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LOCAL DISTRICT REVISIONS

2017 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Lincoln Fillmore

House Sponsor: Steve Eliason

Cosponsors: Howard A. Stephenson
Curtis S. Bramble

LONG TITLE

General Description:

This bill modifies provisions related to property taxes levied by a local district.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ modifies the circumstances under which a local district may levy or collect a property tax that exceeds the certified tax rate;
- ▶ imposes requirements for a member of an appointed board of trustees to report the property tax increase to the legislative body that appointed or nominated the member to the board of trustees; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

17B-1-1001, as last amended by Laws of Utah 2013, Chapter 415

17B-2a-1009, as last amended by Laws of Utah 2013, Chapter 415

29 ENACTS:

30 **17B-1-1003**, Utah Code Annotated 1953



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

33 Section 1. Section **17B-1-1001** is amended to read:

34 **17B-1-1001. Provisions applicable to property tax levy.**

35 (1) Each local district that levies and collects property taxes shall levy and collect them
36 according to the provisions of Title 59, Chapter 2, Property Tax Act.

37 (2) As used in this section~~["elected official" means a local district board of trustees
38 member who]:~~

39 ~~[(a) is elected to the board of trustees by local district voters at an election held for that
40 purpose, including a member elected under Subsection (4);]~~

41 ~~[(b) holds, at the time of appointment to the board of trustees, an elected position with
42 a municipality, county, or another local district that is partially or completely included within
43 the boundaries of the local district;]~~

44 ~~[(c) is appointed in accordance with Subsection **17B-1-303**(5) or **17B-1-306**(4)(f); or]~~

45 ~~[(d) is considered to be elected in accordance with Subsection **17B-1-306**(4)(g).]~~

46 (a) "Appointed board of trustees" means a board of trustees of a local district that
47 includes a member who is appointed to the board of trustees in accordance with Section
48 **17B-1-304**, Subsection **17B-1-303**(5), Subsection **17B-1-306**(4)(f), or any of the applicable
49 provisions in Title 17B, Chapter 2a, Provisions Applicable to Different Types of Local
50 Districts.

51 (b) "Elected board of trustees" means a board of trustees of a local district that consists
52 entirely of members who are elected to the board of trustees in accordance with Subsection (4),
53 Section **17B-1-306**, or any of the applicable provisions in Title 17B, Chapter 2a, Provisions
54 Applicable to Different Types of Local Districts.

55 ~~[(3)(a) Except as provided in Subsection (3)(b), a local district may not levy or collect
56 property tax revenue that exceeds the certified tax rate during a taxable year that begins on or~~

57 after January 1, 2011.]

58 ~~[(b)]~~ (3) (a) ~~[Notwithstanding Subsection (3)(a)]~~ For a taxable year beginning on or
59 after January 1, 2018, a local district may not levy or collect property tax revenue that exceeds
60 the certified tax rate ~~[during a taxable year that begins on or after January 1, 2011, if]~~ unless:

61 (i) ~~[and]~~ to the extent that the revenue from the property tax was pledged before
62 January 1, ~~[2011,]~~ 2018, the local district pledges the property tax revenue to pay for bonds or
63 other obligations of the local district; or

64 ~~[(ii) the members of the board of trustees are all elected officials;]~~

65 ~~[(iii) the majority of the board of trustees are elected officials; or]~~

66 ~~[(iv)]~~ (ii) the proposed tax or increase in the property tax rate has been approved by:

67 (A) an elected board of trustees;

68 (B) subject to Subsection (3)(b), an appointed board of trustees;

69 ~~[(A)]~~ (C) a majority of the registered voters within the local district ~~[at]~~ who vote in an
70 election held for that purpose on a date specified in Section 20A-1-204;

71 ~~[(B)]~~ (D) the legislative body of the appointing authority; or

72 ~~[(C)]~~ (E) the legislative body of:

73 (I) a majority of the municipalities partially or completely included within the
74 boundary of the specified local district; or

75 (II) the county in which the specified local district is located, if the county has some or
76 all of its unincorporated area included within the boundary of the specified local district.

77 (b) For a local district with an appointed board of trustees, each appointed member of
78 the board of trustees shall comply with the trustee reporting requirements described in Section
79 17B-1-1003 before the local district may impose a property tax levy that exceeds the certified
80 tax rate.

81 (4) (a) Notwithstanding provisions to the contrary in Title 17B, Chapter 2a, Provisions
82 Applicable to Different Types of Local Districts, and ~~[for purposes of Subsection (3)(b),]~~
83 subject to Subsection (4)(b), members of the board of trustees of a local district shall be
84 elected, if ~~[, subject to Subsection (4)(b)]~~:

85 (i) two-thirds of all members of the board of trustees of the local district vote in favor
86 of changing to an elected board of trustees; and

87 (ii) the legislative body of each municipality or county that appoints a member to the
88 board of trustees adopts a resolution approving the change to an elected board of trustees.

89 (b) A change to an elected board of trustees under Subsection (4)(a) may not shorten
90 the term of any member of the board of trustees serving at the time of the change.

91 (5) Subsections (2), (3), and (4) do not apply to:

92 (a) Title 17B, Chapter 2a, Part 6, Metropolitan Water District Act;

93 (b) Title 17B, Chapter 2a, Part 10, Water Conservancy District Act; or

94 (c) a local district in which:

95 (i) the board of trustees consists solely of:

96 (A) land owners or the land owners' agents; or

97 (B) as described in Subsection 17B-1-302(1)(c), land owners or the land owners' agents
98 or officers; and

99 (ii) there are no residents within the local district at the time a property tax is levied.

100 Section 2. Section 17B-1-1003 is enacted to read:

101 **17B-1-1003. Trustee reporting requirement.**

102 (1) As used in this section:

103 (a) "Appointed board of trustees" means a board of trustees of a local district that
104 includes a member who is appointed to the board of trustees in accordance with Section
105 17B-1-304, Subsection 17B-1-303(5), Subsection 17B-1-306(4)(f), or any of the applicable
106 provisions in Title 17B, Chapter 2a, Provisions Applicable to Different Types of Local
107 Districts.

108 (b) "Legislative entity" means:

109 (i) the member's appointing authority, if the appointing authority is a legislative body;

110 or

111 (ii) the member's nominating entity, if the appointing authority is not a legislative body.

112 (c) (i) "Member" means an individual who is appointed to a board of trustees for a

113 local district in accordance with Section 17B-1-304, Subsection 17B-1-303(5), Subsection
114 17B-1-306(4)(f), or any of the applicable provisions in Title 17B, Chapter 2a, Provisions
115 Applicable to Different Types of Local Districts.

116 (ii) "Member" includes a member of the board of trustees who holds an elected
117 position with a municipality, county, or another local district that is partially or completely
118 included within the boundaries of the local district.

119 (d) "Nominating entity" means the legislative body that submits nominees for
120 appointment to the board of trustees to an appointing authority.

121 (e) "Property tax increase" means a property tax levy that exceeds the certified tax rate
122 for the taxable year.

123 (2) (a) If a local district board of trustees adopts a tentative budget that includes a
124 property tax increase, each member shall report to the member's legislative entity on the
125 property tax increase.

126 (b) (i) The local district shall request that each of the legislative entities that appoint or
127 nominate a member to the local district's board of trustees hear the report required by
128 Subsection (2)(a) at a public meeting of each legislative entity.

129 (ii) The request to make a report may be made by:

130 (A) the member appointed or nominated by the legislative entity; or

131 (B) another member of the board of trustees.

132 (c) The member appointed or nominated by the legislative entity shall make the report
133 required by Subsection (2)(a) at a public meeting that:

134 (i) complies with Title 52, Chapter 4, Open and Public Meetings Act;

135 (ii) includes the report as a separate agenda item; and

136 (iii) is held within 40 days after the day on which the legislative entity receives a
137 request to hear the report.

138 (d) (i) If the legislative entity does not have a scheduled meeting within 40 days after
139 the day on which the legislative entity receives a request to hear the report required by
140 Subsection (2)(a), the legislative entity shall schedule a meeting for that purpose.

141 (ii) If the legislative entity fails to hear the report at a public meeting that meets the
142 criteria described in Subsection (2)(c), the trustee reporting requirements under this section
143 shall be considered satisfied.

144 (3) (a) A report on a property tax increase at a legislative entity's public meeting shall
145 include:

146 (i) a statement that the local district intends to levy a property tax at a rate that exceeds
147 the certified tax rate for the taxable year;

148 (ii) the dollar amount of and purpose for additional ad valorem tax revenue that would
149 be generated by the proposed increase in the certified tax rate;

150 (iii) the approximate percentage increase in ad valorem tax revenue for the local
151 district based on the proposed property tax increase; and

152 (iv) any other information requested by the legislative entity.

153 (b) The legislative entity shall allow time during the meeting for comment from the
154 legislative entity and members of the public on the property tax increase.

155 (4) (a) If more than one member is appointed to the board of trustees by the same
156 legislative entity, a majority of the members appointed or nominated by the legislative entity
157 shall be present to provide the report required by Subsection (2) and described in Subsection
158 (3).

159 (b) The chair of the board of trustees shall appoint another member of the board of
160 trustees to provide the report described in Subsection (3) to the legislative entity if:

161 (i) the member appointed or nominated by the legislative entity is unable or unwilling
162 to provide the report at a public meeting that meets the requirements of Subsection (3)(a); and

163 (ii) the absence of the member appointed or nominated by the legislative entity results
164 in:

165 (A) no member who was appointed or nominated by the legislative entity being present
166 to provide the report; or

167 (B) an inability to comply with Subsection (4)(a).

168 (5) A local district board of trustees may approve a property tax increase only after the

169 conditions of this section have been satisfied or considered satisfied for each member of the
170 board of trustees.

171 Section 3. Section **17B-2a-1009** is amended to read:

172 **17B-2a-1009. Limit on property tax authority -- Exceptions.**

173 (1) As used in this section [~~,"elected official" means a water conservancy district board~~
174 ~~of trustee member who~~]:

175 (a) "Appointed board of trustees" means a board of trustees of a water conservancy
176 district that includes a member who is appointed to the board of trustees in accordance with
177 this part.

178 (b) "Elected board of trustees" means a board of trustees of a water conservancy district
179 that consists entirely of members who are elected to the board of trustees in accordance with
180 this part.

181 [~~(a) is elected to the board of trustees by water conservancy district voters at an~~
182 ~~election held for that purpose;~~]

183 [~~(b) holds, at the time of appointment to the board of trustees, an elected position with~~
184 ~~a municipality, county, or local district that is partially or completely included within the~~
185 ~~boundaries of the water conservancy district; or]~~

186 [~~(c) is appointed in accordance with Subsection 17B-1-303(5) or 17B-1-306(4)(f) or~~
187 ~~(g).~~]

188 (2) (a) [~~The board of trustees of~~] For a taxable year beginning on or after January 1,
189 2018, a water conservancy district may not collect property tax revenue [in a tax year beginning
190 on or after January 1, 2015;] that would exceed the certified tax rate under Section [59-2-924](#)
191 unless the proposed tax levy has been previously approved by:

192 [~~(a) the members of the board of trustees are all elected officials;~~]

193 [~~(b) the majority of the board of trustees are elected officials; or]~~

194 [~~(c) the proposed tax levy has previously been approved by:]~~

195 (i) an elected board of trustees;

196 (ii) subject to Subsection (2)(b), an appointed board of trustees;

197 [~~(i)~~] (iii) a majority of the water conservancy district voters [~~at~~] who vote in an election
198 held for that purpose on a date specified in Section 20A-1-204; or

199 [~~(i)~~] (iv) for a district described in Subsection 17B-2a-1005(2)(b), the appointing
200 authority.

201 (b) For a water conservancy district with an appointed board of trustees, each
202 appointed member of the board of trustees shall comply with the trustee reporting requirements
203 described in Section 17B-1-1003 before the water conservancy district may impose a property
204 tax levy that exceeds the certified tax rate.

205 Section 4. **Effective date.**

206 This bill takes effect on January 1, 2018.