

Senator Wayne A. Harper proposes the following substitute bill:

HOUSING AND TRANSIT REINVESTMENT ZONE AMENDMENTS

2024 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Wayne A. Harper

House Sponsor: Stephen L. Whyte

LONG TITLE

General Description:

This bill amends provisions related to housing and transit reinvestment zones.

Highlighted Provisions:

This bill:

- ▶ amends definitions related to housing and transit reinvestment zones;
- ▶ amends provisions related to affordable housing thresholds to require 12% of the proposed dwelling units be reserved for certain levels of income;
- ▶ requires affordable housing requirements be met in each phase of development;
- ▶ requires that a housing and transit reinvestment zone be at least 10 acres;
- ▶ clarifies notice requirements to certain entities regarding the commencement of collection of tax increment;
- ▶ clarifies information required in a housing and transit reinvestment zone proposal;
- ▶ adds two additional members of the Legislature to the housing and transit reinvestment zone committee;
- ▶ amends provisions regarding overlap of a housing and transit reinvestment zone with a community reinvestment project area;
- ▶ amends provisions related to the sales and use tax increment captured within a housing and transit reinvestment zone, including:



- how base year is established;
- contiguity of affected sales and use tax boundaries; and
- limiting a housing and transit reinvestment zone to only one sales and use tax increment period;
- amends the amount of housing and transit reinvestment zone funds allowed for administration of the housing and transit reinvestment zone;
- allows minor adjustments to a housing and transit reinvestment zone if the county assessor or county auditor adjusts parcel boundaries; and
- makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:**AMENDS:**

63N-3-602, as last amended by Laws of Utah 2023, Chapter 357

63N-3-603, as last amended by Laws of Utah 2023, Chapter 357

63N-3-604, as last amended by Laws of Utah 2023, Chapter 357

63N-3-605, as last amended by Laws of Utah 2023, Chapter 357

63N-3-607, as last amended by Laws of Utah 2022, Chapter 433

63N-3-610, as last amended by Laws of Utah 2022, Chapter 433

ENACTS:

63N-3-611, Utah Code Annotated 1953

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

Section 1. Section **63N-3-602** is amended to read:

63N-3-602. Definitions.

As used in this part:

- (1) "Affordable housing" means housing occupied or reserved for occupancy by households with a gross household income:
- (a) equal to or less than 80% of the median gross income of the applicable municipal or

county statistical area for households of the same size[;], in certain circumstances as provided in this part; or

(b) equal to or less than 60% of the median gross income of the applicable municipal or county statistical area for households of the same size, in certain circumstances as provided in this part.

(2) "Agency" means the same as that term is defined in Section 17C-1-102.

(3) "Base taxable value" means a property's taxable value as shown upon the assessment roll last equalized during the base year.

~~[(4) "Base year" means, for a proposed housing and transit reinvestment zone area, a year beginning the first day of the calendar quarter determined by the last equalized tax roll before the adoption of the housing and transit reinvestment zone.]~~

(4) "Base year" means, for each tax increment collection period triggered within a proposed housing and transit reinvestment zone area, the calendar year prior to the calendar year the tax increment begins to be collected for those parcels triggered for that collection period.

(5) "Bus rapid transit" means a high-quality bus-based transit system that delivers fast and efficient service that may include dedicated lanes, busways, traffic signal priority, off-board fare collection, elevated platforms, and enhanced stations.

(6) "Bus rapid transit station" means an existing station, stop, or terminal, or a proposed station, stop, or terminal that is specifically identified ~~[in]~~ as needed in phase one of a metropolitan planning organization's adopted long-range transportation plan and in phase one of the relevant public transit district's [five-year] adopted long-range transit plan:

(a) along an existing bus rapid transit line; or

(b) along an extension to an existing bus rapid transit line or new bus rapid transit line.

(7) (a) "Commuter rail" means a heavy-rail passenger rail transit facility operated by a large public transit district.

(b) "Commuter rail" does not include a light-rail passenger rail facility of a large public transit district.

(8) "Commuter rail station" means an existing station, stop, or terminal, or a proposed station, stop, or terminal, which has been specifically identified ~~[in]~~ as needed in phase one of a metropolitan planning organization's adopted long-range transportation plan and in phase one

88 of the relevant public transit district's [five-year] adopted long-range transit plan:

89 (a) along an existing commuter rail line;

90 (b) along an extension to an existing commuter rail line or new commuter rail line; or

91 (c) along a fixed guideway extension from an existing commuter rail line.

92 (9) (a) "Developable area" means the portion of land within a housing and transit
93 reinvestment zone available for development and construction of business and residential uses.

94 (b) "Developable area" does not include portions of land within a housing and transit
95 reinvestment zone that are allocated to:

96 (i) parks;

97 (ii) recreation facilities;

98 (iii) open space;

99 (iv) trails;

100 (v) publicly-owned roadway facilities; or

101 (vi) other public facilities.

102 (10) "Dwelling unit" means one or more rooms arranged for the use of one or more
103 individuals living together, as a single housekeeping unit normally having cooking, living,
104 sanitary, and sleeping facilities.

105 (11) "Enhanced development" means the construction of mixed uses including
106 housing, commercial uses, and related facilities.

107 (12) "Enhanced development costs" means extra costs associated with structured
108 parking costs, vertical construction costs, horizontal construction costs, life safety costs,
109 structural costs, conveyor or elevator costs, and other costs incurred due to the increased height
110 of buildings or enhanced development.

111 (13) "Fixed guideway" means the same as that term is defined in Section 59-12-102.

112 (14) "Horizontal construction costs" means the additional costs associated with
113 earthwork, over excavation, utility work, transportation infrastructure, and landscaping to
114 achieve enhanced development in the housing and transit reinvestment zone.

115 (15) "Housing and transit reinvestment zone" means a housing and transit reinvestment
116 zone created pursuant to this part.

117 (16) "Housing and transit reinvestment zone committee" means a housing and transit
118 reinvestment zone committee created pursuant to Section 63N-3-605.

(17) "Large public transit district" means the same as that term is defined in Section 17B-2a-802.

(18) "Light rail" means a passenger rail public transit system with right-of-way and fixed rails:

- (a) dedicated to exclusive use by light-rail public transit vehicles;
- (b) that may cross streets at grade; and
- (c) that may share parts of surface streets.

(19) "Light rail station" means an existing station, stop, or terminal or a proposed station, stop, or terminal, which has been specifically identified ~~[in]~~ as needed in phase one of a metropolitan planning organization's adopted long-range transportation plan and in phase one of the relevant public transit district's ~~[five-year]~~ adopted long-range plan:

- (a) along an existing light rail line; or
- (b) along an extension to an existing light rail line or new light rail line.

(20) "Metropolitan planning organization" means the same as that term is defined in Section 72-1-208.5.

(21) "Mixed use development" means development with a mix of:

- (a) multi-family residential use; and
- (b) at least one additional land use, which shall be a significant part of the overall development.

(22) "Municipality" means the same as that term is defined in Section 10-1-104.

(23) "Participant" means the same as that term is defined in Section 17C-1-102.

(24) "Participation agreement" means the same as that term is defined in Section 17C-1-102, except that the agency may not provide and the person may not receive a direct subsidy.

(25) "Public transit county" means a county that has created a small public transit district.

(26) "Public transit hub" means a public transit depot or station where four or more routes serving separate parts of the county-created transit district stop to transfer riders between routes.

(27) "Sales and use tax base year" means a sales and use tax year determined by the first year pertaining to the tax imposed in Section 59-12-103 after the sales and use tax

boundary for a housing and transit reinvestment zone is established.

(28) "Sales and use tax boundary" means a boundary created as described in Section 63N-3-604, based on state sales and use tax collection that corresponds as closely as reasonably practicable to the housing and transit reinvestment zone boundary.

(29) "Sales and use tax increment" means the difference between:

(a) the amount of state sales and use tax revenue generated each year following the sales and use tax base year by the sales and use tax from the area within a housing and transit reinvestment zone designated in the housing and transit reinvestment zone proposal as the area from which sales and use tax increment is to be collected; and

(b) the amount of state sales and use tax revenue that was generated from that same area during the sales and use tax base year.

(30) "Sales and use tax revenue" means revenue that is generated from the tax imposed under Section 59-12-103.

(31) "Small public transit district" means the same as that term is defined in Section 17B-2a-802.

(32) "Tax Commission" means the State Tax Commission created in Section 59-1-201.

(33) (a) "Tax increment" means the difference between:

~~[(a)]~~ (i) the amount of property tax revenue generated each tax year by a taxing entity from the area within a housing and transit reinvestment zone designated in the housing and transit reinvestment zone proposal as the area from which tax increment is to be collected, using the current assessed value and each taxing entity's current certified tax rate as defined in Section 59-2-924; and

~~[(b)]~~ (ii) the amount of property tax revenue that would be generated from that same area using the base taxable value and each taxing entity's current certified tax rate as defined in Section 59-2-924.

(b) "Tax increment" does not include property tax revenue from:

(i) a multicounty assessing and collecting levy described in Subsection 59-2-1602(2);

or

(ii) a county additional property tax described in Subsection 59-2-1602(4).

(34) "Taxing entity" means the same as that term is defined in Section 17C-1-102.

(35) "Vertical construction costs" means the additional costs associated with

construction above four stories and structured parking to achieve enhanced development in the housing and transit reinvestment zone.

Section 2. Section **63N-3-603** is amended to read:

63N-3-603. Applicability, requirements, and limitations on a housing and transit reinvestment zone.

(1) A housing and transit reinvestment zone proposal created under this part shall promote the following objectives:

(a) higher utilization of public transit;

(b) increasing availability of housing, including affordable housing, and fulfillment of moderate income housing plans;

(c) promoting and encouraging development of owner-occupied housing;

~~[(e)]~~ (d) improving efficiencies in parking and transportation, including walkability of communities near public transit facilities;

~~[(d)]~~ (e) overcoming development impediments and market conditions that render a development cost prohibitive absent the proposal and incentives;

~~[(e)]~~ (f) ~~[conservation of]~~ conserving water resources through efficient land use;

~~[(f)]~~ (g) improving air quality by reducing fuel consumption and motor vehicle trips;

~~[(g)]~~ (h) encouraging transformative mixed-use development and investment in transportation and public transit infrastructure in strategic areas;

~~[(h)]~~ (i) strategic land use and municipal planning in major transit investment corridors as described in Subsection **10-9a-403(2)**;

~~[(i)]~~ (j) increasing access to employment and educational opportunities; and

~~[(j)]~~ (k) increasing access to child care.

(2) (a) In order to accomplish the objectives described in Subsection (1), a municipality or public transit county that initiates the process to create a housing and transit reinvestment zone as described in this part shall ensure that the proposal for a housing and transit reinvestment zone includes:

~~[(a)]~~ (i) except as provided in Subsection (3), at least ~~[10%]~~ 12% of the proposed dwelling units within the housing and transit reinvestment zone are affordable housing units²; with:

(A) up to 9% of the proposed dwelling units occupied or reserved for occupancy by

households with a gross household income equal to or less than 80% of the median gross
income of the applicable municipal or county statistical area for households of the same size;
and

(B) at least 3% of the proposed dwelling units occupied or reserved for occupancy by
households with a gross household income equal to or less than 60% of the median gross
income of the applicable municipal or county statistical area for households of the same size H→ [i]
; ←H

~~[(b) at least 51% of the developable area within the housing and transit reinvestment~~
~~zone includes residential uses with, except as provided in Subsection (4)(c), an average of 50~~
~~dwelling units per acre or greater;]~~

(ii) except as provided in Subsection (2)(c), a housing and transit reinvestment zone
shall include:

(A) at least 51% of the developable area within a housing and transit reinvestment zone
as residential uses; and

(B) an average of at least 50 dwelling units per acre within the acreage of the housing
and transit reinvestment zone dedicated to residential uses;

~~[(c)]~~ (iii) mixed-use development; and

~~[(d)]~~ (iv) a mix of dwelling units to ensure that a reasonable percentage of the dwelling
units has more than one bedroom.

(b) (i) If a housing and transit reinvestment zone is phased, a municipality or public
transit county shall ensure that a housing and transit reinvestment zone is phased and
developed to provide the required 12% of affordable housing units in each phase of
development.

(ii) A municipality or public transit county may allow a housing and transit
reinvestment zone to be phased and developed in a manner to provide more of the required
affordable housing units in early phases of development.

(iii) A municipality or public transit county shall include in a housing and transit
reinvestment zone proposal an affordable housing plan, which may include deed restrictions, to
ensure the affordable housing required in the proposal will continue to meet the definition of
affordable housing at least throughout the entire term of the housing and transit reinvestment
zone.

(c) For a housing and transit reinvestment zone proposed by a public transit county at a

public transit hub, or for a housing and transit reinvestment zone proposed by a municipality at a bus rapid transit station, the housing and transit reinvestment zone shall include:

(i) at least 51% of the developable area within a housing and transit reinvestment zone as residential uses; and

(ii) an average of at least 39 dwelling units per acre within the acreage of the housing and transit reinvestment zone dedicated to residential uses.

(3) A municipality or public transit county that, at the time the housing and transit reinvestment zone proposal is approved by the housing and transit reinvestment zone committee, meets the affordable housing guidelines of the United States Department of Housing and Urban Development at 60% area median income is exempt from the requirement described in Subsection (2)(a).

(4) (a) A municipality may only propose a housing and transit reinvestment zone at a commuter rail station, and a public transit county may only propose a housing and transit reinvestment zone at a public transit hub, that:

(i) subject to Subsection (5)(a):

(A) (I) except as provided in Subsection (4)(a)(i)(A)(II), for a municipality, does not exceed a 1/3 mile radius of a commuter rail station;

(II) for a municipality that is a city of the first class with a population greater than 150,000 that is within a county of the first class, with an opportunity zone created pursuant to Section 1400Z-1, Internal Revenue Code, does not exceed a 1/2 mile radius of a commuter rail station located within the opportunity zone; or

(III) for a public transit county, does not exceed a 1/3 mile radius of a public transit hub; and

(B) has a total area of no more than 125 noncontiguous acres;

(ii) subject to Section 63N-3-607, proposes the capture of a maximum of 80% of each taxing entity's tax increment above the base year for a term of no more than 25 consecutive years on each parcel within a 45-year period not to exceed the tax increment amount approved in the housing and transit reinvestment zone proposal; and

(iii) the commencement of collection of tax increment, for all or a portion of the housing and transit reinvestment zone, will be triggered by providing notice as described in Subsection (6), but a housing and transit reinvestment zone proposal may not propose or

include triggering more than three tax increment collection periods during the applicable 45-year period.

(b) A municipality or public transit county may only propose a housing and transit reinvestment zone at a light rail station or bus rapid transit station that:

(i) subject to Subsection (5):

(A) does not exceed:

(I) except as provided in Subsection ~~[(4)(b)(i)(A)(II) or (III)]~~, (4)(b)(i)(A)(II), (III), or (4)(e), a 1/4 mile radius of a bus rapid transit station or light rail station;

(II) for a municipality that is a city of the first class with a population greater than 150,000 that is within a county of the first class, a 1/2 mile radius of a light rail station located in an opportunity zone created pursuant to Section 1400Z-1, Internal Revenue Code; or

(III) a 1/2 mile radius of a light rail station located within a master-planned development of 500 acres or more; and

(B) has a total area of no more than 100 noncontiguous acres;

(ii) subject to Subsection (4)(c) and Section 63N-3-607, proposes the capture of a maximum of 80% of each taxing entity's tax increment above the base year for a term of no more than 15 consecutive years on each parcel within a 30-year period not to exceed the tax increment amount approved in the housing and transit reinvestment zone proposal; and

(iii) the commencement of collection of tax increment, for all or a portion of the housing and transit reinvestment zone, will be triggered by providing notice as described in Subsection (6), but a housing and transit reinvestment zone proposal may not propose or include triggering more than three tax increment collection periods during the applicable 30-year period.

(c) For a housing and transit reinvestment zone proposed by a public transit county at a public transit hub, or for a housing and transit reinvestment zone proposed by a municipality at a bus rapid transit station, if the proposed housing density within the housing and transit reinvestment zone is between 39 and 49 dwelling units per acre, the maximum capture of each taxing entity's tax increment above the base year is 60%.

(d) A municipality that is a city of the first class with a population greater than 150,000 in a county of the first class as described in Subsections (4)(a)(i)(A)(II) and (4)(b)(i)(A)(II) may

only propose one housing and transit reinvestment zone within an opportunity zone.

(e) (i) Subject to Subsection (4)(e)(ii), the radius restrictions described in Subsection (4)(b)(i) do not apply, and a housing and transit reinvestment zone may extend to an area between two light rail stations if the two light rail stations are within a 2/3 mile distance on the same light rail line.

(ii) If a housing and transit reinvestment zone is extended to accommodate two light rail stations as described in Subsection (4)(e)(i):

(A) the housing and transit reinvestment zone is limited to a total area not to exceed 100 noncontiguous acres; and

(B) the housing and transit reinvestment zone may not exceed a 1/4 mile radius from the light rail stations or any point on the light rail line between the two stations.

(f) If a parcel within the housing transit and reinvestment zone is included as an area that is part of a project area, as that term is defined in Section 17C-1-102, and created under Title 17C, Chapter 1, Agency Operations, that parcel may not be triggered for collection unless the ~~It~~ **→ [project area is dissolved pursuant to Section 17C-1-702:] project area funds collection period, as that term is defined in Section 17C-1-102, has expired.** ~~←It~~

~~[(e) A county of the first class may not propose a housing and transit reinvestment zone that includes an area that is part of a project area, as that term is defined in Section 17C-1-102, and created under Title 17C, Chapter 1, Agency Operations, until the project area is dissolved pursuant to Section 17C-1-702.]~~

(5) (a) For a housing and transit reinvestment zone for a commuter rail station, if a parcel is bisected by the relevant radius limitation, the full parcel may be included as part of the housing and transit reinvestment zone area and will not count against the limitations described in Subsection (4)(a)(i).

(b) For a housing and transit reinvestment zone for a light rail or bus rapid transit station, if a parcel is bisected by the relevant radius limitation, the full parcel may be included as part of the housing and transit reinvestment zone area and will not count against the limitations described in Subsection (4)(b)(i).

(c) A housing and transit reinvestment zone may not be smaller than 10 acres.

(6) The notice of commencement of collection of tax increment required in Subsection (4)(a)(iii) or (4)(b)(iii) shall be sent by mail or electronically to the following entities no later than January 1 of the year for which the tax increment collection is proposed to commence:

- 336 (a) the tax commission;
- 337 (b) the State Board of Education;
- 338 (c) the state auditor;
- 339 (d) the auditor of the county in which the housing and transit reinvestment zone is
- 340 located;
- 341 (e) each taxing entity affected by the collection of tax increment from the housing and
- 342 transit reinvestment zone; and
- 343 (f) the Governor's Office of Economic Opportunity.
- 344 (7) (a) The maximum number of housing and transit reinvestment zones at light rail
- 345 stations is eight in any given county.
- 346 (b) Within a county of the first class, the maximum number of housing and transit
- 347 reinvestment zones at bus rapid transit stations is three.
- 348 (8) (a) This Subsection (8) applies to a specified county, as defined in Section
- 349 17-27a-408, that has created a small public transit district on or before January 1, 2022.
- 350 (b) (i) A county described in Subsection (8)(a) shall, in accordance with Section
- 351 63N-3-604, prepare and submit to the Governor's Office of Economic Opportunity a proposal
- 352 to create a housing and transit reinvestment zone on or before December 31, 2022.
- 353 (ii) A county described in Subsection (8)(a) that, on December 31, 2022, was
- 354 noncompliant under Section 17-27a-408 for failure to demonstrate in the county's moderate
- 355 income housing report that the county complied with Subsection (8)(b)(i), may cure the
- 356 deficiency in the county's moderate income housing report by submitting satisfactory proof to
- 357 the Housing and Community Development Division that, notwithstanding the deadline in
- 358 Subsection (8)(b)(i), the county has submitted to the Governor's Office of Economic
- 359 Opportunity a proposal to create a housing and transit reinvestment zone.
- 360 (c) (i) A county described in Subsection (8)(a) may not propose a housing and transit
- 361 reinvestment zone if more than 15% of the acreage within the housing and transit reinvestment
- 362 zone boundary is owned by the county.
- 363 (ii) For purposes of determining the percentage of acreage owned by the county as
- 364 described in Subsection (8)(c)(i), a county may exclude any acreage owned that is used for
- 365 highways, bus rapid transit, light rail, or commuter rail within the boundary of the housing and
- 366 transit reinvestment zone.

(d) To accomplish the objectives described in Subsection (1), if a county described in Subsection (8)(a) has failed to comply with Subsection (8)(b)(i) by failing to submit an application before December 31, 2022, an owner of undeveloped property who has submitted a land use application to the county on or before December 31, 2022, and is within a 1/3 mile radius of a public transit hub in a county described in Subsection (8)(a), including parcels that are bisected by the 1/3 mile radius, shall have the right to develop and build a mixed-use development including the following:

(i) excluding the parcels devoted to commercial uses as described in Subsection (8)(d)(ii), at least 39 dwelling units per acre on average over the developable area, with at least 10% of the dwelling units as affordable housing units;

(ii) commercial uses including office, retail, educational, and healthcare in support of the mixed-use development constituting up to 1/3 of the total planned gross building square footage of the subject parcels; and

(iii) any other infrastructure element necessary or reasonable to support the mixed-use development, including parking infrastructure, streets, sidewalks, parks, and trails.

Section 3. Section **63N-3-604** is amended to read:

63N-3-604. Process for a proposal of a housing and transit reinvestment zone -- Analysis.

(1) Subject to approval of the housing and transit reinvestment zone committee as described in Section **63N-3-605**, in order to create a housing and transit reinvestment zone, a municipality or public transit county that has general land use authority over the housing and transit reinvestment zone area, shall:

(a) prepare a proposal for the housing and transit reinvestment zone that:

(i) demonstrates that the proposed housing and transit reinvestment zone will meet the objectives described in Subsection **63N-3-603(1)**;

(ii) explains how the municipality or public transit county will achieve the requirements of Subsection **63N-3-603(2)(a)(i)**;

(iii) defines the specific transportation infrastructure needs, if any, and proposed improvements;

(iv) defines the boundaries of:

(A) the housing and transit reinvestment zone; and

398 (B) the sales and use tax boundary corresponding to the housing and transit
399 reinvestment zone boundary, as described in Section [63N-3-610](#);

400 (v) includes maps of the proposed housing and transit reinvestment zone to illustrate:
401 (A) the proposed boundary and radius from a public transit hub;
402 (B) proposed housing density within the housing and transit reinvestment zone; and
403 (C) existing zoning and proposed zoning changes related to the housing and transit
404 reinvestment zone;

405 (vi) identifies any development impediments that prevent the development from being
406 a market-rate investment and proposed strategies for addressing each one;

407 (vii) describes the proposed development plan, including the requirements described in
408 Subsections [63N-3-603](#)(2) and (4);

409 (viii) establishes a base year and collection period to calculate the tax increment within
410 the housing and transit reinvestment zone;

411 (ix) establishes a sales and use tax base year to calculate the sales and use tax
412 increment within the housing and transit reinvestment zone in accordance with Section
413 [63N-3-610](#);

414 (x) describes projected maximum revenues generated and the amount of tax increment
415 capture from each taxing entity and proposed expenditures of revenue derived from the housing
416 and transit reinvestment zone;

417 (xi) includes an analysis of other applicable or eligible incentives, grants, or sources of
418 revenue that can be used to reduce the finance gap;

419 (xii) evaluates possible benefits to active and public transportation availability and
420 impacts on air quality;

421 (xiii) proposes a finance schedule to align expected revenue with required financing
422 costs and payments;

423 (xiv) provides a pro-forma for the planned development [~~including the cost differential~~
424 ~~between surface parked multi-family development and enhanced development~~] that:
425 (A) satisfies the requirements described in Subsections [63N-3-603](#)(2), (3), and (4); and
426 (B) includes data showing the cost difference between what type of development could
427 feasibly be developed absent the housing and transit reinvestment zone tax increment and the
428 type of development that is proposed to be developed with the housing and transit reinvestment

zone tax increment; and

(xv) for a housing and transit reinvestment zone at a commuter rail station, light rail station, or bus rapid transit station that is proposed and not in public transit service operation as of the date of submission of the proposal, demonstrates that the proposed station is:

(A) included ~~[in]~~ as needed in phase one of a metropolitan planning organization's adopted long-range transportation plan and in phase one of the relevant public transit district's [five-year] adopted long-range plan; and

(B) reasonably anticipated to be constructed in the near future; and

(b) submit the housing and transit reinvestment zone proposal to the Governor's Office of Economic Opportunity.

(2) As part of the proposal described in Subsection (1), a municipality or public transit county shall study and evaluate possible impacts of a proposed housing and transit reinvestment zone on parking within the city and housing and transit reinvestment zone.

(3) (a) After receiving the proposal as described in Subsection (1)(b), the Governor's Office of Economic Opportunity shall:

(i) within 14 days after the date on which the Governor's Office of Economic Opportunity receives the proposal described in Subsection (1)(b), provide notice of the proposal to all affected taxing entities, including the Tax Commission, cities, counties, school districts, ~~[and]~~ metropolitan planning organizations, and the county assessor and county auditor of the county in which the housing and transit reinvestment zone is located; and

(ii) at the expense of the proposing municipality or public transit county as described in Subsection (5), contract with an independent entity to perform the gap analysis described in Subsection (3)(b).

(b) The gap analysis required in Subsection (3)(a)(ii) shall include:

(i) a description of the planned development;

(ii) a market analysis relative to other comparable project developments included in or adjacent to the municipality or public transit county absent the proposed housing and transit reinvestment zone;

(iii) an evaluation of the proposal to and a determination of the adequacy and efficiency of the proposal;

(iv) an evaluation of the proposed increment capture needed to cover the enhanced

development costs associated with the housing and transit reinvestment zone proposal and enable the proposed development to occur; and

(v) based on the market analysis and other findings, an opinion relative to the appropriate amount of potential public financing reasonably determined to be necessary to achieve the objectives described in Subsection 63N-3-603(1).

(c) After receiving notice from the Governor's Office of Economic Opportunity of a proposed housing and transit reinvestment zone as described in Subsection (3)(a)(i), the Tax Commission shall:

(i) evaluate the feasibility of administering the tax implications of the proposal; and

(ii) provide a letter to the Governor's Office of Economic Opportunity describing any challenges in the administration of the proposal, or indicating that the Tax Commission can feasibly administer the proposal.

(4) After receiving the results from the analysis described in Subsection (3)(b), the municipality or public transit county proposing the housing and transit reinvestment zone may:

(a) amend the housing and transit reinvestment zone proposal based on the findings of the analysis described in Subsection (3)(b) and request that the Governor's Office of Economic Opportunity submit the amended housing and transit reinvestment zone proposal to the housing and transit reinvestment zone committee; or

(b) request that the Governor's Office of Economic Opportunity submit the original housing and transit reinvestment zone proposal to the housing and transit reinvestment zone committee.

(5) (a) The Governor's Office of Economic Opportunity may accept, as a dedicated credit, up to \$20,000 from a municipality or public transit county for the costs of the gap analysis described in Subsection (3)(b).

(b) The Governor's Office of Economic Opportunity may expend funds received from a municipality or public transit county as dedicated credits to pay for the costs associated with the gap analysis described in Subsection (3)(b).

Section 4. Section 63N-3-605 is amended to read:

63N-3-605. Housing and Transit Reinvestment Zone Committee -- Creation.

(1) For any housing and transit reinvestment zone proposed under this part, there is created a housing and transit reinvestment zone committee with membership described in

Subsection (2).

(2) Each housing and transit reinvestment zone committee shall consist of the following members:

(a) one representative from the Governor's Office of Economic Opportunity, designated by the executive director of the Governor's Office of Economic Opportunity;

(b) one representative from each municipality that is a party to the proposed housing and transit reinvestment zone, designated by the chief executive officer of each respective municipality;

(c) a member of the Transportation Commission created in Section 72-1-301;

(d) a member of the board of trustees of a large public transit district;

(e) one individual from the Office of the State Treasurer, designated by the state treasurer;

(f) ~~[one member]~~ two members designated by the president of the Senate;

(g) ~~[one member]~~ two members designated by the speaker of the House of Representatives;

(h) one member designated by the chief executive officer of each county affected by the housing and transit reinvestment zone;

(i) one representative designated by the school superintendent from the school district affected by the housing and transit reinvestment zone; and

(j) one representative, representing the largest participating local taxing entity, after the municipality, county, and school district.

(3) The individual designated by the Governor's Office of Economic Opportunity as described in Subsection (2)(a) shall serve as chair of the housing and transit reinvestment zone committee.

(4) (a) A majority of the members of the housing and transit reinvestment zone committee constitutes a quorum of the housing and transit reinvestment zone committee.

(b) An action by a majority of a quorum of the housing and transit reinvestment zone committee is an action of the housing and transit reinvestment zone committee.

(5) After the Governor's Office of Economic Opportunity receives the results of the analysis described in Section 63N-3-604, and after the Governor's Office of Economic Opportunity has received a request from the submitting municipality or public transit county to

submit the housing and transit reinvestment zone proposal to the housing and transit reinvestment zone committee, the Governor's Office of Economic Opportunity shall notify each of the entities described in Subsection (2) of the formation of the housing and transit reinvestment zone committee.

(6) (a) The chair of the housing and transit reinvestment zone committee shall convene a public meeting to consider the proposed housing and transit reinvestment zone.

(b) A meeting of the housing and transit reinvestment zone committee is subject to Title 52, Chapter 4, Open and Public Meetings Act.

(7) (a) The proposing municipality or public transit county shall present the housing and transit reinvestment zone proposal to the housing and transit reinvestment zone committee in a public meeting.

(b) The housing and transit reinvestment zone committee shall:

(i) evaluate and verify whether the elements of a housing and transit reinvestment zone described in Subsections 63N-3-603(2) and (4) have been met; and

(ii) evaluate the proposed housing and transit reinvestment zone relative to the analysis described in Subsection 63N-3-604(2).

(8) (a) Subject to Subsection (8)(b), the housing and transit reinvestment zone committee may:

(i) request changes to the housing and transit reinvestment zone proposal based on the analysis, characteristics, and criteria described in Section 63N-3-604; or

(ii) vote to approve or deny the proposal.

(b) Before the housing and transit reinvestment zone committee may approve the housing and transit reinvestment zone proposal, the municipality or public transit county proposing the housing and transit reinvestment zone shall ensure that the area of the proposed housing and transit reinvestment zone is zoned in such a manner to accommodate the requirements of a housing and transit reinvestment zone described in this section and the proposed development.

(9) If a housing and transit reinvestment zone is approved by the committee:

(a) the proposed housing and transit reinvestment zone is established according to the terms of the housing and transit reinvestment zone proposal;

(b) affected local taxing entities are required to participate according to the terms of the

housing and transit reinvestment zone proposal; and

(c) each affected taxing [~~municipality~~] entity is required to participate at the same rate [~~as a participating county~~].

(10) A housing and transit reinvestment zone proposal may be amended by following the same procedure as approving a housing and transit reinvestment zone proposal.

Section 5. Section **63N-3-607** is amended to read:

63N-3-607. Payment, use, and administration of revenue from a housing and transit reinvestment zone.

(1) A municipality or public transit county may receive and use tax increment and housing and transit reinvestment zone funds in accordance with this part.

(2) (a) A county that collects property tax on property located within a housing and transit reinvestment zone shall, in accordance with Section [59-2-1365](#), distribute to the municipality or public transit county any tax increment the municipality or public transit county is authorized to receive up to the maximum approved by the housing and transit reinvestment zone committee.

(b) Tax increment distributed to a municipality or public transit county in accordance with Subsection (2)(a) is not revenue of the taxing entity or municipality or public transit county.

(c) (i) Tax increment paid to the municipality or public transit county are housing and transit reinvestment zone funds and shall be administered by an agency created by the municipality or public transit county within which the housing and transit reinvestment zone is located.

(ii) Before an agency may receive housing and transit reinvestment zone funds from the municipality or public transit county, the municipality or public transit county and the agency shall enter into an interlocal agreement with terms that:

(A) are consistent with the approval of the housing and transit reinvestment zone committee; and

(B) meet the requirements of Section [63N-3-603](#).

(3) (a) A municipality or public transit county and agency shall use housing and transit reinvestment zone funds within, or for the direct benefit of, the housing and transit reinvestment zone.

(b) If any housing and transit reinvestment zone funds will be used outside of the housing and transit reinvestment zone there must be a finding in the approved proposal for a housing and transit reinvestment zone that the use of the housing and transit reinvestment zone funds outside of the housing and transit reinvestment zone will directly benefit the housing and transit reinvestment zone.

(4) A municipality or public transit county shall use housing and transit reinvestment zone funds to achieve the purposes described in Subsections 63N-3-603(1) and (2), by paying all or part of the costs of any of the following:

- (a) income targeted housing costs;
- (b) structured parking within the housing and transit reinvestment zone;
- (c) enhanced development costs;
- (d) horizontal construction costs;
- (e) vertical construction costs;
- (f) property acquisition costs within the housing and transit reinvestment zone; or
- (g) the costs of the municipality or public transit county to create and administer the housing and transit reinvestment zone, which may not exceed [~~1%~~] 2% of the total housing and transit reinvestment zone funds, plus the costs to complete the gap analysis described in Subsection 63N-3-604(2).

(5) Housing and transit reinvestment zone funds may be paid to a participant, if the agency and participant enter into a participation agreement which requires the participant to utilize the housing and transit reinvestment zone funds as allowed in this section.

(6) Housing and transit reinvestment zone funds may be used to pay all of the costs of bonds issued by the municipality or public transit county in accordance with Title 17C, Chapter 1, Part 5, Agency Bonds, including the cost to issue and repay the bonds including interest.

(7) A municipality or public transit county may create one or more public infrastructure districts within the housing and transit reinvestment zone under Title 17D, Chapter 4, Public Infrastructure District Act, and pledge and utilize the housing and transit reinvestment zone funds to guarantee the payment of public infrastructure bonds issued by a public infrastructure district.

Section 6. Section 63N-3-610 is amended to read:

63N-3-610. Sales and use tax increment in a housing and transit reinvestment

615 **zone.**

616 (1) A housing and transit reinvestment proposal shall, in consultation with the tax
617 commission:

618 (a) create a sales and use tax boundary as described in Subsection (2); and

619 (b) establish a sales and use tax base year and collection period to calculate and transfer
620 the state sales and use tax increment within the housing and transit reinvestment zone, which
621 sales and use tax base year is established prospectively, 90 days after the date of the notice
622 described in Subsection (4).

623 (2) (a) The municipality or public transit county, in consultation with the tax
624 commission, shall establish a sales and use tax boundary that:

625 (i) is based on state sales and use tax collection boundaries, which are determined
626 using the ZIP Code as defined in Section 59-12-102, including the four digit delivery route
627 extension; [and]

628 (ii) follows as closely as reasonably practicable the boundary of the housing and transit
629 reinvestment zone[-]; and

630 (iii) is one contiguous area that includes at least the entire boundary of the housing and
631 transit reinvestment zone.

632 (b) If a state sales and use tax boundary is bisected by the boundary of the housing and
633 transit reinvestment zone, the housing and transit reinvestment zone may include the entire
634 state sales and use tax boundary.

635 ~~[(b)]~~ (c) The municipality or public transit county shall include the sales and use tax
636 boundary in the housing and transit reinvestment zone proposal as described in Section
637 63N-3-604.

638 (3) (a) Beginning the first day of the calendar quarter one year after the sales and use
639 tax boundary for a housing and transit reinvestment zone is established, the tax commission
640 shall, at least annually, transfer an amount equal to 15% of the sales and use tax increment
641 within an established sales and use tax boundary into the Transit Transportation Investment
642 Fund created in Section 72-2-124.

643 (b) A municipality or public transit county may only propose one sales and use tax
644 increment period for a housing and transit reinvestment zone established under this section.

645 (4) (a) The establishment of a sales and use tax base year and the requirement

described in Subsection (3) to transfer incremental sales tax revenue shall take effect:

(i) on the first day of a calendar quarter; and

(ii) after a 90-day waiting period, beginning on the date the commission receives notice from the municipality or public transit county meeting the requirements of Subsection (4)(b).

(b) The notice described in Subsection (4)(a) shall include:

(i) a statement that the housing and transit reinvestment zone will be established under this part;

(ii) the approval date and effective date of the housing and transit reinvestment zone;

and

(iii) the definitions of the sales and use tax boundary and sales and use tax base year.

Section 7. Section **63N-3-611** is enacted to read:

63N-3-611. Boundary adjustments.

If the relevant county assessor or county auditor adjusts parcel boundaries relevant to a housing and transit reinvestment zone, the municipality administering the tax increment collected in the housing and transit reinvestment zone may make corresponding adjustments to the boundary of the housing and transit reinvestment zone.

Section 8. **Effective date.**

This bill takes effect on May 1, 2024.