

CAPITAL CITY REINVESTMENT ZONE AMENDMENTS

2024 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Daniel McCay

House Sponsor: _____

LONG TITLE**General Description:**

This bill enacts provisions to establish a sports and entertainment project area.

Highlighted Provisions:

This bill:

- ▶ establishes procedures to create a sports and entertainment project area for the use of tax revenue for the benefit of creating or improving access to sports and entertainment within the area;
- ▶ provides requirements for the project area;
- ▶ permits a local government to designate a project area as a public infrastructure district;
- ▶ authorizes a qualifying local government to levy a sales and use tax within the local government's boundaries and for use within the project area;
- ▶ provides requirements and procedures for a local government to approve a project participant to participate in the use of funds collected within the project area;
- ▶ requires a local government and a project participant to enter into a participant agreement;
- ▶ provides requirements for allowable uses of funds;
- ▶ provides for termination of access to funds in the event of breach or ceasing to operate or regularly use a stadium in the project area;
- ▶ creates the Sports and Entertainment Project Area Review Committee to review



expenditures and to provide non-binding recommendations in relation to a project area and project participants; and

▸ requires a local government with a sports and entertainment project area to provide reports to the review committee.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

17D-4-102, as last amended by Laws of Utah 2023, Chapter 15

ENACTS:

59-12-402.5, Utah Code Annotated 1953

63N-3-1301, Utah Code Annotated 1953

63N-3-1302, Utah Code Annotated 1953

63N-3-1303, Utah Code Annotated 1953

63N-3-1304, Utah Code Annotated 1953

63N-3-1305, Utah Code Annotated 1953

63N-3-1306, Utah Code Annotated 1953

63N-3-1307, Utah Code Annotated 1953

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

Section 1. Section **17D-4-102** is amended to read:

17D-4-102. Definitions.

As used in this chapter:

(1) "Board" means the board of trustees of a public infrastructure district.

(2) "Creating entity" means the county, municipality, or development authority that approves the creation of a public infrastructure district.

(3) "Development authority" means:

(a) the Utah Inland Port Authority created in Section **11-58-201**;

(b) the Point of the Mountain State Land Authority created in Section **11-59-201**; [or]

(c) the military installation development authority created in Section [63H-1-201](#)[-]; and

(d) pursuant to the requirements of Section [63N-3-1302](#), a local government that has:

(i) created a sports and entertainment project area; and

(ii) designated the project area as a public infrastructure district.

(4) "District applicant" means the person proposing the creation of a public infrastructure district.

(5) "Division" means a division of a public infrastructure district:

(a) that is relatively equal in number of eligible voters or potential eligible voters to all other divisions within the public infrastructure district, taking into account existing or potential developments which, when completed, would increase or decrease the population within the public infrastructure district; and

(b) which a member of the board represents.

(6) "Governing document" means the document governing a public infrastructure district to which the creating entity agrees before the creation of the public infrastructure district, as amended from time to time, and subject to the limitations of Title 17B, Chapter 1, Provisions Applicable to All Special Districts, and this chapter.

(7) (a) "Limited tax bond" means a bond:

(i) that is directly payable from and secured by ad valorem property taxes that are levied:

(A) by a public infrastructure district that issues the bond; and

(B) on taxable property within the district;

(ii) that is a general obligation of the public infrastructure district; and

(iii) for which the ad valorem property tax levy for repayment of the bond does not exceed the property tax levy rate limit established under Section [17D-4-303](#) for any fiscal year, except as provided in Subsection [17D-4-301](#)(8).

(b) "Limited tax bond" does not include:

(i) a short-term bond;

(ii) a tax and revenue anticipation bond; or

(iii) a special assessment bond.

(8) "Public infrastructure and improvements" means:

(a) the same as that term is defined in Section [11-58-102](#), for a public infrastructure

district created by the Utah Inland Port Authority created in Section 11-58-201; and

(b) the same as that term is defined in Section 63H-1-102, for a public infrastructure district created by the military installation development authority created in Section 63H-1-201.

Section 2. Section 59-12-402.5 is enacted to read:

59-12-402.5. Sports and entertainment sales and use tax -- Base -- Rate --

Collection fees -- Imposition.

(1) As used in this section:

(a) "Local government" means a first class city located within a first class county.

(b) "Sports and entertainment project area" means an area designated for use of tax revenue under Title 63N, Chapter 3, Part 13, Sports and Entertainment Project Area.

(2) Subject to the other provisions of this part, the legislative body of a local government may impose a sales and use tax under this section if the legislative body of the local government creates a sports and entertainment project area within the boundaries of the local government in accordance with the requirements of Title 63N, Chapter 3, Part 13, Sports and Entertainment Project Area.

(3) The tax rate may not exceed .5%.

(4) Except as provided in Subsection (5), the local government shall impose a tax under this section on the transactions described in Subsection 59-12-103(1).

(5) A local government may not impose a tax under this section on:

(a) the sale of:

(i) a motor vehicle;

(ii) an aircraft;

(iii) a watercraft;

(iv) a modular home;

(v) a manufactured home; or

(vi) a mobile home;

(b) the sales and uses described in Section 59-12-104 to the extent the sales and uses are exempt from taxation under Section 59-12-104; and

(c) except as provided in Subsection (7), amounts paid or charged for food and food ingredients.

(6) For purposes of this section, the location of a transaction is determined in

accordance with Sections [59-12-211](#) through [59-12-215](#).

(7) A local government that imposes a tax under this section shall impose the tax on the purchase price or the sales price for amounts paid or charged for food and food ingredients if the food and food ingredients are sold as part of a bundled transaction attributable to food and food ingredients and tangible personal property other than food and food ingredients.

(8) A local government may impose a tax under this section by majority vote of the members of the local government's legislative body.

(9) A local government that imposes a tax under this section is not subject to Section [59-12-405](#).

(10) A military installation development authority may not impose a tax under this section.

(11) A local government shall use revenue generated by the tax under this section only for the purposes allowed under Section [63N-3-1303](#).

Section 3. Section **63N-3-1301** is enacted to read:

Part 13. Sports and Entertainment Project Area

63N-3-1301. Definitions.

As used in this part:

(1) "Franchise agreement" means a legally binding and valid agreement under which:

(a) a major professional sports league has awarded a franchise to a franchise recipient;
and

(b) the major professional sports league team that is the subject of the agreement is playing, or will play, home games in a qualified stadium that exists or will be constructed within the project area.

(2) "Local government" means the municipality in which the project area is located.

(3) "Major professional sports league" means the National Basketball Association or the National Hockey League.

(4) "Project area" means the sports and entertainment project area according to the terms and requirements of this part.

(5) "Project participant" means a person that is approved to participate in the use of public funds in a project area according to the procedures and requirements of this part.

(6) "Qualified stadium" means a sports facility that:

152 (a) provides seating for spectators in a number that is reasonably consistent with the
153 capacity of other stadiums used by other teams in the major professional sports league;

154 (b) is located within the project area; and

155 (c) (i) is in active use as the home venue of a major professional sports league team; or
156 (ii) in the case of a stadium that is proposed to be constructed, will be the home venue
157 of a major professional sports league.

158 (7) "Review committee" means the Sports and Entertainment Project Area Review
159 Committee created in Section [63N-3-1306](#).

160 (8) "Taxing entity" means the same as that term is defined in Section [17C-1-102](#).

161 Section 4. Section **63N-3-1302** is enacted to read:

162 **63N-3-1302. Sports and entertainment project area.**

163 (1) A local government may, according to the requirements and procedures of this part,
164 create a sports and entertainment project area for the use of revenue authorized under Section
165 [59-12-402.5](#) for the purposes allowed under Section [63N-3-1303](#).

166 (2) A project area created under this part shall:

167 (a) be located entirely within the boundaries of the local government;

168 (b) be no greater than 50 acres in area;

169 (c) consist of property owned, leased, or under the legal control of the applicant
170 referred to in Section [63N-3-1304](#);

171 (d) be roughly centered around, and include the entire property footprint of a currently
172 existing qualified stadium;

173 (e) include the entire property footprint of any qualified stadium that is planned to be
174 built;

175 (f) be contiguous; and

176 (g) have boundaries that are reasonably compact in relation to their distance from the
177 currently existing qualified stadium.

178 (3) The local government may, by a resolution and majority vote of the legislative body
179 of the local government, designate a project area created under this section as a public
180 infrastructure district governed by the provisions of Title 17D, Chapter 4, Public Infrastructure
181 District Act.

182 Section 5. Section **63N-3-1303** is enacted to read:

63N-3-1303. Allowable uses of funds.

(1) A local government shall use tax revenue provided under this part or Section 59-12-402.5, within and for the direct benefit of the project area.

(2) In addition to the requirement of Subsection (1), acceptable uses for the tax revenue collected under this part are:

(a) costs for, including debt service or the costs of bonds issued by the local government:

(i) the construction of a qualified stadium within the project area in accordance with Title 17C, Chapter 1, Part 5, Agency Bonds, including the cost to issue and repay bonds including interest; and

(ii) the construction, modification, or realignment of infrastructure or structures within the project area for the purpose of:

(A) supporting a qualified stadium and its associated uses, and entertainment and recreational uses on land within the project area; and

(B) improvement, modification, realignment, or restoration of areas within the project area for pedestrian and traffic flow, and for aesthetic, entertainment, and recreational purposes;

(b) infrastructure and roads within the project area;

(c) traffic mitigation costs within the project area;

(d) law enforcement or public security needs within the project area; and

(e) costs of the local government to create a project area or participation agreement and to administer the funds, which cost may not exceed 1% of the tax revenue collected under Section 59-12-402.5.

Section 6. Section **63N-3-1304** is enacted to read:

63N-3-1304. Application for approval as a project participant in a sports and entertainment project area.

An entity that seeks to have a local government create a project area under this part, and to be a project participant within that project area, shall provide a local government with a written application that certifies that the applicant:

(1) is a party to a franchise agreement;

(2) is or will be operating the team that is subject to the franchise agreement;

(a) in an existing qualified stadium located within the project area to be created; or

(b) in a new qualified stadium that the applicant is or will be located within the creating entity's boundaries;

(3) shows the existing and, as applicable, the proposed location and footprint of the qualified stadium;

(4) lists any public funds that are currently being received by, or are authorized to be received by:

(a) the applicant; or

(b) any major professional sports league team that is owned or operated by the applicant; and

(5) any proposals or information related to the application, including specific details about the franchise agreement or plans for a qualified stadium, a proposed boundary for the project area, proposals for land or stadium ownership arrangements or profit-sharing, or plans or requests for urban renewal or reconstruction.

Section 7. Section **63N-3-1305** is enacted to read:

63N-3-1305. Local government review of application -- Proposed participation agreement -- Approval by local government.

(1) Upon receipt of an application described in Section [63N-3-1304](#), a local government shall review the application and, if the application is complete, may negotiate with the applicant to develop:

(a) a proposed participation agreement with the applicant, which agreement:

(i) shall contain:

(A) a map or description of the project area;

(B) a description of the type and extent of each type of tax or other revenue that would be available to the applicant within the project area if the applicant is approved as a project participant;

(C) the location and footprint of the qualified stadium, and if applicable, the location and footprint of any proposed future qualified stadium;

(D) a requirement that the local government may not provide, and that the person may not receive, a direct subsidy;

(E) an acknowledgment that the parties to the agreement are subject to the requirements of this part;

245 (F) terms, procedures, and remedies related to breach of a participation agreement,
246 which shall contain:

247 (I) specific descriptions of what constitutes breach of the participation agreement;

248 (II) a requirement that all funds received by a project participant be reimbursed to the
249 local government in the event of breach of the participation agreement, including a description
250 of all related interest and penalties; and

251 (III) designation of a guarantor or security interests to ensure repayment of funds in the
252 event of a breach; and

253 (G) any obligations, terms, or conditions required of a project participant or the local
254 government; and

255 (ii) may contain:

256 (A) any terms and conditions that affect a project participant's ability to receive or use
257 project area funds;

258 (B) any terms or agreements regarding the qualified stadium and its associated
259 property, including ownership, management, maintenance, operation, profit sharing, or other
260 agreements;

261 (C) if a qualified stadium is to be constructed or replaced, requirements for the design,
262 construction, operation, or other terms related to the existing or new qualified stadium;

263 (D) terms, procedures, or remedies related to breach of a participation agreement; or

264 (E) any other relevant agreement between the applicant and the local government; and

265 (b) a proposed project area that meets the requirements of Section [63N-3-1302](#).

266 (2) If the applicant and the local government develop a proposed project area and a
267 proposed participation agreement as described in Subsection (1), the local government shall
268 concurrently provide a copy of the application, the proposed project area, and the proposed
269 participation agreement to:

270 (a) the legislative body of the local government; and

271 (b) the review committee.

272 (3) After receipt of an application, a proposed project area, and a proposed
273 participation agreement, the legislative body of the local government may, by a majority vote in
274 a public meeting:

275 (a) approve the application by:

- (i) approving the proposed project area, with or without amendments;
(ii) approving the proposed participation agreement, with or without amendments;
(iii) designating the applicant as a project participant; and
(iv) as necessary, imposing taxes or revenue sources associated with the project area;

or

- (b) reject the application.

(4) After approval of a project participant and imposition of a tax or revenue source under the procedures of this section, the local government shall provide reports to the review committee as required under Subsection 63N-3-1307(3).

Section 8. Section **63N-3-1306** is enacted to read:

63N-3-1306. Sports and Entertainment Project Area Review Committee -- Creation -- Membership -- Staff.

(1) There is created the Sports and Entertainment Project Area Review Committee to review the activities of, and advise a local government and project participants in, a sports and entertainment project area.

(2) The review committee consists of the following members:

(a) two members of the Senate, appointed by the president of the Senate;

(b) two members of the House of Representatives, appointed by the speaker of the House; and

(c) one individual appointed by the governor.

(3) (a) The president of the Senate shall designate a member of the Senate appointed under Subsection (2) as co-chair of the review committee.

(b) The speaker of the House of Representatives shall designate a member of the House of Representatives appointed under Subsection (2) as co-chair of the review committee.

(4) (a) A majority of the members of the review committee constitutes a quorum.

(b) The action of a majority of a quorum constitutes action of the review committee.

(5) The review committee shall meet:

(a) within 30 days of the date of receipt of a report from a local government in accordance with Subsection 63N-3-1307(3);

(b) at the discretion of the chairs, if both co-chairs agree; and

(c) at the request of a local government, if both co-chairs agree.

(6) A legislative member of the review committee shall be paid salary and expenses in accordance with Section [36-2-2](#) and Legislative Joint Rules, Title 5, Chapter 3, Legislative Compensation.

(7) A member who is not a legislator may not receive compensation or benefits for the member's service, but may receive per diem and travel expenses as allowed in:

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

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

(c) rules made by the Division of Finance according to Sections [63A-3-106](#) and [63A-3-107](#).

(8) The Office of Legislative Research and General Counsel shall:

(a) provide staff support to the review committee; and

(b) consult with the Office of the Legislative Fiscal Analyst on fiscal issues reviewed by the review committee.

Section 9. Section **63N-3-1307** is enacted to read:

63N-3-1307. Sports and Entertainment Project Area Review Committee -- Duties
-- Reporting requirements of local government.

(1) The review committee shall:

(a) review reports that are issued by a local government in accordance with Subsection (3);

(b) review the financial activities of a local government and project participants in relation to a sports and entertainment project area; and

(c) make recommendations to the Legislature regarding a sports and entertainment project area, requirements or procedures related to a sports and entertainment project area, taxes or public funds, or other matters relating to a sports and entertainment project area.

(2) The review committee may:

(a) review a proposed participation agreement or proposed project area that is provided to the review committee under Subsection [63N-3-1305](#)(2); and

(b) make recommendations to a local government in relation to a sports and entertainment project area, a participation agreement, or a proposed participation agreement.

(3) After approving a project participant, and each six months thereafter, or at the request of the review committee, a local government shall provide a report to the review

338 committee providing:
339 (a) a summary of the projects and uses that are currently underway or planned in
340 relation to the project area;
341 (b) a copy of a participation agreement approved by the local government;
342 (c) a detailed accounting of:
343 (i) all public funds collected within the project area since the last report;
344 (ii) all public funds provided to each project participant since the last report; and
345 (iii) all public funds committed or spent, and a description of their use, since the last
346 report;
347 (d) the projected budget and time line for each project or use that is currently underway
348 or planned in relation to the project area; and
349 (e) the financial impact of the project area on the state and its residents.
350 **Section 10. Effective date.**
351 This bill takes effect on May 1, 2024.