

HOUSE BILL NO. 115

Introduced: 01/06/83

Referred to Committee on Local Government: 1/6/83

Hearing: 1/15/83

Report: 02/03/83, Do Pass, As Amended

2nd Reading: 02/05/83, Do Pass

3rd Reading: 02/08/83, Do Pass

Transmitted to Senate: 2/8/83

Referred to Committee on Local Government: 02/09/83

Hearing: 3/19/83

Report: 03/25/83, Be Not Concurred In

Bill Killed: 03/25/83

1 House BILL NO. 115  
2 INTRODUCED BY Waldron  
3

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR LOCAL  
5 GOVERNMENT SERVICE DISTRICTS THAT MAY PROVIDE ANY LOCAL  
6 GOVERNMENT SERVICE WITHIN THE JURISDICTIONAL AREA OF ONE OR  
7 MORE LOCAL GOVERNMENTS; AND TO PROVIDE A METHOD FOR  
8 CREATING, MODIFYING, COMBINING, ABOLISHING, FUNDING, AND  
9 ADMINISTERING SUCH DISTRICTS."

10  
11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

12 Section 1. Definitions. As used in [this act], the  
13 following definitions apply:

14 (1) "Local government" means an incorporated  
15 municipality, a county, or a city-county consolidated local  
16 government.

17 (2) "Notice" means notice by publication and must  
18 conform to the provisions of 7-1-4127 and 7-1-4128.

19 (3) "Ordinance" means an ordinance enacted by a local  
20 government having the authority to enact general purpose  
21 ordinances, or a resolution enacted by a county that is not  
22 authorized to enact general purpose ordinances.

23 (4) "Service district" means an area within one or  
24 more local governments, established as provided in [this  
25 act], with specific boundaries, in which certain services

1 are carried out and in which taxes may be levied for the  
2 service.

3 Section 2. Scope, level, and area of services. (1) A  
4 service district may provide any service or services that  
5 the local government may provide. A joint service district  
6 may provide any service or services that any of the  
7 participating local governments may provide.

8 (2) A service district may include all or any part of  
9 the jurisdictional area of the local government. A joint  
10 service district may include all or any part of the  
11 jurisdictional areas of the participating local governments.

12 (3) A service district may:

13 (a) provide within the district a higher level of any  
14 service that is available on a jurisdictionwide basis; or

15 (b) provide a service that is not available on a  
16 jurisdictionwide basis.

17 (4) A service district may not be established if the  
18 service or services proposed to be provided can be provided  
19 either by an existing service district or by an incorporated  
20 municipality. The service district may be created if the  
21 municipality refuses or is unable to annex the area.

22 (5) The governing body may levy service district taxes  
23 or establish service charges in service districts to finance  
24 the services provided by the district. The governing body  
25 may finance all or part of the services out of any other

1 funds available, other than general taxes.

2 Section 3. Creation of service districts. (1) A local  
3 government governing body may by ordinance establish,  
4 operate, modify, combine, enlarge, reduce, or abolish a  
5 service district as provided in [this act].

6 (2) A service district may be established:

7 (a) after notice and hearing, by ordinance;

8 (i) initiated by the governing body; or

9 (ii) initiated by petition as provided in [section  
10 4(1)]; or

11 (b) by initiative or referendum as provided in  
12 [section 4(2)].

13 (3) The governing body may conduct preliminary studies  
14 to determine the feasibility, necessity, and advisability of  
15 creating a service district. The governing body may by  
16 resolution require the petitioners to pay the cost of public  
17 notice and preliminary studies if the proposal for a service  
18 district is initiated by petition or initiative.

19 (4) If practicable, service district boundaries shall  
20 conform to the boundaries of other political subdivisions,  
21 such as school districts, or conform to township and range  
22 lines.

23 Section 4. Petition, initiative, and referendum. (1) A  
24 service district may be initiated by a petition for  
25 ordinance signed by not less than 15% of the electors of a

1 proposed service district, requesting the local government  
2 to provide a service or services.

3 (a) The petition must be filed with the clerk of the  
4 local government, who shall determine, within 21 days of  
5 filing, whether the petition complies with [section 5] and  
6 the signature requirements of this section. If the petition  
7 does not so comply, the petition shall be returned to the  
8 petitioners, and they may resubmit the petition to the  
9 clerk. The clerk may not accept for filing any petition  
10 resubmitted more than 60 days after its original submission.

11 (b) The clerk shall present a filed petition to the  
12 governing body. The governing body shall set a date for a  
13 public hearing, to be held within 30 days of such  
14 presentation, and give notice of the public hearing.  
15 Following the public hearing, the governing body may either  
16 adopt an ordinance creating the service district or refuse  
17 to act further on the matter.

18 (2) An ordinance authorizing, modifying, or  
19 terminating a service district may be proposed by initiative  
20 of the electors within the district or submitted to  
21 referendum of the electors within the proposed or existing  
22 district. The procedures provided in 7-5-131 through 7-5-137  
23 apply, except that only electors of the proposed service  
24 district may vote or sign petitions. An initiative or  
25 referendum petition to create a service district requires

1 signatures of 15% of the electors of the district.

2 Section 5. Ordinance and petition requirements. (1) An  
3 ordinance to establish a service district, a petition for  
4 ordinance to establish a service district, or a petition for  
5 an initiative to establish a service district must include:

- 6 (a) the name of the proposed district;
- 7 (b) the services to be provided by the proposed  
8 district;
- 9 (c) a statement of the convenience or necessity of the  
10 proposed district;
- 11 (d) a map containing the boundaries of the proposed  
12 district;
- 13 (e) the estimated cost of the services to be provided  
14 and methods of financing the proposed services;
- 15 (f) the method for administering the proposed district  
16 as provided in [section 12]; and
- 17 (g) the maximum mill levy limit for the service  
18 district taxes.

19 (2) Prior to presentation of a petition to the local  
20 government clerk, the petitioners must receive certification  
21 from the local government attorney that the petition meets  
22 the requirements of this section. The certification may be  
23 made prior to any circulation of the petition.

24 Section 6. Protests. (1) After adopting an ordinance  
25 under [this act] creating a service district, the governing

1 body shall, in addition to all other requirements, publish  
2 notice of the adoption of the ordinance. The notice must  
3 include a statement setting out the electors' right to  
4 protest. If, within 30 days of the first publication of  
5 notice, 50% or more of the electors residing within the  
6 proposed service district file a protest with the local  
7 government clerk, the ordinance creating the service  
8 district is void.

9 (2) If less than 50% of the electors protest but the  
10 protests that were received indicate that a geographic area  
11 desires exclusion from the proposed service district, the  
12 governing body, after notice and a hearing, may amend the  
13 ordinance to exclude the property in that area.

14 Section 7. Modification or abolition of a district.  
15 (1) The local government governing body may modify a  
16 district by ordinance on its own initiative or in response  
17 to a petition signed by 15% of the electors of the district.

18 (2) In modifying a district the governing body may:

- 19 (a) increase, decrease, or terminate the type of  
20 services the district is authorized to provide;
- 21 (b) enlarge the district to include adjacent land;
- 22 (c) combine service districts;
- 23 (d) abolish the district;
- 24 (e) reduce the area of the district by removing  
25 property from the district;

(f) change the method for administering the district.

(2) The governing body shall publish notice of the modification. The notice must contain a statement setting out the right of protest. A district modification is void if 50% of the electors affected by the modification protest the modification. The electors affected by a modification are:

(a) the electors of the district if the modification is internal to the district or if the district is to be abolished;

(b) the electors of the area if the modification is to include or remove an area from the district; or

(c) the electors of both districts if the modification is to combine districts.

Section 8. Further requirements for combining or abolishing a district. (1) An ordinance for combining or abolishing a service district shall provide for the equitable disposition of the assets of each terminated district, adequate protection of the legal rights of employees of such district, and adequate protection of the legal rights of such district's creditors.

(2) The abolition or combination of a service district does not affect the validity of any bond, debt, contract, obligation, or cause of action accrued or established under the service district.

(3) (a) Except as provided in subsection (3)(b), all the costs of abolishing or combining a district and all obligations of an abolished or combined district shall be paid out of the resources of the service district.

(b) If a district is abolished, the governing body may assume all rights, duties, personnel, property, assets, and liabilities of the former district.

Section 9. Phased implementation. While implementing a service district, a governing body may implement services by geographical area of the district. Service charges and taxes may be levied only against that part of the district which is receiving the service.

Section 10. Annexation by a municipality. (1) If a county service district or a part of a county service district is annexed to a municipality or becomes an incorporated municipality, the municipal governing body may adopt an ordinance, after notice and hearing, to:

(a) authorize the county to continue to administer the service district within the municipal limits;

(b) transfer the administration of the service district within the municipal limits to the municipality;

(c) abolish the service district within the municipal limits and assume responsibility for providing the services.

(2) The municipal ordinance is subject to referendum, but is not subject to protest.

(3) After a municipality assumes administration of a former county service district, the district has the status of a service district created by the municipality and may be operated, altered, combined, enlarged, reduced, or abolished by the municipal governing body as provided in [this act].

Section 11. Joint service districts. Two or more local governments may create joint service districts. Each governing body shall follow the procedures prescribed by [this act] for the creation of a service district and shall adopt an interlocal agreement to prescribe the administration of the district. Modification, alteration, abolition, or combination of a joint service district must be done individually by each local government, followed by adoption of a new interlocal agreement or by modification of the previous agreement or, if a district is abolished, by termination of the existing interlocal agreement.

Section 12. Administration of service districts. (1) A service district may be administered directly by the local government, or it may be administered by an administrative board. If the district is administered directly by the local government, the governing body may provide for an advisory board to assist in district administration.

(2) (a) The service district may be governed by an administrative board only if the ordinance establishing the district provides for such a board. The administrative

board shall exercise administrative powers and set district policy as granted by the ordinance, except that it may not pledge the credit of the local government, directly impose a district tax, or sue or be sued independently of the local government.

(b) The board:

(i) must consist of an odd number of members appointed as provided in the creating ordinance for a term established by the ordinance, but the term may not exceed 4 years;

(ii) shall by rule provide for a date, time, and place of regularly scheduled meetings; and

(iii) shall submit an annual budget to the appropriate body or officer of the local government.

(c) A majority of the board members constitutes a quorum for the purpose of conducting business and exercising powers and responsibilities. If the service district is a joint district, the interlocal agreement may provide that the joint board shall act either with or without separate quorums and votes.

(3) On request, the county assessor shall provide the governing body of the local government with the assessed or taxable value of all property in the proposed or established service district and the list of property owners upon the last completed assessment roll.

(4) Service charges for service districts may be

1 entered on tax notices to be collected with other taxes. If  
2 a property owner fails to pay the service charges, they  
3 become a lien upon the property and collectible as are  
4 property taxes.

5 (5) Money raised for a service district may be used  
6 only for service district purposes.

7 Section 13. Improvement districts. For the furtherance  
8 of the services provided by a service district, an  
9 improvement district authorized by Title 7, chapter 12, may  
10 be established, with the same boundaries as the service  
11 district, to finance the acquisition and construction of  
12 facilities through special assessments.

-End-

Approved by Comm.  
on Local Government

1                   HOUSE BILL NO. 115  
2                   INTRODUCED BY WALDRON  
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4   A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR LOCAL  
5   GOVERNMENT SERVICE DISTRICTS THAT MAY PROVIDE ANY LOCAL  
6   GOVERNMENT SERVICE WITHIN THE JURISDICTIONAL AREA OF ONE OR  
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9   ADMINISTERING SUCH DISTRICTS."  
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20   government having the authority to enact general purpose  
21   ordinances, or a resolution enacted by a county that is not  
22   authorized to enact general purpose ordinances.  
23       (4) "Service district" means an area within one or  
24   more local governments, established as provided in [this  
25   act], with specific boundaries, in which certain services

1   are carried out and in which taxes may be levied for the  
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3       Section 2. Scope, level, and area of services. (1) A  
4   service district may provide any service or services that  
5   the local government may provide. A joint service district  
6   may provide any service or services that any of the  
7   participating local governments may provide.

8       (2) A service district may include all or any part of  
9   the jurisdictional area of the local government. A joint  
10   service district may include all or any part of the  
11   jurisdictional areas of the participating local governments.

12       (3) A service district may:

13       (a) provide within the district a higher level of any  
14   service that is available on a jurisdictionwide basis; or

15       (b) provide a service that is not available on a  
16   jurisdictionwide basis.

17       (4) A service district may not be established if the  
18   ~~service-or-services-proposed-to-be-provided-can-be--provided~~  
19   ~~either-by-an-existing-service-district-or-by-an-incorporated~~  
20   ~~municipality--the--service--district--may-be-created-if-the~~  
21   ~~municipality-refuses-or-is-unable-to-annex-the-area.~~

22       ~~(A) PROPOSED SERVICE OR SERVICES CAN BE PROVIDED BY AN~~  
23   ~~EXISTING SERVICE DISTRICT; OR~~

24       ~~(B) PROPOSED SERVICE DISTRICT IS IN AN UNINCORPORATED~~  
25   ~~AREA AND THE SERVICE OR SERVICES CAN BE PROVIDED BY~~



1 ANNEXATION TO AN INCORPORATED MUNICIPALITY, UNLESS THE  
 2 MUNICIPALITY REFUSES TO ANNEX.

3 (5) The governing body may levy service district taxes  
 4 or establish service charges in service districts to finance  
 5 the services provided by the district. The governing body  
 6 may finance all or part of the services out of any other  
 7 funds available, other than general taxes.

8 Section 3. Creation of service districts. (1) A local  
 9 government governing body may by ordinance establish,  
 10 operate, modify, combine, enlarge, reduce, or abolish a  
 11 service district as provided in [this act].

12 (2) A service district may be established:

13 (a) after notice and hearing, by ordinance;

14 (i) initiated by the governing body; or

15 (ii) initiated by petition as provided in [section  
 16 4(1)]; or

17 (b) by initiative or referendum as provided in  
 18 [section 4(2)].

19 (3) The governing body may conduct preliminary studies  
 20 to determine the feasibility, necessity, and advisability of  
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 22 resolution require the petitioners to pay the cost of public  
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 24 district is initiated by petition or initiative.

25 (4) If practicable, service district boundaries shall

1 conform to the boundaries of other political subdivisions,  
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 6 ordinance signed by not less than 15% of the electors of a  
 7 proposed service district, requesting the local government  
 8 to provide a service or services.

9 (a) The petition must be filed with the clerk of the  
 10 local government, who shall determine, within 21 days of  
 11 filing, whether the petition complies with [section 5] and  
 12 the signature requirements of this section. If the petition  
 13 does not so comply, the petition shall be returned to the  
 14 petitioners, and they may resubmit the petition to the  
 15 clerk. The clerk may not accept for filing any petition  
 16 resubmitted more than 60 days after its original submission.

17 (b) The clerk shall present a filed petition to the  
 18 governing body. The governing body shall set a date for a  
 19 public hearing, to be held within 30 days of such  
 20 presentation, and give notice of the public hearing.  
 21 Following the public hearing, the governing body may either  
 22 adopt an ordinance creating the service district or refuse  
 23 to act further on the matter.

24 (2) An ordinance authorizing, modifying, or  
 25 terminating a service district may be proposed by initiative

of the electors within the district or submitted to referendum of the electors within the proposed or existing district. The procedures provided in 7-5-131 through 7-5-137 apply, except that only electors of the proposed service district may vote or sign petitions. An initiative or referendum petition to create a service district requires signatures of 15% of the electors of the district.

Section 5. Ordinance and petition requirements. (1) An ordinance to establish a service district, a petition for ordinance to establish a service district, or a petition for an initiative to establish a service district must include:

(a) the name of the proposed district;

(b) the services to be provided by the proposed district;

(c) a statement of the convenience or necessity of the proposed district;

(d) a map containing the boundaries of the proposed district;

(e) the estimated cost of the services to be provided and methods of financing the proposed services INCLUDING THE NECESSARY ASSESSMENT METHOD OR FEE SCHEDULE;

(f) the method for administering the proposed district as provided in [section 12]; and

(g) the maximum mill levy limit for the service district taxes.

(2) Prior to presentation of a petition to the local government clerk, the petitioners must receive certification from the local government attorney that the petition meets the requirements of this section. The certification ~~may~~ **SHALL** be made prior to any circulation of the petition.

Section 6. Protests. (1) After adopting an ordinance under [this act] creating a service district, the governing body shall, in addition to all other requirements, publish notice of the adoption of the ordinance. The notice must include a statement setting out the electors' right to protest. If, within 30 days of the first publication of notice, 50% or more of the electors residing within the proposed service district file a protest with the local government clerk, the ordinance creating the service district is void.

(2) If less than 50% of the electors protest but the protests that were received indicate that a geographic area desires exclusion from the proposed service district, the governing body, after notice and a hearing, may amend the ordinance to exclude the property in that area.

Section 7. Modification or abolition of a district.

(1) The local government governing body may modify a district by ordinance on its own initiative or in response to a petition signed by 15% of the electors of the district.

(2) In modifying a district the governing body may:

1 (a) increase, decrease, or terminate the type of  
2 services the district is authorized to provide;

3 (b) enlarge the district to include adjacent land;

4 (c) combine service districts;

5 (d) abolish the district;

6 (e) reduce the area of the district by removing  
7 property from the district;

8 (f) change the method for administering the district.

9 (2) The governing body shall publish notice of the  
10 modification. The notice must contain a statement setting  
11 out the right of protest. A district modification is void  
12 if 50% of the electors affected by the modification protest  
13 the modification. The electors affected by a modification  
14 are:

15 (a) the electors of the district if the modification  
16 is internal to the district or if the district is to be  
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18 (b) the electors of the area if the modification is to  
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20 (c) the electors of both districts if the modification  
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22 Section 8. Further requirements for combining or  
23 abolishing a district. (1) An ordinance for combining or  
24 abolishing a service district shall provide for the  
25 equitable disposition of the assets of each terminated

1 district, adequate protection of the legal rights of  
2 employees of such district, and adequate protection of the  
3 legal rights of such district's creditors.

4 (2) The abolition or combination of a service district  
5 does not affect the validity of any bond, debt, contract,  
6 obligation, or cause of action accrued or established under  
7 the service district.

8 (3) (a) Except as provided in subsection (3)(b), all  
9 the costs of abolishing or combining a district and all  
10 obligations of an abolished or combined district shall be  
11 paid out of the resources of the service district.

12 (b) If a district is abolished, the governing body may  
13 assume all rights, duties, personnel, property, assets, and  
14 liabilities of the former district.

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1 service district within the municipal limits;

2 (b) transfer the administration of the service  
3 district within the municipal limits to the municipality;

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5 limits and assume responsibility for providing the services.

6 (2) The municipal ordinance is subject to referendum,  
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8 (3) After a municipality assumes administration of a  
9 former county service district, the district has the status  
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-End-

## HOUSE BILL NO. 115

INTRODUCED BY WALDRON

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Section 2. Scope, level, and area of services. (1) A service district may provide any service or services that the local government may provide. A joint service district may provide any service or services that any of the participating local governments may provide.

(2) A service district may include all or any part of the jurisdictional area of the local government. A joint service district may include all or any part of the jurisdictional areas of the participating local governments.

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(A) PROPOSED SERVICE OR SERVICES CAN BE PROVIDED BY AN EXISTING SERVICE DISTRICT; OR

(B) PROPOSED SERVICE DISTRICT IS IN AN UNINCORPORATED AREA AND THE SERVICE OR SERVICES CAN BE PROVIDED BY

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 22 resolution require the petitioners to pay the cost of public  
 23 notice and preliminary studies if the proposal for a service  
 24 district is initiated by petition or initiative.

25 (4) If practicable, service district boundaries shall

1 conform to the boundaries of other political subdivisions,  
 2 such as school districts, or conform to township and range  
 3 lines.

4 Section 4. Petition, initiative, and referendum. (1) A  
 5 service district may be initiated by a petition for  
 6 ordinance signed by not less than 15% of the electors of a  
 7 proposed service district, requesting the local government  
 8 to provide a service or services.

9 (a) The petition must be filed with the clerk of the  
 10 local government, who shall determine, within 21 days of  
 11 filing, whether the petition complies with [section 5] and  
 12 the signature requirements of this section. If the petition  
 13 does not so comply, the petition shall be returned to the  
 14 petitioners, and they may resubmit the petition to the  
 15 clerk. The clerk may not accept for filing any petition  
 16 resubmitted more than 60 days after its original submission.

17 (b) The clerk shall present a filed petition to the  
 18 governing body. The governing body shall set a date for a  
 19 public hearing, to be held within 30 days of such  
 20 presentation, and give notice of the public hearing.  
 21 Following the public hearing, the governing body may either  
 22 adopt an ordinance creating the service district or refuse  
 23 to act further on the matter.

24 (2) An ordinance authorizing, modifying, or  
 25 terminating a service district may be proposed by initiative

1 of the electors within the district or submitted to  
 2 referendum of the electors within the proposed or existing  
 3 district. The procedures provided in 7-5-131 through 7-5-137  
 4 apply, except that only electors of the proposed service  
 5 district may vote or sign petitions. An initiative or  
 6 referendum petition to create a service district requires  
 7 signatures of 15% of the electors of the district.

8 Section 5. Ordinance and petition requirements. (1) An  
 9 ordinance to establish a service district, a petition for  
 10 ordinance to establish a service district, or a petition for  
 11 an initiative to establish a service district must include:

- 12 (a) the name of the proposed district;
- 13 (b) the services to be provided by the proposed  
 14 district;
- 15 (c) a statement of the convenience or necessity of the  
 16 proposed district;
- 17 (d) a map containing the boundaries of the proposed  
 18 district;
- 19 (e) the estimated cost of the services to be provided  
 20 and methods of financing the proposed services INCLUDING THE  
 21 NECESSARY ASSESSMENT METHOD OR FEE SCHEDULE;
- 22 (f) the method for administering the proposed district  
 23 as provided in [section 12]; and
- 24 (g) the maximum mill levy limit for the service  
 25 district taxes.

1 (2) Prior to presentation of a petition to the local  
 2 government clerk, the petitioners must receive certification  
 3 from the local government attorney that the petition meets  
 4 the requirements of this section. The certification may  
 5 SHALL be made prior to any circulation of the petition.

6 Section 6. Protests. (1) After adopting an ordinance  
 7 under [this act] creating a service district, the governing  
 8 body shall, in addition to all other requirements, publish  
 9 notice of the adoption of the ordinance. The notice must  
 10 include a statement setting out the electors' right to  
 11 protest. If, within 30 days of the first publication of  
 12 notice, 50% or more of the electors residing within the  
 13 proposed service district file a protest with the local  
 14 government clerk, the ordinance creating the service  
 15 district is void.

16 (2) If less than 50% of the electors protest but the  
 17 protests that were received indicate that a geographic area  
 18 desires exclusion from the proposed service district, the  
 19 governing body, after notice and a hearing, may amend the  
 20 ordinance to exclude the property in that area.

21 Section 7. Modification or abolition of a district.

22 (1) The local government governing body may modify a  
 23 district by ordinance on its own initiative or in response  
 24 to a petition signed by 15% of the electors of the district.

25 (2) In modifying a district the governing body may:



1 (a) increase, decrease, or terminate the type of  
2 services the district is authorized to provide;

3 (b) enlarge the district to include adjacent land;

4 (c) combine service districts;

5 (d) abolish the district;

6 (e) reduce the area of the district by removing  
7 property from the district;

8 (f) change the method for administering the district.

9 (2) The governing body shall publish notice of the  
10 modification. The notice must contain a statement setting  
11 out the right of protest. A district modification is void  
12 if 50% of the electors affected by the modification protest  
13 the modification. The electors affected by a modification  
14 are:

15 (a) the electors of the district if the modification  
16 is internal to the district or if the district is to be  
17 abolished;

18 (b) the electors of the area if the modification is to  
19 include or remove an area from the district; or

20 (c) the electors of both districts if the modification  
21 is to combine districts.

22 Section 8. Further requirements for combining or  
23 abolishing a district. (1) An ordinance for combining or  
24 abolishing a service district shall provide for the  
25 equitable disposition of the assets of each terminated

1 district, adequate protection of the legal rights of  
2 employees of such district, and adequate protection of the  
3 legal rights of such district's creditors.

4 (2) The abolition or combination of a service district  
5 does not affect the validity of any bond, debt, contract,  
6 obligation, or cause of action accrued or established under  
7 the service district.

8 (3) (a) Except as provided in subsection (3)(b), all  
9 the costs of abolishing or combining a district and all  
10 obligations of an abolished or combined district shall be  
11 paid out of the resources of the service district.

12 (b) If a district is abolished, the governing body may  
13 assume all rights, duties, personnel, property, assets, and  
14 liabilities of the former district.

15 Section 9. Phased implementation. While implementing a  
16 service district, a governing body may implement services by  
17 geographical area of the district. Service charges and  
18 taxes may be levied only against that part of the district  
19 which is receiving the service.

20 Section 10. Annexation by a municipality. (1) If a  
21 county service district or a part of a county service  
22 district is annexed to a municipality or becomes an  
23 incorporated municipality, the municipal governing body may  
24 adopt an ordinance, after notice and hearing, to:

25 (a) authorize the county to continue to administer the

1 service district within the municipal limits;

2 (b) transfer the administration of the service  
3 district within the municipal limits to the municipality;

4 (c) abolish the service district within the municipal  
5 limits and assume responsibility for providing the services.

6 (2) The municipal ordinance is subject to referendum,  
7 but is not subject to protest.

8 (3) After a municipality assumes administration of a  
9 former county service district, the district has the status  
10 of a service district created by the municipality and may be  
11 operated, altered, combined, enlarged, reduced, or abolished  
12 by the municipal governing body as provided in [this act].

13 Section 11. Joint service districts. Two or more local  
14 governments may create joint service districts. Each  
15 governing body shall follow the procedures prescribed by  
16 [this act] for the creation of a service district and shall  
17 adopt an interlocal agreement to prescribe the  
18 administration of the district. Modification, alteration,  
19 abolition, or combination of a joint service district must  
20 be done individually by each local government, followed by  
21 adoption of a new interlocal agreement or by modification of  
22 the previous agreement or, if a district is abolished, by  
23 termination of the existing interlocal agreement.

24 Section 12. Administration of service districts. (1) A  
25 service district may be administered directly by the local

1 government, or it may be administered by an administrative  
2 board. If the district is administered directly by the  
3 local government, the governing body may provide for an  
4 advisory board to assist in district administration.

5 (2) (a) The service district may be governed by an  
6 administrative board only if the ordinance establishing the  
7 district provides for such a board. The administrative  
8 board shall exercise administrative powers and set district  
9 policy as granted by the ordinance, except that it may not  
10 pledge the credit of the local government, directly impose a  
11 district tax, or sue or be sued independently of the local  
12 government.

13 (b) The board:

14 (i) must consist of an odd number of members appointed  
15 as provided in the creating ordinance for a term established  
16 by the ordinance, but the term may not exceed 4 years;

17 (ii) shall by rule provide for a date, time, and place  
18 of regularly scheduled meetings; and

19 (iii) shall submit an annual budget to the appropriate  
20 body or officer of the local government.

21 (c) A majority of the board members constitutes a  
22 quorum for the purpose of conducting business and exercising  
23 powers and responsibilities. If the service district is a  
24 joint district, the interlocal agreement may provide that  
25 the joint board shall act either with or without separate

1 quorums and votes.

2 (3) On request, the county assessor shall provide the  
3 governing body of the local government with the assessed or  
4 taxable value of all property in the proposed or established  
5 service district and the list of property owners upon the  
6 last completed assessment roll.

7 (4) Service charges for service districts may be  
8 entered on tax notices to be collected with other taxes. If  
9 a property owner fails to pay the service charges, they  
10 become a lien upon the property and collectible as are  
11 property taxes.

12 (5) Money raised for a service district may be used  
13 only for service district purposes.

14 Section 13. Improvement districts. For the furtherance  
15 of the services provided by a service district, an  
16 improvement district authorized by Title 7, chapter 12, may  
17 be established, with the same boundaries as the service  
18 district, to finance the acquisition and construction of  
19 facilities through special assessments.

-End-