**

2019 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Lincoln Fillmore

House Sponsor: Robert M. Spendlove

LONG TITLE

General Description:

This bill addresses the automatic withdrawal of an area from a local district in the case of certain annexations.

Highlighted Provisions:

This bill:

- ▶ provides for the automatic withdrawal of an area from a local district in the case of certain annexations; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

17B-1-503, as last amended by Laws of Utah 2014, Chapter 156

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

Section 1. Section **17B-1-503** is amended to read:

17B-1-503. Withdrawal or boundary adjustment with municipal approval.

(1) A municipality and a local district whose boundaries adjoin or overlap may adjust

29 the boundary of the local district to include more or less of the municipality, including the
30 expansion area identified in the annexation policy plan adopted by the municipality under
31 Section 10-2-401.5, in the local district by following the same procedural requirements as set
32 forth in Section 17B-1-417 for boundary adjustments between adjoining local districts.

33 (2) (a) Notwithstanding any other provision of this title, a municipality annexing all or
34 part of an unincorporated island or peninsula under Title 10, Chapter 2, Classification,
35 Boundaries, Consolidation, and Dissolution of Municipalities, that overlaps a municipal
36 services district organized under Chapter 2a, Part 11, Municipal Services District Act, may
37 petition to withdraw the area from the municipal services district in accordance with this
38 Subsection (2).

39 (b) For a valid withdrawal described in Subsection (2)(a):

40 (i) the annexation petition under Section 10-2-403 or a separate consent, signed by
41 owners of at least 60% of the total private land area, shall state that the signers request the area
42 to be withdrawn from the municipal services district; and

43 (ii) the legislative body of the municipality shall adopt a resolution, which may be the
44 resolution adopted in accordance with Subsection 10-2-418(5)(a), stating the municipal
45 legislative body's intent to withdraw the area from the municipal services district.

46 (c) The board of trustees of the municipal services district shall consider the
47 municipality's petition to withdraw the area from the municipal services district within 90 days
48 after the day on which the municipal services district receives the petition.

49 (d) The board of trustees of the municipal services district:

50 (i) may hold a public hearing in accordance with the notice and public hearing
51 provisions of Section 17B-1-508;

52 (ii) shall consider information that includes any factual data presented by the
53 municipality and any owner of private real property who signed a petition or other form of
54 consent described in Subsection (2)(b)(i); and

55 (iii) identify in writing the information upon which the board of trustees relies in

56 approving or rejecting the withdrawal.

57 (e) The board of trustees of the municipal services district shall approve the
58 withdrawal, effective upon the annexation of the area into the municipality or, if the
59 municipality has already annexed the area, as soon as possible in the reasonable course of
60 events, if the board of trustees makes a finding that:

61 (i) (A) the loss of revenue to the municipal services district due to a withdrawal of the
62 area will be offset by savings associated with no longer providing municipal-type services to
63 the area; or

64 (B) if the loss of revenue will not be offset by savings resulting from no longer
65 providing municipal-type services to the area, the municipality agreeing to terms and
66 conditions, which may include terms and conditions described in Subsection [17B-1-510\(5\)](#), can
67 mitigate or eliminate the loss of revenue;

68 (ii) the annexation petition under Section [10-2-403](#), or a separate petition meeting the
69 same signature requirements, states that the signers request the area to be withdrawn from the
70 municipal services district; or

71 (iii) the following have consented in writing to the withdrawal:

72 (A) owners of more than 60% of the total private land area; or

73 (B) owners of private land equal in assessed value to more than 60% of the assessed
74 value of all private real property within the area proposed for withdrawal have consented in
75 writing to the withdrawal.

76 (f) If the board of trustees of the municipal services district does not make any of the
77 findings described in Subsection (2)(e), the board of trustees may approve or reject the
78 withdrawal based upon information upon which the board of trustees relies and that the board
79 of trustees identifies in writing.

80 (g) (i) If a municipality annexes an island or a part of an island before May 14, 2019,
81 the legislative body of the municipality may initiate the withdrawal of the area from the
82 municipal services district by adopting a resolution that:

83 (A) requests that the area be withdrawn from the municipal services district; and

84 (B) a final local entity plat accompanies, identifying the area proposed to be withdrawn
85 from the municipal services district.

86 (ii) (A) Upon receipt of the resolution and except as provided in Subsection
87 (2)(g)(ii)(B), the board of trustees of the municipal services district shall approve the
88 withdrawal.

89 (B) The board of trustees of the municipal services district may reject the withdrawal if
90 the rejection is based upon a good faith finding that lost revenues due to the withdrawal will
91 exceed expected cost savings resulting from no longer serving the area.

92 (h) (i) Based upon a finding described in Subsection (e) or (f):

93 (A) the board of trustees of the municipal services district shall adopt a resolution
94 approving the withdrawal; and

95 (B) the chair of the board shall sign a notice of impending boundary action, as defined
96 in Section 67-1a-6.5, that meets the requirements of Subsection 67-1a-6.5(3).

97 (ii) The annexing municipality shall deliver the following to the lieutenant governor:

98 (A) the resolution and notice of impending boundary action described in Subsection
99 (2)(g)(i);

100 (B) a copy of an approved final local entity plat as defined in Section 67-1a-6.5; and

101 (C) any other documentation required by law.

102 (i) (i) Once the lieutenant governor has issued an applicable certificate as defined in
103 Section 67-1a-6.5, the municipality shall deliver the certificate, the resolution and notice of
104 impending boundary action described in Subsection (2)(h)(i), the final local entity plat as
105 defined in Section 67-1a-6.5, and any other document required by law, to the recorder of the
106 county in which the area is located.

107 (ii) After the municipality makes the delivery described in Subsection (2)(i)(i), the
108 area, for all purposes, is no longer part of the municipal services district.

109 (j) The annexing municipality and the municipal services district may enter into an

110 interlocal agreement under Title 11, Chapter 13, Interlocal Cooperation Act, stating:
111 (i) the municipality's and the district's duties and responsibilities in conducting a
112 withdrawal under this Subsection (2); and
113 (ii) any other matter respecting an unincorporated island that the municipality
114 surrounds on all sides.
115 [~~2~~] (3) After a boundary adjustment under Subsection (1) or a withdrawal under
116 Subsection (2) is complete:
117 (a) the local district shall, without interruption, provide the same service to any area
118 added to the local district as provided to other areas within the local district; and
119 (b) the municipality shall, without interruption, provide the same service that the local
120 district previously provided to any area withdrawn from the local district.
121 [~~3~~] (4) No area within a municipality may be added to the area of a local district
122 under this section if the area is part of a local district that provides the same wholesale or retail
123 service as the first local district.