

1 **LOCAL GOVERNMENT MODIFICATIONS**

2 2016 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Deidre M. Henderson**

5 House Sponsor: R. Curt Webb

7 **LONG TITLE**

8 **General Description:**

9 This bill modifies provisions relating to local governments.

10 **Highlighted Provisions:**

11 This bill:

- 12 ▶ removes the requirement for the Office of the State Auditor to provide certain
- 13 budget forms;
- 14 ▶ requires a town, city, county, interlocal entity, or local district to appropriate a
- 15 percentage of fund revenue toward deficit fund balances;
- 16 ▶ requires a town to prepare certain financial reports;
- 17 ▶ clarifies the due date for budget adoption for a city undergoing truth in taxation;
- 18 ▶ removes obsolete language related to city auditor bookkeeping duties;
- 19 ▶ repeals the requirement for an independent audit of a county's transient room tax
- 20 and tourism, recreation, cultural, convention, and airport facilities tax;
- 21 ▶ modifies the contents of a property tax notice;
- 22 ▶ provides that a taxpayer who pays less than the full amount of the items listed on the
- 23 taxpayer's property tax notice may direct how the county treasurer allocates the
- 24 partial payment between the amounts due; and
- 25 ▶ makes technical and conforming changes.

26 **Money Appropriated in this Bill:**

27 None

28 **Other Special Clauses:**

29 This bill provides retrospective operation.

30 **Utah Code Sections Affected:**

31 AMENDS:

- 32 **10-5-107**, as last amended by Laws of Utah 2014, Chapter 377
- 33 **10-5-114**, as last amended by Laws of Utah 2010, Chapter 378
- 34 **10-5-129**, as last amended by Laws of Utah 2009, Chapter 323
- 35 **10-6-111**, as last amended by Laws of Utah 2015, Chapter 352
- 36 **10-6-117**, as last amended by Laws of Utah 2014, Chapter 176
- 37 **10-6-135**, as last amended by Laws of Utah 2014, Chapter 377
- 38 **10-6-139**, as last amended by Laws of Utah 2003, Chapter 292
- 39 **11-13-513**, as enacted by Laws of Utah 2015, Chapter 265
- 40 **11-42-401**, as last amended by Laws of Utah 2015, Chapters 349 and 396
- 41 **17-31-5.5**, as last amended by Laws of Utah 2008, Chapter 286
- 42 **17B-1-613**, as renumbered and amended by Laws of Utah 2007, Chapter 329
- 43 **17B-1-902**, as last amended by Laws of Utah 2015, Chapter 349
- 44 **59-2-1317**, as last amended by Laws of Utah 2015, Chapter 349

45

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

47 Section 1. Section **10-5-107** is amended to read:

48 **10-5-107. Tentative budgets required for public inspection -- Contents --**

49 **Adoption of tentative budget.**

50 (1) (a) On or before the first regularly scheduled town council meeting of May, the
51 mayor shall:

52 (i) in accordance with Subsection (1)(b), prepare for the ensuing year~~[, on forms~~
53 ~~provided by the state auditor,]~~ a tentative budget for each fund for which a budget is required;

54 (ii) make the tentative budget available for public inspection; and

55 (iii) submit the tentative budget to the town council.

56 (b) The tentative budget ~~[of]~~ for each fund shall set forth in tabular form:

57 (i) actual revenues and expenditures in the last completed fiscal year;

- 58 (ii) estimated total revenues and expenditures for the current fiscal year; and
- 59 (iii) the mayor's estimates of revenues and expenditures for the budget year.
- 60 (2) (a) The mayor shall:
- 61 (i) estimate the amount of revenue available to serve the needs of each fund;
- 62 (ii) estimate the portion to be derived from all sources other than general property
- 63 taxes; and
- 64 (iii) estimate the portion that shall be derived from general property taxes.
- 65 (b) From the estimates required by Subsection (2)(a), the mayor shall compute and
- 66 disclose in the budget the lowest rate of property tax levy that will raise the required amount of
- 67 revenue, calculating the levy on the latest taxable value.
- 68 (3) A governing body may spend or transfer money deposited in an enterprise fund for
- 69 a good, service, project, venture, or other purpose that is not directly related to the goods or
- 70 services provided by the enterprise for which the enterprise fund was created, if the governing
- 71 body:
- 72 (a) transfers the money from the enterprise fund to another fund; and
- 73 (b) complies with the hearing and notice requirements of Subsections (5)(a), (b), and
- 74 (c).
- 75 (4) (a) Before the public hearing required under Section 10-5-108, the town council:
- 76 (i) shall review, consider, and tentatively adopt the tentative budget in any regular
- 77 meeting or special meeting called for that purpose; and
- 78 (ii) may amend or revise the tentative budget.
- 79 (b) At the meeting at which the town council adopts the tentative budget, the council
- 80 shall establish the time and place of the public hearing required under Section 10-5-108.
- 81 (5) (a) Except as provided in Subsection (5)(d), if a town council includes in a tentative
- 82 budget, or an amendment to a budget, allocations or transfers from an enterprise fund to
- 83 another fund for a good, service, project, venture, or purpose other than reasonable allocations
- 84 of costs between the enterprise fund and the other fund, the governing body shall:
- 85 (i) hold a public hearing;

86 (ii) prepare a written notice of the date, time, place, and purpose of the hearing as
87 described in Subsection (5)(b); and

88 (iii) subject to Subsection (5)(c), mail the notice to each enterprise fund customer at
89 least seven days before the day of the hearing.

90 (b) The purpose portion of the written notice shall identify:

91 (i) the enterprise fund from which money is being allocated or transferred;

92 (ii) the amount being allocated or transferred; and

93 (iii) the fund to which the money is being allocated or transferred.

94 (c) The town council:

95 (i) may print the written notice required under Subsection (5)(a)(ii) on the enterprise
96 fund customer's bill; and

97 (ii) shall include the written notice required under Subsection (5)(a)(ii) as separate
98 notification mailed or transmitted with the enterprise fund customer's bill.

99 (d) A governing body is not required to repeat the notice and hearing requirements in
100 this Subsection (5) if the funds to be allocated or transferred for the current year were
101 previously approved by the governing body during the current year and at a public hearing that
102 complies with the notice and hearing requirements of this Subsection (5).

103 Section 2. Section **10-5-114** is amended to read:

104 **10-5-114. Appropriations limited to estimated revenue.**

105 (1) The council may not make any appropriation in the final budget of any fund in
106 excess of the estimated expendable revenue for the budget year of such fund.

107 (2) If there is a deficit fund balance in a fund at the close of the last completed fiscal
108 year, the council shall include an item of appropriation for the deficit in the current budget of
109 the fund equal to:

110 (a) at least 5% of the total revenue of the fund in the last completed fiscal year; or

111 (b) if the deficit is equal to less than 5% of the total revenue of the fund in the last
112 completed fiscal year, the entire amount of the deficit.

113 Section 3. Section **10-5-129** is amended to read:

114 **10-5-129. Annual financial report.**

115 (1) ~~[Within]~~ The town clerk or other designated person shall prepare and present to the
116 council:

117 (a) (i) a quarterly financial report; or

118 (ii) upon request by the council, a financial report more frequently than each quarter;

119 and

120 (b) an annual financial report within 180 days after the close of each fiscal year [the
121 town clerk or other delegated person shall present to the council an annual financial report].

122 (2) The requirement ~~[under]~~ described in Subsection (1)(b) ~~[to present an annual~~
123 ~~financial report]~~ may be satisfied by an audit report or annual financial report of an independent
124 auditor.

125 Section 4. Section **10-6-111** is amended to read:

126 **10-6-111. Tentative budget to be prepared -- Contents -- Estimate of expenditures**
127 **-- Budget message -- Review by governing body.**

128 (1) (a) On or before the first regularly scheduled meeting of the governing body in the
129 last May of the current period, the budget officer shall, in accordance with Subsection (1)(b),
130 prepare for the ensuing fiscal period, [on forms provided by the state auditor,] and file with the
131 governing body, a tentative budget for each fund for which a budget is required.

132 (b) The tentative budget of each fund shall set forth in tabular form:

133 (i) the actual revenues and expenditures in the last completed fiscal period;

134 ~~[(ii) the budget estimates for the current fiscal period;]~~

135 ~~[(iii) the actual revenues and expenditures for a period of 6 to 21 months, as~~
136 ~~appropriate, of the current fiscal period;]~~

137 ~~[(iv)]~~ (ii) the estimated total revenues and expenditures for the current fiscal period;

138 ~~[(v)]~~ (iii) the budget officer's estimates of revenues and expenditures for the budget
139 period, computed as provided in Subsection (1)(c); and

140 ~~[(vi)]~~ (iv) if the governing body elects, the actual performance experience to the extent
141 established by Section **10-6-154** and available in work units, unit costs, man hours, or man

142 years for each budgeted fund on an actual basis for the last completed fiscal period, and
143 estimated for the current fiscal period and for the ensuing budget period.

144 (c) (i) In making estimates of revenues and expenditures under Subsection
145 (1)(b)~~(v)~~(iii), the budget officer shall estimate:

146 (A) on the basis of demonstrated need, the expenditures for the budget period, after:

147 (I) hearing each department head; and

148 (II) reviewing the budget requests and estimates of the department heads; and

149 (B) (I) the amount of revenue available to serve the needs of each fund;

150 (II) the portion of revenue to be derived from all sources other than general property
151 taxes; and

152 (III) the portion of revenue that shall be derived from general property taxes.

153 (ii) The budget officer may revise any department's estimate under Subsection
154 (1)(c)(i)(A)(II) that the officer considers advisable for the purpose of presenting the budget to
155 the governing body.

156 (iii) From the estimate made under Subsection (1)(c)(i)(B)(III), the budget officer shall
157 compute and disclose in the budget the lowest rate of property tax levy that will raise the
158 required amount of revenue, calculating the levy upon the latest taxable value.

159 (2) (a) (i) Each tentative budget, when filed by the budget officer with the governing
160 body, shall contain the estimates of expenditures submitted by department heads, together with
161 specific work programs and such other supporting data as this chapter requires or the governing
162 body may request.

163 (ii) Each city of the first or second class shall, and a city of the third, fourth, or fifth
164 class may, submit a supplementary estimate of all capital projects which each department head
165 believes should be undertaken within the next three succeeding years.

166 (b) Each tentative budget submitted by the budget officer to the governing body shall
167 be accompanied by a budget message~~[, which shall explain]~~ that:

168 (i) explains the budget~~[, contain]~~;

169 (ii) contains an outline of the proposed financial policies of the city for the budget

170 period~~[, and shall describe]~~;

171 (iii) describes the important features of the budgetary plan~~[- It shall set forth]~~;

172 (iv) provides the reasons for salient changes from the previous fiscal period in
173 appropriation and revenue items ~~[and shall explain]~~; and

174 (v) explains any major changes in financial policy.

175 ~~[(3) Each tentative budget shall be reviewed, considered, and tentatively adopted by the~~
176 ~~governing body in any regular meeting or special meeting called for the purpose and may be~~
177 ~~amended or revised in such manner as is considered advisable prior to public hearings, except~~
178 ~~that no]~~

179 (3) (a) Subject to Subsection (3)(b), a governing body in any regular public hearing or
180 special public hearing:

181 (i) shall review, consider, and tentatively adopt each tentative budget; and

182 (ii) may, before the public hearing described in Section 10-6-114, amend or revise each
183 tentative budget.

184 (b) A governing body may not reduce an appropriation required for debt retirement and
185 interest or reduction of any existing deficits ~~[pursuant to]~~ in accordance with Section 10-6-117,
186 or otherwise required by law or ordinance, ~~[may be reduced]~~ below the required minimums ~~[so~~
187 ~~required]~~.

188 (4) (a) If the municipality is acting [pursuant to] in accordance with Section 10-2a-218,
189 the tentative budget shall:

190 (i) be submitted to the governing body-elect as soon as practicable; and

191 (ii) cover each fund for which a budget is required from the date of incorporation to the
192 end of the fiscal year.

193 (b) The governing body shall substantially comply with all other provisions of this
194 chapter, and the budget shall be passed upon incorporation.

195 Section 5. Section 10-6-117 is amended to read:

196 **10-6-117. Appropriations not to exceed estimated expendable revenue --**
197 **Appropriations for existing deficits.**

198 (1) The governing body of any city may not make any appropriation in the final budget
199 of any fund in excess of the estimated expendable revenue for the budget period of the fund.

200 [~~(2) In determining the estimated expendable revenue of the city general fund for the~~
201 ~~budget period, there shall be included therein as an appropriation from the fund balance that~~
202 ~~portion of the fund balance at the close of the last completed fiscal period, not previously~~
203 ~~included in the budget of the current period, that exceeds the amount permitted in Section~~
204 ~~10-6-116.~~]

205 [~~(3) (a) There shall be included as an item of appropriation in each fund for any budget~~
206 ~~period any existing deficit as of the close of the last completed fiscal period, not previously~~
207 ~~included in the budget of the current period, to the extent of at least 5% of the total revenue of~~
208 ~~the fund in its last completed fiscal period.]~~

209 [~~(b) If the total amount of the deficit is less than 5% of the total revenue in the last~~
210 ~~completed fiscal period, the entire amount of the deficit shall be included.]~~

211 (2) If there is a deficit fund balance in a fund at the close of the last completed fiscal
212 year, the governing body of a city shall include an item of appropriation for the deficit in the
213 current budget of the fund equal to:

- 214 (a) at least 5% of the total revenue of the fund in the last completed fiscal year; or
- 215 (b) if the deficit is equal to less than 5% of the total revenue of the fund in the last
216 completed fiscal year, the entire amount of the deficit.

217 Section 6. Section **10-6-135** is amended to read:

218 **10-6-135. Operating and capital budgets.**

219 (1) (a) As used in this section, "operating and capital budget" means a plan of financial
220 operation for an enterprise fund or other required special fund that includes estimates of
221 operating resources, expenses, and other outlays for a fiscal period.

222 (b) Except as otherwise expressly provided, any reference to "budget" or "budgets" and
223 the procedures and controls relating to ~~them~~ a budget or budgets in other sections of this
224 chapter do not apply or refer to the operating and capital budgets described in this section.

225 (2) At or before the time the governing body adopts budgets for the funds described in

226 Section 10-6-109, the governing body shall adopt:

227 (a) an operating and capital budget for each enterprise fund for the ensuing fiscal
228 period; and

229 (b) the type of budget for other special funds as required by the Uniform Accounting
230 Manual for Utah Cities.

231 (3) (a) The governing body shall adopt and administer an operating and capital budget
232 in accordance with this Subsection (3).

233 (b) A governing body may spend or transfer money deposited in an enterprise fund for
234 a good, service, project, venture, or other purpose that is not directly related to the goods or
235 services provided by the enterprise for which the enterprise fund was created, if the governing
236 body:

237 (i) transfers the money from the enterprise fund to another fund; and

238 (ii) complies with the hearing and notice requirements of Subsections (3)(f)(i), (ii), and
239 (iii).

240 (c) At or before the first regularly scheduled meeting of the governing body in the last
241 May of the current fiscal period, the budget officer shall:

242 (i) prepare for the ensuing fiscal period and file with the governing body a tentative
243 operating and capital budget for:

244 (A) each enterprise fund; and

245 (B) other required special funds;

246 (ii) include with the tentative operating and capital budget described in Subsection
247 (3)(d)(i) specific work programs as submitted by each department head; and

248 (iii) include any other supporting data required by the governing body.

249 (d) Each city of the first or second class shall, and each city of the third, fourth, or fifth
250 class may, submit a supplementary estimate of all capital projects which a department head
251 believes should be undertaken within the three next succeeding fiscal periods.

252 (e) (i) Subject to Subsection (3)(e)(ii), the budget officer shall prepare all estimates
253 after review and consultation with each department head described in Subsection (3)(d).

254 (ii) After complying with Subsection (3)(e)(i), the budget officer may revise any
255 departmental estimate before it is filed with the governing body.

256 (f) (i) Except as provided in Subsection (3)(f)(iv), if the governing body includes in a
257 tentative budget or an amendment to a budget allocations or transfers from an enterprise fund
258 to another fund or a good, service, project, venture, or purpose other than reasonable
259 allocations of costs between the enterprise fund and the other fund, the governing body shall:

260 (A) hold a public hearing;

261 (B) prepare a written notice of the date, time, place, and purpose of the hearing, as
262 described in Subsection (3)(f)(ii); and

263 (C) subject to Subsection (3)(f)(iii), mail the written notice to each enterprise fund
264 customer at least seven days before the day of the hearing.

265 (ii) The purpose portion of the written notice required under Subsection (3)(f)(i)(B)
266 shall identify:

267 (A) the enterprise fund from which money is being transferred;

268 (B) the amount being transferred; and

269 (C) the fund to which the money is being transferred.

270 (iii) The governing body:

271 (A) may print the written notice required under Subsection (3)(f)(i) on the enterprise
272 fund customer's bill; and

273 (B) shall include the written notice required under Subsection (3)(f)(i) as a separate
274 notification mailed or transmitted with the enterprise fund customer's bill.

275 (iv) A governing body is not required to repeat the notice and hearing requirements in
276 this Subsection (3)(f) if the funds to be allocated or transferred for the current year were
277 previously approved by the governing body during the current year and at a public hearing that
278 complies with the notice and hearing requirements of this Subsection (3)(f).

279 (4) (a) Each tentative budget, amendment to a budget, or budget shall be reviewed and
280 considered by the governing body at any regular meeting or special meeting called for that
281 purpose.

282 (b) The governing body may make changes in the tentative budgets.

283 (5) Budgets for enterprise or other required special funds shall comply with the public
284 hearing requirements established in Sections 10-6-113 and 10-6-114.

285 (6) (a) Before the last June 30 of each fiscal period, or, in the case of a property tax
286 increase under Sections 59-2-919 through 59-2-923, before August [~~31~~] 17 of the year for
287 which a property tax increase is proposed, the governing body shall adopt an operating and
288 capital budget for each applicable fund for the ensuing fiscal period.

289 (b) A copy of the budget as finally adopted for each fund shall be:

290 (i) certified by the budget officer;

291 (ii) filed by the budget officer in the office of the city auditor or city recorder;

292 (iii) available to the public during regular business hours; and

293 (iv) filed with the state auditor within 30 days after the day on which the budget is
294 adopted.

295 (7) (a) Upon final adoption, the operating and capital budget is in effect for the budget
296 period, subject to later amendment.

297 (b) During the budget period the governing body may, in any regular meeting or special
298 meeting called for that purpose, review any one or more of the operating and capital budgets
299 for the purpose of determining if the total of any of them should be increased.

300 (c) If the governing body decides that the budget total of one or more of the funds
301 should be increased under Subsection (7)(b), the governing body shall follow the procedures
302 set forth in Section 10-6-136.

303 (8) Expenditures from operating and capital budgets shall conform to the requirements
304 relating to budgets specified in Sections 10-6-121 through 10-6-126.

305 Section 7. Section 10-6-139 is amended to read:

306 **10-6-139. City auditor or recorder -- Bookkeeping duties -- Duties with respect to**
307 **payment of claims.**

308 (1) The city auditor in each city of the first and second class, and the city recorder in
309 each city of the third, fourth, or fifth class shall maintain the general books for each fund of the

310 city and all subsidiary records relating thereto, including a list of the outstanding bonds, their
311 purpose, amount, terms, date, and place payable.

312 (2) (a) The city auditor or city recorder~~[, as appropriate,]~~ shall:

313 (i) keep accounts with all receiving and disbursing officers of the city~~[, shall];~~

314 (ii) preaudit all claims and demands against the city before ~~[they]~~ the claims or
315 demands are allowed~~[, and shall]; and~~

316 (iii) prepare the necessary checks in payment.

317 ~~[(b) Those checks shall include an appropriate certification pursuant to Section 11-1-1,~~
318 ~~examples of which shall be presented in the Uniform Accounting Manual for Utah Cities.]~~

319 ~~[(c)]~~ (b) The city auditor or city recorder shall ~~[also certify on the voucher or check~~
320 ~~copy, as appropriate,]~~ verify that:

321 (i) ~~[the]~~ a claim has been preaudited and documented;

322 (ii) ~~[the]~~ a claim has been approved in one of the following ways:

323 (A) purchase order directly approved by the mayor in the council-mayor optional form
324 of government, or the governing body or ~~[its]~~ the governing body's delegate in other cities;

325 (B) claim directly approved by the governing body; or

326 (C) claim approved by the financial officer;

327 (iii) ~~[the]~~ a claim is within the lawful debt limit of the city; and

328 (iv) ~~[the]~~ a claim does not overexpend the appropriate departmental budget established
329 by the governing body.

330 Section 8. Section 11-13-513 is amended to read:

331 **11-13-513. Appropriations not to exceed estimated expendable revenue --**

332 **Appropriations for existing deficits.**

333 (1) The governing board of an interlocal entity may not make an appropriation in the
334 final budget of a fund in excess of the estimated expendable revenue for the budget year of the
335 fund.

336 ~~[(2) An interlocal entity determining the estimated expendable revenue of the interlocal~~
337 ~~entity general fund for the budget year shall include as an appropriation from the fund balance~~

338 ~~that portion of the fund balance at the close of the last completed fiscal year, not previously~~
339 ~~included in the budget of the current year, that exceeds the amount permitted in Section~~
340 ~~11-13-512.]~~

341 ~~[(3) (a) An interlocal entity shall include in a fund budget an appropriation for an~~
342 ~~existing deficit created in accordance with Section 11-13-521 as of the close of the current year~~
343 ~~and not previously included in the current year budget, to the extent of at least 5% of the total~~
344 ~~revenue in the current year.]~~

345 ~~[(b) If the total amount of the deficit created in accordance with Section 11-13-521 is~~
346 ~~less than 5% of the total revenue in the current year, the interlocal entity shall include in the~~
347 ~~fund budget an appropriation for the entire amount of the deficit.]~~

348 ~~[(c) An interlocal entity shall include in a fund budget appropriation for the entire~~
349 ~~amount of a deficit in the current year resulting from expenditures other than the expenditures~~
350 ~~allowed in Section 11-13-521 to the extent that the deficit had not been included in the current~~
351 ~~year budget.]~~

352 (2) If there is a deficit fund balance in a fund at the close of the last completed fiscal
353 year, the governing body of an interlocal entity shall include an item of appropriation for the
354 deficit in the current budget of the fund equal to:

355 (a) at least 5% of the total revenue of the fund in the last completed fiscal year; or

356 (b) if the deficit is equal to less than 5% of the total revenue of the fund in the last
357 completed fiscal year, the entire amount of the deficit.

358 Section 9. Section **11-42-401** is amended to read:

359 **11-42-401. Levying an assessment -- Prerequisites -- Assessment list -- Partial**
360 **payment allocation.**

361 (1) (a) If a local entity has designated an assessment area in accordance with Part 2,
362 Designating an Assessment Area, the local entity may levy an assessment against property
363 within that assessment area as provided in this part.

364 (b) If a local entity that is a municipality or county designates an assessment area in
365 accordance with this chapter, the municipality or county may levy an assessment and collect

366 the assessment in accordance with Subsection 11-42-202(1)(h)(i) or (ii).

367 (c) An assessment billed by a municipality or county in the same manner as a property
368 tax and included on a property tax notice in accordance with Subsection 11-42-202(1)(h)(ii) is
369 enforced in accordance with, constitutes a lien in accordance with, and is subject to other
370 penalty provisions in accordance with this chapter.

371 (d) If a local entity includes an assessment on a property tax notice, the county
372 treasurer shall on the property tax notice:

373 (i) clearly state that the assessment is for the improvement, operation and maintenance,
374 or economic promotion activities provided by the local entity; and

375 (ii) itemize the assessment separate from any other tax, fee, charge, interest, or penalty
376 that is included on the property tax notice in accordance with Section 59-2-1317[~~;~~and].

377 [~~(iii) state that if less than the full amount of the property tax and assessments included
378 on the property tax notice are paid, the payment will be applied proportionately to the balances
379 due for property taxes and assessments and other permitted charges described in this section
380 unless otherwise specified by the taxpayer and the taxpayer demonstrates that the unpaid fees
381 are being challenged by the taxpayer.]~~

382 (2) Before a governing body may adopt a resolution or ordinance levying an
383 assessment against property within an assessment area:

384 (a) the governing body shall:

385 (i) subject to Subsection (3), prepare an assessment list designating:

386 (A) each parcel of property proposed to be assessed; and

387 (B) the amount of the assessment to be levied against the property;

388 (ii) appoint a board of equalization as provided in Section 11-42-403; and

389 (iii) give notice as provided in Section 11-42-402; and

390 (b) the board of equalization, appointed under Section 11-42-403, shall:

391 (i) hold hearings;

392 (ii) determine if the assessment for each benefitted property meets the requirements of
393 Section 11-42-409;

394 (iii) make necessary corrections so that assessed properties are not assessed for benefits
395 conferred exclusively outside of the assessment area;

396 (iv) make necessary corrections so that the benefitted properties are not charged for an
397 increase in size or capacity of an improvement where the increased size or capacity is to serve
398 property outside of the assessment area;

399 (v) make any corrections it considers appropriate to an assessment; and

400 (vi) report its findings to the governing body as provided in Section 11-42-403.

401 (3) (a) The governing body of a local entity shall prepare the assessment list described
402 in Subsection (2)(a)(i) at any time after:

403 (i) the governing body has determined the estimated or actual operation and
404 maintenance costs, if the assessment is to pay operation and maintenance costs;

405 (ii) the governing body has determined the estimated or actual economic promotion
406 costs described in Section 11-42-206, if the assessment is to pay for economic promotion
407 activities; or

408 (iii) for any other assessment, the governing body has determined:

409 (A) the estimated or actual acquisition and construction costs of all proposed
410 improvements within the assessment area, including overhead costs actually incurred and
411 authorized reasonable contingencies;

412 (B) the estimated or actual property price for all property to be acquired to provide the
413 proposed improvements; and

414 (C) the estimated reasonable cost of any work to be performed by the local entity.

415 (b) In addition to the requirements of Subsection (3)(a), the governing body of a local
416 entity shall prepare the assessment list described in Subsection (2)(a)(i) before:

417 (i) the light service has commenced, if the assessment is to pay for light service; or

418 (ii) the park maintenance has commenced, if the assessment is to pay for park
419 maintenance.

420 (4) A local entity may levy an assessment for some or all of the cost of improvements
421 within an assessment area, including payment of:

422 (a) operation and maintenance costs of improvements constructed within the
423 assessment area only to the extent the improvements provide benefits to the properties within
424 the assessment area and in accordance with Section 11-42-409;

425 (b) (i) if an outside entity furnishes utility services or maintains utility improvements,
426 the actual cost that the local entity pays for utility services or for maintenance of
427 improvements; or

428 (ii) if the local entity itself furnishes utility service or maintains improvements, for the
429 actual costs that are reasonable, including reasonable administrative costs or reasonable costs
430 for reimbursement of actual costs incurred by the local entity, for supplying the utility service
431 or maintenance;

432 (c) the actual costs that are reasonable to supply labor, materials, or equipment in
433 connection with improvements; and

434 (d) (i) the actual costs that are reasonable for valid connection fees; or

435 (ii) the reasonable and generally applicable costs of locally provided utilities.

436 (5) A local entity may not levy an assessment for an amount donated or contributed for
437 an improvement or part of an improvement or for anything other than the costs actually and
438 reasonably incurred by the local entity in order to provide an improvement or conduct
439 operation and maintenance or economic promotion activities.

440 (6) The validity of an otherwise valid assessment is not affected because the actual and
441 reasonable cost of improvements exceeds the estimated cost.

442 (7) (a) Subject to Subsection (7)(b), an assessment levied to pay for operation and
443 maintenance costs may not be levied over a period of time exceeding five years beginning on
444 the day on which the local entity adopts the assessment ordinance or assessment resolution for
445 the operation and maintenance costs assessment.

446 (b) A local entity may levy an additional assessment described in Subsection (7)(a) in
447 the assessment area designated for the assessment described in Subsection (7)(a) if, after the
448 five-year period expires, the local entity:

449 (i) gives notice in accordance with Section 11-42-402 of the new five-year term of the

450 assessment; and

451 (ii) complies with the applicable levy provisions of this part.

452 Section 10. Section 17-31-5.5 is amended to read:

453 **17-31-5.5. Report to county legislative body -- Content.**

454 (1) The legislative body of each county [~~imposing the~~] that imposes a transient room
455 tax [~~provided for in~~] under Section 59-12-301 [~~shall annually engage an independent auditor to~~
456 ~~perform an audit to verify that transient room tax funds are used only as authorized by this~~
457 ~~chapter and to report the findings of the audit to the county legislative body] or a tourism,
458 recreation, cultural, convention, and airport facilities tax under Section 59-12-603 shall
459 annually prepare a report in accordance with Subsection (2).~~

460 [~~(2) Subsection (1) applies to the tourism, recreation, cultural, convention, and airport~~
461 ~~facilities tax provided for in Section 59-12-603, except that the audit verification required~~
462 ~~under this Subsection (2) shall be for the uses authorized under Section 59-12-603.]~~

463 [~~(3)~~] (2) The report [~~required under~~] described in Subsection (1) shall include a
464 breakdown of expenditures into the following categories:

465 (a) for the transient room tax, identification of expenditures for:

466 (i) establishing and promoting:

467 (A) recreation;

468 (B) tourism;

469 (C) film production; and

470 (D) conventions;

471 (ii) acquiring, leasing, constructing, furnishing, or operating:

472 (A) convention meeting rooms;

473 (B) exhibit halls;

474 (C) visitor information centers;

475 (D) museums; and

476 (E) related facilities;

477 (iii) acquiring or leasing land required for or related to the purposes listed in

478 Subsection ~~[(3)]~~ (2)(a)(ii);

479 (iv) mitigation costs as identified in Subsection 17-31-2(1)(d); and

480 (v) making the annual payment of principal, interest, premiums, and necessary reserves

481 for any or the aggregate of bonds issued to pay for costs referred to in Subsections

482 17-31-2(2)(c) and (3)(a); and

483 (b) for the tourism, recreation, cultural, convention, and airport facilities tax,

484 identification of expenditures for:

485 (i) financing tourism promotion, which means an activity to develop, encourage,

486 solicit, or market tourism that attracts transient guests to the county, including planning,

487 product development, and advertising;

488 (ii) the development, operation, and maintenance of the following facilities as defined

489 in Section 59-12-602:

490 (A) an airport facility;

491 (B) a convention facility;

492 (C) a cultural facility;

493 (D) a recreation facility; and

494 (E) a tourist facility; and

495 (iii) a pledge as security for evidences of indebtedness under Subsection 59-12-603(3).

496 ~~[(4)]~~ (3) A county legislative body shall provide a copy of ~~[a]~~ the report ~~[it receives~~

497 ~~under this section]~~ described in Subsection (1) to:

498 (a) the Governor's Office of Economic Development;

499 (b) its tourism tax advisory board; and

500 (c) the Office of the Legislative Fiscal Analyst.

501 Section 11. Section 17B-1-613 is amended to read:

502 **17B-1-613. Appropriations not to exceed estimated expendable revenue --**

503 **Appropriations for existing deficits.**

504 (1) The board of trustees of a local district may not make any appropriation in the final

505 budget of any fund in excess of the estimated expendable revenue for the budget year of the

506 fund.

507 ~~[(2) In determining the estimated expendable revenue of the general fund for the~~
508 ~~budget year there is included as an appropriation from the fund balance that portion of the fund~~
509 ~~balance at the close of the last completed fiscal year, not previously included in the budget of~~
510 ~~the current year, that exceeds the amount permitted in Section 17B-1-612.]~~

511 ~~[(3) (a) There is included as an item of appropriation in each fund for any budget year~~
512 ~~any existing deficit created in accordance with Section 17B-1-623 as of the close of the last~~
513 ~~completed fiscal year, not previously included in the budget of the current year, to the extent of~~
514 ~~at least 5% of the total revenue of the fund in its last completed fiscal year.]~~

515 ~~[(b) If the total amount of the deficit is less than 5% of the total revenue in the last~~
516 ~~completed fiscal year, the entire amount of the deficit shall be included.]~~

517 ~~[(c) The entire amount of any deficit which results from activities other than those~~
518 ~~described in Section 17B-1-623 shall be included as an item of appropriation in each fund for~~
519 ~~any budget year not previously included in the budget of the current year.]~~

520 (2) If there is a deficit fund balance in a fund at the close of the last completed fiscal
521 year, the board of trustees of a local district shall include an item of appropriation for the
522 deficit in the current budget of the fund equal to:

523 (a) at least 5% of the total revenue of the fund in the last completed fiscal year; or

524 (b) if the deficit is equal to less than 5% of the total revenue of the fund in the last
525 completed fiscal year, the entire amount of the deficit.

526 (3) The provisions of this section do not require a local district to add revenue to a fund
527 that is used for debt service of a limited obligation, unless the revenue is pledged toward the
528 limited obligation.

529 Section 12. Section **17B-1-902** is amended to read:

530 **17B-1-902. Lien for past due service fees -- Partial payment allocation.**

531 (1) (a) A local district may file a lien on a customer's property for past due fees for
532 commodities, services, or facilities that the district has provided to the customer's property by
533 certifying, subject to Subsection (2), to the treasurer of the county in which the customer's

534 property is located the past due fees, including, subject to Section 17B-1-902.1, applicable
535 interest and administrative costs.

536 (b) Upon certification under Subsection (1)(a), the past due fees, and if applicable,
537 interest and administrative costs, become a lien on the customer's property to which the
538 commodities, services, or facilities were provided.

539 (c) A lien filed in accordance with this section has the same priority as, but is separate
540 and distinct from, a property tax lien.

541 (2) (a) If a local district certifies past due fees under Subsection (1)(a), the county
542 treasurer shall include on a property tax notice issued in accordance with Section 59-2-1317 an
543 unpaid fee, administrative cost, or interest described in Subsection (1)(a).

544 (b) If an unpaid fee, administrative cost, or interest is included on a property tax notice
545 in accordance with Subsection (2)(a), the county treasurer shall on the property tax notice:

546 (i) clearly state that the unpaid fee, administrative cost, or interest is for a service
547 provided by the local district; and

548 (ii) itemize the unpaid fee, administrative cost, or interest separate from any other tax,
549 fee, interest, or penalty that is included on the property tax notice in accordance with Section
550 59-2-1317[; and].

551 [~~(iii) state that if less than the full amount of the property tax and local district fees
552 included on the property tax notice are paid, the payment will be applied proportionately to the
553 balances due for property taxes and local district fees, which shall include all fees and other
554 permitted charges described in this section unless otherwise specified by the taxpayer and the
555 taxpayer demonstrates that the unpaid fees are being challenged by the taxpayer.]~~

556 (3) A lien under Subsection (1) is not valid if certification under Subsection (1) is
557 made after the filing for record of a document conveying title of the customer's property to a
558 new owner.

559 (4) Nothing in this section may be construed to:

560 (a) waive or release the customer's obligation to pay fees that the district has imposed;

561 (b) preclude the certification of a lien under Subsection (1) with respect to past due

562 fees for commodities, services, or facilities provided after the date that title to the property is
563 transferred to a new owner; or

564 (c) nullify or terminate a valid lien.

565 (5) After all amounts owing under a lien established as provided in this section have
566 been paid, the local district shall file for record in the county recorder's office a release of the
567 lien.

568 Section 13. Section **59-2-1317** is amended to read:

569 **59-2-1317. Tax notice -- Contents of notice -- Procedures and requirements for**
570 **providing notice.**

571 (1) Subject to the other provisions of this section, the county treasurer shall:

572 (a) collect the taxes; and

573 (b) provide a notice to each taxpayer that contains the following:

574 (i) the kind and value of property assessed to the taxpayer;

575 (ii) the street address of the property, if available to the county;

576 (iii) that the property may be subject to a detailed review in the next year under Section
577 [59-2-303.1](#);

578 (iv) the amount of taxes levied;

579 (v) a separate statement of the taxes levied only on a certain kind or class of property
580 for a special purpose;

581 (vi) property tax information pertaining to taxpayer relief, options for payment of
582 taxes, and collection procedures;

583 (vii) if applicable, the amount of an assessment assessed in accordance with Section
584 [11-42-401](#);

585 (viii) if applicable, an unpaid fee, administrative cost, or interest for a local district in
586 accordance with Section [17B-1-902](#);

587 (ix) the date the taxes are due;

588 (x) the street address at which the taxes may be paid;

589 (xi) the date on which the taxes are delinquent;

590 (xii) the penalty imposed on delinquent taxes;

591 (xiii) a statement that explains the taxpayer's right to direct allocation of a partial

592 payment in accordance with Subsection (7);

593 [~~(xiii)~~] (xiv) other information specifically authorized to be included on the notice

594 under this chapter; and

595 [~~(xiv)~~] (xv) other property tax information approved by the commission.

596 (2) For any property for which property taxes are delinquent, the notice described in

597 Subsection (1) shall state, "Prior taxes are delinquent on this parcel."

598 (3) Except as provided in Subsection (4), the county treasurer shall:

599 (a) mail the notice required by this section, postage prepaid; or

600 (b) leave the notice required by this section at the taxpayer's residence or usual place of

601 business, if known.

602 (4) (a) Subject to the other provisions of this Subsection (4), a county treasurer may, at

603 the county treasurer's discretion, provide the notice required by this section by electronic mail if

604 a taxpayer makes an election, according to procedures determined by the county treasurer, to

605 receive the notice by electronic mail.

606 (b) A taxpayer may revoke an election to receive the notice required by this section by

607 electronic mail if the taxpayer provides written notice to the treasurer on or before October 1.

608 (c) A revocation of an election under this section does not relieve a taxpayer of the

609 duty to pay a tax due under this chapter on or before the due date for paying the tax.

610 (d) A county treasurer shall provide the notice required by this section using a method

611 described in Subsection (3), until a taxpayer makes a new election in accordance with this

612 Subsection (4), if:

613 (i) the taxpayer revokes an election in accordance with Subsection (4)(b) to receive the

614 notice required by this section by electronic mail; or

615 (ii) the county treasurer finds that the taxpayer's electronic mail address is invalid.

616 (e) A person is considered to be a taxpayer for purposes of this Subsection (4)

617 regardless of whether the property that is the subject of the notice required by this section is

618 exempt from taxation.

619 (5) (a) The county treasurer shall provide the notice required by this section to a
620 taxpayer on or before November 1.

621 (b) The county treasurer shall keep on file in the county treasurer's office the
622 information set forth in the notice.

623 (c) The county treasurer is not required to mail a tax receipt acknowledging payment.

624 (6) This section does not apply to property taxed under Section [59-2-1302](#) or
625 [59-2-1307](#).

626 (7) (a) A taxpayer who pays less than the full amount due on the taxpayer's property tax
627 notice may, on a form provided by the county treasurer, direct how the county treasurer
628 allocates the partial payment between:

- 629 (i) the total amount due for property tax;
- 630 (ii) the amount due for assessments;
- 631 (iii) the amount due for past due local district fees; and
- 632 (iv) any other amounts due on the property tax notice.

633 (b) The county treasurer shall comply with a direction submitted to the county treasurer
634 in accordance with Subsection (7)(a).

635 (c) The provisions of this Subsection (7) do not:

- 636 (i) affect the right or ability of a local entity to pursue any available remedy for
637 non-payment of any item listed on a taxpayer's property tax notice; or
- 638 (ii) toll or otherwise change any time period related to a remedy described in
639 Subsection (7)(c)(i).

640 **Section 14. Retrospective operation.**

641 The amendments to Sections [11-42-401](#), [17B-1-902](#), and [59-2-1317](#) in this bill have
642 retrospective operation to January 1, 2016.