

COUNTY FUND AMENDMENTS

2017 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Lynn N. Hemingway

Senate Sponsor: _____

LONG TITLE**General Description:**

This bill amends provisions related to a remaining balance in certain special funds.

Highlighted Provisions:

This bill:

- ▶ allows a certain county to use a remaining balance in certain special funds to benefit the area from which the county derived the special fund; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

17-36-29, as last amended by Laws of Utah 2014, Chapter 176

63G-7-704, as last amended by Laws of Utah 2016, Chapter 386

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

Section 1. Section **17-36-29** is amended to read:

17-36-29. Special fund ceases -- Transfer.

(1) (a) [H] Except as provided in Subsection (1)(b), if a county legislative body



determines that the purpose no longer exists for which the legislative body created a special fund ~~[was created no longer exists and a balance remains in the fund, the governing body shall]~~ or any portion of the special fund, the legislative body may authorize the transfer of the remaining balance or a portion of the remaining balance to the fund balance account in the county general fund.

(b) The legislative body may redistribute the remaining balance or a portion of the remaining balance described in Subsection (1)(a) in accordance with Subsection (1)(c) if:

(i) the county levied the fund primarily on property in the unincorporated areas of the county;

(ii) the county established a municipal services fund to provide municipal services under Sections 17-34-1 and 17-36-9; and

(iii) the area from which the county levied the fund has since incorporated as a city, town, or metro township.

(c) The legislative body of a county described in Subsection (1)(b) may set aside the remaining balance or a portion of the remaining balance described in Subsection (1)(a) in a fund from which the county may make disbursements to support and benefit the area and the residents in the area from which the county originally derived the special fund.

(2) Any balance which remains in a special assessment fund and any unrequired balance in a special improvement guaranty fund shall be treated as provided in Subsection 11-42-701(5).

(3) Any balance which remains in a capital projects fund shall be transferred to the appropriate debt service fund or such other fund as the bond ordinance requires or to the county general fund balance account.

Section 2. Section 63G-7-704 is amended to read:

63G-7-704. Tax levy by political subdivisions for payment of claims, judgments, or insurance premiums.

(1) Notwithstanding any provision of law to the contrary, a political subdivision may levy an annual property tax sufficient to pay:

(a) any claim, settlement, or judgment, including interest payments and issuance costs for bonds issued under Subsection 11-14-103(1)(d) to pay the portion of any claim, settlement, or judgment that exceeds \$3,000,000;

59 (b) the costs to defend against any claim, settlement, or judgment; or

60 (c) for the establishment and maintenance of a reserve fund for the payment of claims,
61 settlements, or judgments that may be reasonably anticipated.

62 (2) (a) The payments authorized to pay for punitive damages or to pay the premium for
63 authorized insurance is money spent for a public purpose within the meaning of this section
64 and Utah Constitution, Article XIII, Sec. 5, [~~Utah Constitution~~,] even though, as a result of the
65 levy, the maximum levy as otherwise restricted by law is exceeded.

66 (b) (i) Except as provided in Subsection (2)(b)(ii), a levy under this section may not
67 exceed .0001 per dollar of taxable value of taxable property.

68 (ii) A levy under Subsection (1)(a) to pay the portion of any claim, settlement, or
69 judgment that exceeds \$3,000,000 may not exceed .001 per dollar of taxable value of taxable
70 property.

71 (c) [~~The~~] Except as provided in Subsection 17-36-29(1), the revenues derived from this
72 levy may not be used for any purpose other than those specified in this section.

73 (3) Beginning January 1, 2012, a local school board may not levy a tax in accordance
74 with this section.

75 (4) A political subdivision that levies an annual property tax under Subsection (1)(a) to
76 pay the portion of any claim, settlement, or judgment that exceeds \$3,000,000:

77 (a) shall comply with the notice and public hearing requirements under Section
78 59-2-919; and

79 (b) may levy the annual property tax until the bonds' maturity dates expire.

Legislative Review Note
Office of Legislative Research and General Counsel