

Representative Johnny Anderson proposes the following substitute bill:

AMENDMENTS TO THE INTERLOCAL ACT

2015 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Johnny Anderson

Senate Sponsor: _____

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



26 cooperative undertaking, including:

- 27 • 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 REPEALS:

- 100 [11-13-223](#) (**Superseded 05/12/15**), as last amended by Laws of Utah 2007, Chapter 249
- 101 [11-13-223](#) (**Effective 05/12/15**), as last amended by Laws of Utah 2014, Chapter 115

102

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

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

105 **11-13-103. Definitions.**

106 As used in this chapter:

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

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

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

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

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

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

150 provided under Subsection 11-13-206(1)(b) to govern an interlocal entity.

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

152 [~~9~~] (11) "Interlocal entity" means:

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

155 (b) a separate legal or administrative entity created under Section 11-13-205.

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

158 (13) "Joint or cooperative undertaking" means an undertaking described in Section
159 11-13-207 that is not conducted by an interlocal entity.

160 (14) "Member" means a public agency that, with another public agency, creates an
161 interlocal entity under Section 11-13-203.

162 [~~10~~] (15) "Out-of-state public agency" means a public agency as defined in
163 Subsection [~~13~~] (18)(c), (d), or (e).

164 [~~11~~] (16) (a) "Project":

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

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

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

171 (i) facilities that provide additional project capacity;

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

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

175 [~~12~~] (17) "Project entity" means a Utah interlocal entity or an electric interlocal entity
176 that owns a project.

177 [~~13~~] (18) "Public agency" means:

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

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

181 (c) any agency of the United States;

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

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

188 ~~[(14)]~~ (19) "Qualified energy services interlocal entity" means an energy services
189 interlocal entity that at the time that the energy services interlocal entity acquires its interest in
190 facilities providing additional project capacity has at least five members that are Utah public
191 agencies.

192 ~~[(15)]~~ (20) "Replacement project capacity" means electric generating capacity or
193 transmission capacity that:

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

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

201 ~~[(16)]~~ (21) "Utah interlocal entity":

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

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

205 ~~[(17)]~~ (22) "Utah public agency" means a public agency under Subsection ~~[(13)]~~
206 ~~(18)~~(a) or (b).

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

208 **11-13-201. Joint exercise of power, privilege, or authority by public agencies --**
209 **Relationship to the Municipal Cable Television and Public Telecommunications Services**
210 **Act.**

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

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

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

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

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

225 **11-13-202.5. Approval of certain agreements -- Review by attorney.**

226 (1) Each agreement under Section **11-13-202** and each agreement under Section
227 **11-13-212** shall be approved by:

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

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

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

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

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

234 (A) a facility; or

235 (B) an improvement to real property;

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

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

238 (vi) creates an interlocal entity; or

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

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

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

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

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

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

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

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

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

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

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

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

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

253 **11-13-203. Interlocal entities -- Agreement to approve the creation of an**

254 **interlocal entity -- Utah interlocal entity may become electric interlocal entity or energy**

255 **services interlocal entity.**

256 (1) An interlocal entity is:

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

258 (b) a body politic and corporate; and

259 (c) a political subdivision of the state.

260 (2) (a) Any two or more Utah public agencies may enter into an agreement to approve

261 the creation of a Utah interlocal entity to accomplish the purpose of their joint or cooperative

262 action, including undertaking and financing a facility or improvement to provide the service

263 contemplated by that agreement.

264 (b) The creation, operation, governance, and fiscal procedures of an interlocal entity

265 and its governing authority are governed by this chapter and are not subject to the statutes

266 applicable to its members or other entities.

267 (3) (a) A Utah public agency and one or more public agencies may enter into an

268 agreement to approve the creation of an electric interlocal entity to accomplish the purpose of

269 their joint or cooperative action if that purpose is to participate in the undertaking or financing

270 of:

271 (i) facilities to provide additional project capacity;

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

273 (iii) electric generation or transmission facilities.

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

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

280 (ii) the purpose of the joint or cooperative action to be accomplished by the electric
281 interlocal entity meets the requirements of Subsection (3)(a).

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

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

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

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

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

297 **11-13-204 (Effective 05/12/15). Powers and duties of interlocal entities --**
298 **Additional powers of energy services interlocal entities -- Length of term of agreement**
299 **and interlocal entity -- Notice to lieutenant governor -- Recording requirements -- Public**
300 **Service Commission.**

301 (1) (a) An interlocal entity:

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

304 (ii) may:

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

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

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

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

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

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

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

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

355 (2) An energy services interlocal entity:

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

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

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

361 (b) may:

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

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

367 necessary for the operation of generation facilities;

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

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

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

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

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

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

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

387 (4) (a) ~~[The governing body of each party to the agreement to approve the creation of~~
388 ~~an interlocal entity, including an electric interlocal entity and an energy services interlocal~~
389 ~~entity,] Upon execution of an agreement to approve the creation of an interlocal entity,~~
390 ~~including an electric interlocal entity and an energy services interlocal entity, the governing~~
391 ~~body of a member of the 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 action.**

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]~~ action and of
512 establishing 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 or 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 ~~[(+)]~~ (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 this Subsection (2) 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 the entity's
609 services and from the operation of the entity's 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 under this chapter.

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

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

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

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

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

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

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

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

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

646 (C) the term of the agreement;

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

648 and

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

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

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

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

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

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

668 (I) the official newspaper;

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

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

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

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

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

677 (II) in a newspaper that is published within the boundaries of any public agency that is
678 a party to the enactment or agreement; and

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

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

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

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

687 **11-13-222. Employees performing services under agreements.**

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

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

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

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

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

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

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

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

708 **11-13-224. Utah interlocal entity for alternative fuel vehicles and facilities.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

738 **11-13-225. Establishment of interlocal entity personnel system.**

739 (1) An interlocal entity shall establish a system of personnel administration for the
740 interlocal entity as provided in this section.

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

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

746 (b) equitable and adequate compensation;

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

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

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

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

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

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

758 **11-13-226. Competitive procurement.**

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

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

763 **11-13-315 (Effective 05/12/15). Taxed interlocal entity.**

764 (1) As used in this section:

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

766 (b) "Public asset" means:

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

768 (ii) tax revenue;

769 (iii) state funds; or

770 (iv) public funds.

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

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

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

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

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

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

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

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

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

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

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

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

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

800 (5) Notwithstanding any other provision of law, a taxed interlocal entity's governing

801 body, as described in Section 11-13-206, shall determine and direct the use of an asset by the
802 taxed interlocal entity.

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

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

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

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

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

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

818 (i) in a manner described in Subsection 63A-3-405(3); and

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

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

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

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

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

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

832 Entities Act.

833 (9) (a) [~~A~~] Notwithstanding any other provision of law, a taxed interlocal entity is not
834 subject to the following provisions [~~of Subsection~~]:

835 (i) Part 4, Governance;

836 (ii) Part 5, Fiscal Procedures for Interlocal Entities;

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

838 (iv) Subsection 11-13-206(1)(f);

839 (v) Subsection 11-13-218(5)(a);

840 (vi) Section 11-13-225;

841 (vii) Section 11-13-226; or

842 (viii) Section 53-2a-605.

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

846 (c) Nothing in Part 4, Governance, or Part 5, Fiscal Procedures for Interlocal Entities,
847 may be construed to limit the power or authority of a taxed interlocal entity.

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

849 **Part 4. Governance**

850 **11-13-401. Application.**

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

853 (2) This part does not apply to:

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

855 (b) a project entity.

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

857 **11-13-402. Governance -- Powers of governing authority.**

858 (1) If an interlocal agreement does not establish an interlocal entity to conduct the joint
859 or cooperative undertaking, the joint or cooperative undertaking shall be administered by a
860 joint administrator established in accordance with the interlocal agreement and Section
861 11-13-207.

862 (2) If an interlocal entity has been established to conduct the joint or cooperative

863 action, the interlocal entity shall be governed by a governing board as established in the
864 interlocal agreement.

865 (3) A governing board:

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

867 (b) has and may exercise a power or perform a function as provided in the interlocal
868 agreement and this chapter that is necessary to accomplish the interlocal entity's purpose unless
869 otherwise specified by this chapter or the interlocal agreement, including the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

890 **11-13-403. Annual compensation -- Per diem compensation -- Participation in**
891 **group insurance plan -- Reimbursement of expenses.**

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

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

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

898 (ii) specifically identify the annual compensation of each governing authority member
899 in the tentative budget; and

900 (iii) approve the annual compensation at the public meeting at which the budget is
901 adopted.

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

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

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

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

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

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

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

921 (c) a rule adopted by the Division of Finance pursuant to Sections [63A-3-106](#) and
922 [63A-3-107](#).

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

924 **11-13-404. Quorum of the governing authority -- Meetings of the governing**

925 **authority.**

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

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

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

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

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

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

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

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

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

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

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

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

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

954 **11-13-501. Definitions.**

955 As used in this part:

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

958 (2) "Budget" means a plan of financial operations for a fiscal year that embodies
959 estimates of proposed expenditures for given purposes and the proposed means of financing
960 them, and may refer to the budget of a particular fund for which a budget is required by law or
961 may refer collectively to the budgets for all required funds.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

992 (20) "Last completed fiscal year" means the fiscal year immediately preceding the
993 current fiscal year.

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

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

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

1000 (24) "Special fund" means an interlocal entity fund other than the interlocal entity
1001 general fund.

1002 Section 24. Section **11-13-502** is enacted to read:

1003 **11-13-502. Application -- Conflicts with federal law -- Other applicable law.**

1004 (1) This part does not apply to a taxed interlocal entity as defined in Section [11-13-315](#).

1005 (2) Except as provided in Subsection (1), and notwithstanding any other provision of
1006 law, this part governs an interlocal entity's fiscal procedures but only to the extent that the
1007 provision does not conflict with or cause an interlocal entity to be noncompliant with federal
1008 law.

1009 (3) An interlocal entity is subject to Title 51, Chapter 7, State Money Management Act.

1010 Section 25. Section **11-13-503** is enacted to read:

1011 **11-13-503. Fiscal year.**

1012 The fiscal year of an interlocal entity shall be, as determined by the governing board:

1013 (1) the calendar year; or

1014 (2) the period from July 1 to the following June 30.

1015 Section 26. Section **11-13-504** is enacted to read:

1016 **11-13-504. Uniform accounting system.**

1017 An interlocal entity shall:

1018 (1) establish and maintain the interlocal entity's accounting records, and financial
1019 statements prepared from those records, as required by generally accepted accounting
1020 principles; and

1021 (2) adopt and implement internal accounting controls in light of the needs and
1022 resources of the interlocal entity.

1023 Section 27. Section **11-13-505** is enacted to read:

1024 **11-13-505. Funds and account groups maintained.**

1025 An interlocal entity shall establish and maintain, according to its own accounting needs,
1026 some or all of the funds and account groups in its system of accounts, as required by generally
1027 accepted accounting principles.

1028 Section 28. Section **11-13-506** is enacted to read:

1029 **11-13-506. Budget required for certain funds -- Capital projects fund.**

1030 (1) The budget officer shall prepare for each budget year a budget, subject to Section
1031 11-13-507, for each of the following funds, to the extent applicable:

1032 (a) the general fund;

1033 (b) each special revenue fund, as that term is used in generally accepted accounting
1034 principles;

1035 (c) each debt service fund, as that term is used in generally accepted accounting
1036 principles;

1037 (d) each capital projects fund, as that term is used in generally accepted accounting
1038 principles;

1039 (e) each proprietary fund in accordance with Section 11-13-524; and

1040 (f) if the interlocal entity has a local fund, as defined in Section 53-2a-602, the local
1041 fund.

1042 (2) (a) A major capital improvement financed by general obligation bonds, capital
1043 grants, or interfund transfers shall use a capital projects fund budget unless the improvement
1044 financed is to be used for proprietary type activities.

1045 (b) The interlocal entity shall prepare a separate budget for the term of a capital
1046 improvement described in Subsection (2)(a) as well as the annual budget required under
1047 Subsection (1).

1048 Section 29. Section **11-13-507** is enacted to read:

1049 **11-13-507. Total of revenues to equal expenditures.**

1050 (1) The budget under Section 11-13-506 shall provide a financial plan for the budget
1051 year.

1052 (2) Each budget shall specify in tabular form:

1053 (a) estimates of all anticipated revenues; and

1054 (b) all appropriations for expenditures.

1055 (3) The total of the anticipated revenues shall equal the total of appropriated
1056 expenditures.

1057 Section 30. Section 11-13-508 is enacted to read:

1058 **11-13-508. Tentative budget to be prepared -- Review by governing body.**

1059 (1) On or before the first regularly scheduled meeting of the governing board in
1060 November for a calendar year entity and May for a fiscal year entity, the budget officer of an
1061 interlocal entity shall prepare for the ensuing year and file with the governing board a tentative
1062 budget for each fund for which a budget is required.

1063 (2) (a) Each tentative budget under Subsection (1) shall provide in tabular form:

1064 (i) actual revenues and expenditures for the last completed fiscal year;

1065 (ii) estimated total revenues and expenditures for the current fiscal year; and

1066 (iii) the budget officer's estimates of revenues and expenditures for the budget year.

1067 (b) The budget officer shall estimate:

1068 (i) the amount of revenue available to serve the needs of each fund;

1069 (ii) the portion to be derived from all sources other than general property taxes; and

1070 (iii) the portion that shall be derived from general property taxes.

1071 (3) The tentative budget, when filed by the budget officer with the governing board,
1072 shall contain the estimates of expenditures together with specific work programs and any other
1073 supporting data required by this part or requested by the governing board.

1074 (4) (a) Subject to Subsection (4)(b), the governing board:

1075 (i) shall review, consider, and adopt the tentative budget in any regular meeting or
1076 special meeting called for that purpose; and

1077 (ii) may amend or revise the tentative budget in any manner that the board considers
1078 advisable prior to the public hearing under Section 11-13-509.

1079 (b) The governing board may not reduce below the legal minimum requirement an

1080 appropriation required for debt retirement and interest or reduction of any existing deficits
1081 under Section [11-13-513](#), or otherwise required by law.

1082 (5) If a new interlocal entity is created, the governing board shall:

1083 (a) prepare a budget covering the period from the date of incorporation to the end of
1084 the fiscal year;

1085 (b) substantially comply with all other provisions of this part with respect to notices
1086 and hearings; and

1087 (c) pass the budget as soon after incorporation as feasible.

1088 Section 31. Section **11-13-509** is enacted to read:

1089 **11-13-509. Hearing to consider adoption -- Notice.**

1090 (1) At the meeting at which the tentative budget is adopted, the governing board shall:

1091 (a) establish the time and place of a public hearing to consider its adoption; and

1092 (b) except as provided in Subsection (2) or (5), order that notice of the hearing:

1093 (i) be published, at least seven days before the day of the hearing, in at least one issue
1094 of a newspaper of general circulation in a county in which the interlocal entity provides service
1095 to the public or in which its members are located, if such a newspaper is generally circulated in
1096 the county or counties; and

1097 (ii) be published at least seven days before the day of the hearing on the Utah Public
1098 Notice Website created in Section [63F-1-701](#).

1099 (2) If the budget hearing is held in conjunction with a tax increase hearing, the notice
1100 required in Subsection (1)(b):

1101 (a) may be combined with the notice required under Section [59-2-919](#); and

1102 (b) shall be published in accordance with the advertisement provisions of Section
1103 [59-2-919](#).

1104 (3) Proof that notice was given in accordance with Subsection (1)(b), (2), or (5) is
1105 prima face evidence that notice was properly given.

1106 (4) If a notice required under Subsection (1)(b), (2), or (5) is not challenged within 30
1107 days after the day on which the hearing is held, the notice is adequate and proper.

1108 (5) A governing board of an interlocal entity with an annual operating budget of less
1109 than \$250,000 may satisfy the notice requirements in Subsection (1)(b) by:

1110 (a) mailing a written notice, postage prepaid, to each voter in an interlocal entity; and

1111 (b) posting the notice in three public places within the interlocal entity's service area.

1112 Section 32. Section **11-13-510** is enacted to read:

1113 **11-13-510. Public hearing on tentatively adopted budget.**

1114 At the time and place advertised, or at any time or any place to which the public hearing
1115 may be adjourned, the governing board shall:

1116 (1) hold a public hearing on the budgets tentatively adopted; and

1117 (2) give interested persons in attendance an opportunity to be heard on the estimates of
1118 revenues and expenditures or any item in the tentative budget of any fund.

1119 Section 33. Section **11-13-511** is enacted to read:

1120 **11-13-511. Continuing authority of governing body.**

1121 After the conclusion of the public hearing held in accordance with Section [11-13-510](#),
1122 the governing board:

1123 (1) may:

1124 (a) continue to review the tentative budget;

1125 (b) insert any new item; or

1126 (c) increase or decrease items of expenditure in the tentative budget; and

1127 (2) shall adopt a final budget.

1128 Section 34. Section **11-13-512** is enacted to read:

1129 **11-13-512. Accumulated fund balances -- Limitations -- Excess balances --**
1130 **Unanticipated excess of revenues -- Reserves for capital projects.**

1131 (1) (a) An interlocal entity may accumulate retained earnings or fund balances, as
1132 appropriate, in any fund.

1133 (b) For the interlocal entity general fund only, an accumulated fund balance at the end
1134 of a budget year may be used only:

1135 (i) to provide working capital to finance expenditures from the beginning of the budget
1136 year until general property taxes or other applicable revenues are collected, subject to

1137 Subsection (1)(c);

1138 (ii) to provide a resource to meet emergency expenditures under Section [11-13-521](#); or

1139 (iii) to cover a pending year-end excess of expenditures over revenues from an
1140 unavoidable shortfall in revenues, subject to Subsection (1)(d).

1141 (c) Subsection (1)(b)(i) may not be construed to authorize an interlocal entity to

1142 appropriate a fund balance for budgeting purposes, except as provided in Subsection (4).

1143 (d) Subsection (1)(b)(iii) may not be construed to authorize an interlocal entity to

1144 appropriate a fund balance to avoid an operating deficit during a budget year except:

1145 (i) as provided under Subsection (4); or

1146 (ii) for emergency purposes under Section [11-13-521](#).

1147 (2) The accumulation of a fund balance in the interlocal entity general fund may not

1148 exceed the greater of:

1149 (a) 100% of the current year's property tax collected by the interlocal entity; or

1150 (b) (i) 25% of the total interlocal entity general fund revenues for an interlocal entity

1151 with an annual interlocal entity general fund budget greater than \$100,000; or

1152 (ii) 50% of the total interlocal entity general fund revenues for an interlocal entity with

1153 an annual interlocal entity general fund budget equal to or less than \$100,000.

1154 (3) If the interlocal entity general fund balance at the close of a fiscal year exceeds the

1155 amount permitted under Subsection (2), the interlocal entity shall appropriate the excess in the

1156 manner provided in Section [11-13-513](#).

1157 (4) Any interlocal entity general fund balance in excess of 5% of the total revenues of

1158 the interlocal entity general fund may be utilized for budget purposes.

1159 (5) (a) Within a capital projects fund the governing board may, in a budget year,

1160 appropriate from estimated revenue or a fund balance to a reserve account for capital projects

1161 for the purpose of financing future specific capital projects, including new construction, capital

1162 repairs, replacement, and maintenance, under a formal long-range capital plan adopted by the

1163 governing board.

1164 (b) An interlocal entity may allow a reserve amount under Subsection (5)(a) to

1165 accumulate from year to year until the accumulated total is sufficient to permit economical

1166 expenditure for the specified purposes.

1167 (c) An interlocal entity may disburse from a reserve account under Subsection (5)(a)

1168 only by a budget appropriation adopted in the manner provided by this part.

1169 (d) Expenditures from a reserve account described in Subsection (5)(a) shall conform

1170 to all requirements of this part relating to execution and control of budgets.

1171 Section 35. Section **11-13-513** is enacted to read:

1172 **11-13-513. Appropriations not to exceed estimated expendable revenue --**

1173 **Determination of revenue -- Appropriations for existing deficits.**

1174 (1) The governing board of an interlocal entity may not make an appropriation in the
1175 final budget of a fund in excess of the estimated expendable revenue for the budget year of the
1176 fund.

1177 (2) An interlocal entity determining the estimated expendable revenue of the interlocal
1178 entity general fund for the budget year shall include as an appropriation from the fund balance
1179 that portion of the fund balance at the close of the last completed fiscal year, not previously
1180 included in the budget of the current year, that exceeds the amount permitted in Section
1181 11-13-512.

1182 (3) (a) An interlocal entity shall include in a fund budget an appropriation for an
1183 existing deficit created in accordance with Section 11-13-521 as of the close of the current year
1184 and not previously included in the current year budget, to the extent of at least 5% of the total
1185 revenue in the current year.

1186 (b) If the total amount of the deficit created in accordance with Section 11-13-521 is
1187 less than 5% of the total revenue in the current year, the interlocal entity shall include in the
1188 fund budget an appropriation for the entire amount of the deficit.

1189 (c) An interlocal entity shall include in a fund budget appropriation for the entire
1190 amount of a deficit in the current year resulting from expenditures other than the expenditures
1191 allowed in Section 11-13-521 to the extent that the deficit had not been included in the current
1192 year budget.

1193 Section 36. Section 11-13-514 is enacted to read:

1194 **11-13-514. Adoption of final budget -- Certification and filing.**

1195 (1) Except as provided in Sections 59-2-919 through 59-2-923, the governing board of
1196 an interlocal entity shall by resolution adopt prior to the beginning of the fiscal year a budget
1197 for the ensuing fiscal year for each fund for which a budget is required under this part.

1198 (2) The interlocal entity's budget officer shall file within 30 days after adoption the
1199 final budget with the members and the state auditor.

1200 Section 37. Section 11-13-515 is enacted to read:

1201 **11-13-515. Budgets in effect for budget year.**

1202 (1) Upon final adoption, each budget shall be in effect for the budget year, subject to
1203 amendment as provided in this part.

1204 (2) An interlocal entity shall file a copy of the adopted budgets in the interlocal entity's
1205 office and make it available to the public during regular business hours.

1206 Section 38. Section **11-13-516** is enacted to read:

1207 **11-13-516. Purchasing procedures.**

1208 An interlocal entity shall make an expenditure or incur an obligation according to the
1209 purchasing procedures established by an interlocal entity by resolution and only by order or
1210 approval of a person duly authorized.

1211 Section 39. Section **11-13-517** is enacted to read:

1212 **11-13-517. Expenditures or encumbrances in excess of appropriations prohibited.**

1213 An interlocal entity may not make or incur an expenditure or encumbrance in excess of
1214 total appropriations in the budget as adopted or as subsequently amended, except as provided in
1215 Section [11-13-521](#).

1216 Section 40. Section **11-13-518** is enacted to read:

1217 **11-13-518. Transfer of appropriation balance between accounts in same fund.**

1218 (1) The governing board of an interlocal entity shall establish policies for, subject to
1219 Subsection (2), the transfer of any unencumbered or unexpended appropriation balance or
1220 portion of the balance from one account in a fund to another account within the same fund.

1221 (2) The governing board may not reduce below the minimums required an
1222 appropriation for debt retirement and interest, reduction of deficit, or other appropriation
1223 required by law or covenant.

1224 Section 41. Section **11-13-519** is enacted to read:

1225 **11-13-519. Review of individual governmental fund budgets -- Hearing.**

1226 (1) The governing board of an interlocal entity may, at any time during the budget year,
1227 review an individual budget of the governmental fund for the purpose of determining if the
1228 total of an individual budget should be increased.

1229 (2) If the governing board decides that the budget total of one or more governmental
1230 funds described in Subsection (1) should be increased, it shall hold a public hearing on the
1231 increase in accordance with the procedures established in Sections [11-13-509](#) and [11-13-510](#).

1232 Section 42. Section **11-13-520** is enacted to read:

1233 **11-13-520. Amendment and increase of individual fund budgets.**

1234 (1) After holding the public hearing required under Section [11-13-519](#), the governing

1235 board may, by resolution, amend the budgets of the funds proposed to be increased, so as to
1236 make all or part of the increases, both estimated revenues and appropriations, which were the
1237 proper subject of consideration at the hearing.

1238 (2) The governing board may not adopt an amendment to the current year budgets of
1239 any of the funds established in Section 11-13-506 after the last day of the fiscal year.

1240 Section 43. Section 11-13-521 is enacted to read:

1241 **11-13-521. Emergency expenditures.**

1242 The governing board of an interlocal entity may, by resolution, amend a budget and
1243 authorize an expenditure of money that results in a deficit in the interlocal entity general fund
1244 balance if:

1245 (1) the board determines that:

1246 (a) an emergency exists; and

1247 (b) the expenditure is reasonably necessary to meet the emergency; and

1248 (2) the expenditure is used to meet the emergency.

1249 Section 44. Section 11-13-522 is enacted to read:

1250 **11-13-522. Lapse of appropriations -- Exceptions.**

1251 All unexpended or unencumbered appropriations, except capital projects fund
1252 appropriations, lapse at the end of the budget year to the respective fund balance.

1253 Section 45. Section 11-13-523 is enacted to read:

1254 **11-13-523. Loans by one fund to another.**

1255 (1) Subject to this section, restrictions imposed by bond covenants, restrictions in
1256 Section 53-2a-605, or other controlling regulations, the governing board of an interlocal entity
1257 may authorize an interfund loan from one fund to another.

1258 (2) An interfund loan under Subsection (1) shall be in writing and specify the terms
1259 and conditions of the loan, including the:

1260 (a) effective date of the loan;

1261 (b) name of the fund loaning the money;

1262 (c) name of the fund receiving the money;

1263 (d) amount of the loan;

1264 (e) subject to Subsection (3), term of and repayment schedule for the loan;

1265 (f) subject to Subsection (4), interest rate of the loan;

- 1266 (g) method of calculating interest applicable to the loan;
1267 (h) procedures for:
1268 (i) applying interest to the loan; and
1269 (ii) paying interest on the loan; and
1270 (i) other terms and conditions the governing board determines applicable.
1271 (3) The term and repayment schedule specified under Subsection (2)(e) may not exceed
1272 10 years.
1273 (4) (a) In determining the interest rate of the loan specified under Subsection (2)(f), the
1274 governing board shall apply an interest rate that reflects the rate of potential gain had the funds
1275 been deposited or invested in a comparable investment.
1276 (b) Notwithstanding Subsection (4)(a), the interest rate of the loan specified under
1277 Subsection (2)(f):
1278 (i) if the term of the loan under Subsection (2)(e) is one year or less, may not be less
1279 than the rate offered by the Public Treasurers' Investment Fund that was created for public
1280 funds transferred to the state treasurer in accordance with Section [51-7-5](#); or
1281 (ii) if the term of the loan under Subsection (2)(e) is more than one year, may not be
1282 less than the greater of the rate offered by:
1283 (A) the Public Treasurers' Investment Fund that was created for public funds
1284 transferred to the state treasurer in accordance with Section [51-7-5](#); or
1285 (B) a United States Treasury note of a comparable term.
1286 (5) (a) For an interfund loan under Subsection (1), the governing board shall:
1287 (i) hold a public hearing;
1288 (ii) prepare a written notice of the date, time, place, and purpose of the hearing, and the
1289 proposed terms and conditions of the interfund loan under Subsection (2);
1290 (iii) provide notice of the public hearing in the same manner as required under Section
1291 [11-13-509](#) as if the hearing were a budget hearing; and
1292 (iv) authorize the interfund loan by resolution in a public meeting.
1293 (b) The notice and hearing requirements in Subsection (5)(a) are satisfied if the
1294 interfund loan is included in an original budget or in a subsequent budget amendment
1295 previously approved by the governing board for the current fiscal year.
1296 (6) Subsections (2) through (5) do not apply to an interfund loan if the interfund loan

1297 is:

1298 (a) a loan from the interlocal entity general fund to any other fund of the interlocal
1299 entity; or

1300 (b) a short-term advance from the interlocal entity's cash and investment pool to an
1301 individual fund that is repaid by the end of the fiscal year.

1302 Section 46. Section **11-13-524** is enacted to read:

1303 **11-13-524. Operating and capital budgets for proprietary funds.**

1304 (1) (a) As used in this section, "operating and capital budget" means a plan of financial
1305 operation for a proprietary or other required special fund, including estimates of operating and
1306 capital revenues and expenses for the budget year.

1307 (b) Except as otherwise expressly provided in this section, the other provisions of this
1308 part governing budgets and fiscal procedures and controls do not apply to the operating and
1309 capital budgets provided for in this section.

1310 (2) Subject to Subsection (3), the governing board shall adopt for the ensuing budget
1311 year an operating and capital budget for each proprietary fund and shall adopt the type of
1312 budget for other special funds, if applicable, under generally accepted accounting principles.

1313 (3) Operating and capital budgets shall be adopted and administered in the following
1314 manner:

1315 (a) On or before the first regularly scheduled meeting of the governing board, in
1316 November for a calendar year entity or May for a fiscal year entity, the budget officer shall
1317 prepare for the ensuing fiscal year, and file with the governing board, a tentative operating and
1318 capital budget for each proprietary fund and for other required special funds, together with any
1319 supporting data required by the board.

1320 (b) The governing board:

1321 (i) shall adopt the tentative operating and capital budget in a regular meeting or special
1322 meeting called for that purpose; and

1323 (ii) may amend or revise the tentative operating and capital budget in any manner that
1324 the board considers advisable prior to a public hearing.

1325 (c) The governing board shall comply with the notice and hearing requirements of
1326 Subsection (3) and Sections [11-13-509](#) through [11-13-511](#) in approving a final operating and
1327 capital budget.

1328 (d) If the tentative operating and capital budget approved by the governing board for a
1329 proprietary fund includes appropriations that are not reasonable allocations of costs between
1330 funds or that provide funds to a member without consideration, the governing board shall, at
1331 least seven days before the day of the hearing, mail to each interlocal entity customer, a written
1332 notice stating:

1333 (i) the date, time, and place of the operating and capital budget hearing; and

1334 (ii) the purpose of the operating and capital budget hearing, including:

1335 (A) the enterprise fund from which money is being transferred;

1336 (B) the amount being transferred; and

1337 (C) the fund or member to which the money is being transferred.

1338 (e) (i) The governing board shall adopt an operating and capital budget for each
1339 proprietary fund for the ensuing fiscal year before the beginning of each fiscal year.

1340 (ii) A copy of the operating and capital budget as finally adopted for each proprietary
1341 fund shall be:

1342 (A) filed in the interlocal entity's office and with each member; and

1343 (B) available to the public during regular business hours.

1344 (iii) The interlocal entity shall also file a copy of the operating and capital budget with
1345 the state auditor within 30 days after adoption.

1346 (f) (i) Upon final adoption, the operating and capital budget is in effect for the budget
1347 year, subject to later amendment.

1348 (ii) During the budget year, the governing board may, in any regular meeting or special
1349 meeting called for that purpose, review an operating and capital budget for the purpose of
1350 determining if the total of the budget should be increased.

1351 (iii) If the governing board decides that the operating and capital budget total of one or
1352 more proprietary funds should be increased, the board shall follow the procedures established
1353 in Section [11-13-525](#).

1354 (4) An interlocal entity shall maintain a proprietary fund or other required special fund
1355 in compliance with Sections [11-13-501](#) through [11-13-505](#), [11-13-516](#), [11-13-518](#), and
1356 [11-13-526](#) through [11-13-532](#).

1357 Section 47. Section **11-13-525** is enacted to read:

1358 **11-13-525. Increase in appropriations for operating and capital budget fund --**

1359 **Notice.**

1360 (1) The total budget appropriation of a fund described in Section 11-13-524 may be
1361 increased by resolution of the governing board at a regular meeting, or special meeting called
1362 for that purpose, if written notice of the time, place, and purpose of the meeting has been
1363 mailed or delivered to all members of the governing board at least five days before the day of
1364 the meeting.

1365 (2) The notice may be waived in writing or verbally during attendance at the meeting
1366 by a member of the governing board.

1367 Section 48. Section 11-13-526 is enacted to read:

1368 **11-13-526. Deposit of interlocal entity funds -- Commingling with personal funds**
1369 **prohibited -- Suspension from office.**

1370 (1) The treasurer of an interlocal entity shall promptly deposit all interlocal entity funds
1371 in the appropriate bank accounts of the interlocal entity.

1372 (2) It is unlawful for a person to commingle interlocal entity funds with the person's
1373 own money.

1374 (3) If an interlocal entity has reason to believe that an officer or employee has misused
1375 public funds, the interlocal entity shall place the employee or officer on administrative leave
1376 with or without pay, pending completion of any investigation.

1377 Section 49. Section 11-13-527 is enacted to read:

1378 **11-13-527. Quarterly financial reports required.**

1379 The interlocal entity clerk or other delegated person shall prepare and present to the
1380 governing board a detailed quarterly financial report showing the financial position and
1381 operations of the interlocal entity for that quarter and the year-to-date status.

1382 Section 50. Section 11-13-528 is enacted to read:

1383 **11-13-528. Annual financial reports -- Audit reports.**

1384 (1) Within 180 days after the close of each fiscal year, the interlocal entity shall prepare
1385 an annual financial report in conformity with generally accepted accounting principles as
1386 prescribed in the Uniform Accounting Manual of the Utah State Auditor.

1387 (2) The requirement under Subsection (1) may be satisfied by presentation of the audit
1388 report furnished by the auditor.

1389 (3) The interlocal entity shall:

1390 (a) file copies of the annual financial report or the audit report furnished by the auditor
1391 with the state auditor; and

1392 (b) maintain the report as a public document in the interlocal entity office.

1393 Section 51. Section **11-13-529** is enacted to read:

1394 **11-13-529. Audits required.**

1395 (1) An interlocal entity shall facilitate an audit of the interlocal entity in accordance
1396 with Title 51, Chapter 2a, Accounting Reports from Political Subdivisions, Interlocal
1397 Organizations, and Other Local Entities Act.

1398 (2) The governing board shall appoint an auditor for the purpose of complying with the
1399 requirements of this section and with Title 51, Chapter 2a, Accounting Reports from Political
1400 Subdivisions, Interlocal Organizations, and Other Local Entities Act.

1401 Section 52. Section **11-13-530** is enacted to read:

1402 **11-13-530. Interlocal entity may expand uniform procedures -- Limitation.**

1403 (1) Subject to Subsection (2), an interlocal entity may expand a uniform accounting,
1404 budgeting, or reporting procedure required by generally accepted accounting principles, to
1405 better serve the needs of the interlocal entity.

1406 (2) An interlocal entity may not deviate from or alter the basic prescribed classification
1407 systems for the identity of funds and accounts required by generally accepted accounting
1408 principles.

1409 Section 53. Section **11-13-531** is enacted to read:

1410 **11-13-531. Imposing or increasing a fee for service provided by interlocal entity.**

1411 (1) The governing board shall fix the rate for a service or commodity provided by the
1412 interlocal entity.

1413 (2) (a) Before imposing a new fee or increasing an existing fee for a service provided
1414 by an interlocal entity, an interlocal entity governing board shall first hold a public hearing at
1415 which interested persons may speak for or against the proposal to impose a fee or to increase an
1416 existing fee.

1417 (b) Each public hearing under Subsection (2)(a) shall be held on a weekday in the
1418 evening beginning no earlier than 6 p.m.

1419 (c) A public hearing required under this Subsection (2) may be combined with a public
1420 hearing on a tentative budget required under Section [11-13-510](#).

1421 (d) Except to the extent that this section imposes more stringent notice requirements,
1422 the governing board shall comply with Title 52, Chapter 4, Open and Public Meetings Act, in
1423 holding the public hearing under Subsection (2)(a).

1424 (3) (a) An interlocal entity board shall give notice of a hearing under Subsection (2)(a):

1425 (i) as provided in Subsection (3)(b)(i) or (c); and

1426 (ii) for at least 20 days before the day of the hearing on the Utah Public Notice

1427 Website, created by Section [63F-1-701](#).

1428 (b) (i) Except as provided by Subsection (3)(c)(i), the notice required under Subsection
1429 (2)(a) shall be published:

1430 (A) in a newspaper or combination of newspapers of general circulation in the
1431 interlocal entity, if there is a newspaper or combination of newspapers of general circulation in
1432 the interlocal entity; or

1433 (B) if there is no newspaper or combination of newspapers of general circulation in the
1434 interlocal entity, the interlocal entity board shall post at least one notice per 1,000 population
1435 within the interlocal entity, at places within the interlocal entity that are most likely to provide
1436 actual notice to residents within the interlocal entity.

1437 (ii) The notice described in Subsection (3)(b)(i)(A):

1438 (A) shall be no less than 1/4 page in size and the type used shall be no smaller than 18
1439 point, and surrounded by a 1/4-inch border;

1440 (B) may not be placed in that portion of the newspaper where legal notices and
1441 classified advertisements appear;

1442 (C) whenever possible, shall appear in a newspaper that is published at least one day
1443 per week;

1444 (D) shall be in a newspaper or combination of newspapers of general interest and
1445 readership in the interlocal entity, and not of limited subject matter; and

1446 (E) shall be run once each week for the two weeks preceding the hearing.

1447 (iii) The notice described in Subsections (3)(a)(ii) and (3)(b)(i) shall state that the
1448 interlocal entity board intends to impose or increase a fee for a service provided by the
1449 interlocal entity and will hold a public hearing on a certain day, time, and place fixed in the
1450 notice, which shall be not less than seven days after the day the first notice is published, for the
1451 purpose of hearing comments regarding the proposed imposition or increase of a fee and to

1452 explain the reasons for the proposed imposition or increase.

1453 (c) (i) In lieu of providing notice under Subsection (3)(b)(i), the interlocal entity
1454 governing board may give the notice required under Subsection (2)(a) by mailing the notice to
1455 a person within the interlocal entity's service area who:

1456 (A) will be charged the fee for an interlocal entity's service, if the fee is being imposed
1457 for the first time; or

1458 (B) is being charged a fee, if the fee is proposed to be increased.

1459 (ii) Each notice under Subsection (3)(c)(i) shall comply with Subsection (3)(b)(iii).

1460 (iii) A notice under Subsection (3)(c)(i) may accompany an interlocal entity bill for an
1461 existing fee.

1462 (d) If the hearing required under this section is combined with the public hearing
1463 required under Section [11-13-510](#), the notice requirements under this Subsection (3) are
1464 satisfied if a notice that meets the requirements of Subsection (3)(b)(iii) is combined with the
1465 notice required under Section [11-13-509](#).

1466 (e) Proof that notice was given as provided in Subsection (3)(b) or (c) is prima facie
1467 evidence that notice was properly given.

1468 (f) If no challenge is made to the notice given of a public hearing required by
1469 Subsection (2) within 30 days after the date of the hearing, the notice is considered adequate
1470 and proper.

1471 (4) After holding a public hearing under Subsection (2)(a), a governing board may:

1472 (a) impose the new fee or increase the existing fee as proposed;

1473 (b) adjust the amount of the proposed new fee or the increase of the existing fee and
1474 then impose the new fee or increase the existing fee as adjusted; or

1475 (c) decline to impose the new fee or increase the existing fee.

1476 (5) This section applies to each new fee imposed and each increase of an existing fee
1477 that occurs on or after May 12, 2015.

1478 (6) An interlocal entity that accepts an electronic payment may charge an electronic
1479 payment fee.

1480 Section 54. Section **11-13-532** is enacted to read:

1481 **11-13-532. Residential fee credit.**

1482 (1) An interlocal entity may create a fee structure under this chapter that permits:

1483 (a) a home owner or residential tenant to file for a fee credit for a fee charged by the
1484 interlocal entity, if the credit is based on:

1485 (i) the home owner's annual income; or

1486 (ii) the residential tenant's annual income; or

1487 (b) an owner of federally subsidized housing to file for a credit for a fee charged by the
1488 interlocal entity.

1489 (2) If an interlocal entity permits a person to file for a fee credit under Subsection

1490 (1)(a), the interlocal entity shall make the credit available to:

1491 (a) a home owner; and

1492 (b) a residential tenant.

1493 Section 55. Section **52-4-103** is amended to read:

1494 **52-4-103. Definitions.**

1495 As used in this chapter:

1496 (1) "Anchor location" means the physical location from which:

1497 (a) an electronic meeting originates; or

1498 (b) the participants are connected.

1499 (2) "Capitol hill complex" means the grounds and buildings within the area bounded by
1500 300 North Street, Columbus Street, 500 North Street, and East Capitol Boulevard in Salt Lake
1501 City.

1502 (3) "Convening" means the calling together of a public body by a person authorized to
1503 do so for the express purpose of discussing or acting upon a subject over which that public
1504 body has jurisdiction or advisory power.

1505 (4) "Electronic meeting" means a public meeting convened or conducted by means of a
1506 conference using electronic communications.

1507 (5) "Electronic message" means a communication transmitted electronically, including:

1508 (a) electronic mail;

1509 (b) instant messaging;

1510 (c) electronic chat;

1511 (d) text messaging as defined in Section [76-4-401](#); or

1512 (e) any other method that conveys a message or facilitates communication
1513 electronically.

1514 (6) (a) "Meeting" means the convening of a public body or a specified body, with a
1515 quorum present, including a workshop or an executive session, whether in person or by means
1516 of electronic communications, for the purpose of discussing, receiving comments from the
1517 public about, or acting upon a matter over which the public body or specific body has
1518 jurisdiction or advisory power.

1519 (b) "Meeting" does not mean:

1520 (i) a chance gathering or social gathering; or

1521 (ii) a convening of the State Tax Commission to consider a confidential tax matter in
1522 accordance with Section [59-1-405](#).

1523 (c) "Meeting" does not mean the convening of a public body that has both legislative
1524 and executive responsibilities if:

1525 (i) no public funds are appropriated for expenditure during the time the public body is
1526 convened; and

1527 (ii) the public body is convened solely for the discussion or implementation of
1528 administrative or operational matters:

1529 (A) for which no formal action by the public body is required; or

1530 (B) that would not come before the public body for discussion or action.

1531 (7) "Monitor" means to hear or observe, live, by audio or video equipment, all of the
1532 public statements of each member of the public body who is participating in a meeting.

1533 (8) "Participate" means the ability to communicate with all of the members of a public
1534 body, either verbally or electronically, so that each member of the public body can hear or
1535 observe the communication.

1536 (9) (a) "Public body" means any administrative, advisory, executive, or legislative body
1537 of the state or its political subdivisions that:

1538 (i) is created by the Utah Constitution, statute, rule, ordinance, or resolution;

1539 (ii) consists of two or more persons;

1540 (iii) expends, disburses, or is supported in whole or in part by tax revenue; and

1541 (iv) is vested with the authority to make decisions regarding the public's business.

1542 (b) "Public body" includes, as defined in Section [11-13-103](#), an interlocal entity or joint
1543 or cooperative undertaking.

1544 [~~(b)~~] (c) "Public body" does not include a:

- 1545 (i) political party, political group, or political caucus;
- 1546 (ii) conference committee, rules committee, or sifting committee of the Legislature; or
- 1547 (iii) school community council established under Section [53A-1a-108](#).

1548 (10) "Public statement" means a statement made in the ordinary course of business of
1549 the public body with the intent that all other members of the public body receive it.

1550 (11) (a) "Quorum" means a simple majority of the membership of a public body, unless
1551 otherwise defined by applicable law.

1552 (b) "Quorum" does not include a meeting of two elected officials by themselves when
1553 no action, either formal or informal, is taken on a subject over which these elected officials
1554 have advisory power.

1555 (12) "Recording" means an audio, or an audio and video, record of the proceedings of a
1556 meeting that can be used to review the proceedings of the meeting.

1557 (13) "Specified body" means an administrative, advisory, executive, or legislative body
1558 that:

1559 (a) is not a public body;

1560 (b) consists of three or more members; and

1561 (c) includes at least one member who is:

1562 (i) a legislator; and

1563 (ii) officially appointed to the body by the President of the Senate, Speaker of the
1564 House of Representatives, or governor.

1565 (14) "Transmit" means to send, convey, or communicate an electronic message by
1566 electronic means.

1567 Section 56. Section **53-2a-605** is amended to read:

1568 **53-2a-605. Local government disaster funds.**

1569 (1) (a) Subject to this section and notwithstanding anything to the contrary contained in
1570 Title 10, Utah Municipal Code, or Title 17, Counties, Title 17B, Limited Purpose Local
1571 Government Entities - Local Districts, or Title 17D, Chapter 1, Special Service District Act, the
1572 governing body of a local government may create and maintain by ordinance a special fund
1573 known as a local government disaster fund.

1574 (b) The local fund shall consist of:

1575 (i) subject to the limitations of this section, money transferred to it in accordance with

1576 Subsection (2);

1577 (ii) any other public or private money received by the local government that is:

1578 (A) given to the local government for purposes consistent with this section; and

1579 (B) deposited into the local fund at the request of:

1580 (I) the governing body of the local government; or

1581 (II) the person giving the money; and

1582 (iii) interest or income realized from the local fund.

1583 (c) Interest or income realized from the local fund shall be deposited into the local

1584 fund.

1585 (d) Money in a local fund may be:

1586 (i) deposited or invested as provided in Section 51-7-11; or

1587 (ii) transferred by the local government treasurer to the state treasurer under Section

1588 51-7-5 for the state treasurer's management and control under Title 51, Chapter 7, State Money

1589 Management Act.

1590 (e) (i) The money in a local fund may accumulate from year to year until the local

1591 government governing body determines to spend any money in the local fund for one or more

1592 of the purposes specified in Subsection (3).

1593 (ii) Money in a local fund at the end of a fiscal year:

1594 (A) shall remain in the local fund for future use; and

1595 (B) may not be transferred to any other fund or used for any other purpose.

1596 (2) The amounts transferred to a local fund may not exceed 10% of the total estimated

1597 revenues of the local government for the current fiscal period that are not restricted or

1598 otherwise obligated.

1599 (3) Money in the fund may only be used to fund the services and activities of the local

1600 government creating the local fund in response to:

1601 (a) a declared disaster within the boundaries of the local government;

1602 (b) the aftermath of the disaster that gave rise to a declared disaster within the

1603 boundaries of the local government; and

1604 (c) subject to Subsection (5), emergency preparedness.

1605 (4) (a) A local fund is subject to this part and:

1606 (i) in the case of a town, Title 10, Chapter 5, Uniform Fiscal Procedures Act for Utah

1607 Towns, except that:

1608 (A) in addition to the funds listed in Section 10-5-106, the mayor shall prepare a
1609 budget for the local fund;

1610 (B) Section 10-5-119 addressing termination of special funds does not apply to a local
1611 fund; and

1612 (C) the council of the town may not authorize an interfund loan under Section
1613 10-5-120 from the local fund;

1614 (ii) in the case of a city, Title 10, Chapter 6, Uniform Fiscal Procedures Act for Utah
1615 Cities, except that:

1616 (A) in addition to the funds listed in Section 10-6-109, the mayor shall prepare a
1617 budget for the local fund;

1618 (B) Section 10-6-131 addressing termination of special funds does not apply to a local
1619 fund; and

1620 (C) the governing body of the city may not authorize an interfund loan under Section
1621 10-6-132 from the local fund; and

1622 (iii) in the case of a county, Title 17, Chapter 36, Uniform Fiscal Procedures Act for
1623 Counties, except that:

1624 (A) Section 17-36-29 addressing termination of special funds does not apply to a local
1625 fund; and

1626 (B) the governing body of the county may not authorize an interfund loan under
1627 Section 17-36-30 from the local fund; ~~and~~

1628 (iv) in the case of a local district or special service district, Title 17B, Chapter 1, Part 6,
1629 Fiscal Procedures for Local Districts, except that:

1630 (A) Section 17B-1-625, addressing termination of a special fund, does not apply to a
1631 local fund; and

1632 (B) the governing body of the local district or special service district may not authorize
1633 an interfund loan under Section 17B-1-626 from the local fund~~[-];~~ and

1634 (v) in the case of an interlocal entity, Title 11, Chapter 13, Part 5, Fiscal Procedures for
1635 Interlocal Entities, except for the following provisions:

1636 (A) Section 11-13-522 addressing termination of a special fund does not apply to a
1637 local fund; and

1638 (B) the governing board of the interlocal entity may not authorize an interfund loan
1639 under Section 11-13-523 from the local fund.

1640 (b) Notwithstanding Subsection (4)(a), transfers of money to a local fund or the
1641 accumulation of money in a local fund do not affect any limits on fund balances, net assets, or
1642 the accumulation of retained earnings in any of the following of a local government:

- 1643 (i) a general fund;
- 1644 (ii) an enterprise fund;
- 1645 (iii) an internal service fund; or
- 1646 (iv) any other fund.

1647 (5) (a) A local government may not expend during a fiscal year more than 10% of the
1648 money budgeted to be deposited into a local fund during that fiscal year for emergency
1649 preparedness.

1650 (b) The amount described in Subsection (5)(a) shall be determined before the adoption
1651 of the tentative budget.

1652 Section 57. Section **63G-2-103** is amended to read:

1653 **63G-2-103. Definitions.**

1654 As used in this chapter:

1655 (1) "Audit" means:

1656 (a) a systematic examination of financial, management, program, and related records
1657 for the purpose of determining the fair presentation of financial statements, adequacy of
1658 internal controls, or compliance with laws and regulations; or

1659 (b) a systematic examination of program procedures and operations for the purpose of
1660 determining their effectiveness, economy, efficiency, and compliance with statutes and
1661 regulations.

1662 (2) "Chronological logs" mean the regular and customary summary records of law
1663 enforcement agencies and other public safety agencies that show:

1664 (a) the time and general nature of police, fire, and paramedic calls made to the agency;
1665 and

1666 (b) any arrests or jail bookings made by the agency.

1667 (3) "Classification," "classify," and their derivative forms mean determining whether a
1668 record series, record, or information within a record is public, private, controlled, protected, or

1669 exempt from disclosure under Subsection [63G-2-201\(3\)\(b\)](#).

1670 (4) (a) "Computer program" means:

1671 (i) a series of instructions or statements that permit the functioning of a computer
1672 system in a manner designed to provide storage, retrieval, and manipulation of data from the
1673 computer system; and

1674 (ii) any associated documentation and source material that explain how to operate the
1675 computer program.

1676 (b) "Computer program" does not mean:

1677 (i) the original data, including numbers, text, voice, graphics, and images;

1678 (ii) analysis, compilation, and other manipulated forms of the original data produced by
1679 use of the program; or

1680 (iii) the mathematical or statistical formulas, excluding the underlying mathematical
1681 algorithms contained in the program, that would be used if the manipulated forms of the
1682 original data were to be produced manually.

1683 (5) (a) "Contractor" means:

1684 (i) any person who contracts with a governmental entity to provide goods or services
1685 directly to a governmental entity; or

1686 (ii) any private, nonprofit organization that receives funds from a governmental entity.

1687 (b) "Contractor" does not mean a private provider.

1688 (6) "Controlled record" means a record containing data on individuals that is controlled
1689 as provided by Section [63G-2-304](#).

1690 (7) "Designation," "designate," and their derivative forms mean indicating, based on a
1691 governmental entity's familiarity with a record series or based on a governmental entity's
1692 review of a reasonable sample of a record series, the primary classification that a majority of
1693 records in a record series would be given if classified and the classification that other records
1694 typically present in the record series would be given if classified.

1695 (8) "Elected official" means each person elected to a state office, county office,
1696 municipal office, school board or school district office, local district office, or special service
1697 district office, but does not include judges.

1698 (9) "Explosive" means a chemical compound, device, or mixture:

1699 (a) commonly used or intended for the purpose of producing an explosion; and

1700 (b) that contains oxidizing or combustive units or other ingredients in proportions,
1701 quantities, or packing so that:
1702 (i) an ignition by fire, friction, concussion, percussion, or detonator of any part of the
1703 compound or mixture may cause a sudden generation of highly heated gases; and
1704 (ii) the resultant gaseous pressures are capable of:
1705 (A) producing destructive effects on contiguous objects; or
1706 (B) causing death or serious bodily injury.
1707 (10) "Government audit agency" means any governmental entity that conducts an audit.
1708 (11) (a) "Governmental entity" means:
1709 (i) executive department agencies of the state, the offices of the governor, lieutenant
1710 governor, state auditor, attorney general, and state treasurer, the Board of Pardons and Parole,
1711 the Board of Examiners, the National Guard, the Career Service Review Office, the State
1712 Board of Education, the State Board of Regents, and the State Archives;
1713 (ii) the Office of the Legislative Auditor General, Office of the Legislative Fiscal
1714 Analyst, Office of Legislative Research and General Counsel, the Legislature, and legislative
1715 committees, except any political party, group, caucus, or rules or sifting committee of the
1716 Legislature;
1717 (iii) courts, the Judicial Council, the Office of the Court Administrator, and similar
1718 administrative units in the judicial branch;
1719 (iv) any state-funded institution of higher education or public education; or
1720 (v) any political subdivision of the state, but, if a political subdivision has adopted an
1721 ordinance or a policy relating to information practices pursuant to Section 63G-2-701, this
1722 chapter shall apply to the political subdivision to the extent specified in Section 63G-2-701 or
1723 as specified in any other section of this chapter that specifically refers to political subdivisions.
1724 (b) "Governmental entity" also means:
1725 (i) every office, agency, board, bureau, committee, department, advisory board, or
1726 commission of an entity listed in Subsection (11)(a) that is funded or established by the
1727 government to carry out the public's business[-]; and
1728 (ii) as defined in Section 11-13-103, an interlocal entity or joint or cooperative
1729 undertaking.
1730 (c) "Governmental entity" does not include the Utah Educational Savings Plan created

1731 in Section 53B-8a-103.

1732 (12) "Gross compensation" means every form of remuneration payable for a given
1733 period to an individual for services provided including salaries, commissions, vacation pay,
1734 severance pay, bonuses, and any board, rent, housing, lodging, payments in kind, and any
1735 similar benefit received from the individual's employer.

1736 (13) "Individual" means a human being.

1737 (14) (a) "Initial contact report" means an initial written or recorded report, however
1738 titled, prepared by peace officers engaged in public patrol or response duties describing official
1739 actions initially taken in response to either a public complaint about or the discovery of an
1740 apparent violation of law, which report may describe:

1741 (i) the date, time, location, and nature of the complaint, the incident, or offense;

1742 (ii) names of victims;

1743 (iii) the nature or general scope of the agency's initial actions taken in response to the
1744 incident;

1745 (iv) the general nature of any injuries or estimate of damages sustained in the incident;

1746 (v) the name, address, and other identifying information about any person arrested or
1747 charged in connection with the incident; or

1748 (vi) the identity of the public safety personnel, except undercover personnel, or
1749 prosecuting attorney involved in responding to the initial incident.

1750 (b) Initial contact reports do not include follow-up or investigative reports prepared
1751 after the initial contact report. However, if the information specified in Subsection (14)(a)
1752 appears in follow-up or investigative reports, it may only be treated confidentially if it is
1753 private, controlled, protected, or exempt from disclosure under Subsection 63G-2-201(3)(b).

1754 (15) "Legislative body" means the Legislature.

1755 (16) "Notice of compliance" means a statement confirming that a governmental entity
1756 has complied with a records committee order.

1757 (17) "Person" means:

1758 (a) an individual;

1759 (b) a nonprofit or profit corporation;

1760 (c) a partnership;

1761 (d) a sole proprietorship;

- 1762 (e) other type of business organization; or
1763 (f) any combination acting in concert with one another.
- 1764 (18) "Private provider" means any person who contracts with a governmental entity to
1765 provide services directly to the public.
- 1766 (19) "Private record" means a record containing data on individuals that is private as
1767 provided by Section [63G-2-302](#).
- 1768 (20) "Protected record" means a record that is classified protected as provided by
1769 Section [63G-2-305](#).
- 1770 (21) "Public record" means a record that is not private, controlled, or protected and that
1771 is not exempt from disclosure as provided in Subsection [63G-2-201\(3\)\(b\)](#).
- 1772 (22) (a) "Record" means a book, letter, document, paper, map, plan, photograph, film,
1773 card, tape, recording, electronic data, or other documentary material regardless of physical form
1774 or characteristics:
- 1775 (i) that is prepared, owned, received, or retained by a governmental entity or political
1776 subdivision; and
- 1777 (ii) where all of the information in the original is reproducible by photocopy or other
1778 mechanical or electronic means.
- 1779 (b) "Record" does not mean:
- 1780 (i) a personal note or personal communication prepared or received by an employee or
1781 officer of a governmental entity:
- 1782 (A) in a capacity other than the employee's or officer's governmental capacity; or
1783 (B) that is unrelated to the conduct of the public's business;
- 1784 (ii) a temporary draft or similar material prepared for the originator's personal use or
1785 prepared by the originator for the personal use of an individual for whom the originator is
1786 working;
- 1787 (iii) material that is legally owned by an individual in the individual's private capacity;
1788 (iv) material to which access is limited by the laws of copyright or patent unless the
1789 copyright or patent is owned by a governmental entity or political subdivision;
- 1790 (v) proprietary software;
- 1791 (vi) junk mail or a commercial publication received by a governmental entity or an
1792 official or employee of a governmental entity;

1793 (vii) a book that is cataloged, indexed, or inventoried and contained in the collections
1794 of a library open to the public;

1795 (viii) material that is cataloged, indexed, or inventoried and contained in the collections
1796 of a library open to the public, regardless of physical form or characteristics of the material;

1797 (ix) a daily calendar or other personal note prepared by the originator for the
1798 originator's personal use or for the personal use of an individual for whom the originator is
1799 working;

1800 (x) a computer program that is developed or purchased by or for any governmental
1801 entity for its own use;

1802 (xi) a note or internal memorandum prepared as part of the deliberative process by:

1803 (A) a member of the judiciary;

1804 (B) an administrative law judge;

1805 (C) a member of the Board of Pardons and Parole; or

1806 (D) a member of any other body charged by law with performing a quasi-judicial
1807 function;

1808 (xii) a telephone number or similar code used to access a mobile communication
1809 device that is used by an employee or officer of a governmental entity, provided that the
1810 employee or officer of the governmental entity has designated at least one business telephone
1811 number that is a public record as provided in Section [63G-2-301](#);

1812 (xiii) information provided by the Public Employees' Benefit and Insurance Program,
1813 created in Section [49-20-103](#), to a county to enable the county to calculate the amount to be
1814 paid to a health care provider under Subsection [17-50-319\(2\)\(e\)\(ii\)](#);

1815 (xiv) information that an owner of unimproved property provides to a local entity as
1816 provided in Section [11-42-205](#); or

1817 (xv) a video or audio recording of an interview, or a transcript of the video or audio
1818 recording, that is conducted at a Children's Justice Center established under Section [67-5b-102](#).

1819 (23) "Record series" means a group of records that may be treated as a unit for
1820 purposes of designation, description, management, or disposition.

1821 (24) "Records committee" means the State Records Committee created in Section
1822 [63G-2-501](#).

1823 (25) "Records officer" means the individual appointed by the chief administrative

1824 officer of each governmental entity, or the political subdivision to work with state archives in
1825 the care, maintenance, scheduling, designation, classification, disposal, and preservation of
1826 records.

1827 (26) "Schedule," "scheduling," and their derivative forms mean the process of
1828 specifying the length of time each record series should be retained by a governmental entity for
1829 administrative, legal, fiscal, or historical purposes and when each record series should be
1830 transferred to the state archives or destroyed.

1831 (27) "Sponsored research" means research, training, and other sponsored activities as
1832 defined by the federal Executive Office of the President, Office of Management and Budget:

1833 (a) conducted:

1834 (i) by an institution within the state system of higher education defined in Section
1835 [53B-1-102](#); and

1836 (ii) through an office responsible for sponsored projects or programs; and

1837 (b) funded or otherwise supported by an external:

1838 (i) person that is not created or controlled by the institution within the state system of
1839 higher education; or

1840 (ii) federal, state, or local governmental entity.

1841 (28) "State archives" means the Division of Archives and Records Service created in
1842 Section [63A-12-101](#).

1843 (29) "State archivist" means the director of the state archives.

1844 (30) "Summary data" means statistical records and compilations that contain data
1845 derived from private, controlled, or protected information but that do not disclose private,
1846 controlled, or protected information.

1847 Section 58. **Repealer.**

1848 This bill repeals:

1849 Section [11-13-223](#) (Superseded 05/12/15), **Open and public meetings.**

1850 Section [11-13-223](#) (Effective 05/12/15), **Open and public meetings.**