

**Representative Brady Brammer** proposes the following substitute bill:

**LOCAL GOVERNMENT BONDS AMENDMENTS**

2024 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Lincoln Fillmore**

House Sponsor: Brady Brammer

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**LONG TITLE**

**General Description:**

This bill modifies provisions relating to local government bonds.

**Highlighted Provisions:**

This bill:

- ▶ prohibits a local political subdivision from issuing a lease revenue bond if a specified threshold is exceeded, with an exception; and
- ▶ requires a local government entity intending to issue certain lease revenue bonds to comply with specified notice and public hearing requirements before issuing the lease revenue bond.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

AMENDS:

**11-14-103**, as last amended by Laws of Utah 2016, Chapter 386

**17D-2-501**, as enacted by Laws of Utah 2008, Chapter 360



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

27 Section 1. Section **11-14-103** is amended to read:

28 **11-14-103. Bond issues authorized -- Purposes -- Use of bond proceeds.**

29 (1) Any local political subdivision may, in the manner and subject to the limitations  
30 and restrictions contained in this chapter, issue its negotiable bonds for the purpose of paying  
31 all or part of the cost of:

32 (a) acquiring, improving, or extending any one or more improvements, facilities, or  
33 property that the local political subdivision is authorized by law to acquire, improve, or extend;

34 (b) acquiring, or acquiring an interest in, any one or more or any combination of the  
35 following types of improvements, facilities, or property to be owned by the local political  
36 subdivision, either alone or jointly with one or more other local political subdivisions, or for  
37 the improvement or extension of any of those wholly or jointly owned improvements, facilities,  
38 or properties:

39 (i) public buildings of every nature, including without limitation, offices, courthouses,  
40 jails, fire, police and sheriff's stations, detention homes, and any other buildings to  
41 accommodate or house lawful activities of a local political subdivision;

42 (ii) waterworks, irrigation systems, water systems, dams, reservoirs, water treatment  
43 plants, and any other improvements, facilities, or property used in connection with the  
44 acquisition, storage, transportation, and supplying of water for domestic, industrial, irrigation,  
45 recreational, and other purposes and preventing pollution of water;

46 (iii) sewer systems, sewage treatment plants, incinerators, and other improvements,  
47 facilities, or property used in connection with the collection, treatment, and disposal of sewage,  
48 garbage, or other refuse;

49 (iv) drainage and flood control systems, storm sewers, and any other improvements,  
50 facilities, or property used in connection with the collection, transportation, or disposal of  
51 water;

52 (v) recreational facilities of every kind, including without limitation, athletic and play  
53 facilities, playgrounds, athletic fields, gymnasiums, public baths, swimming pools, camps,  
54 parks, picnic grounds, fairgrounds, golf courses, zoos, boating facilities, tennis courts,  
55 auditoriums, stadiums, arenas, and theaters;

56 (vi) convention centers, sports arenas, auditoriums, theaters, and other facilities for the

57 holding of public assemblies, conventions, and other meetings;  
58 (vii) roads, bridges, viaducts, tunnels, sidewalks, curbs, gutters, and parking buildings,  
59 lots, and facilities;  
60 (viii) airports, landing fields, landing strips, and air navigation facilities;  
61 (ix) educational facilities, including without limitation, schools, gymnasiums,  
62 auditoriums, theaters, museums, art galleries, libraries, stadiums, arenas, and fairgrounds;  
63 (x) hospitals, convalescent homes, and homes for the aged or indigent; and  
64 (xi) electric light works, electric generating systems, and any other improvements,  
65 facilities, or property used in connection with the generation and acquisition of electricity for  
66 these local political subdivisions and transmission facilities and substations if they do not  
67 duplicate transmission facilities and substations of other entities operating in the state prepared  
68 to provide the proposed service unless these transmission facilities and substations proposed to  
69 be constructed will be more economical to these local political subdivisions;  
70 (c) new construction, renovation, or improvement to a state highway within the  
71 boundaries of the local political subdivision or an environmental study for a state highway  
72 within the boundaries of the local political subdivision; or  
73 (d) except as provided in Subsection (5), the portion of any claim, settlement, or  
74 judgment that exceeds \$3,000,000.  
75 (2) Except as provided in Subsection (1)(c), any improvement, facility, or property  
76 under Subsection (1) need not lie within the limits of the local political subdivision.  
77 (3) A cost under Subsection (1) may include:  
78 (a) the cost of equipment and furnishings for such improvements, facilities, or  
79 property;  
80 (b) all costs incident to the authorization and issuance of bonds, including engineering,  
81 legal, and fiscal advisers' fees;  
82 (c) costs incident to the issuance of bond anticipation notes, including interest to accrue  
83 on bond anticipation notes;  
84 (d) interest estimated to accrue on the bonds during the period to be covered by the  
85 construction of the improvement, facility, or property and for 12 months after that period; and  
86 (e) other amounts which the governing body finds necessary to establish bond reserve  
87 funds and to provide working capital related to the improvement, facility, or property.

88 (4) (a) Except as provided in Subsection (4)(b), the proceeds from bonds issued on or  
89 after May 14, 2013, may not be used:

90 (i) for operation and maintenance expenses for more than one year after the date any of  
91 the proceeds are first used for those expenses; or

92 (ii) for capitalization of interest more than five years after the bonds are issued.

93 (b) The restrictions on the use of bond proceeds under Subsection (4)(a) do not apply  
94 to bonds issued to pay all or part of the costs of a claim, settlement, or judgment under  
95 Subsection (1)(d).

96 (5) Beginning on or after July 1, 2021, a local political subdivision may not issue its  
97 negotiable bonds for a purpose described in Subsection (1)(d).

98 (6) (a) As used in this Subsection (6):

99 (i) "Applicable lease revenue bond" means a lease revenue bond in an amount that  
100 exceeds \$10,000,000.

101 (ii) "Combined total" means the total of all lease revenue bonds issued by a local  
102 political subdivision within any consecutive three-year period.

103 (b) (i) A local political subdivision may not issue a lease revenue bond if the issuance  
104 of the bond will cause the combined total to exceed \$200,000,000.

105 (ii) The amount of a lease revenue bond to pay for the construction, reconstruction, or  
106 remodeling of a correctional facility, as defined in Section 77-17b-102, does not count toward  
107 the combined total.

108 (c) Before issuing an applicable lease revenue bond on or after May 1, 2024, a local  
109 political subdivision shall:

110 (i) make a statement at a meeting of the local political subdivision, as provided in  
111 Subsection (6)(d);

112 (ii) as provided in Subsection (6)(e), publish notice of the proposed issuance of a lease  
113 revenue bond and of the public hearing under Subsection (6)(f); and

114 (iii) hold a public hearing, as provided in Subsection (6)(f).

115 (d) (i) At a regular meeting of the local political subdivision that is held at least 14 days  
116 before a public hearing under Subsection (6)(f), the governing body of a local political  
117 subdivision intending to issue an applicable lease revenue bond shall make a statement  
118 indicating:

- 119           (A) the intent to issue a lease revenue bond; and
- 120           (B) the purpose and estimated amount of the lease revenue bond.
- 121           (ii) The local political subdivision's agenda under Section [52-4-202](#) for a meeting  
122 described in Subsection (6)(d)(i) shall include a separate item for the statement required under  
123 Subsection (6)(d)(i).
- 124           (e) (i) A local political subdivision intending to issue an applicable lease revenue bond  
125 shall provide notice of the intent to issue a lease revenue bond and of the public hearing  
126 required under Subsection (6)(f).
- 127           (ii) The notice required under Subsection (6)(e)(i) shall be published:  
128           (A) subject to Section [45-1-101](#), in a newspaper or combination of newspapers of  
129 general circulation in the local political subdivision;  
130           (B) electronically in accordance with Section [45-1-101](#); and  
131           (C) for the local political subdivision, as a class A notice under Section [63G-30-102](#),  
132 for at least 14 days immediately before the public hearing under Subsection (6)(d).
- 133           (iii) If the local political subdivision intending to issue an applicable lease revenue  
134 bond is a school district, the notice required by Subsection (6)(e)(i) shall include a statement  
135 that contains substantially the following language: "This proposed lease revenue bond commits  
136 money from future property tax and income tax revenue allocated to the school district.  
137 Additionally, a lease revenue bond generally has a higher interest cost than a voter-approved  
138 general obligation bond."
- 139           (iv) The notice described in Subsection (6)(e)(ii)(A):  
140           (A) shall be no less than 1/4 page in size, use type no smaller than 18 point, and be  
141 surrounded by a 1/4-inch border;  
142           (B) shall be run once each week for the two weeks before a local political subdivision  
143 conducts a public hearing under Subsection (6)(f); and
- 144           (C) may not be placed in the portion of a newspaper where legal notices and classified  
145 advertisements appear.
- 146           (v) A notice required under Subsection (6)(e)(i) shall:  
147           (A) contain a clear statement indicating that the local political subdivision intends to  
148 issue a lease revenue bond;  
149           (B) explain the purpose, proposed amount, and length of term of the lease revenue

150 bond and the annual amount that the local political subdivision will be required to pay in  
151 principal and interest on the lease revenue bond;

152 (C) identify the intended lessee of the facility to be constructed using proceeds from  
153 the lease revenue bond and the expected annual amount of lease payments that the lessee will  
154 pay;

155 (D) provide the date, time, place, and purpose of the public hearing under Subsection  
156 (6)(f); and

157 (E) provide the date, time, and place of the local political subdivision governing body  
158 meeting at which the governing body anticipates taking action on the proposal to issue a lease  
159 revenue bond.

160 (f) (i) A local political subdivision intending to issue an applicable lease revenue bond  
161 shall hold a public hearing on the proposed lease revenue bond.

162 (ii) A public hearing under this Subsection (6)(f):

163 (A) shall be held beginning at or after 6:00 p.m.;

164 (B) shall be held separate from any other public hearing; and

165 (C) may be held the same day as another public hearing, including immediately before  
166 or after the other public hearing.

167 (iii) At a public hearing under this Subsection (6)(f), the governing body of the local  
168 political subdivision shall provide a member of the public desiring to be heard an opportunity  
169 to present testimony on the proposed issuance of a lease revenue bond:

170 (A) within reasonable time limits; and

171 (B) without unreasonable restriction on the number of individuals allowed to make  
172 public comment.

173 Section 2. Section **17D-2-501** is amended to read:

174 **17D-2-501. Provisions applicable to issuance of local building authority bonds.**

175 (1) Except as otherwise provided in this chapter:

176 ~~[(1)]~~ (a) each local building authority that issues bonds shall:

177 ~~[(a)]~~ (i) issue them as provided in Title 11, Chapter 14, Local Government Bonding  
178 Act, except Section [11-14-306](#); and

179 ~~[(b)]~~ (ii) receive the benefits of Title 11, Chapter 30, Utah Bond Validation Act;

180 ~~[(2)]~~ (b) bonds issued by a local building authority are governed by and subject to Title

181 11, Chapter 14, Local Government Bonding Act, except Sections 11-14-306 and 11-14-403;  
182 and

183 ~~[(3)]~~ (c) each local building authority that issues refunding bonds shall issue them as  
184 provided in Title 11, Chapter 27, Utah Refunding Bond Act.

185 (2) A local building authority that issues a lease revenue bond on or after May 1, 2024  
186 shall comply with the same requirements and is subject to the same limitations under  
187 Subsection 11-14-103(6) that apply to the issuance of a lease revenue bond by a local political  
188 subdivision, as defined in Section 11-14-102.

189 Section 3. **Effective date.**

190 This bill takes effect on May 1, 2024.