

**AMENDMENTS TO THE INTERLOCAL ACT**

2015 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Johnny Anderson**

Senate Sponsor: \_\_\_\_\_

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**LONG TITLE**

**General Description:**

This bill amends provisions related to interlocal entities and joint or cooperative undertakings.

**Highlighted Provisions:**

This bill:

- ▶ defines terms;
- ▶ authorizes a Utah public agency to exercise, with certain limitations, a power, privilege, or authority with any other Utah public agency;
- ▶ provides that certain provisions govern an interlocal entity;
- ▶ authorizes an interlocal entity to create a local disaster recovery fund;
- ▶ provides requirements for agreements for a joint or cooperative undertaking;
- ▶ clarifies applicable law to a bond issued by an interlocal entity;
- ▶ provides that an interlocal entity may pledge certain revenues for a bond;
- ▶ amends provisions authorizing an employee performing services under agreements;
- ▶ requires that an interlocal entity establish a personnel system;
- ▶ requires a governing board to adopt rules or policies for public procurement;
- ▶ exempts a taxed interlocal entity from certain provisions;
- ▶ enacts language related to the governance of an interlocal entity or joint or cooperative undertaking, including:
  - compensation of a member of the governing authority; and



- 28           • quorum and meeting requirements;
- 29           ▸ enacts language related to fiscal procedures for interlocal entities, including uniform
- 30 accounting requirements, budgetary procedures, appropriations, emergency
- 31 expenditures, interfund loans, operating and capital budgets, audit requirements, and
- 32 fees; and
- 33           ▸ makes clarifying and conforming amendments.

34 **Money Appropriated in this Bill:**

35           None

36 **Other Special Clauses:**

37           None

38 **Utah Code Sections Affected:**

39 **AMENDS:**

- 40           **11-13-103**, as last amended by Laws of Utah 2012, Chapters 212 and 345
- 41           **11-13-201**, as renumbered and amended by Laws of Utah 2002, Chapter 286
- 42           **11-13-202.5**, as enacted by Laws of Utah 2003, Chapter 38
- 43           **11-13-203**, as last amended by Laws of Utah 2009, Chapter 350
- 44           **11-13-204 (Effective 05/12/15)**, as last amended by Laws of Utah 2014, Chapter 115
- 45           **11-13-206**, as renumbered and amended by Laws of Utah 2002, Chapter 286
- 46           **11-13-207**, as renumbered and amended by Laws of Utah 2002, Chapter 286
- 47           **11-13-208**, as renumbered and amended by Laws of Utah 2002, Chapter 286
- 48           **11-13-211**, as renumbered and amended by Laws of Utah 2002, Chapter 286
- 49           **11-13-217**, as renumbered and amended by Laws of Utah 2002, Chapter 286
- 50           **11-13-218**, as last amended by Laws of Utah 2013, Chapter 246
- 51           **11-13-219**, as last amended by Laws of Utah 2009, Chapter 388
- 52           **11-13-222**, as last amended by Laws of Utah 2008, Chapter 382
- 53           **11-13-224**, as enacted by Laws of Utah 2013, Chapter 311
- 54           **11-13-315 (Effective 05/12/15)**, as last amended by Laws of Utah 2014, Chapters 115,
- 55 189, 196, and 264
- 56           **52-4-103**, as last amended by Laws of Utah 2014, Chapter 434
- 57           **53-2a-605**, as renumbered and amended by Laws of Utah 2013, Chapter 295
- 58           **63G-2-103**, as last amended by Laws of Utah 2014, Chapter 90

- 59 ENACTS:
- 60 [11-13-218.1](#), Utah Code Annotated 1953
  - 61 [11-13-225](#), Utah Code Annotated 1953
  - 62 [11-13-226](#), Utah Code Annotated 1953
  - 63 [11-13-401](#), Utah Code Annotated 1953
  - 64 [11-13-402](#), Utah Code Annotated 1953
  - 65 [11-13-403](#), Utah Code Annotated 1953
  - 66 [11-13-404](#), Utah Code Annotated 1953
  - 67 [11-13-501](#), Utah Code Annotated 1953
  - 68 [11-13-502](#), Utah Code Annotated 1953
  - 69 [11-13-503](#), Utah Code Annotated 1953
  - 70 [11-13-504](#), Utah Code Annotated 1953
  - 71 [11-13-505](#), Utah Code Annotated 1953
  - 72 [11-13-506](#), Utah Code Annotated 1953
  - 73 [11-13-507](#), Utah Code Annotated 1953
  - 74 [11-13-508](#), Utah Code Annotated 1953
  - 75 [11-13-509](#), Utah Code Annotated 1953
  - 76 [11-13-510](#), Utah Code Annotated 1953
  - 77 [11-13-511](#), Utah Code Annotated 1953
  - 78 [11-13-512](#), Utah Code Annotated 1953
  - 79 [11-13-513](#), Utah Code Annotated 1953
  - 80 [11-13-514](#), Utah Code Annotated 1953
  - 81 [11-13-515](#), Utah Code Annotated 1953
  - 82 [11-13-516](#), Utah Code Annotated 1953
  - 83 [11-13-517](#), Utah Code Annotated 1953
  - 84 [11-13-518](#), Utah Code Annotated 1953
  - 85 [11-13-519](#), Utah Code Annotated 1953
  - 86 [11-13-520](#), Utah Code Annotated 1953
  - 87 [11-13-521](#), Utah Code Annotated 1953
  - 88 [11-13-522](#), Utah Code Annotated 1953
  - 89 [11-13-523](#), Utah Code Annotated 1953

- 90 [11-13-524](#), Utah Code Annotated 1953
- 91 [11-13-525](#), Utah Code Annotated 1953
- 92 [11-13-526](#), Utah Code Annotated 1953
- 93 [11-13-527](#), Utah Code Annotated 1953
- 94 [11-13-528](#), Utah Code Annotated 1953
- 95 [11-13-529](#), Utah Code Annotated 1953
- 96 [11-13-530](#), Utah Code Annotated 1953
- 97 [11-13-531](#), Utah Code Annotated 1953
- 98 [11-13-532](#), Utah Code Annotated 1953
- 99 [11-13-533](#), Utah Code Annotated 1953

100 REPEALS:

- 101 [11-13-223](#) (**Superseded 05/12/15**), as last amended by Laws of Utah 2007, Chapter 249
- 102 [11-13-223](#) (**Effective 05/12/15**), as last amended by Laws of Utah 2014, Chapter 115



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

105 Section 1. Section **11-13-103** is amended to read:

106 **11-13-103. Definitions.**

107 As used in this chapter:

108 (1) (a) "Additional project capacity" means electric generating capacity provided by a  
109 generating unit that first produces electricity on or after May 6, 2002, and that is constructed or  
110 installed at or adjacent to the site of a project that first produced electricity before May 6, 2002,  
111 regardless of whether:

112 (i) the owners of the new generating unit are the same as or different from the owner of  
113 the project; and

114 (ii) the purchasers of electricity from the new generating unit are the same as or  
115 different from the purchasers of electricity from the project.

116 (b) "Additional project capacity" does not mean or include replacement project  
117 capacity.

118 (2) "Board" means the Permanent Community Impact Fund Board created by Section  
119 [35A-8-304](#), and its successors.

120 (3) "Candidate" means one or more of:

- 121 (a) the state;
- 122 (b) a county, municipality, school district, local district, special service district, or other  
123 political subdivision of the state; and
- 124 (c) a prosecution district.
- 125 (4) "Commercial project entity" means a project entity, defined in Subsection [~~(12)~~  
126 (17)], that:
- 127 (a) has no taxing authority; and
- 128 (b) is not supported in whole or in part by and does not expend or disburse tax  
129 revenues.
- 130 (5) "Direct impacts" means an increase in the need for public facilities or services that  
131 is attributable to the project or facilities providing additional project capacity, except impacts  
132 resulting from the construction or operation of a facility that is:
- 133 (a) owned by an owner other than the owner of the project or of the facilities providing  
134 additional project capacity; and
- 135 (b) used to furnish fuel, construction, or operation materials for use in the project.
- 136 (6) "Electric interlocal entity" means an interlocal entity described in Subsection  
137 11-13-203(3).
- 138 (7) "Energy services interlocal entity" means an interlocal entity that is described in  
139 Subsection 11-13-203(4).
- 140 (8) (a) "Estimated electric requirements," when used with respect to a qualified energy  
141 services interlocal entity, includes any of the following that meets the requirements of  
142 Subsection (8)(b):
- 143 (i) generation capacity;
- 144 (ii) generation output; or
- 145 (iii) an electric energy production facility.
- 146 (b) An item listed in Subsection (8)(a) is included in "estimated electric requirements"  
147 if it is needed by the qualified energy services interlocal entity to perform the qualified energy  
148 services interlocal entity's contractual or legal obligations to any of its members.
- 149 (9) "Governing authority" means a governing board and joint administrator.
- 150 (10) (a) "Governing board" means the body established in accordance with Section  
151 11-13-402 to govern an interlocal entity.

152 (b) "Governing board" does not include a board as defined in Subsection (2).

153 ~~[(9)]~~ (11) "Interlocal entity" means:

154 (a) a Utah interlocal entity, an electric interlocal entity, or an energy services interlocal  
155 entity; or

156 (b) a separate legal or administrative entity created under Section [11-13-205](#).

157 (12) "Joint administrator" means an administrator or joint board described in Section  
158 [11-13-207](#) to administer a joint or cooperative undertaking.

159 (13) "Joint or cooperative undertaking" means an undertaking by more than one public  
160 agency who have entered into an agreement for a purpose described in Subsection  
161 [11-13-202](#)(1).

162 (14) "Member" means a public agency that, with another public agency, creates an  
163 interlocal entity under Section [11-13-203](#).

164 ~~[(10)]~~ (15) "Out-of-state public agency" means a public agency as defined in  
165 Subsection ~~[(13)]~~ (18)(c), (d), or (e).

166 ~~[(11)]~~ (16) (a) "Project":

167 (i) means an electric generation and transmission facility owned by a Utah interlocal  
168 entity or an electric interlocal entity; and

169 (ii) includes fuel or fuel transportation facilities and water facilities owned by that Utah  
170 interlocal entity or electric interlocal entity and required for the generation and transmission  
171 facility.

172 (b) "Project" includes a project entity's ownership interest in:

173 (i) facilities that provide additional project capacity;

174 (ii) facilities that provide replacement project capacity; and

175 (iii) additional generating, transmission, fuel, fuel transportation, water, or other  
176 facilities added to a project.

177 ~~[(12)]~~ (17) "Project entity" means a Utah interlocal entity or an electric interlocal entity  
178 that owns a project.

179 ~~[(13)]~~ (18) "Public agency" means:

180 (a) a city, town, county, school district, local district, special service district, an  
181 interlocal entity, or other political subdivision of the state;

182 (b) the state or any department, division, or agency of the state;

183 (c) any agency of the United States;

184 (d) any political subdivision or agency of another state or the District of Columbia  
185 including any interlocal cooperation or joint powers agency formed under the authority of the  
186 law of the other state or the District of Columbia; ~~and~~ or

187 (e) any Indian tribe, band, nation, or other organized group or community which is  
188 recognized as eligible for the special programs and services provided by the United States to  
189 Indians because of their status as Indians.

190 ~~(14)~~ (19) "Qualified energy services interlocal entity" means an energy services  
191 interlocal entity that at the time that the energy services interlocal entity acquires its interest in  
192 facilities providing additional project capacity has at least five members that are Utah public  
193 agencies.

194 ~~(15)~~ (20) "Replacement project capacity" means electric generating capacity or  
195 transmission capacity that:

196 (a) replaces all or a portion of the existing electric generating or transmission capacity  
197 of a project; and

198 (b) is provided by a facility that is constructed, reconstructed, converted, repowered, or  
199 installed in a location adjacent to or in proximity to or interconnected with the site of a project,  
200 regardless of whether the capacity replacing existing capacity is less than or exceeds the  
201 generating or transmission capacity of the project prior to installation of the capacity replacing  
202 existing capacity.

203 ~~(16)~~ (21) "Utah interlocal entity":

204 (a) means an interlocal entity described in Subsection 11-13-203(2); and

205 (b) includes a separate legal or administrative entity created under Laws of Utah 1977,  
206 Chapter 47, Section 3, as amended.

207 ~~(17)~~ (22) "Utah public agency" means a public agency under Subsection ~~(13)~~  
208 ~~(18)~~(a) or (b).

209 Section 2. Section 11-13-201 is amended to read:

210 **11-13-201. Joint exercise of power, privilege, or authority by public agencies --**  
211 **Relationship to the Municipal Cable Television and Public Telecommunications Services**  
212 **Act.**

213 (1) (a) Any power, privilege, or authority exercised or capable of exercise by a Utah

214 public agency may be exercised and enjoyed jointly with any other Utah public agency having  
215 the same power, privilege, or authority, in a manner consistent with the provisions of this  
216 chapter, and jointly with any out-of-state public agency to the extent that the laws governing  
217 the out-of-state public agency permit such joint exercise or enjoyment.

218 (b) Any agency of the state government when acting jointly with any public agency  
219 may exercise and enjoy all of the powers, privileges, and authority conferred by this chapter  
220 upon a public agency.

221 (2) This chapter may not enlarge or expand the authority of a public agency not  
222 authorized to offer and provide cable television services and public telecommunications  
223 services under Title 10, Chapter 18, Municipal Cable Television and Public  
224 Telecommunications Services Act, to offer or provide cable television services and public  
225 telecommunications services.

226 Section 3. Section **11-13-202.5** is amended to read:

227 **11-13-202.5. Approval of certain agreements -- Review by attorney.**

228 (1) Each agreement under Section **11-13-202** and each agreement under Section  
229 **11-13-212** shall be approved by:

230 (a) except as provided in Subsections (1)(b) and (c), the commission, board, council, or  
231 other body or officer vested with the executive power of the public agency;

232 (b) the legislative body of the public agency if the agreement:

233 (i) requires the public agency to adjust its budget for a current or future fiscal year;

234 (ii) includes an out-of-state public agency as a party;

235 (iii) provides for the public agency to acquire or construct:

236 (A) a facility; or

237 (B) an improvement to real property;

238 (iv) provides for the public agency to acquire or transfer title to real property;

239 (v) provides for the public agency to issue bonds;

240 (vi) creates an interlocal entity; or

241 (vii) provides for the public agency to share taxes or other revenues; or

242 (c) if the public agency is a public agency under Subsection **11-13-103**~~[(13)]~~[(18)](b),  
243 the director or other head of the applicable state department, division, or agency.

244 (2) If an agreement is required under Subsection (1) to be approved by the public



245 agency's legislative body, the resolution or ordinance approving the agreement shall:

246 (a) specify the effective date of the agreement; and

247 (b) if the agreement creates an interlocal entity:

248 (i) declare that it is the legislative body's intent to create an interlocal entity;

249 (ii) describe the public purposes for which the interlocal entity is created; and

250 (iii) describe the powers, duties, and functions of the interlocal entity.

251 (3) The officer or body required under Subsection (1) to approve an agreement shall,

252 before the agreement may take effect, submit the agreement to the attorney authorized to

253 represent the public agency for review as to proper form and compliance with applicable law.

254 Section 4. Section 11-13-203 is amended to read:

255 **11-13-203. Interlocal entities -- Agreement to approve the creation of an**  
256 **interlocal entity -- Utah interlocal entity may become electric interlocal entity or energy**  
257 **services interlocal entity.**

258 (1) An interlocal entity is:

259 (a) separate from the public agencies that create it;

260 (b) a body politic and corporate; and

261 (c) a political subdivision of the state.

262 (2) (a) Any two or more Utah public agencies may enter into an agreement to approve  
263 the creation of a Utah interlocal entity to accomplish the purpose of their joint or cooperative  
264 [action] undertaking, including undertaking and financing a facility or improvement to provide  
265 the service contemplated by that agreement.

266 (b) The creation, operation, governance, and fiscal procedures of an interlocal entity  
267 and its governing authority are governed by this chapter and are not subject to the statutes  
268 applicable to its members or other entities.

269 (3) (a) A Utah public agency and one or more public agencies may enter into an  
270 agreement to approve the creation of an electric interlocal entity to accomplish the purpose of  
271 their joint or cooperative [action] undertaking if that purpose is to participate in the undertaking  
272 or financing of:

273 (i) facilities to provide additional project capacity;

274 (ii) common facilities under Title 54, Chapter 9, Electric Power Facilities Act; or

275 (iii) electric generation or transmission facilities.

276 (b) By agreement with one or more public agencies that are not parties to the  
277 agreement creating it, a Utah interlocal entity may be reorganized as an electric interlocal entity  
278 if:

279 (i) the public agencies that are parties to the agreement creating the Utah interlocal  
280 entity authorize, in the same manner required to amend the agreement creating the Utah  
281 interlocal entity, the Utah interlocal entity to be reorganized as an electric interlocal entity; and

282 (ii) the purpose of the joint or cooperative [action] undertaking to be accomplished by  
283 the electric interlocal entity meets the requirements of Subsection (3)(a).

284 (4) (a) Two or more Utah public agencies may enter into an agreement with one  
285 another or with one or more public agencies to approve the creation of an energy services  
286 interlocal entity to accomplish the purposes of their joint and cooperative [action] undertaking  
287 with respect to facilities, services, and improvements necessary or desirable with respect to the  
288 acquisition, generation, transmission, management, and distribution of electric energy for the  
289 use and benefit of the public agencies that enter into the agreement.

290 (b) (i) A Utah interlocal entity that was created to facilitate the transmission or supply  
291 of electric power may, by resolution adopted by its governing [body] board, elect to become an  
292 energy services interlocal entity.

293 (ii) Notwithstanding Subsection (4)(b)(i), a Utah interlocal entity that is also a project  
294 entity may not elect to become an energy services interlocal entity.

295 (iii) An election under Subsection (4)(b)(i) does not alter, limit, or affect the validity or  
296 enforceability of a previously executed contract, agreement, bond, or other obligation of the  
297 Utah interlocal entity making the election.

298 Section 5. Section 11-13-204 (Effective 05/12/15) is amended to read:

299 **11-13-204 (Effective 05/12/15). Powers and duties of interlocal entities --**  
300 **Additional powers of energy services interlocal entities -- Length of term of agreement**  
301 **and interlocal entity -- Notice to lieutenant governor -- Recording requirements -- Public**  
302 **Service Commission.**

303 (1) (a) An interlocal entity:

304 (i) shall adopt bylaws, policies, and procedures for the regulation of its affairs and the  
305 conduct of its business;

306 (ii) may:

- 307 (A) amend or repeal a bylaw, policy, or procedure;
- 308 (B) sue and be sued;
- 309 (C) have an official seal and alter that seal at will;
- 310 (D) make and execute contracts and other instruments necessary or convenient for the
- 311 performance of its duties and the exercise of its powers and functions;
- 312 (E) acquire real or personal property, or an undivided, fractional, or other interest in
- 313 real or personal property, necessary or convenient for the purposes contemplated in the
- 314 agreement creating the interlocal entity and sell, lease, or otherwise dispose of that property;
- 315 (F) directly or by contract with another:
- 316 (I) own and acquire facilities and improvements or an undivided, fractional, or other
- 317 interest in facilities and improvements;
- 318 (II) construct, operate, maintain, and repair facilities and improvements; and
- 319 (III) provide the services contemplated in the agreement creating the interlocal entity
- 320 and establish, impose, and collect rates, fees, and charges for the services provided by the
- 321 interlocal entity;
- 322 (G) borrow money, incur indebtedness, and issue revenue bonds, notes, or other
- 323 obligations and secure their payment by an assignment, pledge, or other conveyance of all or
- 324 any part of the revenues and receipts from the facilities, improvements, or services that the
- 325 interlocal entity provides;
- 326 (H) offer, issue, and sell warrants, options, or other rights related to the bonds, notes, or
- 327 other obligations issued by the interlocal entity; ~~and~~
- 328 (I) sell or contract for the sale of the services, output, product, or other benefits
- 329 provided by the interlocal entity to:
- 330 (I) public agencies inside or outside the state; and
- 331 (II) with respect to any excess services, output, product, or benefits, any person on
- 332 terms that the interlocal entity considers to be in the best interest of the public agencies that are
- 333 parties to the agreement creating the interlocal entity; and
- 334 (J) create a local disaster recovery fund in the same manner and to the same extent as
- 335 authorized for a local government in accordance with Section [53-2a-605](#); and
- 336 (iii) may not levy, assess, or collect ad valorem property taxes.
- 337 (b) An assignment, pledge, or other conveyance under Subsection (1)(a)(ii)(G) may, to

338 the extent provided by the documents under which the assignment, pledge, or other conveyance  
339 is made, rank prior in right to any other obligation except taxes or payments in lieu of taxes  
340 payable to the state or its political subdivisions.

341 ~~[(c) (i) (A) Except as provided in Subsection (1)(c)(i)(B), an interlocal entity is subject~~  
342 ~~to each state law that governs each public agency that is a member of the entity to the extent~~  
343 ~~that the law governs an activity or action of the public agency in which the interlocal entity is~~  
344 ~~also engaged.]~~

345 ~~[(B) Subsection (1)(c)(i)(A) does not apply if an interlocal entity is expressly exempt~~  
346 ~~from the law.]~~

347 ~~[(C) A law described in Subsection (1)(c)(i)(A) does not include a local ordinance or~~  
348 ~~other local law.]~~

349 ~~[(ii) If a state law that governs a public agency that is a member of the interlocal entity~~  
350 ~~conflicts with a state law that governs another member entity, the interlocal entity shall choose~~  
351 ~~and comply with one of the conflicting state laws.]~~

352 ~~[(iii) (A) If a public agency that is a member of the interlocal entity is an institution of~~  
353 ~~higher education, the interlocal entity shall adopt the policies of the Board of Regents.]~~

354 ~~[(B) If a policy of the Board of Regents adopted by an interlocal entity in accordance~~  
355 ~~with Subsection (1)(c)(iii)(A) conflicts with a state law that governs a public agency that is a~~  
356 ~~member entity, the state law governs.]~~

357 (2) An energy services interlocal entity:

358 (a) except with respect to any ownership interest it has in facilities providing additional  
359 project capacity, is not subject to:

360 (i) Part 3, Project Entity Provisions; or

361 (ii) Title 59, Chapter 8, Gross Receipts Tax on Certain Corporations Not Required to  
362 Pay Corporate Franchise or Income Tax Act; and

363 (b) may:

364 (i) own, acquire, and, by itself or by contract with another, construct, operate, and  
365 maintain a facility or improvement for the generation, transmission, and transportation of  
366 electric energy or related fuel supplies;

367 (ii) enter into a contract to obtain a supply of electric power and energy and ancillary  
368 services, transmission, and transportation services, and supplies of natural gas and fuels

369 necessary for the operation of generation facilities;

370 (iii) enter into a contract with public agencies, investor-owned or cooperative utilities,  
371 and others, whether located in or out of the state, for the sale of wholesale services provided by  
372 the energy services interlocal entity; and

373 (iv) adopt and implement risk management policies and strategies and enter into  
374 transactions and agreements to manage the risks associated with the purchase and sale of  
375 energy, including forward purchase and sale contracts, hedging, tolling and swap agreements,  
376 and other instruments.

377 (3) Notwithstanding Section 11-13-216, an agreement creating an interlocal entity or  
378 an amendment to that agreement may provide that the agreement may continue and the  
379 interlocal entity may remain in existence until the latest to occur of:

380 (a) 50 years after the date of the agreement or amendment;

381 (b) five years after the interlocal entity has fully paid or otherwise discharged all of its  
382 indebtedness;

383 (c) five years after the interlocal entity has abandoned, decommissioned, or conveyed  
384 or transferred all of its interest in its facilities and improvements; or

385 (d) five years after the facilities and improvements of the interlocal entity are no longer  
386 useful in providing the service, output, product, or other benefit of the facilities and  
387 improvements, as determined under the agreement governing the sale of the service, output,  
388 product, or other benefit.

389 (4) (a) The governing body [~~of each party to the agreement to approve the creation~~] of  
390 a member of an interlocal entity, including an electric interlocal entity and an energy services  
391 interlocal entity, under Section 11-13-203 shall:

392 (i) within 30 days after the date of the agreement, jointly file with the lieutenant  
393 governor:

394 (A) a copy of a notice of an impending boundary action, as defined in Section  
395 67-1a-6.5, that meets the requirements of Subsection 67-1a-6.5(3); and

396 (B) if less than all of the territory of any Utah public agency that is a party to the  
397 agreement is included within the interlocal entity, a copy of an approved final local entity plat,  
398 as defined in Section 67-1a-6.5; and

399 (ii) upon the lieutenant governor's issuance of a certificate of creation under Section

400 67-1a-6.5:

401 (A) if the interlocal entity is located within the boundary of a single county, submit to  
402 the recorder of that county:

403 (I) the original:

404 (Aa) notice of an impending boundary action;

405 (Bb) certificate of creation; and

406 (Cc) approved final local entity plat, if an approved final local entity plat was required  
407 to be filed with the lieutenant governor under Subsection (4)(a)(i)(B); and

408 (II) a certified copy of the agreement approving the creation of the interlocal entity; or

409 (B) if the interlocal entity is located within the boundaries of more than a single  
410 county:

411 (I) submit to the recorder of one of those counties:

412 (Aa) the original of the documents listed in Subsections (4)(a)(ii)(A)(I)(Aa), (Bb), and  
413 (Cc); and

414 (Bb) a certified copy of the agreement approving the creation of the interlocal entity;  
415 and

416 (II) submit to the recorder of each other county:

417 (Aa) a certified copy of the documents listed in Subsections (4)(a)(ii)(A)(I)(Aa), (Bb),  
418 and (Cc); and

419 (Bb) a certified copy of the agreement approving the creation of the interlocal entity.

420 (b) Upon the lieutenant governor's issuance of a certificate of creation under Section  
421 67-1a-6.5, the interlocal entity is created.

422 (c) Until the documents listed in Subsection (4)(a)(ii) are recorded in the office of the  
423 recorder of each county in which the property is located, a newly created interlocal entity may  
424 not charge or collect a fee for service provided to property within the interlocal entity.

425 (5) Nothing in this section may be construed as expanding the rights of any  
426 municipality or interlocal entity to sell or provide retail service.

427 (6) Except as provided in Subsection (7):

428 (a) nothing in this section may be construed to expand or limit the rights of a  
429 municipality to sell or provide retail electric service; and

430 (b) an energy services interlocal entity may not provide retail electric service to

431 customers located outside the municipal boundaries of its members.

432 (7) (a) An energy services interlocal entity created before July 1, 2003, that is  
433 comprised solely of Utah municipalities and that, for a minimum of 50 years before July 1,  
434 2010, provided retail electric service to customers outside the municipal boundaries of its  
435 members, may provide retail electric service outside the municipal boundaries of its members  
436 if:

437 (i) the energy services interlocal entity:

438 (A) enters into a written agreement with each public utility holding a certificate of  
439 public convenience and necessity issued by the Public Service Commission to provide service  
440 within an agreed upon geographic area for the energy services interlocal entity to be  
441 responsible to provide electric service in the agreed upon geographic area outside the municipal  
442 boundaries of the members of the energy services interlocal entity; and

443 (B) obtains a franchise agreement, with the legislative body of the county or other  
444 governmental entity for the geographic area in which the energy services interlocal entity  
445 provides service outside the municipal boundaries of its members; and

446 (ii) each public utility described in Subsection (7)(a)(i)(A) applies for and obtains from  
447 the Public Service Commission approval of the agreement specified in Subsection (7)(a)(i)(A).

448 (b) (i) The Public Service Commission shall, after a public hearing held in accordance  
449 with Title 52, Chapter 4, Open and Public Meetings Act, approve an agreement described in  
450 Subsection (7)(a)(ii) if it determines that the agreement is in the public interest in that it  
451 incorporates the customer protections described in Subsection (7)(c) and the franchise  
452 agreement described in Subsection (7)(a)(i)(B) provides a reasonable mechanism using a  
453 neutral arbiter or ombudsman for resolving potential future complaints by customers of the  
454 energy services interlocal entity.

455 (ii) In approving an agreement, the Public Service Commission shall also amend the  
456 certificate of public convenience and necessity of any public utility described in Subsection  
457 (7)(a)(i) to delete from the geographic area specified in the certificate or certificates of the  
458 public utility the geographic area that the energy services interlocal entity has agreed to serve.

459 (c) In providing retail electric service to customers outside of the municipal boundaries  
460 of its members, but not within the municipal boundaries of another municipality that grants a  
461 franchise agreement in accordance with Subsection (7)(a)(i)(B), an energy services interlocal

462 entity shall comply with the following:

463 (i) the rates and conditions of service for customers outside the municipal boundaries  
464 of the members shall be at least as favorable as the rates and conditions of service for similarly  
465 situated customers within the municipal boundaries of the members;

466 (ii) the energy services interlocal entity shall operate as a single entity providing  
467 service both inside and outside of the municipal boundaries of its members;

468 (iii) a general rebate, refund, or other payment made to customers located within the  
469 municipal boundaries of the members shall also be provided to similarly situated customers  
470 located outside the municipal boundaries of the members;

471 (iv) a schedule of rates and conditions of service, or any change to the rates and  
472 conditions of service, shall be approved by the governing ~~[body]~~ board of the energy services  
473 interlocal entity;

474 (v) before implementation of any rate increase, the governing ~~[body]~~ board of the  
475 energy services interlocal entity shall first hold a public meeting to take public comment on the  
476 proposed increase, after providing at least 20 days and not more than 60 days' advance written  
477 notice to its customers on the ordinary billing and on the Utah Public Notice Website, created  
478 by Section [63F-1-701](#); and

479 (vi) the energy services interlocal entity shall file with the Public Service Commission  
480 its current schedule of rates and conditions of service.

481 (d) The Public Service Commission shall make the schedule of rates and conditions of  
482 service of the energy services interlocal entity available for public inspection.

483 (e) Nothing in this section:

484 (i) gives the Public Service Commission jurisdiction over the provision of retail  
485 electric service by an energy services interlocal entity within the municipal boundaries of its  
486 members; or

487 (ii) makes an energy services interlocal entity a public utility under Title 54, Public  
488 Utilities.

489 (f) Nothing in this section expands or diminishes the jurisdiction of the Public Service  
490 Commission over a municipality or an association of municipalities organized under Title 11,  
491 Chapter 13, Interlocal Cooperation Act, except as specifically authorized by this section's  
492 language.



493 (g) (i) An energy services interlocal entity described in Subsection (7)(a) retains its  
 494 authority to provide electric service to the extent authorized by Sections 11-13-202 and  
 495 11-13-203 and Subsections 11-13-204 (1) through (5).

496 (ii) Notwithstanding Subsection (7)(g)(i), if the Public Service Commission approves  
 497 the agreement described in Subsection (7)(a)(i), the energy services interlocal entity may not  
 498 provide retail electric service to customers located outside the municipal boundaries of its  
 499 members, except for customers located within the geographic area described in the agreement.

500 Section 6. Section 11-13-206 is amended to read:

501 **11-13-206. Requirements for agreements for joint or cooperative undertaking.**

502 (1) Each agreement under Section 11-13-202, 11-13-203, or 11-13-205 shall specify:

503 (a) its duration;

504 (b) if the agreement creates an interlocal entity:

505 (i) the precise organization, composition, and nature of the interlocal entity;

506 (ii) the powers delegated to the interlocal entity;

507 (iii) the manner in which the interlocal entity is to be governed; and

508 (iv) subject to Subsection (2), the manner in which the members of its governing

509 ~~body~~ board are to be appointed or selected;

510 (c) its purpose or purposes;

511 (d) the manner of financing the joint or cooperative undertaking and of establishing  
 512 and maintaining a budget for it;

513 (e) the permissible method or methods to be employed in accomplishing the partial or  
 514 complete termination of the agreement and for disposing of property upon such partial or  
 515 complete termination; ~~and~~

516 (f) the process, conditions, and terms for withdrawal of a participating public agency  
 517 from the interlocal entity or the joint and cooperative undertaking; and

518 ~~(f)~~ (g) any other necessary and proper matters.

519 (2) Each agreement under Section 11-13-203 or 11-13-205 that creates an interlocal  
 520 entity shall require that Utah public agencies that are parties to the agreement have the right to  
 521 appoint or select members of the interlocal entity's governing ~~body~~ board with a majority of  
 522 the voting power.

523 Section 7. Section 11-13-207 is amended to read:

524 **11-13-207. Additional requirements for agreement not establishing interlocal**  
525 **entity.**

526 (1) If an agreement under Section 11-13-202 does not establish an interlocal entity to  
527 conduct the joint or cooperative undertaking, the agreement shall, in addition to the items  
528 specified in Section 11-13-206, provide for:

529 ~~[(1)]~~ (a) the joint or cooperative undertaking to be administered by:

530 ~~[(a)]~~ (i) an administrator; or

531 ~~[(b)]~~ (ii) a joint board with representation from the public agencies that are parties to  
532 the agreement; ~~[and]~~

533 ~~[(2)]~~ (b) the manner of acquiring, holding, and disposing of real and personal property  
534 used in the joint or cooperative undertaking~~[-];~~

535 (c) the functions to be performed by the joint or cooperative undertaking; and

536 (d) the powers of the joint administrator.

537 (2) The creation, operation, governance, and fiscal procedures of a joint or cooperative  
538 undertaking are governed by this chapter.

539 Section 8. Section 11-13-208 is amended to read:

540 **11-13-208. Agreement does not relieve public agency of legal obligation or**  
541 **responsibility -- Exception.**

542 (1) Except as provided in Subsection (2), an agreement made under this chapter does  
543 not relieve a public agency of an obligation or responsibility imposed upon it by law.

544 (2) If an obligation or responsibility of a public agency is actually and timely  
545 performed by a joint ~~[board]~~ or cooperative undertaking or by an interlocal entity created by an  
546 agreement made under this chapter, that performance may be offered in satisfaction of the  
547 obligation or responsibility.

548 Section 9. Section 11-13-211 is amended to read:

549 **11-13-211. Public agencies authorized to provide resources to joint or cooperative**  
550 **undertaking or interlocal entity.**

551 A public agency entering into an agreement under this chapter under which ~~[an~~  
552 ~~administrative joint board]~~ a joint or cooperative undertaking is established or an interlocal  
553 entity is created ~~[to operate the joint or cooperative undertaking]~~ may:

554 (1) appropriate funds to the ~~[administrative joint board]~~ joint or cooperative

555 undertaking or interlocal entity;

556 (2) sell, lease, give, or otherwise supply tangible and intangible property to the

557 [~~administrative joint board~~] joint or cooperative undertaking or interlocal entity; and

558 (3) provide personnel or services for the [~~administrative joint board~~] joint or  
559 cooperative undertaking or interlocal entity as may be within its legal power to furnish.

560 Section 10. Section **11-13-217** is amended to read:

561 **11-13-217. Control and operation of joint facility or improvement provided by**  
562 **agreement.**

563 Any facility or improvement jointly owned or jointly operated by any two or more  
564 public agencies or acquired or constructed pursuant to an agreement under this chapter may be  
565 operated by any one or more of the interested public agencies designated for the purpose or  
566 may be operated by a joint [~~board or commission~~] or cooperative undertaking or an interlocal  
567 entity created for the purpose or through an agreement by an interlocal entity and a public  
568 agency receiving service or other benefits from such entity or may be controlled and operated  
569 in some other manner, all as may be provided by appropriate agreement. Payment for the cost  
570 of such operation shall be made as provided in any such agreement.

571 Section 11. Section **11-13-218** is amended to read:

572 **11-13-218. Authority of public agencies or interlocal entities to issue bonds --**  
573 **Applicable provisions.**

574 (1) A public agency may, in the same manner as it may issue bonds for its individual  
575 acquisition of a facility or improvement or for constructing, improving, or extending a facility  
576 or improvement, issue bonds to:

577 (a) acquire an interest in a jointly owned facility or improvement, a combination of a  
578 jointly owned facility or improvement, or any other facility or improvement; or

579 (b) pay all or part of the cost of constructing, improving, or extending a jointly owned  
580 facility or improvement, a combination of a jointly owned facility or improvement, or any other  
581 facility or improvement.

582 (2) (a) An interlocal entity may issue bonds or notes under a resolution, trust indenture,  
583 or other security instrument for the purpose of:

584 (i) financing its facilities or improvements; or

585 (ii) providing for or financing an energy efficiency upgrade or a renewable energy

586 system in accordance with Title 11, Chapter 42, Assessment Area Act.

587 (b) The bonds or notes may be sold at public or private sale, mature at such times and  
588 bear interest at such rates, and have such other terms and security as the entity determines.

589 (c) ~~[Such bonds]~~ The bonds or notes described in Subsection (2)(a) are not a debt of  
590 any public agency that is a party to the agreement.

591 (3) The governing ~~[body, as defined in Section 11-13-219, of an interlocal entity]~~ board  
592 may, by resolution, delegate to one or more officers of the interlocal entity or to a committee of  
593 designated members of the governing ~~[body]~~ board the authority to:

594 (a) in accordance with and within the parameters set forth in the resolution, approve the  
595 final interest rate, price, principal amount, maturity, redemption features, or other terms of a  
596 bond or note; and

597 (b) approve and execute all documents relating to the issuance of the bond or note.

598 (4) Bonds and notes issued under this chapter are declared to be negotiable instruments  
599 and their form and substance need not comply with the Uniform Commercial Code.

600 (5) (a) An interlocal entity shall issue bonds in accordance with Chapter 14, Local  
601 Government Bonding Act, or Chapter 27, Utah Refunding Bond Act, as applicable.

602 (b) An interlocal entity is a public body as defined in Section 11-30-2.

603 Section 12. Section **11-13-218.1** is enacted to read:

604 **11-13-218.1. Pledge of revenues to pay for bonds.**

605 (1) In addition to any assignment, pledge, or conveyance made in accordance with  
606 Subsection 11-13-204(1)(a)(i)(G), bonds issued by an interlocal entity may be payable from  
607 and secured by the pledge of all or any specified part of:

608 (a) the revenues to be derived by the interlocal entity from providing its services and  
609 from the operation of its facilities and other properties;

610 (b) sales and use taxes, property taxes, and other taxes;

611 (c) federal, state, or local grants; or

612 (d) other funds legally available to the interlocal entity.

613 (2) An assignment, pledge, or conveyance made by an interlocal entity to secure bonds  
614 shall be created and perfected in accordance with, and have the effect provided in, Section  
615 11-14-501.

616 Section 13. Section **11-13-219** is amended to read:

617           **11-13-219. Publication of resolutions or agreements -- Contesting legality of**  
618 **resolution or agreement.**

619           (1) As used in this section:

620           (a) "Enactment" means:

621           (i) a resolution adopted or proceedings taken by a governing body under the authority  
622 of this chapter, and includes a resolution, indenture, or other instrument providing for the  
623 issuance of bonds; and

624           (ii) an agreement or other instrument that is authorized, executed, or approved by a  
625 governing body under the authority of this chapter.

626           (b) "Governing body" means:

627           (i) the legislative body of a public agency; ~~and~~ or

628           (ii) the governing ~~body~~ authority of an interlocal entity ~~created~~ established under  
629 this chapter.

630           ~~(c)~~ (c) "Notice of agreement" means the notice authorized by Subsection (3)(c).

631           ~~(d)~~ (d) "Notice of bonds" means the notice authorized by Subsection (3)(d).

632           (e) "Official newspaper" means the newspaper selected by a governing body under  
633 Subsection (4)(b) to publish its enactments.

634           (2) Any enactment taken or made under the authority of this chapter is not subject to  
635 referendum.

636           (3) (a) A governing body need not publish any enactment taken or made under the  
637 authority of this chapter.

638           (b) A governing body may provide for the publication of any enactment taken or made  
639 by it under the authority of this chapter according to the publication requirements established  
640 by this section.

641           (c) (i) If the enactment is an agreement, document, or other instrument, or a resolution  
642 or other proceeding authorizing or approving an agreement, document, or other instrument, the  
643 governing body may, instead of publishing the full text of the agreement, resolution, or other  
644 proceeding, publish a notice of agreement containing:

645           (A) the names of the parties to the agreement;

646           (B) the general subject matter of the agreement;

647           (C) the term of the agreement;

648 (D) a description of the payment obligations, if any, of the parties to the agreement;  
649 and

650 (E) a statement that the resolution and agreement will be available for review at the  
651 governing body's principal place of business during regular business hours for 30 days after the  
652 publication of the notice of agreement.

653 (ii) The governing body shall make a copy of the resolution or other proceeding and a  
654 copy of the contract available at its principal place of business during regular business hours  
655 for 30 days after the publication of the notice of agreement.

656 (d) If the enactment is a resolution or other proceeding authorizing the issuance of  
657 bonds, the governing body may, instead of publishing the full text of the resolution or other  
658 proceeding and the documents pertaining to the issuance of bonds, publish a notice of bonds  
659 that contains the information described in Subsection 11-14-316(2).

660 (4) (a) If the governing body chooses to publish an enactment, notice of bonds, or  
661 notice of agreement, the governing body shall comply with the requirements of this Subsection  
662 (4).

663 (b) If there is more than one newspaper of general circulation, or more than one  
664 newspaper, published within the boundaries of the governing body, the governing body may  
665 designate one of those newspapers as the official newspaper for all publications made under  
666 this section.

667 (c) (i) (A) The governing body shall publish the enactment, notice of bonds, or notice  
668 of agreement in:

669 (I) the official newspaper;

670 (II) the newspaper published in the municipality in which the principal office of the  
671 governmental entity is located; or

672 (III) if no newspaper is published in that municipality, in a newspaper having general  
673 circulation in the municipality; and

674 (B) as required in Section 45-1-101.

675 (ii) The governing body may publish the enactment, notice of bonds, or notice of  
676 agreement:

677 (A) (I) in a newspaper of general circulation; or

678 (II) in a newspaper that is published within the boundaries of any public agency that is

679 a party to the enactment or agreement; and

680 (B) as required in Section 45-1-101.

681 (5) (a) Any person in interest may contest the legality of an enactment or any action  
682 performed or instrument issued under the authority of the enactment for 30 days after the  
683 publication of the enactment, notice of bonds, or notice of agreement.

684 (b) After the 30 days have passed, no one may contest the regularity, formality, or  
685 legality of the enactment or any action performed or instrument issued under the authority of  
686 the enactment for any cause whatsoever.

687 Section 14. Section 11-13-222 is amended to read:

688 **11-13-222. Employees performing services under agreements.**

689 (1) ~~[Each officer and]~~ An employee performing services for two or more public  
690 agencies under an agreement under this chapter shall be considered to be:

691 (a) ~~[an officer or]~~ an employee of the public agency employing the ~~[officer or]~~  
692 employee's services even though the ~~[officer or]~~ employee performs those functions outside of  
693 the territorial limits of any one of the contracting public agencies; and

694 (b) an ~~[officer or]~~ employee of the public agencies under the provisions of Title 63G,  
695 Chapter 7, Governmental Immunity Act of Utah.

696 (2) Unless otherwise provided in an agreement that creates an interlocal entity, each  
697 employee of a public agency that is a party to the agreement shall:

698 (a) remain an employee of that public agency, even though assigned to perform  
699 services for another public agency under the agreement; and

700 (b) continue to be governed by the rules, rights, entitlements, and status that apply to an  
701 employee of that public agency.

702 (3) All of the privileges, immunities from liability, exemptions from laws, ordinances,  
703 and rules, pensions and relief, disability, workers compensation, and other benefits that apply  
704 to an officer, agent, or employee of a public agency while performing functions within the  
705 territorial limits of the public agency apply to the same degree and extent when the officer,  
706 agent, or employee performs functions or duties under the agreement outside the territorial  
707 limits of that public agency.

708 Section 15. Section 11-13-224 is amended to read:

709 **11-13-224. Utah interlocal entity for alternative fuel vehicles and facilities.**

710 (1) As used in this section, "commission" means the Public Service Commission of  
711 Utah, established in Section 54-1-1.

712 (2) The governing [body] board of a Utah interlocal entity created to facilitate the  
713 conversion to alternative fuel vehicles or to facilitate the construction, operation, and  
714 maintenance of facilities for alternative fuel vehicles, or both, shall consist of:

715 (a) an individual from the executive branch of state government, appointed by the  
716 governor;

717 (b) a member of the Senate, appointed by the president of the Senate;

718 (c) a member of the House of Representatives, appointed by the speaker of the House  
719 of Representatives;

720 (d) an individual from the Utah Association of Counties, appointed by the president of  
721 the Senate;

722 (e) an individual from the Utah League of Cities and Towns, appointed by the speaker  
723 of the House of Representatives;

724 (f) an individual employed by a school district in the state, appointed by the governor;

725 (g) an individual appointed by the public transit district under Title 17B, Chapter 2a,  
726 Part 8, Public Transit District Act, with the largest budget of all public transit districts in the  
727 state;

728 (h) an individual employed by a gas corporation in the state, appointed by the  
729 governor; and

730 (i) a representative of the Utah Petroleum Marketers and Retailers Association,  
731 appointed by the governor.

732 (3) A Utah interlocal entity described in Subsection (2):

733 (a) may contribute toward the funding required for the construction, operation, and  
734 maintenance of facilities for alternative fuel vehicles that are used by or benefit the interlocal  
735 entity; and

736 (b) shall participate with the commission in proceedings the commission conducts  
737 under Section 54-1-13.

738 Section 16. Section 11-13-225 is enacted to read:

739 **11-13-225. Establishment of interlocal entity personnel system.**

740 (1) An interlocal entity shall establish a system of personnel administration for the



741 interlocal entity as provided in this section.

742 (2) The interlocal entity shall administer the system described in Subsection (1) in a  
743 manner that will effectively provide for:

744 (a) recruiting, selecting, and advancing employees on the basis of the employee's  
745 relative ability, knowledge, and skills, including open consideration of qualified applicants for  
746 initial appointment;

747 (b) equitable and adequate compensation;

748 (c) employee training as needed to assure high-quality performance;

749 (d) (i) retaining an employee on the basis of the adequacy of the employee's  
750 performance; and

751 (ii) separation of an employee whose inadequate performance cannot be corrected;

752 (e) fair treatment of an applicant or employee in all aspects of personnel administration  
753 without regard to race, color, religion, sex, national origin, political affiliation, age, or  
754 disability, and with proper regard for the applicant's or employee's privacy and constitutional  
755 rights; and

756 (f) a formal procedure for processing the appeals and grievances of an employee  
757 without discrimination, coercion, restraint, or reprisal.

758 Section 17. Section **11-13-226** is enacted to read:

759 **11-13-226. Competitive procurement.**

760 The governing board of each interlocal entity shall adopt rules or policies for the  
761 competitive public procurement of goods and services required for the operation of the  
762 interlocal entity.

763 Section 18. Section **11-13-315 (Effective 05/12/15)** is amended to read:

764 **11-13-315 (Effective 05/12/15). Taxed interlocal entity.**

765 (1) As used in this section:

766 (a) "Asset" means funds, money, an account, real or personal property, or personnel.

767 (b) "Public asset" means:

768 (i) an asset used by a public entity;

769 (ii) tax revenue;

770 (iii) state funds; or

771 (iv) public funds.

772 (c) (i) "Taxed interlocal entity" means a project entity that:

773 (A) is not exempt from a tax or fee in lieu of taxes imposed in accordance with Part 3,  
774 Project Entity Provisions;

775 (B) does not receive a payment of funds from a federal agency or office, state agency or  
776 office, political subdivision, or other public agency or office other than a payment that does not  
777 materially exceed the greater of the fair market value and the cost of a service provided or  
778 property conveyed by the project entity; and

779 (C) does not receive, expend, or have the authority to compel payment from tax  
780 revenue.

781 (ii) "Taxed interlocal entity" includes an interlocal entity that:

782 (A) was created before 1981 for the purpose of providing power supply at wholesale to  
783 its members;

784 (B) does not receive a payment of funds from a federal agency or office, state agency or  
785 office, political subdivision, or other public agency or office other than a payment that does not  
786 materially exceed the greater of the fair market value and the cost of a service provided or  
787 property conveyed by the interlocal entity; and

788 (C) does not receive, expend, or have the authority to compel payment from tax  
789 revenue.

790 (d) (i) "Use" means to use, own, manage, hold, keep safe, maintain, invest, deposit,  
791 administer, receive, expend, appropriate, disburse, or have custody.

792 (ii) "Use" includes, when constituting a noun, the corresponding nominal form of each  
793 term in Subsection (1)(d)(i), individually.

794 (2) Notwithstanding any other provision of law, the use of an asset by a taxed interlocal  
795 entity does not constitute the use of a public asset.

796 (3) Notwithstanding any other provision of law, a taxed interlocal entity's use of an  
797 asset that was a public asset prior to the taxed interlocal entity's use of the asset does not  
798 constitute a taxed interlocal entity's use of a public asset.

799 (4) Notwithstanding any other provision of law, an official of a project entity is not a  
800 public treasurer.

801 (5) Notwithstanding any other provision of law, a taxed interlocal entity's governing  
802 body, as described in Section 11-13-206, shall determine and direct the use of an asset by the

803 taxed interlocal entity.

804 (6) A taxed interlocal entity is not subject to the provisions of Title 63G, Chapter 6a,  
805 Utah Procurement Code.

806 (7) (a) A taxed interlocal entity is not a participating local entity as defined in Section  
807 [63A-3-401](#).

808 (b) For each fiscal year of a taxed interlocal entity, the taxed interlocal entity shall  
809 provide:

810 (i) the taxed interlocal entity's financial statements for and as of the end of the fiscal  
811 year and the prior fiscal year, including the taxed interlocal entity's balance sheet as of the end  
812 of the fiscal year and the prior fiscal year, and the related statements of revenues and expenses  
813 and of cash flows for the fiscal year; and

814 (ii) the accompanying auditor's report and management's discussion and analysis with  
815 respect to the taxed interlocal entity's financial statements for and as of the end of the fiscal  
816 year.

817 (c) The taxed interlocal entity shall provide the information described in Subsections  
818 (7)(b)(i) and(ii):

819 (i) in a manner described in Subsection [63A-3-405\(3\)](#); and

820 (ii) within a reasonable time after the taxed interlocal entity's independent auditor  
821 delivers to the taxed interlocal entity's governing body the auditor's report with respect to the  
822 financial statements for and as of the end of the fiscal year.

823 (d) Notwithstanding Subsections (7)(b) and (c) or a taxed interlocal entity's compliance  
824 with one or more of the requirements of Title 63A, Chapter 3, Division of Finance:

825 (i) the taxed interlocal entity is not subject to Title 63A, Chapter 3, Division of  
826 Finance; and

827 (ii) the information described in Subsection (7)(b)(i) or (ii) does not constitute public  
828 financial information as defined in Section [63A-3-401](#).

829 (8) (a) A taxed interlocal entity's governing body is not a governing board as defined in  
830 Section [51-2a-102](#).

831 (b) A taxed interlocal entity is not subject to the provisions of Title 51, Chapter 2a,  
832 Accounting Reports from Political Subdivisions, Interlocal Organizations, and Other Local  
833 Entities Act.

834 (9) (a) A taxed interlocal entity is not subject to the following provisions [of  
835 Subsection]:

836 (i) Subsections 11-13-204(1)(a)(i) or [~~(e)~~] (ii)(J);

837 (ii) Subsection 11-13-206(1)(f);

838 (iii) Subsection 11-13-218(5);

839 (iv) Section 11-13-225;

840 (v) Section 11-13-226; or

841 (vi) Section 53-2a-605.

842 (b) In addition to the powers provided in Subsection 11-13-204(1)(a)(ii), a taxed  
843 interlocal entity may, for the regulation of the entity's affairs and conduct of its business, adopt,  
844 amend, or repeal bylaws, policies, or procedures.

845 Section 19. Section 11-13-401 is enacted to read:

846 **Part 4. Governance**

847 **11-13-401. Application.**

848 (1) Except as provided in Subsection (2), and notwithstanding any other provision of  
849 law, this part applies to a governing authority created under this chapter.

850 (2) This part does not apply to:

851 (a) a taxed interlocal entity, as defined in Section 11-13-315; or

852 (b) a project entity.

853 Section 20. Section 11-13-402 is enacted to read:

854 **11-13-402. Governance -- Powers of governing authority.**

855 (1) If an interlocal agreement does not establish an interlocal entity to conduct the joint  
856 or cooperative undertaking, the joint or cooperative undertaking shall be administered by a  
857 joint administrator established in accordance with the interlocal agreement and Section  
858 11-13-207.

859 (2) If an interlocal entity has been established to conduct the joint or cooperative  
860 undertaking, the interlocal entity shall be governed by a governing board as established in the  
861 interlocal agreement.

862 (3) A governing board:

863 (a) shall manage and direct the business and affairs of the interlocal entity; and

864 (b) has and may exercise a power or perform a function as provided in the interlocal

865 agreement and this chapter that is necessary to accomplish the interlocal entity's purpose unless  
866 otherwise specified by this chapter or the interlocal agreement, including the following:

867 (i) delegate to an interlocal entity employee or officer the authority to exercise a power  
868 or to perform a function of the interlocal entity;

869 (ii) control or direct litigation to which the interlocal entity is a party or in which it is  
870 otherwise involved;

871 (iii) adopt bylaws for the orderly functioning of the governing board;

872 (iv) adopt and enforce rules and regulations for the orderly operation of the interlocal  
873 entity or for carrying out the interlocal entity's purposes; and

874 (v) establish and impose fees for services provided by the interlocal entity.

875 (4) Each member of a governing board has and owes a fiduciary duty to the interlocal  
876 entity at large.

877 (5) (a) Unless otherwise provided in the interlocal agreement, a governing board:

878 (i) shall elect from its board members a chair; and

879 (ii) subject to Subsection (5)(b), may elect other officers as the board considers  
880 appropriate.

881 (b) (i) One person may not hold the office of chair and treasurer, treasurer and clerk, or  
882 clerk and chair.

883 (ii) Unless otherwise provided in the interlocal agreement:

884 (A) an officer serves at the pleasure of the governing board; and

885 (B) the governing board may designate a set term for each office.

886 Section 21. Section **11-13-403** is enacted to read:

887 **11-13-403. Annual compensation -- Per diem compensation -- Participation in**  
888 **group insurance plan -- Reimbursement of expenses.**

889 (1) (a) A member of a governing authority may receive compensation for service on the  
890 governing authority, as determined by the governing authority.

891 (b) The governing authority determining the amount of compensation under this  
892 Subsection (1) shall:

893 (i) establish the compensation amount as part of the interlocal entity's or joint or  
894 cooperative undertaking's annual budget adoption;

895 (ii) specifically identify the annual compensation of each governing authority member

896 in the tentative budget; and

897 (iii) approve the annual compensation at the public meeting at which the budget is  
898 adopted.

899 (c) (i) If authorized by the interlocal agreement and as determined by the governing  
900 authority, a member of the governing authority may participate in a group insurance plan  
901 provided to employees of the interlocal entity on the same basis as employees of the interlocal  
902 entity.

903 (ii) The amount that the interlocal entity pays to provide a governing authority member  
904 with coverage under a group insurance plan shall be included as part of the member's  
905 compensation for purposes of Subsection (1)(b).

906 (d) The amount that an interlocal entity pays for employer contributions for Medicare  
907 and Social Security, if a member of the governing authority is treated as an employee for  
908 federal tax purposes, does not constitute compensation under Subsection (1)(a) or (b).

909 (e) A governing authority member who is appointed by a public agency may not  
910 receive compensation for governing authority service unless the public agency annually  
911 approves the governing authority member's receipt of the compensation after an analysis of the  
912 duties and responsibilities of service on the governing authority.

913 (2) In addition to the compensation provided under Subsection (1), the governing  
914 authority may elect to allow a member to receive per diem and travel expenses for up to 12  
915 meetings or activities per year in accordance with:

916 (a) Section [63A-3-106](#);

917 (b) Section [63A-3-107](#); or

918 (c) a rule adopted by the Division of Finance pursuant to Sections [63A-3-106](#) and  
919 [63A-3-107](#).

920 Section 22. Section **11-13-404** is enacted to read:

921 **11-13-404. Quorum of the governing authority -- Meetings of the governing**  
922 **authority.**

923 (1) (a) (i) Except as provided in Subsection (1)(b) or in the interlocal agreement  
924 creating the interlocal entity or joint or cooperative undertaking, a majority of the governing  
925 authority constitutes a quorum for the transaction of governing authority business, and action  
926 by a majority of a quorum constitutes action of the governing authority.

927 (ii) An otherwise valid action of the governing authority is not made invalid because of  
928 the method chosen by the governing authority to take or memorialize the action.

929 (b) Except as limited or required by the interlocal agreement creating the interlocal  
930 entity or joint or cooperative undertaking, a governing authority may adopt bylaws or other  
931 rules that require more than a majority to constitute a quorum or that require action by more  
932 than a majority of a quorum to constitute action by the governing authority.

933 (2) The governing authority shall hold such regular and special meetings as the  
934 governing authority determines at a location that the governing authority determines.

935 (3) (a) Each meeting of the governing authority shall comply with Title 52, Chapter 4,  
936 Open and Public Meetings Act, regardless of whether an interlocal entity or joint or  
937 cooperative undertaking is supported in whole or part by tax revenue.

938 (b) Subject to Title 52, Chapter 4, Open and Public Meetings Act, a governing  
939 authority shall:

940 (i) adopt rules of order and procedure to govern a public meeting of the governing  
941 authority;

942 (ii) conduct a public meeting in accordance with the rules of order and procedure  
943 described in Subsection (3)(b)(i); and

944 (iii) make the rules of order and procedure described in Subsection (3)(b)(i) available  
945 to the public:

946 (A) at each meeting of the governing authority; and

947 (B) on the interlocal entity or joint or cooperative undertaking's public website, if  
948 available.

949 Section 23. Section 11-13-501 is enacted to read:

950 **Part 5. Fiscal Procedures for Interlocal Entities**

951 **11-13-501. Definitions.**

952 As used in this part:

953 (1) "Appropriation" means an allocation of money by the governing board in a budget  
954 for a specific purpose.

955 (2) "Budget" means a plan of financial operations for a fiscal year that embodies  
956 estimates of proposed expenditures for given purposes and the proposed means of financing  
957 them, and may refer to the budget of a particular fund for which a budget is required by law or

958 may refer collectively to the budgets for all required funds.

959 (3) "Budget officer" means the person appointed by an interlocal entity governing  
960 board to prepare the budget for the interlocal entity.

961 (4) "Budget year" means the fiscal year for which a budget is prepared.

962 (5) "Calendar year entity" means an interlocal entity whose fiscal year begins January 1  
963 and ends December 31 of each calendar year as described in Section [11-13-503](#).

964 (6) "Current year" means the fiscal year in which a budget is prepared and adopted, and  
965 which is the fiscal year immediately preceding the budget year.

966 (7) "Deficit" means the occurrence when expenditures exceed revenues.

967 (8) "Enterprise fund" has the meaning provided in generally accepted accounting  
968 principles.

969 (9) "Estimated revenue" means the amount of revenue estimated to be received from all  
970 sources during the budget year in each fund for which a budget is being prepared.

971 (10) "Fiscal year" means the annual period for accounting for fiscal operations in an  
972 interlocal entity.

973 (11) "Fiscal year entity" means an interlocal entity whose fiscal year begins July 1 of  
974 each year and ends on June 30 of the following year as described in Section [11-13-503](#).

975 (12) "Fund" has the meaning provided in generally accepted accounting principles.

976 (13) "Fund balance" has the meaning provided in generally accepted accounting  
977 principles.

978 (14) "General fund" has the meaning provided in generally accepted accounting  
979 principles.

980 (15) "Generally accepted accounting principles" means the accounting principles and  
981 standards promulgated from time to time by authoritative bodies in the United States.

982 (16) "Governmental fund" has the meaning provided in generally accepted accounting  
983 principles.

984 (17) "Interfund loan" means a transfer of assets from one fund to another, subject to  
985 future repayment.

986 (18) "Interlocal entity general fund" means the general fund of an interlocal entity.

987 (19) "Internal service funds" has the meaning provided in generally accepted  
988 accounting principles.



989           (20) "Last completed fiscal year" means the fiscal year immediately preceding the  
990 current fiscal year.

991           (21) "Proprietary fund" means enterprise funds and the internal service funds of an  
992 interlocal entity.

993           (22) "Public funds" means any money or payment collected or received by an interlocal  
994 entity, including money or payment for services or goods provided by the interlocal entity.

995           (23) "Retained earnings" has the meaning provided in generally accepted accounting  
996 principles.

997           (24) "Special fund" means an interlocal entity fund other than the interlocal entity  
998 general fund.

999           Section 24. Section **11-13-502** is enacted to read:

1000           **11-13-502. Application -- Conflicts with federal law.**

1001           (1) This part does not apply to a taxed interlocal entity as defined in Section [11-13-315](#).

1002           (2) Notwithstanding any other provision of law, this part governs an interlocal entity's  
1003 fiscal procedures but only to the extent that the provision does not conflict or cause an  
1004 interlocal entity to be noncompliant with federal law.

1005           Section 25. Section **11-13-503** is enacted to read:

1006           **11-13-503. Fiscal year.**

1007           The fiscal year of an interlocal entity shall be, as determined by the governing board:

1008           (1) the calendar year; or

1009           (2) the period from July 1 to the following June 30.

1010           Section 26. Section **11-13-504** is enacted to read:

1011           **11-13-504. Uniform accounting system.**

1012           An interlocal entity shall:

1013           (1) establish and maintain the interlocal entity's accounting records, and financial  
1014 statements prepared from those records, as required by generally accepted accounting  
1015 principles; and

1016           (2) adopt and implement internal accounting controls in light of the needs and  
1017 resources of the interlocal entity.

1018           Section 27. Section **11-13-505** is enacted to read:

1019           **11-13-505. Funds and account groups maintained.**

1020 An interlocal entity shall establish and maintain, according to its own accounting needs,  
1021 some or all of the funds and account groups in its system of accounts, as required by generally  
1022 accepted accounting principles.

1023 Section 28. Section **11-13-506** is enacted to read:

1024 **11-13-506. Budget required for certain funds -- Capital projects fund.**

1025 (1) The budget officer shall prepare for each budget year a budget, subject to Section  
1026 11-13-507, for each of the following funds, to the extent applicable:

1027 (a) the general fund;

1028 (b) each special revenue fund, as that term is used in generally accepted accounting  
1029 principles;

1030 (c) each debt service fund, as that term is used in generally accepted accounting  
1031 principles;

1032 (d) each capital projects fund, as that term is used in generally accepted accounting  
1033 principles;

1034 (e) each proprietary fund in accordance with Section 11-13-525; and

1035 (f) if the interlocal entity has a local fund, as defined in Section 53-2a-602, the local  
1036 fund.

1037 (2) (a) A major capital improvement financed by general obligation bonds, capital  
1038 grants, or interfund transfers shall use a capital projects fund budget unless the improvement  
1039 financed is to be used for proprietary type activities.

1040 (b) The interlocal entity shall prepare a separate budget for the term of a capital  
1041 improvement described in Subsection (2)(a) as well as the annual budget required under  
1042 Subsection (1).

1043 Section 29. Section **11-13-507** is enacted to read:

1044 **11-13-507. Total of revenues to equal expenditures.**

1045 (1) The budget under Section 11-13-506 shall provide a financial plan for the budget  
1046 year.

1047 (2) Each budget shall specify in tabular form:

1048 (a) estimates of all anticipated revenues; and

1049 (b) all appropriations for expenditures.

1050 (3) The total of the anticipated revenues shall equal the total of appropriated

1051 expenditures.

1052 Section 30. Section **11-13-508** is enacted to read:

1053 **11-13-508. Tentative budget to be prepared -- Review by governing body.**

1054 (1) On or before the first regularly scheduled meeting of the governing board in  
1055 November for a calendar year entity and May for a fiscal year entity, the budget officer of an  
1056 interlocal entity shall prepare for the ensuing year and file with the governing board a tentative  
1057 budget for each fund for which a budget is required.

1058 (2) (a) Each tentative budget under Subsection (1) shall provide in tabular form:

1059 (i) actual revenues and expenditures for the last completed fiscal year;

1060 (ii) estimated total revenues and expenditures for the current fiscal year; and

1061 (iii) the budget officer's estimates of revenues and expenditures for the budget year.

1062 (b) The budget officer shall estimate:

1063 (i) the amount of revenue available to serve the needs of each fund;

1064 (ii) the portion to be derived from all sources other than general property taxes; and

1065 (iii) the portion that shall be derived from general property taxes.

1066 (3) The tentative budget, when filed by the budget officer with the governing board,  
1067 shall contain the estimates of expenditures together with specific work programs and any other  
1068 supporting data required by this part or requested by the governing board.

1069 (4) (a) Subject to Subsection (4)(b), the governing board:

1070 (i) shall review, consider, and adopt the tentative budget in any regular meeting or  
1071 special meeting called for that purpose; and

1072 (ii) may amend or revise the tentative budget in any manner that the board considers  
1073 advisable prior to the public hearing under Section [11-13-509](#).

1074 (b) The governing board may not reduce below the legal minimum requirement an  
1075 appropriation required for debt retirement and interest or reduction of any existing deficits  
1076 under Section [11-13-513](#), or otherwise required by law.

1077 (5) If a new interlocal entity is created, the governing board shall:

1078 (a) prepare a budget covering the period from the date of incorporation to the end of  
1079 the fiscal year;

1080 (b) substantially comply with all other provisions of this part with respect to notices  
1081 and hearings; and

1082 (c) pass the budget as soon after incorporation as feasible.

1083 Section 31. Section **11-13-509** is enacted to read:

1084 **11-13-509. Hearing to consider adoption -- Notice.**

1085 (1) At the meeting at which the tentative budget is adopted, the governing board shall:

1086 (a) establish the time and place of a public hearing to consider its adoption; and

1087 (b) except as provided in Subsection (2) or (5), order that notice of the hearing:

1088 (i) be published, at least seven days before the day of the hearing, in at least one issue

1089 of a newspaper of general circulation in a county in which the interlocal entity provides service

1090 to the public or in which its members are located, if such a newspaper is generally circulated in

1091 the county or counties; and

1092 (ii) be published at least seven days before the day of the hearing on the Utah Public

1093 Notice Website created in Section [63F-1-701](#).

1094 (2) If the budget hearing is held in conjunction with a tax increase hearing, the notice  
1095 required in Subsection (1)(b):

1096 (a) may be combined with the notice required under Section [59-2-919](#); and

1097 (b) shall be published in accordance with the advertisement provisions of Section

1098 [59-2-919](#).

1099 (3) Proof that notice was given in accordance with Subsection (1)(b), (2), or (5) is

1100 prima face evidence that notice was properly given.

1101 (4) If a notice required under Subsection (1)(b), (2), or (5) is not challenged within 30

1102 days after the day on which the hearing is held, the notice is adequate and proper.

1103 (5) A governing board of an interlocal entity with an annual operating budget of less

1104 than \$250,000 may satisfy the notice requirements in Subsection (1)(b) by:

1105 (a) mailing a written notice, postage prepaid, to each voter in an interlocal entity; and

1106 (b) posting the notice in three public places within the interlocal entity's service area.

1107 Section 32. Section **11-13-510** is enacted to read:

1108 **11-13-510. Public hearing on tentatively adopted budget.**

1109 At the time and place advertised, or at any time or any place to which the public hearing

1110 may be adjourned, the governing board shall:

1111 (1) hold a public hearing on the budgets tentatively adopted; and

1112 (2) give interested persons in attendance an opportunity to be heard on the estimates of

1113 revenues and expenditures or any item in the tentative budget of any fund.

1114 Section 33. Section **11-13-511** is enacted to read:

1115 **11-13-511. Continuing authority of governing body.**

1116 After the conclusion of the public hearing held in accordance with Section [11-13-510](#),

1117 the governing board:

1118 (1) may:

1119 (a) continue to review the tentative budget;

1120 (b) insert any new item; or

1121 (c) increase or decrease items of expenditure in the tentative budget; and

1122 (2) shall adopt a final budget.

1123 Section 34. Section **11-13-512** is enacted to read:

1124 **11-13-512. Accumulated fund balances -- Limitations -- Excess balances --**

1125 **Unanticipated excess of revenues -- Reserves for capital projects.**

1126 (1) (a) An interlocal entity may accumulate retained earnings or fund balances, as  
1127 appropriate, in any fund.

1128 (b) For the interlocal entity general fund only, an accumulated fund balance at the end  
1129 of a budget year may be used only:

1130 (i) to provide working capital to finance expenditures from the beginning of the budget  
1131 year until general property taxes or other applicable revenues are collected, subject to

1132 Subsection (1)(c);

1133 (ii) to provide a resource to meet emergency expenditures under Section [11-13-522](#); or

1134 (iii) to cover a pending year-end excess of expenditures over revenues from an  
1135 unavoidable shortfall in revenues, subject to Subsection (1)(d).

1136 (c) Subsection (1)(b)(i) may not be construed to authorize an interlocal entity to  
1137 appropriate a fund balance for budgeting purposes, except as provided in Subsection (4).

1138 (d) Subsection (1)(b)(iii) may not be construed to authorize an interlocal entity to  
1139 appropriate a fund balance to avoid an operating deficit during a budget year except:

1140 (i) as provided under Subsection (4); or

1141 (ii) for emergency purposes under Section [11-13-522](#).

1142 (2) The accumulation of a fund balance in the interlocal entity general fund may not  
1143 exceed the greater of:

- 1144 (a) 100% of the current year's property tax collected by the interlocal entity; or  
1145 (b) (i) 25% of the total interlocal entity general fund revenues for an interlocal entity  
1146 with an annual interlocal entity general fund budget greater than \$100,000; or  
1147 (ii) 50% of the total interlocal entity general fund revenues for an interlocal entity with  
1148 an annual interlocal entity general fund budget equal to or less than \$100,000.
- 1149 (3) If the interlocal entity general fund balance at the close of a fiscal year exceeds the  
1150 amount permitted under Subsection (2), the interlocal entity shall appropriate the excess in the  
1151 manner provided in Section [11-13-513](#).
- 1152 (4) Any interlocal entity general fund balance in excess of 5% of the total revenues of  
1153 the interlocal entity general fund may be utilized for budget purposes.
- 1154 (5) (a) Within a capital projects fund the governing board may, in a budget year,  
1155 appropriate from estimated revenue or a fund balance to a reserve account for capital projects  
1156 for the purpose of financing future specific capital projects, including new construction, capital  
1157 repairs, replacement, and maintenance, under a formal long-range capital plan adopted by the  
1158 governing board.
- 1159 (b) An interlocal entity may allow a reserve amount under Subsection (5)(a) to  
1160 accumulate from year to year until the accumulated total is sufficient to permit economical  
1161 expenditure for the specified purposes.
- 1162 (c) An interlocal entity may disburse from a reserve account under Subsection (5)(a)  
1163 only by a budget appropriation adopted in the manner provided by this part.
- 1164 (d) Expenditures from a reserve account described in Subsection (5)(a) shall conform  
1165 to all requirements of this part relating to execution and control of budgets.
- 1166 Section 35. Section **11-13-513** is enacted to read:
- 1167 **11-13-513. Appropriations not to exceed estimated expendable revenue --**  
1168 **Determination of revenue -- Appropriations for existing deficits.**
- 1169 (1) The governing board of an interlocal entity may not make an appropriation in the  
1170 final budget of a fund in excess of the estimated expendable revenue for the budget year of the  
1171 fund.
- 1172 (2) An interlocal entity determining the estimated expendable revenue of the interlocal  
1173 entity general fund for the budget year shall include as an appropriation from the fund balance  
1174 that portion of the fund balance at the close of the last completed fiscal year, not previously

1175 included in the budget of the current year, that exceeds the amount permitted in Section  
1176 11-13-512.

1177 (3) (a) An interlocal entity shall include in a fund budget an appropriation for an  
1178 existing deficit created in accordance with Section 11-13-522 as of the close of the current year  
1179 and not previously included in the current year budget, to the extent of at least 5% of the total  
1180 revenue in the current year.

1181 (b) If the total amount of the deficit created under Section 11-13-522 is less than 5% of  
1182 the total revenue in the current year, the interlocal entity shall include in the fund budget an  
1183 appropriation for the entire amount of the deficit.

1184 (c) An interlocal entity shall include in a fund budget appropriation for the entire  
1185 amount of a deficit in the current year resulting from expenditures other than the expenditures  
1186 allowed in Section 11-13-522 to the extent that the deficit had not been included in the current  
1187 year budget.

1188 Section 36. Section 11-13-514 is enacted to read:

1189 **11-13-514. Adoption of final budget -- Certification and filing.**

1190 (1) Except as provided in Sections 59-2-919 through 59-2-923, the governing board of  
1191 an interlocal entity shall by resolution adopt prior to the beginning of the fiscal year a budget  
1192 for the ensuing fiscal year for each fund for which a budget is required under this part.

1193 (2) The interlocal entity's budget officer shall file within 30 days after adoption the  
1194 final budget with the members and the state auditor.

1195 Section 37. Section 11-13-515 is enacted to read:

1196 **11-13-515. Budgets in effect for budget year.**

1197 (1) Upon final adoption, each budget shall be in effect for the budget year, subject to  
1198 amendment as provided in this part.

1199 (2) An interlocal entity shall file a copy of the adopted budgets in the interlocal entity's  
1200 office and make it available to the public during regular business hours.

1201 Section 38. Section 11-13-516 is enacted to read:

1202 **11-13-516. Property tax levy -- Amount in budget as basis for determining**  
1203 **property tax levy.**

1204 From the effective date of the budget or of an amendment enacted prior to the date on  
1205 which property taxes are levied, the amount stated as the amount of estimated revenue from

1206 property taxes shall constitute the basis for determining the property tax levy to be set by the  
1207 governing board for the corresponding tax year, subject to the applicable limitations imposed  
1208 by law.

1209 Section 39. Section **11-13-517** is enacted to read:

1210 **11-13-517. Purchasing procedures.**

1211 An interlocal entity shall make an expenditure or incur an obligation according to the  
1212 purchasing procedures established by an interlocal entity by resolution and only by order or  
1213 approval of a person duly authorized.

1214 Section 40. Section **11-13-518** is enacted to read:

1215 **11-13-518. Expenditures or encumbrances in excess of appropriations prohibited.**

1216 An interlocal entity may not make or incur an expenditure or encumbrance in excess of  
1217 total appropriations in the budget as adopted or as subsequently amended, except as provided in  
1218 Section [11-13-522](#).

1219 Section 41. Section **11-13-519** is enacted to read:

1220 **11-13-519. Transfer of appropriation balance between accounts in same fund.**

1221 (1) The governing board of an interlocal entity shall establish policies for, subject to  
1222 Subsection (2), the transfer of any unencumbered or unexpended appropriation balance or  
1223 portion of the balance from one account in a fund to another account within the same fund.

1224 (2) The governing board may not reduce below the minimums required an  
1225 appropriation for debt retirement and interest, reduction of deficit, or other appropriation  
1226 required by law or covenant.

1227 Section 42. Section **11-13-520** is enacted to read:

1228 **11-13-520. Review of individual governmental fund budgets -- Hearing.**

1229 (1) The governing board of an interlocal entity may, at any time during the budget year,  
1230 review an individual budget of the governmental fund for the purpose of determining if the  
1231 total of an individual budget should be increased.

1232 (2) If the governing board decides that the budget total of one or more governmental  
1233 funds described in Subsection (1) should be increased, it shall hold a public hearing on the  
1234 increase in accordance with the procedures established in Sections [11-13-509](#) and [11-13-510](#).

1235 Section 43. Section **11-13-521** is enacted to read:

1236 **11-13-521. Amendment and increase of individual fund budgets.**



1237 (1) After holding the public hearing required under Section 11-13-520, the governing  
1238 board may, by resolution, amend the budgets of the funds proposed to be increased, so as to  
1239 make all or part of the increases, both estimated revenues and appropriations, which were the  
1240 proper subject of consideration at the hearing.

1241 (2) The governing board may not adopt an amendment to the current year budgets of  
1242 any of the funds established in Section 11-13-506 after the last day of the fiscal year.

1243 Section 44. Section 11-13-522 is enacted to read:

1244 **11-13-522. Emergency expenditures.**

1245 The governing board of an interlocal entity may, by resolution, amend a budget and  
1246 authorize an expenditure of money that results in a deficit in the interlocal entity general fund  
1247 balance if:

1248 (1) the board determines that:

1249 (a) an emergency exists; and

1250 (b) the expenditure is reasonably necessary to meet the emergency; and

1251 (2) the expenditure is used to meet the emergency.

1252 Section 45. Section 11-13-523 is enacted to read:

1253 **11-13-523. Lapse of appropriations -- Exceptions.**

1254 All unexpended or unencumbered appropriations, except capital projects fund  
1255 appropriations, lapse at the end of the budget year to the respective fund balance.

1256 Section 46. Section 11-13-524 is enacted to read:

1257 **11-13-524. Loans by one fund to another.**

1258 (1) Subject to this section, restrictions imposed by bond covenants, restrictions in  
1259 Section 53-2a-605, or other controlling regulations, the governing board of an interlocal entity  
1260 may authorize an interfund loan from one fund to another.

1261 (2) An interfund loan under Subsection (1) shall be in writing and specify the terms  
1262 and conditions of the loan, including the:

1263 (a) effective date of the loan;

1264 (b) name of the fund loaning the money;

1265 (c) name of the fund receiving the money;

1266 (d) amount of the loan;

1267 (e) subject to Subsection (3), term of and repayment schedule for the loan;

- 1268 (f) subject to Subsection (4), interest rate of the loan;  
1269 (g) method of calculating interest applicable to the loan;  
1270 (h) procedures for:  
1271 (i) applying interest to the loan; and  
1272 (ii) paying interest on the loan; and  
1273 (i) other terms and conditions the governing board determines applicable.  
1274 (3) The term and repayment schedule specified under Subsection (2)(e) may not exceed  
1275 10 years.  
1276 (4) (a) In determining the interest rate of the loan specified under Subsection (2)(f), the  
1277 governing board shall apply an interest rate that reflects the rate of potential gain had the funds  
1278 been deposited or invested in a comparable investment.  
1279 (b) Notwithstanding Subsection (4)(a), the interest rate of the loan specified under  
1280 Subsection (2)(f):  
1281 (i) if the term of the loan under Subsection (2)(e) is one year or less, may not be less  
1282 than the rate offered by the Public Treasurers' Investment Fund that was created for public  
1283 funds transferred to the state treasurer in accordance with Section [51-7-5](#); or  
1284 (ii) if the term of the loan under Subsection (2)(e) is more than one year, may not be  
1285 less than the greater of the rate offered by:  
1286 (A) the Public Treasurers' Investment Fund that was created for public funds  
1287 transferred to the state treasurer in accordance with Section [51-7-5](#); or  
1288 (B) a United States Treasury note of a comparable term.  
1289 (5) (a) For an interfund loan under Subsection (1), the governing board shall:  
1290 (i) hold a public hearing;  
1291 (ii) prepare a written notice of the date, time, place, and purpose of the hearing, and the  
1292 proposed terms and conditions of the interfund loan under Subsection (2);  
1293 (iii) provide notice of the public hearing in the same manner as required under Section  
1294 [11-13-509](#) as if the hearing were a budget hearing; and  
1295 (iv) authorize the interfund loan by resolution in a public meeting.  
1296 (b) The notice and hearing requirements in Subsection (5)(a) are satisfied if the  
1297 interfund loan is included in an original budget or in a subsequent budget amendment  
1298 previously approved by the governing board for the current fiscal year.

1299 (6) Subsections (2) through (5) do not apply to an interfund loan if the interfund loan  
1300 is:

1301 (a) a loan from the interlocal entity general fund to any other fund of the interlocal  
1302 entity; or

1303 (b) a short-term advance from the interlocal entity's cash and investment pool to an  
1304 individual fund that is repaid by the end of the fiscal year.

1305 Section 47. Section **11-13-525** is enacted to read:

1306 **11-13-525. Operating and capital budgets for proprietary funds.**

1307 (1) (a) As used in this section, "operating and capital budget" means a plan of financial  
1308 operation for a proprietary or other required special fund, including estimates of operating and  
1309 capital revenues and expenses for the budget year.

1310 (b) Except as otherwise expressly provided in this section, the other provisions of this  
1311 part governing budgets and fiscal procedures and controls do not apply to the operating and  
1312 capital budgets provided for in this section.

1313 (2) Subject to Subsection (3), the governing board shall adopt for the ensuing budget  
1314 year an operating and capital budget for each proprietary fund and shall adopt the type of  
1315 budget for other special funds, if applicable, under generally accepted accounting principles.

1316 (3) Operating and capital budgets shall be adopted and administered in the following  
1317 manner:

1318 (a) On or before the first regularly scheduled meeting of the governing board, in  
1319 November for a calendar year entity or May for a fiscal year entity, the budget officer shall  
1320 prepare for the ensuing fiscal year, and file with the governing board, a tentative operating and  
1321 capital budget for each proprietary fund and for other required special funds, together with any  
1322 supporting data required by the board.

1323 (b) The governing board:

1324 (i) shall adopt the tentative operating and capital budget in a regular meeting or special  
1325 meeting called for that purpose; and

1326 (ii) may amend or revise the tentative operating and capital budget in any manner that  
1327 the board considers advisable prior to a public hearing.

1328 (c) The governing board shall comply with the notice and hearing requirements of  
1329 Subsection (3) and Sections [11-13-509](#) through [11-13-511](#) in approving a final operating and

1330 capital budget.

1331 (d) If the tentative operating and capital budget approved by the governing board for a  
1332 proprietary fund includes appropriations that are not reasonable allocations of costs between  
1333 funds or that provide funds to a member, the governing board shall, at least seven days before  
1334 the day of the hearing, mail to each interlocal entity customer, a written notice stating:

1335 (i) the date, time, and place of the operating and capital budget hearing; and

1336 (ii) the purpose of the operating and capital budget hearing, including:

1337 (A) the enterprise fund from which money is being transferred;

1338 (B) the amount being transferred; and

1339 (C) the fund or member to which the money is being transferred.

1340 (e) (i) The governing board shall adopt an operating and capital budget for each  
1341 proprietary fund for the ensuing fiscal year before the beginning of each fiscal year.

1342 (ii) A copy of the operating and capital budget as finally adopted for each proprietary  
1343 fund shall be:

1344 (A) filed in the interlocal entity's office and with each member; and

1345 (B) available to the public during regular business hours.

1346 (iii) The interlocal entity shall also file a copy of the operating and capital budget with  
1347 the state auditor within 30 days after adoption.

1348 (f) (i) Upon final adoption, the operating and capital budget is in effect for the budget  
1349 year, subject to later amendment.

1350 (ii) During the budget year, the governing board may, in any regular meeting or special  
1351 meeting called for that purpose, review an operating and capital budget for the purpose of  
1352 determining if the total of the budget should be increased.

1353 (iii) If the governing board decides that the operating and capital budget total of one or  
1354 more proprietary funds should be increased, the board shall follow the procedures established  
1355 in Section [11-13-526](#).

1356 (4) An interlocal entity shall maintain a proprietary fund or other required special fund  
1357 in compliance with Sections [11-13-503](#) through [11-13-505](#), [11-13-517](#), [11-13-519](#), and  
1358 [11-13-527](#) through [11-13-533](#).

1359 Section 48. Section **11-13-526** is enacted to read:

1360 **11-13-526. Increase in appropriations for operating and capital budget fund --**

1361 **Notice.**

1362 (1) The total budget appropriation of a fund described in Section 11-13-525 may be  
1363 increased by resolution of the governing board at a regular meeting, or special meeting called  
1364 for that purpose, if written notice of the time, place, and purpose of the meeting has been  
1365 mailed or delivered to all members of the governing board at least five days before the day of  
1366 the meeting.

1367 (2) The notice may be waived in writing or verbally during attendance at the meeting  
1368 by a member of the governing board.

1369 Section 49. Section 11-13-527 is enacted to read:

1370 **11-13-527. Deposit of interlocal entity funds -- Commingling with personal funds**  
1371 **prohibited -- Suspension from office.**

1372 (1) The treasurer of an interlocal entity shall promptly deposit all interlocal entity funds  
1373 in the appropriate bank accounts of the interlocal entity.

1374 (2) It is unlawful for a person to commingle interlocal entity funds with the person's  
1375 own money.

1376 (3) If an interlocal entity has reason to believe that an officer or employee has misused  
1377 public funds, the interlocal entity shall place the employee or officer on administrative leave  
1378 with or without pay, pending completion of any investigation.

1379 Section 50. Section 11-13-528 is enacted to read:

1380 **11-13-528. Quarterly financial reports required.**

1381 The interlocal entity clerk or other delegated person shall prepare and present to the  
1382 governing board a detailed quarterly financial report showing the financial position and  
1383 operations of the interlocal entity for that quarter and the year-to-date status.

1384 Section 51. Section 11-13-529 is enacted to read:

1385 **11-13-529. Annual financial reports -- Audit reports.**

1386 (1) Within 180 days after the close of each fiscal year, the interlocal entity shall prepare  
1387 an annual financial report in conformity with generally accepted accounting principles as  
1388 prescribed in the Uniform Accounting Manual of the Utah State Auditor.

1389 (2) The requirement under Subsection (1) may be satisfied by presentation of the audit  
1390 report furnished by the auditor.

1391 (3) The interlocal entity shall:

1392 (a) file copies of the annual financial report or the audit report furnished by the auditor  
1393 with the state auditor; and

1394 (b) maintain the report as a public document in the interlocal entity office.

1395 Section 52. Section **11-13-530** is enacted to read:

1396 **11-13-530. Audits required.**

1397 (1) An interlocal entity shall facilitate an audit of the interlocal entity in accordance  
1398 with Title 51, Chapter 2a, Accounting Reports from Political Subdivisions, Interlocal  
1399 Organizations, and Other Local Entities Act.

1400 (2) The governing board shall appoint an auditor for the purpose of complying with the  
1401 requirements of this section and with Title 51, Chapter 2a, Accounting Reports from Political  
1402 Subdivisions, Interlocal Organizations, and Other Local Entities Act.

1403 Section 53. Section **11-13-531** is enacted to read:

1404 **11-13-531. Interlocal entity may expand uniform procedures -- Limitation.**

1405 (1) Subject to Subsection (2), an interlocal entity may expand a uniform accounting,  
1406 budgeting, or reporting procedure required by generally accepted accounting principles, to  
1407 better serve the needs of the interlocal entity.

1408 (2) An interlocal entity may not deviate from or alter the basic prescribed classification  
1409 systems for the identity of funds and accounts required by generally accepted accounting  
1410 principles.

1411 Section 54. Section **11-13-532** is enacted to read:

1412 **11-13-532. Imposing or increasing a fee for service provided by interlocal entity.**

1413 (1) The governing board shall fix the rate for a service or commodity provided by the  
1414 interlocal entity.

1415 (2) (a) Before imposing a new fee or increasing an existing fee for a service provided  
1416 by an interlocal entity, an interlocal entity governing board shall first hold a public hearing at  
1417 which interested persons may speak for or against the proposal to impose a fee or to increase an  
1418 existing fee.

1419 (b) Each public hearing under Subsection (2)(a) shall be held on a weekday in the  
1420 evening beginning no earlier than 6 p.m.

1421 (c) A public hearing required under this Subsection (2) may be combined with a public  
1422 hearing on a tentative budget required under Section [11-13-510](#).

1423 (d) Except to the extent that this section imposes more stringent notice requirements,  
1424 the governing board shall comply with Title 52, Chapter 4, Open and Public Meetings Act, in  
1425 holding the public hearing under Subsection (2)(a).

1426 (3) (a) An interlocal entity board shall give notice of a hearing under Subsection (2)(a):

1427 (i) as provided in Subsection (3)(b)(i) or (c); and

1428 (ii) for at least 20 days before the day of the hearing on the Utah Public Notice

1429 Website, created by Section [63F-1-701](#).

1430 (b) (i) Except as provided by Subsection (3)(c)(i), the notice required under Subsection  
1431 (2)(a) shall be published:

1432 (A) in a newspaper or combination of newspapers of general circulation in the  
1433 interlocal entity, if there is a newspaper or combination of newspapers of general circulation in  
1434 the interlocal entity; or

1435 (B) if there is no newspaper or combination of newspapers of general circulation in the  
1436 interlocal entity, the interlocal entity board shall post at least one notice per 1,000 population  
1437 within the interlocal entity, at places within the interlocal entity that are most likely to provide  
1438 actual notice to residents within the interlocal entity.

1439 (ii) The notice described in Subsection (3)(b)(i)(A):

1440 (A) shall be no less than 1/4 page in size and the type used shall be no smaller than 18  
1441 point, and surrounded by a 1/4-inch border;

1442 (B) may not be placed in that portion of the newspaper where legal notices and  
1443 classified advertisements appear;

1444 (C) whenever possible, shall appear in a newspaper that is published at least one day  
1445 per week;

1446 (D) shall be in a newspaper or combination of newspapers of general interest and  
1447 readership in the interlocal entity, and not of limited subject matter; and

1448 (E) shall be run once each week for the two weeks preceding the hearing.

1449 (iii) The notice described in Subsections (3)(a)(ii) and (3)(b)(i) shall state that the  
1450 interlocal entity board intends to impose or increase a fee for a service provided by the  
1451 interlocal entity and will hold a public hearing on a certain day, time, and place fixed in the  
1452 notice, which shall be not less than seven days after the day the first notice is published, for the  
1453 purpose of hearing comments regarding the proposed imposition or increase of a fee and to

1454 explain the reasons for the proposed imposition or increase.

1455 (c) (i) In lieu of providing notice under Subsection (3)(b)(i), the interlocal entity  
1456 governing board may give the notice required under Subsection (2)(a) by mailing the notice to  
1457 a person within the interlocal entity's service area who:

1458 (A) will be charged the fee for an interlocal entity's service, if the fee is being imposed  
1459 for the first time; or

1460 (B) is being charged a fee, if the fee is proposed to be increased.

1461 (ii) Each notice under Subsection (3)(c)(i) shall comply with Subsection (3)(b)(iii).

1462 (iii) A notice under Subsection (3)(c)(i) may accompany an interlocal entity bill for an  
1463 existing fee.

1464 (d) If the hearing required under this section is combined with the public hearing  
1465 required under Section [11-13-510](#), the notice requirements under this Subsection (3) are  
1466 satisfied if a notice that meets the requirements of Subsection (3)(b)(iii) is combined with the  
1467 notice required under Section [11-13-509](#).

1468 (e) Proof that notice was given as provided in Subsection (3)(b) or (c) is prima facie  
1469 evidence that notice was properly given.

1470 (f) If no challenge is made to the notice given of a public hearing required by  
1471 Subsection (2) within 30 days after the date of the hearing, the notice is considered adequate  
1472 and proper.

1473 (4) After holding a public hearing under Subsection (2)(a), a governing board may:

1474 (a) impose the new fee or increase the existing fee as proposed;

1475 (b) adjust the amount of the proposed new fee or the increase of the existing fee and  
1476 then impose the new fee or increase the existing fee as adjusted; or

1477 (c) decline to impose the new fee or increase the existing fee.

1478 (5) This section applies to each new fee imposed and each increase of an existing fee  
1479 that occurs on or after May 12, 2015.

1480 (6) An interlocal entity that accepts an electronic payment may charge an electronic  
1481 payment fee.

1482 Section 55. Section **11-13-533** is enacted to read:

1483 **11-13-533. Residential fee credit.**

1484 (1) An interlocal entity may create a fee structure under this chapter that permits:



- 1485            (a) a home owner or residential tenant to file for a fee credit for a fee charged by the  
1486 interlocal entity, if the credit is based on:
- 1487            (i) the home owner's annual income; or  
1488            (ii) the residential tenant's annual income; or  
1489            (b) an owner of federally subsidized housing to file for a credit for a fee charged by the  
1490 interlocal entity.
- 1491            (2) If an interlocal entity permits a person to file for a fee credit under Subsection  
1492 (1)(a), the interlocal entity shall make the credit available to:
- 1493            (a) a home owner; and  
1494            (b) a residential tenant.
- 1495            Section 56. Section **52-4-103** is amended to read:
- 1496            **52-4-103. Definitions.**
- 1497            As used in this chapter:
- 1498            (1) "Anchor location" means the physical location from which:
- 1499            (a) an electronic meeting originates; or  
1500            (b) the participants are connected.
- 1501            (2) "Capitol hill complex" means the grounds and buildings within the area bounded by  
1502 300 North Street, Columbus Street, 500 North Street, and East Capitol Boulevard in Salt Lake  
1503 City.
- 1504            (3) "Convening" means the calling together of a public body by a person authorized to  
1505 do so for the express purpose of discussing or acting upon a subject over which that public  
1506 body has jurisdiction or advisory power.
- 1507            (4) "Electronic meeting" means a public meeting convened or conducted by means of a  
1508 conference using electronic communications.
- 1509            (5) "Electronic message" means a communication transmitted electronically, including:
- 1510            (a) electronic mail;  
1511            (b) instant messaging;  
1512            (c) electronic chat;  
1513            (d) text messaging as defined in Section [76-4-401](#); or  
1514            (e) any other method that conveys a message or facilitates communication  
1515 electronically.

1516 (6) (a) "Meeting" means the convening of a public body or a specified body, with a  
1517 quorum present, including a workshop or an executive session, whether in person or by means  
1518 of electronic communications, for the purpose of discussing, receiving comments from the  
1519 public about, or acting upon a matter over which the public body or specific body has  
1520 jurisdiction or advisory power.

1521 (b) "Meeting" does not mean:

1522 (i) a chance gathering or social gathering; or

1523 (ii) a convening of the State Tax Commission to consider a confidential tax matter in  
1524 accordance with Section [59-1-405](#).

1525 (c) "Meeting" does not mean the convening of a public body that has both legislative  
1526 and executive responsibilities if:

1527 (i) no public funds are appropriated for expenditure during the time the public body is  
1528 convened; and

1529 (ii) the public body is convened solely for the discussion or implementation of  
1530 administrative or operational matters:

1531 (A) for which no formal action by the public body is required; or

1532 (B) that would not come before the public body for discussion or action.

1533 (7) "Monitor" means to hear or observe, live, by audio or video equipment, all of the  
1534 public statements of each member of the public body who is participating in a meeting.

1535 (8) "Participate" means the ability to communicate with all of the members of a public  
1536 body, either verbally or electronically, so that each member of the public body can hear or  
1537 observe the communication.

1538 (9) (a) "Public body" means any administrative, advisory, executive, or legislative body  
1539 of the state or its political subdivisions that:

1540 (i) is created by the Utah Constitution, statute, rule, ordinance, or resolution;

1541 (ii) consists of two or more persons;

1542 (iii) expends, disburses, or is supported in whole or in part by tax revenue; and

1543 (iv) is vested with the authority to make decisions regarding the public's business.

1544 (b) "Public body" includes, as defined in Section [11-13-103](#), an interlocal entity or joint  
1545 or cooperative undertaking.

1546 [~~(b)~~] (c) "Public body" does not include a:

- 1547 (i) political party, political group, or political caucus;
- 1548 (ii) conference committee, rules committee, or sifting committee of the Legislature; or
- 1549 (iii) school community council established under Section [53A-1a-108](#).

1550 (10) "Public statement" means a statement made in the ordinary course of business of  
1551 the public body with the intent that all other members of the public body receive it.

1552 (11) (a) "Quorum" means a simple majority of the membership of a public body, unless  
1553 otherwise defined by applicable law.

1554 (b) "Quorum" does not include a meeting of two elected officials by themselves when  
1555 no action, either formal or informal, is taken on a subject over which these elected officials  
1556 have advisory power.

1557 (12) "Recording" means an audio, or an audio and video, record of the proceedings of a  
1558 meeting that can be used to review the proceedings of the meeting.

1559 (13) "Specified body" means an administrative, advisory, executive, or legislative body  
1560 that:

1561 (a) is not a public body;

1562 (b) consists of three or more members; and

1563 (c) includes at least one member who is:

1564 (i) a legislator; and

1565 (ii) officially appointed to the body by the President of the Senate, Speaker of the  
1566 House of Representatives, or governor.

1567 (14) "Transmit" means to send, convey, or communicate an electronic message by  
1568 electronic means.

1569 Section 57. Section **53-2a-605** is amended to read:

1570 **53-2a-605. Local government disaster funds.**

1571 (1) (a) Subject to this section and notwithstanding anything to the contrary contained in  
1572 Title 10, Utah Municipal Code, or Title 17, Counties, Title 17B, Limited Purpose Local  
1573 Government Entities - Local Districts, or Title 17D, Chapter 1, Special Service District Act, the  
1574 governing body of a local government may create and maintain by ordinance a special fund  
1575 known as a local government disaster fund.

1576 (b) The local fund shall consist of:

1577 (i) subject to the limitations of this section, money transferred to it in accordance with

1578 Subsection (2);  
1579 (ii) any other public or private money received by the local government that is:  
1580 (A) given to the local government for purposes consistent with this section; and  
1581 (B) deposited into the local fund at the request of:  
1582 (I) the governing body of the local government; or  
1583 (II) the person giving the money; and  
1584 (iii) interest or income realized from the local fund.  
1585 (c) Interest or income realized from the local fund shall be deposited into the local  
1586 fund.  
1587 (d) Money in a local fund may be:  
1588 (i) deposited or invested as provided in Section 51-7-11; or  
1589 (ii) transferred by the local government treasurer to the state treasurer under Section  
1590 51-7-5 for the state treasurer's management and control under Title 51, Chapter 7, State Money  
1591 Management Act.  
1592 (e) (i) The money in a local fund may accumulate from year to year until the local  
1593 government governing body determines to spend any money in the local fund for one or more  
1594 of the purposes specified in Subsection (3).  
1595 (ii) Money in a local fund at the end of a fiscal year:  
1596 (A) shall remain in the local fund for future use; and  
1597 (B) may not be transferred to any other fund or used for any other purpose.  
1598 (2) The amounts transferred to a local fund may not exceed 10% of the total estimated  
1599 revenues of the local government for the current fiscal period that are not restricted or  
1600 otherwise obligated.  
1601 (3) Money in the fund may only be used to fund the services and activities of the local  
1602 government creating the local fund in response to:  
1603 (a) a declared disaster within the boundaries of the local government;  
1604 (b) the aftermath of the disaster that gave rise to a declared disaster within the  
1605 boundaries of the local government; and  
1606 (c) subject to Subsection (5), emergency preparedness.  
1607 (4) (a) A local fund is subject to this part and:  
1608 (i) in the case of a town, Title 10, Chapter 5, Uniform Fiscal Procedures Act for Utah

1609 Towns, except that:

1610 (A) in addition to the funds listed in Section 10-5-106, the mayor shall prepare a  
1611 budget for the local fund;

1612 (B) Section 10-5-119 addressing termination of special funds does not apply to a local  
1613 fund; and

1614 (C) the council of the town may not authorize an interfund loan under Section  
1615 10-5-120 from the local fund;

1616 (ii) in the case of a city, Title 10, Chapter 6, Uniform Fiscal Procedures Act for Utah  
1617 Cities, except that:

1618 (A) in addition to the funds listed in Section 10-6-109, the mayor shall prepare a  
1619 budget for the local fund;

1620 (B) Section 10-6-131 addressing termination of special funds does not apply to a local  
1621 fund; and

1622 (C) the governing body of the city may not authorize an interfund loan under Section  
1623 10-6-132 from the local fund; and

1624 (iii) in the case of a county, Title 17, Chapter 36, Uniform Fiscal Procedures Act for  
1625 Counties, except that:

1626 (A) Section 17-36-29 addressing termination of special funds does not apply to a local  
1627 fund; and

1628 (B) the governing body of the county may not authorize an interfund loan under  
1629 Section 17-36-30 from the local fund; ~~and~~

1630 (iv) in the case of a local district or special service district, Title 17B, Chapter 1, Part 6,  
1631 Fiscal Procedures for Local Districts, except that:

1632 (A) Section 17B-1-625, addressing termination of a special fund, does not apply to a  
1633 local fund; and

1634 (B) the governing body of the local district or special service district may not authorize  
1635 an interfund loan under Section 17B-1-626 from the local fund~~[-];~~ and

1636 (v) in the case of an interlocal entity, Title 11, Chapter 13, Part 5, Fiscal Procedures for  
1637 Interlocal Entities, except for the following provisions:

1638 (A) Section 11-13-523 addressing termination of a special fund does not apply to a  
1639 local fund; and

1640 (B) the governing board of the interlocal entity may not authorize an interfund loan  
1641 under Section 11-13-524 from the local fund.

1642 (b) Notwithstanding Subsection (4)(a), transfers of money to a local fund or the  
1643 accumulation of money in a local fund do not affect any limits on fund balances, net assets, or  
1644 the accumulation of retained earnings in any of the following of a local government:

- 1645 (i) a general fund;
- 1646 (ii) an enterprise fund;
- 1647 (iii) an internal service fund; or
- 1648 (iv) any other fund.

1649 (5) (a) A local government may not expend during a fiscal year more than 10% of the  
1650 money budgeted to be deposited into a local fund during that fiscal year for emergency  
1651 preparedness.

1652 (b) The amount described in Subsection (5)(a) shall be determined before the adoption  
1653 of the tentative budget.

1654 Section 58. Section **63G-2-103** is amended to read:

1655 **63G-2-103. Definitions.**

1656 As used in this chapter:

1657 (1) "Audit" means:

1658 (a) a systematic examination of financial, management, program, and related records  
1659 for the purpose of determining the fair presentation of financial statements, adequacy of  
1660 internal controls, or compliance with laws and regulations; or

1661 (b) a systematic examination of program procedures and operations for the purpose of  
1662 determining their effectiveness, economy, efficiency, and compliance with statutes and  
1663 regulations.

1664 (2) "Chronological logs" mean the regular and customary summary records of law  
1665 enforcement agencies and other public safety agencies that show:

1666 (a) the time and general nature of police, fire, and paramedic calls made to the agency;  
1667 and

1668 (b) any arrests or jail bookings made by the agency.

1669 (3) "Classification," "classify," and their derivative forms mean determining whether a  
1670 record series, record, or information within a record is public, private, controlled, protected, or

1671 exempt from disclosure under Subsection [63G-2-201\(3\)\(b\)](#).

1672 (4) (a) "Computer program" means:

1673 (i) a series of instructions or statements that permit the functioning of a computer  
1674 system in a manner designed to provide storage, retrieval, and manipulation of data from the  
1675 computer system; and

1676 (ii) any associated documentation and source material that explain how to operate the  
1677 computer program.

1678 (b) "Computer program" does not mean:

1679 (i) the original data, including numbers, text, voice, graphics, and images;

1680 (ii) analysis, compilation, and other manipulated forms of the original data produced by  
1681 use of the program; or

1682 (iii) the mathematical or statistical formulas, excluding the underlying mathematical  
1683 algorithms contained in the program, that would be used if the manipulated forms of the  
1684 original data were to be produced manually.

1685 (5) (a) "Contractor" means:

1686 (i) any person who contracts with a governmental entity to provide goods or services  
1687 directly to a governmental entity; or

1688 (ii) any private, nonprofit organization that receives funds from a governmental entity.

1689 (b) "Contractor" does not mean a private provider.

1690 (6) "Controlled record" means a record containing data on individuals that is controlled  
1691 as provided by Section [63G-2-304](#).

1692 (7) "Designation," "designate," and their derivative forms mean indicating, based on a  
1693 governmental entity's familiarity with a record series or based on a governmental entity's  
1694 review of a reasonable sample of a record series, the primary classification that a majority of  
1695 records in a record series would be given if classified and the classification that other records  
1696 typically present in the record series would be given if classified.

1697 (8) "Elected official" means each person elected to a state office, county office,  
1698 municipal office, school board or school district office, local district office, or special service  
1699 district office, but does not include judges.

1700 (9) "Explosive" means a chemical compound, device, or mixture:

1701 (a) commonly used or intended for the purpose of producing an explosion; and

1702 (b) that contains oxidizing or combustive units or other ingredients in proportions,  
1703 quantities, or packing so that:  
1704 (i) an ignition by fire, friction, concussion, percussion, or detonator of any part of the  
1705 compound or mixture may cause a sudden generation of highly heated gases; and  
1706 (ii) the resultant gaseous pressures are capable of:  
1707 (A) producing destructive effects on contiguous objects; or  
1708 (B) causing death or serious bodily injury.  
1709 (10) "Government audit agency" means any governmental entity that conducts an audit.  
1710 (11) (a) "Governmental entity" means:  
1711 (i) executive department agencies of the state, the offices of the governor, lieutenant  
1712 governor, state auditor, attorney general, and state treasurer, the Board of Pardons and Parole,  
1713 the Board of Examiners, the National Guard, the Career Service Review Office, the State  
1714 Board of Education, the State Board of Regents, and the State Archives;  
1715 (ii) the Office of the Legislative Auditor General, Office of the Legislative Fiscal  
1716 Analyst, Office of Legislative Research and General Counsel, the Legislature, and legislative  
1717 committees, except any political party, group, caucus, or rules or sifting committee of the  
1718 Legislature;  
1719 (iii) courts, the Judicial Council, the Office of the Court Administrator, and similar  
1720 administrative units in the judicial branch;  
1721 (iv) any state-funded institution of higher education or public education; or  
1722 (v) any political subdivision of the state, but, if a political subdivision has adopted an  
1723 ordinance or a policy relating to information practices pursuant to Section 63G-2-701, this  
1724 chapter shall apply to the political subdivision to the extent specified in Section 63G-2-701 or  
1725 as specified in any other section of this chapter that specifically refers to political subdivisions.  
1726 (b) "Governmental entity" also means:  
1727 (i) every office, agency, board, bureau, committee, department, advisory board, or  
1728 commission of an entity listed in Subsection (11)(a) that is funded or established by the  
1729 government to carry out the public's business[-]; and  
1730 (ii) as defined in Section 11-13-103, an interlocal entity or joint or cooperative  
1731 undertaking.  
1732 (c) "Governmental entity" does not include the Utah Educational Savings Plan created



1733 in Section [53B-8a-103](#).

1734 (12) "Gross compensation" means every form of remuneration payable for a given  
1735 period to an individual for services provided including salaries, commissions, vacation pay,  
1736 severance pay, bonuses, and any board, rent, housing, lodging, payments in kind, and any  
1737 similar benefit received from the individual's employer.

1738 (13) "Individual" means a human being.

1739 (14) (a) "Initial contact report" means an initial written or recorded report, however  
1740 titled, prepared by peace officers engaged in public patrol or response duties describing official  
1741 actions initially taken in response to either a public complaint about or the discovery of an  
1742 apparent violation of law, which report may describe:

1743 (i) the date, time, location, and nature of the complaint, the incident, or offense;

1744 (ii) names of victims;

1745 (iii) the nature or general scope of the agency's initial actions taken in response to the  
1746 incident;

1747 (iv) the general nature of any injuries or estimate of damages sustained in the incident;

1748 (v) the name, address, and other identifying information about any person arrested or  
1749 charged in connection with the incident; or

1750 (vi) the identity of the public safety personnel, except undercover personnel, or  
1751 prosecuting attorney involved in responding to the initial incident.

1752 (b) Initial contact reports do not include follow-up or investigative reports prepared  
1753 after the initial contact report. However, if the information specified in Subsection (14)(a)  
1754 appears in follow-up or investigative reports, it may only be treated confidentially if it is  
1755 private, controlled, protected, or exempt from disclosure under Subsection [63G-2-201\(3\)\(b\)](#).

1756 (15) "Legislative body" means the Legislature.

1757 (16) "Notice of compliance" means a statement confirming that a governmental entity  
1758 has complied with a records committee order.

1759 (17) "Person" means:

1760 (a) an individual;

1761 (b) a nonprofit or profit corporation;

1762 (c) a partnership;

1763 (d) a sole proprietorship;

- 1764 (e) other type of business organization; or
- 1765 (f) any combination acting in concert with one another.
- 1766 (18) "Private provider" means any person who contracts with a governmental entity to
- 1767 provide services directly to the public.
- 1768 (19) "Private record" means a record containing data on individuals that is private as
- 1769 provided by Section [63G-2-302](#).
- 1770 (20) "Protected record" means a record that is classified protected as provided by
- 1771 Section [63G-2-305](#).
- 1772 (21) "Public record" means a record that is not private, controlled, or protected and that
- 1773 is not exempt from disclosure as provided in Subsection [63G-2-201\(3\)\(b\)](#).
- 1774 (22) (a) "Record" means a book, letter, document, paper, map, plan, photograph, film,
- 1775 card, tape, recording, electronic data, or other documentary material regardless of physical form
- 1776 or characteristics:
- 1777 (i) that is prepared, owned, received, or retained by a governmental entity or political
- 1778 subdivision; and
- 1779 (ii) where all of the information in the original is reproducible by photocopy or other
- 1780 mechanical or electronic means.
- 1781 (b) "Record" does not mean:
- 1782 (i) a personal note or personal communication prepared or received by an employee or
- 1783 officer of a governmental entity:
- 1784 (A) in a capacity other than the employee's or officer's governmental capacity; or
- 1785 (B) that is unrelated to the conduct of the public's business;
- 1786 (ii) a temporary draft or similar material prepared for the originator's personal use or
- 1787 prepared by the originator for the personal use of an individual for whom the originator is
- 1788 working;
- 1789 (iii) material that is legally owned by an individual in the individual's private capacity;
- 1790 (iv) material to which access is limited by the laws of copyright or patent unless the
- 1791 copyright or patent is owned by a governmental entity or political subdivision;
- 1792 (v) proprietary software;
- 1793 (vi) junk mail or a commercial publication received by a governmental entity or an
- 1794 official or employee of a governmental entity;

1795 (vii) a book that is cataloged, indexed, or inventoried and contained in the collections  
1796 of a library open to the public;

1797 (viii) material that is cataloged, indexed, or inventoried and contained in the collections  
1798 of a library open to the public, regardless of physical form or characteristics of the material;

1799 (ix) a daily calendar or other personal note prepared by the originator for the  
1800 originator's personal use or for the personal use of an individual for whom the originator is  
1801 working;

1802 (x) a computer program that is developed or purchased by or for any governmental  
1803 entity for its own use;

1804 (xi) a note or internal memorandum prepared as part of the deliberative process by:

1805 (A) a member of the judiciary;

1806 (B) an administrative law judge;

1807 (C) a member of the Board of Pardons and Parole; or

1808 (D) a member of any other body charged by law with performing a quasi-judicial  
1809 function;

1810 (xii) a telephone number or similar code used to access a mobile communication  
1811 device that is used by an employee or officer of a governmental entity, provided that the  
1812 employee or officer of the governmental entity has designated at least one business telephone  
1813 number that is a public record as provided in Section [63G-2-301](#);

1814 (xiii) information provided by the Public Employees' Benefit and Insurance Program,  
1815 created in Section [49-20-103](#), to a county to enable the county to calculate the amount to be  
1816 paid to a health care provider under Subsection [17-50-319\(2\)\(e\)\(ii\)](#);

1817 (xiv) information that an owner of unimproved property provides to a local entity as  
1818 provided in Section [11-42-205](#); or

1819 (xv) a video or audio recording of an interview, or a transcript of the video or audio  
1820 recording, that is conducted at a Children's Justice Center established under Section [67-5b-102](#).

1821 (23) "Record series" means a group of records that may be treated as a unit for  
1822 purposes of designation, description, management, or disposition.

1823 (24) "Records committee" means the State Records Committee created in Section  
1824 [63G-2-501](#).

1825 (25) "Records officer" means the individual appointed by the chief administrative

1826 officer of each governmental entity, or the political subdivision to work with state archives in  
1827 the care, maintenance, scheduling, designation, classification, disposal, and preservation of  
1828 records.

1829 (26) "Schedule," "scheduling," and their derivative forms mean the process of  
1830 specifying the length of time each record series should be retained by a governmental entity for  
1831 administrative, legal, fiscal, or historical purposes and when each record series should be  
1832 transferred to the state archives or destroyed.

1833 (27) "Sponsored research" means research, training, and other sponsored activities as  
1834 defined by the federal Executive Office of the President, Office of Management and Budget:

1835 (a) conducted:

1836 (i) by an institution within the state system of higher education defined in Section  
1837 [53B-1-102](#); and

1838 (ii) through an office responsible for sponsored projects or programs; and

1839 (b) funded or otherwise supported by an external:

1840 (i) person that is not created or controlled by the institution within the state system of  
1841 higher education; or

1842 (ii) federal, state, or local governmental entity.

1843 (28) "State archives" means the Division of Archives and Records Service created in  
1844 Section [63A-12-101](#).

1845 (29) "State archivist" means the director of the state archives.

1846 (30) "Summary data" means statistical records and compilations that contain data  
1847 derived from private, controlled, or protected information but that do not disclose private,  
1848 controlled, or protected information.

1849 Section 59. **Repealer.**

1850 This bill repeals:

1851 Section [11-13-223](#) (Superseded 05/12/15), **Open and public meetings.**

1852 Section [11-13-223](#) (Effective 05/12/15), **Open and public meetings.**

**Legislative Review Note**  
as of 2-3-15 11:02 AM

**Office of Legislative Research and General Counsel**