

**Senator Lincoln Fillmore** proposes the following substitute bill:

**AUTOMATIC LOCAL DISTRICT WITHDRAWAL**

**AMENDMENTS**

2019 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Lincoln Fillmore**

House Sponsor: Robert M. Spendlove

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**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

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



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

27 **17B-1-503. Withdrawal or boundary adjustment with municipal approval.**

28 (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 Title 17B, Chapter 2a, Part 11, Municipal Services District  
37 Act, may petition to withdraw the area from the municipal services district in accordance with  
38 this 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42 to be withdrawn from the municipal services district; and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 area  
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.