

**19-2786e. Same; annexation of part of district by city or inclusion of part of district in newly incorporated city; agreements as to liabilities and obligations; special assessments; failure to contract, effect.** When less than all of the territory within any such improvement district is annexed by a city or is included in a newly incorporated city, the governing authorities of such city and such improvement district shall be authorized to enter into contracts in regard to the division and allocation of duplicate and overlapping powers, functions and duties between such agencies, and in regard to the use, improvement, control, purchase, assumption and disposition of the properties, assets, debts, liabilities and obligations of such district. Any such district is expressly authorized to enter into agreements with such city for the operation of the district's utility systems and other properties by such city and may provide for the transfer, conveyance and sale of such systems and properties of whatever kind and wherever situated (including properties outside of the city) to such city and upon such terms and conditions as may be mutually agreed upon by and between the governing bodies of such district and city. Such operating contracts may extend for such period of time not exceeding 30 years as may be agreed upon and shall be subject to amendment, renewal or termination by mutual consent of such governing bodies. No such contract shall contain any provision impairing the obligation of any existing contract of such city or district.

The city shall assume and pay, as a general obligation of the city any and all special assessments or special taxes levied against any of the lots, parcels or tracts of land by the improvement district and such lots, parcels or tracts of land shall be discharged from the lien of such special assessments or taxes, except that the city shall not assume and agree to pay, nor shall any such property be discharged from the lien of any special taxes or assessments which might be levied to pay the cost of the construction of streets, lateral sewers or water distribution systems and such special taxes or assessments shall continue as a lien upon such real property and shall be paid by the owners of such real property as if the same had not been annexed by the city or included within a newly incorporated city. In the absence of a contract between the city and the improvement district such district shall be authorized to continue to exercise all the powers and functions which it was empowered to exercise and perform prior to such annexation or incorporation of such city, and the city shall not duplicate services rendered by the district or the district's boundaries without the district's consent but may perform in the district all other municipal functions in which the district is not engaged.

**History:** L. 1959, ch. 139, § 10; L. 1981, ch. 121, § 2; April 28.