

**WATER CONSERVANCY DISTRICT AMENDMENTS**

2012 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: John L. Valentine**

House Sponsor: \_\_\_\_\_

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**LONG TITLE**

**General Description:**

This bill requires a qualifying water conservancy district to repeal a property tax.

**Highlighted Provisions:**

This bill:

- ▶ defines terms;
- ▶ requires, with certain exceptions, a qualifying water conservancy district to repeal a property tax;
- ▶ prohibits a qualifying water conservancy district from making new pledges of revenues collected from a property tax as a security for a bond, note, or other evidence of indebtedness issued;
- ▶ prohibits a qualifying water conservancy district from increasing, extending the term for repayment, or refinancing an existing bond, note, or other evidence of indebtedness that pledges a property tax revenue as security;
- ▶ requires a qualifying water conservancy district to notify the State Tax Commission when the qualifying water conservancy repeals a property tax; and
- ▶ makes technical corrections.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

None



28 **Utah Code Sections Affected:**

29 AMENDS:

30 **17B-2a-1006**, as last amended by Laws of Utah 2010, Chapter 159



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

33 Section 1. Section **17B-2a-1006** is amended to read:

34 **17B-2a-1006. Limits on water conservancy district property tax levy -- Additional**  
35 **levy -- Levy repealed.**

36 (1) As used in this section:

37 (a) "Qualifying water conservancy district" means a water conservancy district that has  
38 a service area located in a county of the first or second class, as defined in Section 17-50-501.

39 (b) "Qualifying water conservancy district" does not include a water conservancy  
40 district with a service area located in a county of the first or second class, as defined in Section  
41 17-50-501, if the service area also includes a county of the third, fourth, fifth, or sixth class.

42 ~~[(1)]~~ (2) Except as provided in ~~[Subsection (2)]~~ Subsections (3) and (5), and subject to  
43 Subsection ~~[(3)]~~ (4) and Section 17B-2a-1009, the property tax levy of a water conservancy  
44 district for all purposes may not exceed:

45 (a) .0001 per dollar of taxable value of taxable property in the district, before the  
46 earliest of:

- 47 (i) the planning or design of works;
- 48 (ii) the acquisition of the site or right-of-way on which the works will be constructed;

49 or

- 50 (iii) the commencement of construction of the works; and

51 (b) .0002 per dollar of taxable value of taxable property in the district, after the earliest  
52 of the events listed in Subsection ~~[(1)]~~ (2)(a).

53 ~~[(2)]~~ (3) Subject to Subsection ~~[(3)]~~ (4) and Section 17B-2a-1009:

54 (a) in a district that contains land located within the Lower Colorado River Basin, the  
55 levy after the earliest of the events listed in Subsection ~~[(1)]~~ (2)(a) may be increased to a  
56 maximum of .001 per dollar of taxable value of taxable property in the district; and

57 (b) in a district to be served under a contract, water appropriation, water allotment, or  
58 otherwise by water apportioned by the Colorado River Compact to the Upper Basin, the levy

59 after the earliest of the events listed in Subsection ~~[(+)]~~ (2)(a) may be increased to a maximum  
60 of .0004 per dollar of taxable value of taxable property.

61 ~~[(3)]~~ (4) A water conservancy district may impose an additional property tax levy, not  
62 to exceed .0001 per dollar of taxable value of taxable property in the district, if the additional  
63 levy is necessary to provide adequate funds to pay maturing bonds or other debts of the district.

64 (5) If, on May 8, 2012, a water conservancy district is a qualifying water conservancy  
65 district, the water conservancy district:

66 (a) shall, except as provided in Subsection (6)(b), repeal its property tax under this  
67 section on or before January 1, 2013, and in accordance with Subsection (9)(a); and

68 (b) may not pledge property tax revenues under this section as a security for a bond,  
69 note, or other evidence of indebtedness if that bond, note, or other evidence of indebtedness is  
70 issued on or after May 8, 2012.

71 (6) If a bond, note, or other evidence of indebtedness issued on or before May 7, 2012,  
72 is secured by revenues collected from a property tax under this section, a qualifying water  
73 conservancy district described in Subsection (5)(a) that pledges the revenues collected from a  
74 property tax under this section as a security for the bond, note, or other evidence of  
75 indebtedness:

76 (a) may not:

77 (i) increase the face value of the bond, note, or other evidence of indebtedness;

78 (ii) extend the term for repayment of the bond, note, or other evidence of indebtedness;

79 (iii) refinance the bond, note, or other evidence of indebtedness if refinancing the bond,  
80 note, or other evidence of indebtedness extends the term for repayment of the bond, note, or  
81 other evidence of indebtedness; or

82 (iv) take an action with respect to the bond, note, or other evidence of indebtedness  
83 similar to Subsections (6)(a)(i) through (iii);

84 (b) may only impose a property tax levy under this section sufficient to repay debt  
85 service of the bonds, notes, or other evidences of indebtedness; and

86 (c) shall repeal the property tax under this section when the bonds, notes, or other  
87 evidences of indebtedness issued on or before May 7, 2012, that are secured by revenues  
88 collected from a property tax under this section are retired:

89 (i) in accordance with Subsection (9)(b); and

90 (ii) on or before January 1 of the year immediately following when the bonds, notes, or  
91 other evidences of indebtedness described in Subsection (6)(c)(i) are retired.

92 (7) If, on May 8, 2012, a water conservancy district is not a qualifying water  
93 conservancy district, but becomes a qualifying water conservancy district after May 8, 2012,  
94 the water conservancy district:

95 (a) shall, except as provided in Subsection (8)(b) and in accordance with Subsection  
96 (9)(b), repeal its property tax under this section on or before January 1 of the year immediately  
97 following the year that the water conservancy district becomes a qualifying water conservancy  
98 district; and

99 (b) may not pledge property tax revenues under this section as a security for a bond,  
100 note, or other evidence of indebtedness if that bond, note, or other evidence of indebtedness is  
101 issued on or after the effective day of a county classification described in Section 17-50-502  
102 that creates the qualifying water conservancy district.

103 (8) If a bond, note, or other evidence of indebtedness issued on or before the effective  
104 day described in Subsection (7)(b) is secured by revenues collected from a property tax under  
105 this section, a qualifying water conservancy district described in Subsection (7)(a) that pledges  
106 the revenues collected from a property tax under this section as a security for the bond, note, or  
107 other evidence of indebtedness:

108 (a) may not:

109 (i) increase the face value of the bond, note, or other evidence of indebtedness;

110 (ii) extend the term for repayment of the bond, note, or other evidence of indebtedness;

111 (iii) refinance the bond, note, or other evidence of indebtedness if refinancing the bond,  
112 note, or other evidence of indebtedness extends the term for repayment of the bond, note, or  
113 other evidence of indebtedness; or

114 (iv) take an action with respect to the bond, note, or other evidence of indebtedness  
115 similar to Subsections (8)(a)(i) through (iii);

116 (b) may only impose a property tax levy under this section sufficient to repay debt  
117 service of the bonds, notes, or other evidences of indebtedness; and

118 (c) shall repeal the property tax under this section when the bonds, notes, or other  
119 evidences of indebtedness issued on or before the date described in Subsection (7)(b) that are  
120 secured by revenues collected from a property tax under this section are retired:

- 121 (i) in accordance with Subsection (9)(d); and  
122 (ii) on or before January 1 of the year immediately following when the bonds, notes, or  
123 other evidences of indebtedness described in Subsection (8)(c)(i) are retired.  
124 (9) A qualifying water conservancy district:  
125 (a) required by Subsection (5)(a) to repeal a property tax under this section shall, notify  
126 the State Tax Commission on or before July 1, 2012, that the qualifying water conservancy  
127 district will repeal the property tax;  
128 (b) required by Subsection (6)(c) to repeal a property tax under this section, shall,  
129 within 10 business days after the date the bonds, notes, or other evidences of indebtedness  
130 described in Subsection (6)(c) are retired, notify the State Tax Commission that the qualifying  
131 water conservancy district will repeal the property tax;  
132 (c) required by Subsection (7)(a) to repeal a property tax under this section, shall notify  
133 the State Tax Commission within 30 days of the effective day described in Subsection (7)(b)  
134 that the water conservancy district becomes a qualifying water conservancy district; or  
135 (d) required by Subsection (8)(c) to repeal a property tax under this section, shall,  
136 within 10 business days after the date the bonds, notes, or other evidences of indebtedness  
137 described in Subsection (8)(c) are retired, notify the State Tax Commission that the qualifying  
138 water conservancy district will repeal the property tax.

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**Legislative Review Note**  
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**Office of Legislative Research and General Counsel**