

SPECIAL SERVICE DISTRICT AMENDMENTS

2010 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: David P. Hinkins

House Sponsor: Kay L. McIff

LONG TITLE

General Description:

This bill modifies a provision relating to the withdrawal of an area from a special service district.

Highlighted Provisions:

This bill:

- ▶ provides exceptions to a prohibition against withdrawing an area from a special service district that applies when there are outstanding and unpaid bonds, notes, or other obligations; and
- ▶ provides an exception to a prohibition against withdrawing an area from a special service district that applies when the special service district is under a contractual obligation to provide services.

Monies Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

17D-1-602, as enacted by Laws of Utah 2008, Chapter 360

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

Section 1. Section **17D-1-602** is amended to read:

17D-1-602. Limitations on adoption of withdrawal, dissolution, or

30 **discontinuance resolution.**

31 (1) (a) A resolution under Subsection 17D-1-601(1) or (2) to approve the withdrawal
32 of an area from a special service district or the dissolution of a special service district may not
33 be adopted if:

34 [~~(a)~~] (i) any bond, note, or other obligation of the special service district is outstanding
35 and unpaid; or

36 [~~(b)~~] (ii) any contractual obligation to provide service exists.

37 (b) Notwithstanding Subsection (1)(a)(i), a resolution approving the withdrawal of an
38 area from a special service district may be adopted if:

39 (i) each holder of or obligee under each outstanding and unpaid bond, note, or other
40 obligation consents to the withdrawal;

41 (ii) the bond, note, or other obligation is payable from and secured by solely:

42 (A) federal mineral lease payments appropriated to the special service district; or

43 (B) other special service district revenue, the amount of which is not subject to
44 reduction as a result of the withdrawal;

45 (iii) adequate provision is made for payment of the bond, note, or other obligation in
46 accordance with the terms of the bond, note, or other obligation, respectively; or

47 (iv) (A) the area proposed to be withdrawn has been annexed by a municipality that
48 receives from another special service district the service provided by the special service district
49 from which the area is proposed to be withdrawn;

50 (B) the other special service district adopts a resolution proposing to annex the area;

51 (C) the municipality adopts a resolution consenting to the area being included within
52 the proposed annexing special service district;

53 (D) the proposed annexing special service district and the special service district from
54 which the area is proposed to be withdrawn make adequate arrangements for the proposed
55 annexing special service district to provide the service to the area; and

56 (E) for a special service district from which the area to be withdrawn has any bond,
57 note, or other obligation outstanding that is secured by revenue derived from taxes, rates, fees,

58 or other charges paid by the owners of property within the area proposed to be withdrawn:

59 (I) the proposed annexing special service district agrees to provide for the payment of
60 a proportional share of the amounts payable with respect to the bond, note, or other obligation,
61 on terms that are mutually agreeable to the proposed annexing special service district and the
62 special service district from which the area is to be withdrawn; and

63 (II) the withdrawal of the area and the payment arrangement under Subsection
64 (1)(b)(iv)(E)(I) do not violate any covenant of any agreement or instrument with respect to the
65 bond, note, or other obligation.

66 (c) Notwithstanding Subsection (1)(a)(ii), a resolution to withdraw an area from a
67 special service district may be adopted if all parties to the contract consent to the withdrawal.

68 (2) (a) A resolution under Subsection 17D-1-601(3) to discontinue a service may not
69 be adopted if the special service district:

70 (i) has an outstanding bond payable in whole or in part from fees and charges imposed
71 for the service to be discontinued; or

72 (ii) is under contractual obligation to provide the service.

73 (b) Notwithstanding Subsection (2)(a)(i), a resolution to discontinue a service may be
74 adopted if:

75 (i) the bond is paid;

76 (ii) adequate provision is made for payment of the bond; or

77 (iii) the holder of the bond agrees to the discontinuance, if allowed under the bond.

78 (c) Notwithstanding Subsection (2)(a)(ii), a resolution to discontinue a service may be
79 adopted if all parties to the contract consent to the discontinuance.