ASSESSMENT AREA AMENDMENTS

2014 GENERAL SESSION

STATE OF UTAH

Chief Sponsor:  R. Curt Webb

Senate Sponsor:  J. Stuart Adams

LONG TITLE

General Description:

This bill amends provisions related to the designation of an assessment area.

Highlighted Provisions:

This bill:

- defines terms;
- prohibits a governing body from designating an assessment area beginning on May 13, 2014, and before May 12, 2015;
- authorizes a governing body to circulate a petition to designate an assessment area if the protests to an assessment area are contestable; and
- makes technical corrections.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

- 11-42-102, as last amended by Laws of Utah 2013, Chapter 246
- 11-42-202, as last amended by Laws of Utah 2013, Chapters 246 and 265
- 11-42-206, as last amended by Laws of Utah 2013, Chapter 265

ENACTS:

- 11-42-201.5, Utah Code Annotated 1953
- 63I-2-211, Utah Code Annotated 1953
Be it enacted by the Legislature of the state of Utah:

Section 1. Section 11-42-102 is amended to read:


(1) (a) "Adequate protests" means timely filed, written protests [under Section 11-42-203] that represent [at least 50%] no less than 45% of the frontage, area, taxable value, fair market value, lots, number of connections, or equivalent residential units of the property proposed to be assessed, according to the same assessment method by which the assessment is proposed to be levied[after eliminating].

[(a) (b) "Adequate protests" does not include written protests relating to:

(i) (A) property that has been deleted from a proposed assessment area; or

[(ii) (B) an improvement that has been deleted from the proposed improvements to be provided to property within the proposed assessment area; and

[(b) (ii) protests that have been withdrawn under Subsection 11-42-203(3).]

(2) "Assessment area" means an area, or, if more than one area is designated, the aggregate of all areas within a local entity's jurisdictional boundaries that is designated by a local entity under Part 2, Designating an Assessment Area, for the purpose of financing the costs of improvements, operation and maintenance, or economic promotion activities that benefit property within the area.

(3) "Assessment bonds" means bonds that are:

(a) issued under Section 11-42-605; and

(b) payable in part or in whole from assessments levied in an assessment area, improvement revenues, and a guaranty fund or reserve fund.

(4) "Assessment fund" means a special fund that a local entity establishes under Section 11-42-412.

(5) "Assessment lien" means a lien on property within an assessment area that arises from the levy of an assessment, as provided in Section 11-42-501.

(6) "Assessment method" means the method
by which an assessment is levied against property, whether by frontage, area, taxable
value, fair market value, lot, parcel, number of connections, equivalent residential unit, any
combination of these methods, or any other method

that equitably reflects the benefit received from the improvement.

(7) "Assessment ordinance" means an ordinance adopted by a local entity under
Section 11-42-404 that levies an assessment on benefitted property within an assessment area.

(8) "Assessment resolution" means a resolution adopted by a local entity under Section
11-42-404 that levies an assessment on benefitted property within an assessment area.

(9) "Benefitted property" means property within an assessment area that directly or
indirectly benefits from improvements, operation and maintenance, or economic promotion
activities.

(10) "Bond anticipation notes" means notes issued under Section 11-42-602 in
anticipation of the issuance of assessment bonds.

(11) "Bonds" means assessment bonds and refunding assessment bonds.

(12) "Commercial area" means an area in which at least 75% of the property is devoted
to the interchange of goods or commodities.

(13) (a) "Commercial or industrial real property" means real property used directly or
indirectly or held for one of the following purposes or activities, regardless of whether the
purpose or activity is for profit:

(i) commercial;

(ii) mining;

(iii) industrial;

(iv) manufacturing;

(v) governmental;

(vi) trade;

(vii) professional;

(viii) a private or public club;

(ix) a lodge;
(x) a business; or
(xi) a similar purpose.
(b) "Commercial or industrial real property" includes real property that:
(i) is used as or held for dwelling purposes; and
(ii) contains four or more rental units.
(14) "Connection fee" means a fee charged by a local entity to pay for the costs of
connecting property to a publicly owned sewer, storm drainage, water, gas, communications, or
electrical system, whether or not improvements are installed on the property.
(15) (a) "Contestable protests" means timely filed, written protests that represent no
less than 35% and less than 45% of the frontage, area, taxable value, fair market value, lots,
number of connections, or equivalent residential units of the property proposed to be assessed,
according to the same assessment method by which the assessment is proposed to be levied.
(b) "Contestable protests" does not include written protests relating to:
(i) (A) property that has been deleted from a proposed assessment area;
(ii) an improvement that has been deleted from the proposed improvements to be
provided to property within the proposed assessment area; and
(ii) protests that have been withdrawn under Subsection 11-42-203(3).
(16) "Contract price" means:
(a) the cost of acquiring an improvement, if the improvement is acquired; or
(b) the amount payable to one or more contractors for the design, engineering,
inspection, and construction of an improvement.
(17) "Designation ordinance" means an ordinance adopted by a local entity
under Section 11-42-206 designating an assessment area.
(18) "Designation resolution" means a resolution adopted by a local entity under
Section 11-42-206 designating an assessment area.
(19) "Economic promotion activities" means activities that promote economic
growth in a commercial area of a local entity, including:
(a) sponsoring festivals and markets;
(b) promoting business investment or activities;
(c) helping to coordinate public and private actions; and
(d) developing and issuing publications designed to improve the economic well-being
of the commercial area.

"Energy efficiency upgrade" means an improvement that is permanently
affixed to commercial or industrial real property that is designed to reduce energy
consumption, including:

(a) insulation in:
   (i) a wall, roof, floor, or foundation; or
   (ii) a heating and cooling distribution system;
(b) a window or door, including:
   (i) a storm window or door;
   (ii) a multiglazed window or door;
   (iii) a heat-absorbing window or door;
   (iv) a heat-reflective glazed and coated window or door;
   (v) additional window or door glazing;
   (vi) a window or door with reduced glass area; or
   (vii) other window or door modifications;
(c) an automatic energy control system;
(d) in a building or a central plant, a heating, ventilation, or air conditioning and
distribution system;

(e) caulk or weatherstripping;
(f) a light fixture that does not increase the overall illumination of a building unless an
increase is necessary to conform with the applicable building code;

(g) an energy recovery system;
(h) a daylighting system;

(i) measures to reduce the consumption of water, through conservation or more
efficient use of water, including:
(i) installation of low-flow toilets and showerheads;
(ii) installation of timer or timing systems for a hot water heater; or
(iii) installation of rain catchment systems; or
(j) a modified, installed, or remodeled fixture that is approved as a utility cost-saving measure by the governing body of a local entity.

"Equivalent residential unit" means a dwelling, unit, or development that is equal to a single-family residence in terms of the nature of its use or impact on an improvement to be provided in the assessment area.

"Governing body" means:
(a) for a county, city, or town, the legislative body of the county, city, or town;
(b) for a local district, the board of trustees of the local district;
(c) for a special service district:
(i) the legislative body of the county, city, or town that established the special service district, if no administrative control board has been appointed under Section 17D-1-301; or
(ii) the administrative control board of the special service district, if an administrative control board has been appointed under Section 17D-1-301; and
(d) for the military installation development authority created in Section 63H-1-201, the authority board, as defined in Section 63H-1-102.

"Guaranty fund" means the fund established by a local entity under Section 11-42-701.

"Improved property" means property proposed to be assessed within an assessment area upon which a residential, commercial, or other building has been built.

"Improvement":
(a) (i) means a publicly owned infrastructure, system, or other facility, a publicly or privately owned energy efficiency upgrade, or a publicly or privately owned renewable energy system that:
(A) a local entity is authorized to provide;
(B) the governing body of a local entity determines is necessary or convenient to
enable the local entity to provide a service that the local entity is authorized to provide; or

(C) a local entity is requested to provide through an interlocal agreement in accordance with Title 11, Chapter 13, Interlocal Cooperation Act; and

(ii) includes facilities in an assessment area, including a private driveway, an irrigation ditch, and a water turnout, that:

(A) can be conveniently installed at the same time as an infrastructure, system, or other facility described in Subsection [(24)] (25)(a)(i); and

(B) are requested by a property owner on whose property or for whose benefit the infrastructure, system, or other facility is being installed; or

(b) for a local district created to assess groundwater rights in accordance with Section 17B-1-202, means a system or plan to regulate groundwater withdrawals within a specific groundwater basin in accordance with Sections 17B-1-202 and 73-5-15.

[(25)] (26) "Improvement revenues":

(a) means charges, fees, impact fees, or other revenues that a local entity receives from improvements; and

(b) does not include revenue from assessments.

[(26)] (28) "Incidental refunding costs" means any costs of issuing refunding assessment bonds and calling, retiring, or paying prior bonds, including:

(a) legal and accounting fees;

(b) "Inadequate protests" means timely filed, written protests that represent less than 35% of the frontage, area, taxable value, fair market value, lots, number of connections, or equivalent residential units of the property proposed to be assessed, according to the same assessment method by which the assessment is proposed to be levied.

(b) "Inadequate protests" does not include written protests relating to:

(i) (A) property that has been deleted from a proposed assessment area;

(ii) (B) an improvement that has been deleted from the proposed improvements to be provided to property within the proposed assessment area; and

(ii) protests that have been withdrawn under Subsection 11-42-203(3).
198 (b) charges of financial advisors, escrow agents, certified public accountant verification
199 entities, and trustees;
200 (c) underwriting discount costs, printing costs, the costs of giving notice;
201 (d) any premium necessary in the calling or retiring of prior bonds;
202 (e) fees to be paid to the local entity to issue the refunding assessment bonds and to
203 refund the outstanding prior bonds;
204 (f) any other costs that the governing body determines are necessary or desirable to
205 incur in connection with the issuance of refunding assessment bonds; and
206 (g) any interest on the prior bonds that is required to be paid in connection with the
207 issuance of the refunding assessment bonds.
208 [(27)] (29) "Installment payment date" means the date on which an installment
209 payment of an assessment is payable.
210 [(28)] (30) "Interim warrant" means a warrant issued by a local entity under Section
211 11-42-601.
212 [(29)] (31) "Jurisdictional boundaries" means:
213 (a) for a county, the boundaries of the unincorporated area of the county; and
214 (b) for each other local entity, the boundaries of the local entity.
215 [(30)] (32) "Local district" means a local district under Title 17B, Limited Purpose
216 Local Government Entities - Local Districts.
217 [(31)] (33) "Local entity" means a county, city, town, special service district, local
218 district, an interlocal entity as defined in Section 11-13-103, a military installation development
219 authority created in Section 63H-1-201, or other political subdivision of the state.
220 [(32)] (34) "Local entity obligations" means assessment bonds, refunding assessment
221 bonds, interim warrants, and bond anticipation notes issued by a local entity.
222 [(33)] (35) "Mailing address" means:
223 (a) a property owner's last-known address using the name and address appearing on the
224 last completed real property assessment roll of the county in which the property is located; and
225 (b) if the property is improved property:
(i) the property's street number; or
(ii) the post office box, rural route number, or other mailing address of the property, if a street number has not been assigned.

"Net improvement revenues" means all improvement revenues that a local entity has received since the last installment payment date, less all amounts payable by the local entity from those improvement revenues for operation and maintenance costs.

"Operation and maintenance costs":
(a) means the costs that a local entity incurs in operating and maintaining improvements in an assessment area, whether or not those improvements have been financed under this chapter; and
(b) includes service charges, administrative costs, ongoing maintenance charges, and tariffs or other charges for electrical, water, gas, or other utility usage.

"Overhead costs" means the actual costs incurred or the estimated costs to be incurred by a local entity in connection with an assessment area for appraisals, legal fees, filing fees, financial advisory charges, underwriting fees, placement fees, escrow, trustee, and paying agent fees, publishing and mailing costs, costs of levying an assessment, recording costs, and all other incidental costs.

"Prior assessment ordinance" means the ordinance levying the assessments from which the prior bonds are payable.

"Prior assessment resolution" means the resolution levying the assessments from which the prior bonds are payable.

"Prior bonds" means the assessment bonds that are refunded in part or in whole by refunding assessment bonds.

"Project engineer" means the surveyor or engineer employed by or private consulting engineer engaged by a local entity to perform the necessary engineering services for and to supervise the construction or installation of the improvements.

"Property" includes real property and any interest in real property, including water rights and leasehold rights.
"Property price" means the price at which a local entity purchases or acquires by eminent domain property to make improvements in an assessment area.

"Provide" or "providing," with reference to an improvement, includes the acquisition, construction, reconstruction, renovation, maintenance, repair, operation, and expansion of an improvement.

"Public agency" means:
(a) the state or any agency, department, or division of the state; and
(b) a political subdivision of the state.

"Reduced payment obligation" means the full obligation of an owner of property within an assessment area to pay an assessment levied on the property after the assessment has been reduced because of the issuance of refunding assessment bonds, as provided in Section 11-42-608.

"Refunding assessment bonds" means assessment bonds that a local entity issues under Section 11-42-607 to refund, in part or in whole, assessment bonds.

"Renewable energy system" means a product, a system, a device, or an interacting group of devices that:
(a) is permanently affixed to commercial or industrial real property; and
(b) produces energy from renewable resources, including:
(i) a photovoltaic system;
(ii) a solar thermal system;
(iii) a wind system;
(iv) a geothermal system, including:
(A) a generation system;
(B) a direct-use system; or
(C) a ground source heat pump system;
(v) a microhydro system; or
(vi) other renewable sources approved by the governing body of a local entity.

"Reserve fund" means a fund established by a local entity under Section
"Service" means:

(a) water, sewer, storm drainage, garbage collection, library, recreation, communications, or electric service;
(b) economic promotion activities; or
(c) any other service that a local entity is required or authorized to provide.

"Special service district" has the same meaning as defined in Section 17D-1-102.

"Unimproved property" means property upon which no residential, commercial, or other building has been built.

"Voluntary assessment area" means an assessment area that contains only property whose owners have voluntarily consented to an assessment.

Section 2. Section 11-42-201.5 is enacted to read:

11-42-201.5. Prohibition on designation of an assessment area before May 12, 2015.

(1) Except as provided in Subsection (2)(a), a governing body of a local entity may not designate an assessment area under this part beginning on May 13, 2014, and before May 12, 2015.

(2) (a) Subsection (1) does not apply to an assessment area:

(i) for which:

(A) notice described in Subsection 11-42-201(2)(a) is published in accordance with Subsection 11-42-202(3) before May 13, 2014; or

(B) a designation ordinance or resolution has been adopted under Section 11-42-206 before May 13, 2014, designating the assessment area and the assessment area will expire by law unless the governing body redesignates the assessment area; or

(ii) that is a voluntary assessment area and all property owners have consented to the creation of the assessment area in writing before publication of the notice described in Subsection 11-42-201(2)(a).
(b) If a governing body redesignates an assessment area described in Subsection (2)(a), the governing may not expand the boundaries of the assessment area.

Section 3. Section 11-42-202 is amended to read:

11-42-202. Requirements applicable to a notice of a proposed assessment area designation.

(1) Each notice required under Subsection 11-42-201(2)(a) shall:

(a) state that the local entity proposes to:

(i) designate one or more areas within the local entity's jurisdictional boundaries as an assessment area;

(ii) provide an improvement to property within the proposed assessment area; and

(iii) finance some or all of the cost of improvements by an assessment on benefitted property within the assessment area;

(b) describe the proposed assessment area by any reasonable method that allows an owner of property in the proposed assessment area to determine that the owner's property is within the proposed assessment area;

(c) describe, in a general way, the improvements to be provided to the assessment area, including:

(i) the general nature of the improvements; and

(ii) the general location of the improvements, by reference to streets or portions or extensions of streets or by any other means that the governing body chooses that reasonably describes the general location of the improvements;

(d) state the estimated cost of the improvements as determined by a project engineer;

(e) state that the local entity proposes to levy an assessment on benefitted property within the assessment area to pay some or all of the cost of the improvements according to the estimated direct and indirect benefits to the property from the improvements;

(f) state the assessment method by which the governing body proposes to levy the assessment, including, if the local entity is a municipality or county, whether the assessment will be collected:
(i) by directly billing a property owner; or
(ii) by inclusion on a property tax notice issued in accordance with Section 59-2-1317;
(g) state:
(i) the date described in Section 11-42-203 and the location at which protests against
designation of the proposed assessment area or of the proposed improvements are required to
be filed; and
(ii) the method by which the governing body will determine the number of protests
required to defeat the designation of the proposed assessment area or acquisition or
construction of the proposed improvements;
(h) state the date, time, and place of the public hearing required in Section 11-42-204;
(i) if the governing body elects to create and fund a reserve fund under Section
11-42-702, include a description of:
(i) how the reserve fund will be funded and replenished; and
(ii) how remaining money in the reserve fund is to be disbursed upon full payment of
the bonds;
(j) if the governing body intends to designate a voluntary assessment area, include a
property owner consent form that:
(i) estimates the total assessment to be levied against the particular parcel of property;
(ii) describes any additional benefits that the governing body expects the assessed
property to receive from the improvements; and
(iii) designates the date and time by which the fully executed consent form is required
to be submitted to the governing body;
(k) if the local entity intends to levy an assessment to pay operation and maintenance
costs or for economic promotion activities, include:
(i) a description of the operation and maintenance costs or economic promotion
activities to be paid by assessments and the initial estimated annual assessment to be levied;
(ii) a description of how the estimated assessment will be determined;
(iii) a description of how and when the governing body will adjust the assessment to
reflect the costs of:

(A) in accordance with Section 11-42-406, current economic promotion activities; or

(B) current operation and maintenance costs;

(iv) a description of the method of assessment if different from the method of

assessment to be used for financing any improvement; and

(v) a statement of the maximum number of years over which the assessment will be

levied for:

(A) operation and maintenance costs; or

(B) economic promotion activities; and

(l) if the governing body intends to divide the proposed assessment area into zones

under Subsection 11-42-201(1)(b), include a description of the proposed zones.

(2) A notice required under Subsection 11-42-201(2)(a) may contain other information

that the governing body considers to be appropriate, including:

(a) the amount or proportion of the cost of the improvement to be paid by the local

entity or from sources other than an assessment;

(b) the estimated amount of each type of assessment for the various improvements to

be financed according to the method of assessment that the governing body chooses; and

(c) provisions for any improvements described in Subsection 11-42-102[(24)]

(25)(a)(ii).

(3) Each notice required under Subsection 11-42-201(2)(a) shall:

(a) (i) (A) be published in a newspaper of general circulation within the local entity's

jurisdictional boundaries, once a week for four consecutive weeks, with the last publication at

least five but not more than 20 days before the day of the hearing required in Section

11-42-204; or

(B) if there is no newspaper of general circulation within the local entity's jurisdictional

boundaries, be posted in at least three public places within the local entity's jurisdictional

boundaries at least 20 but not more than 35 days before the day of the hearing required in

Section 11-42-204; and
be published on the Utah Public Notice Website described in Section 63F-1-701 for
four weeks before the deadline for filing protests specified in the notice under Subsection
(1)(g); and
(b) be mailed, postage prepaid, within 10 days after the first publication or posting of
the notice under Subsection (3)(a) to each owner of property to be assessed within the proposed
assessment area at the property owner's mailing address.

Section 4. Section 11-42-206 is amended to read:

11-42-206. Adoption of a resolution or an ordinance regarding a proposed
assessment area -- Designation of an assessment area may not occur if adequate protests
filed -- Recording of resolution or ordinance and notice of proposed assessment.

(1) (a) After holding a public hearing under Section 11-42-204 and considering protests
filed under Section 11-42-203, and subject to Subsection (3), the governing body shall hold a
public meeting to adopt a resolution or ordinance:
(i) abandoning the proposal to designate an assessment area; or
(ii) designating an assessment area as described in the notice under Section 11-42-202
or with the changes made as authorized under Subsection 11-42-204(4).
(b) In accordance with Section 11-42-203, the governing body:
(i) may not schedule the public meeting before the expiration of the 60-day protest
period; and
(ii) shall consider and report on any timely filed protests.

(2) If the notice under Section 11-42-202 indicates that the proposed assessment area is
a voluntary assessment area, the governing body shall:
(a) delete from the proposed assessment area all property whose owners have not
submitted an executed consent form consenting to inclusion of the owner's property in the
proposed assessment area; and
(b) determine whether to designate a voluntary assessment area, after considering:
(i) the amount of the proposed assessment to be levied on the property within the
voluntary assessment area; and
(ii) the benefits that property within the voluntary assessment area will receive from improvements proposed to be financed by assessments on the property.

(3) (a) If adequate protests have been filed, the governing body may not designate an assessment area as described in the notice under Section 11-42-202.

(b) If inadequate protests have been filed, the governing body may designate the described assessment area.

(c) If contestable protests have been filed, the governing body may not designate the described assessment area unless the governing body:

(i) (A) circulates a petition to designate the assessment area described in the notice under Section 11-42-202; and

(B) clearly indicates on the petition that it is a petition to designate the assessment area;

(ii) collects for the petition described in Subsection (3)(c)(i)(A):

(A) the signatures of owners of private real property that is located within the proposed assessment area;

(B) enough signatures to exceed the number of contestable protest signatures received by the governing body protesting the described assessment area by no less than 5% based on the same assessment method representation that was used to calculate the number of contestable protest signatures; and

(C) the necessary signatures described in Subsection (3)(c)(ii)(B) no later than 60 days after the day on which the public hearing described in Subsection (1)(a) is held;

(iii) submits the signatures on the petition to the county clerk, municipal clerk, or municipal recorder, respectively, for certification;

(iv) holds a public meeting after the county clerk, municipal clerk, or municipal recorder notifies the governing body that the clerk or recorder has certified the petition in accordance with Subsection (3)(c); and

(v) at the public meeting casts a unanimous vote to adopt a designation resolution or ordinance designating the assessment area.

(d) A property owner who signs the petition may withdraw the owner's signature from
the petition at any time before the expiration of the 60-day period described in Subsection (3)(c)(ii)(C) by filing a written withdrawal with the county clerk, municipal clerk, or municipal recorder, respectively.

(e)  No later than 30 days after receiving a petition described in Subsection (3)(c)(i) from a governing body for certification, a county clerk, municipal clerk, or municipal recorder shall:

(i)  determine if the petition complies with the petition and signature requirements of Subsections (3)(c)(i) and (ii);

(ii)  certify the petition if the petition is in compliance or reject the petition; and

(iii)  notify the governing body in writing that the petition has been certified or rejected.

(f)  If the county clerk, municipal clerk, or municipal recorder, respectively, fails to certify or reject a petition within 30 days after it is submitted by the governing body, the petition shall be considered to be rejected.

(4) (a)  If the governing body adopts a designation resolution or ordinance designating an assessment area, the governing body shall, within 15 days after adopting the designation resolution or ordinance:

(i)  record the original or certified copy of the designation resolution or ordinance in the office of the recorder of the county in which property within the assessment area is located; and

(ii)  file with the recorder of the county in which property within the assessment area is located a notice of proposed assessment that:

(A)  states that the local entity has designated an assessment area; and

(B)  lists, by legal description and tax identification number, the property proposed to be assessed.

(b) A governing body's failure to comply with the requirements of Subsection (4)(a) does not invalidate the designation of an assessment area.

(5) After the adoption of a designation resolution or ordinance under Subsection (1)(a), the local entity may begin providing the specified improvements.

Section 5. Section 63I-2-211 is enacted to read:
63I-2-211. Repeal dates -- Title 11.

Section 11-42-201.5 is repealed July 1, 2015.