

Kirk A. Cullimore proposes the following substitute bill:

Community Development Modifications

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Kirk A. Cullimore

House Sponsor:

LONG TITLE

General Description:

This bill deals with the use of certain funding to promote home ownership and provisions related to community reinvestment agencies.

Highlighted Provisions:

This bill:

- defines terms and modifies definitions;
- authorizes the Utah Inland Port Authority to provide general differential revenue from a project area to a non-profit housing fund to assist low-income individuals and families to achieve home ownership within a 15 mile radius of the project area that generated the general differential revenue;
- authorizes a community reinvestment agency to pay all or any portion of the agency's housing allocation to a nonprofit housing fund for use in assisting individuals or families within the community to achieve or retain homeownership;
- requires a participation agreement to have a provision authorizing an agency to use funding that would otherwise be provided to a participant under the participation agreement to pay a participant's delinquent property tax or privilege tax or resolve a political subdivision lien against the participant;
- requires an agency to confirm with the county that a participant is not delinquent on property tax or privilege tax or subject to a political subdivision lien before providing the participant with funding under a participation agreement;
- prohibits a community reinvestment agency from providing funding to a participant that is delinquent on property taxes or privilege taxes or subject to a political subdivision lien; and
- makes technical and conforming changes.

Money Appropriated in this Bill:

29 None

30 **Other Special Clauses:**

31 None

32 **Utah Code Sections Affected:**

33 AMENDS:

34 **11-58-602**, as last amended by Laws of Utah 2024, Chapter 535

35 **17C-1-102**, as last amended by Laws of Utah 2024, Chapter 158

36 **17C-1-202**, as last amended by Laws of Utah 2024, Chapter 316

37 **17C-1-409**, as last amended by Laws of Utah 2023, Chapters 15, 471 and 492

38 **17C-1-412**, as last amended by Laws of Utah 2024, Chapter 413

39 **17C-1-1001**, as enacted by Laws of Utah 2021, Chapter 214

40

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

42 Section 1. Section **11-58-602** is amended to read:

43 **11-58-602 . Allowable uses of property tax differential and other funds.**

44 (1)(a) The authority may use money from property tax differential, money the authority
45 receives from the state, money the authority receives under Subsection 59-12-205

46 (2)(a)(ii)(C), and other money available to the authority:

47 (i) for any purpose authorized under this chapter;

48 (ii) for administrative, overhead, legal, consulting, and other operating expenses of
49 the authority;

50 (iii) to pay for, including financing or refinancing, all or part of the development of
51 land within a project area, including assisting the ongoing operation of a
52 development or facility within the project area;

53 (iv) to pay the cost of the installation and construction of public infrastructure and
54 improvements within the project area from which the property tax differential
55 funds were collected;

56 (v) to pay the cost of the installation of public infrastructure and improvements
57 outside a project area if the board determines by resolution that the infrastructure
58 and improvements are of benefit to the project area;

59 (vi) to pay to a community reinvestment agency for affordable housing, as provided
60 in Subsection 11-58-606(2);

61 (vii) to pay the principal and interest on bonds issued by the authority;

62 (viii) to pay the cost of acquiring a conservation easement on land that is part of or

- 63 adjacent to authority jurisdictional land:
- 64 (A) for the perpetual preservation of the land from development; and
- 65 (B) to provide a buffer area between authority jurisdictional land intended for
- 66 development and land outside the boundary of the authority jurisdictional land;
- 67 and
- 68 (ix) subject to Subsection (1)(b), to encourage, incentivize, or require development
- 69 that:
- 70 (A) mitigates noise, air pollution, light pollution, surface and groundwater
- 71 pollution, and other negative environmental impacts;
- 72 (B) mitigates traffic congestion; or
- 73 (C) uses high efficiency building construction and operation.
- 74 (b)(i)(A) The authority shall establish minimum mitigation and environmental
- 75 standards that a landowner is required to meet to qualify for the use of property
- 76 tax differential under Subsection (1)(a)(ix) in the landowner's development.
- 77 (B) Minimum mitigation and environmental standards established under
- 78 Subsection (1)(b)(i)(A) shall include a standard prohibiting the use of property
- 79 tax differential as a business recruitment incentive, as defined in Section
- 80 11-58-603, for new commercial or industrial development or an expansion of
- 81 existing commercial or industrial development within the authority
- 82 jurisdictional land if the new or expanded development will consume on an
- 83 annual basis more than 200,000 gallons of potable water per day.
- 84 (ii) In establishing minimum mitigation and environmental standards, the authority
- 85 shall consult with:
- 86 (A) the municipality in which the development is expected to occur, for
- 87 development expected to occur within a municipality; or
- 88 (B) the county in whose unincorporated area the development is expected to
- 89 occur, for development expected to occur within the unincorporated area of a
- 90 county.
- 91 (iii) The authority may not use property tax differential under Subsection (1)(a)(viii)
- 92 for a landowner's development in a project area unless the minimum mitigation
- 93 and environmental standards are followed with respect to that landowner's
- 94 development.
- 95 (2) The authority may use revenue generated from the operation of public infrastructure
- 96 operated by the authority or improvements, including an intermodal facility, operated by

the authority to:

(a) operate and maintain the infrastructure or improvements; and

(b) pay for authority operating expenses, including administrative, overhead, and legal expenses.

(3) The determination of the board under Subsection (1)(a)(v) regarding benefit to the project area is final.

(4) The authority may not use property tax differential revenue collected from one project area for a development project within another project area.

(5)(a) The authority may use up to 10% of the general differential revenue generated from a project area to pay for affordable housing within or near the project area.

(b) In using general differential revenue described in Subsection (5)(a), the authority may provide general differential revenue generated from a project area to a non-profit housing fund, as defined in Section 17C-1-102:

(i) for that non-profit housing fund to assist low-income individuals and families who would qualify for income targeted housing to achieve homeownership, or retain homeownership, within a 15 mile radius of the project area that generated the general differential revenue, in accordance with the mission of the non-profit housing fund; and

(ii) pursuant to an agreement between the non-profit housing fund and the authority governing appropriate uses of general differential revenue.

(6) The authority may share general differential funds with a taxing entity that levies a property tax on land within the project area from which the general differential is generated.

Section 2. Section **17C-1-102** is amended to read:

17C-1-102 . Definitions.

As used in this title:

(1) "Active project area" means a project area that has not been dissolved in accordance with Section 17C-1-702.

(2) "Adjusted tax increment" means [-]the percentage of tax increment, if less than 100%, that an agency is authorized to receive:

(a) for a pre-July 1, 1993, project area plan, under Section 17C-1-403, excluding tax increment under Subsection 17C-1-403(3);

(b) for a post-June 30, 1993, project area plan, under Section 17C-1-404, excluding tax increment under Section 17C-1-406;

- (c) under a project area budget approved by a taxing entity committee; or
- (d) under an interlocal agreement that authorizes the agency to receive a taxing entity's tax increment.
- (3) "Affordable housing" means housing owned or occupied by a low or moderate income family, as determined by resolution of the agency.
- (4) "Agency" or "community reinvestment agency" means a separate body corporate and politic, created under Section 17C-1-201.5 or as a redevelopment agency or community development and renewal agency under previous law:
- (a) that is a political subdivision of the state;
- (b) that is created to undertake or promote project area development as provided in this title; and
- (c) whose geographic boundaries are coterminous with:
- (i) for an agency created by a county, the unincorporated area of the county; and
- (ii) for an agency created by a municipality, the boundaries of the municipality.
- (5) "Agency funds" means money that an agency collects or receives for agency operations, implementing a project area plan or an implementation plan as defined in Section 17C-1-1001, or other agency purposes, including:
- (a) project area funds;
- (b) income, proceeds, revenue, or property derived from or held in connection with the agency's undertaking and implementation of project area development or agency-wide project development as defined in Section 17C-1-1001;
- (c) a contribution, loan, grant, or other financial assistance from any public or private source;
- (d) project area incremental revenue as defined in Section 17C-1-1001; or
- (e) property tax revenue as defined in Section 17C-1-1001.
- (6) "Annual income" means the same as that term is defined in regulations of the United States Department of Housing and Urban Development, 24 C.F.R. Sec. 5.609, as amended or as superseded by replacement regulations.
- (7) "Assessment roll" means the same as that term is defined in Section 59-2-102.
- (8) "Base taxable value" means, unless otherwise adjusted in accordance with provisions of this title, a property's taxable value as shown upon the assessment roll last equalized during the base year.
- (9) "Base year" means, except as provided in Subsection 17C-1-402(4)(c), the year during which the assessment roll is last equalized:

- 165 (a) for a pre-July 1, 1993, urban renewal or economic development project area plan,
166 before the project area plan's effective date;
- 167 (b) for a post-June 30, 1993, urban renewal or economic development project area plan,
168 or a community reinvestment project area plan that is subject to a taxing entity
169 committee:
- 170 (i) before the date on which the taxing entity committee approves the project area
171 budget; or
- 172 (ii) if taxing entity committee approval is not required for the project area budget,
173 before the date on which the community legislative body adopts the project area
174 plan;
- 175 (c) for a project on an inactive airport site, after the later of:
- 176 (i) the date on which the inactive airport site is sold for remediation and
177 development; or
- 178 (ii) the date on which the airport that operated on the inactive airport site ceased
179 operations; or
- 180 (d) for a community development project area plan or a community reinvestment project
181 area plan that is subject to an interlocal agreement, as described in the interlocal
182 agreement.
- 183 (10) "Basic levy" means the portion of a school district's tax levy constituting the minimum
184 basic levy under Section 59-2-902.
- 185 (11) "Board" means the governing body of an agency, as described in Section 17C-1-203.
- 186 (12) "Budget hearing" means the public hearing on a proposed project area budget required
187 under Subsection 17C-2-201(2)(d) for an urban renewal project area budget, Subsection
188 17C-3-201(2)(d) for an economic development project area budget, or Subsection
189 17C-5-302(2)(e) for a community reinvestment project area budget.
- 190 (13) "Closed military base" means land within a former military base that the Defense Base
191 Closure and Realignment Commission has voted to close or realign when that action has
192 been sustained by the president of the United States and Congress.
- 193 (14) "Combined incremental value" means the combined total of all incremental values
194 from all project areas, except project areas that contain some or all of a military
195 installation or inactive industrial site, within the agency's boundaries under project area
196 plans and project area budgets at the time that a project area budget for a new project
197 area is being considered.
- 198 (15) "Community" means a county or municipality.

- (16) "Community development project area plan" means a project area plan adopted under Chapter 4, Part 1, Community Development Project Area Plan.
- (17) "Community legislative body" means the legislative body of the community that created the agency.
- (18) "Community reinvestment project area plan" means a project area plan adopted under Chapter 5, Part 1, Community Reinvestment Project Area Plan.
- (19) "Contest" means to file a written complaint in a court with jurisdiction under Title 78A, Judiciary and Judicial Administration, and in a county in which the agency is located if the action is filed in the district court.
- (20) "Development impediment" means a condition of an area that meets the requirements described in Section 17C-2-303 for an urban renewal project area or Section 17C-5-405 for a community reinvestment project area.
- (21) "Development impediment hearing" means a public hearing regarding whether a development impediment exists within a proposed:
- (a) urban renewal project area under Subsection 17C-2-102(1)(a)(i)(C) and Section 17C-2-302; or
 - (b) community reinvestment project area under Section 17C-5-404.
- (22) "Development impediment study" means a study to determine whether a development impediment exists within a survey area as described in Section 17C-2-301 for an urban renewal project area or Section 17C-5-403 for a community reinvestment project area.
- (23) "Economic development project area plan" means a project area plan adopted under Chapter 3, Part 1, Economic Development Project Area Plan.
- (24) "Fair share ratio" means the ratio derived by:
- (a) for a municipality, comparing the percentage of all housing units within the municipality that are publicly subsidized income targeted housing units to the percentage of all housing units within the county in which the municipality is located that are publicly subsidized income targeted housing units; or
 - (b) for the unincorporated part of a county, comparing the percentage of all housing units within the unincorporated county that are publicly subsidized income targeted housing units to the percentage of all housing units within the whole county that are publicly subsidized income targeted housing units.
- (25) "Family" means the same as that term is defined in regulations of the United States Department of Housing and Urban Development, 24 C.F.R. Section 5.403, as amended or as superseded by replacement regulations.

- 233 (26) "Greenfield" means land not developed beyond agricultural, range, or forestry use.
- 234 (27) "Hazardous waste" means any substance defined, regulated, or listed as a hazardous
235 substance, hazardous material, hazardous waste, toxic waste, pollutant, contaminant, or
236 toxic substance, or identified as hazardous to human health or the environment, under
237 state or federal law or regulation.
- 238 (28) "Housing allocation" means project area funds allocated for housing under Section
239 17C-2-203, 17C-3-202, or 17C-5-307 for the purposes described in Section 17C-1-412.
- 240 (29) "Housing fund" means a fund created by an agency for purposes described in Section
241 17C-1-411 or 17C-1-412 that is comprised of:
- 242 (a) project area funds, project area incremental revenue as defined in Section 17C-1-1001,
243 or property tax revenue as defined in Section 17C-1-1001 allocated for the purposes
244 described in Section 17C-1-411; or
- 245 (b) an agency's housing allocation.
- 246 (30)(a) "Inactive airport site" means land that:
- 247 (i) consists of at least 100 acres;
- 248 (ii) is occupied by an airport:
- 249 (A)(I) that is no longer in operation as an airport; or
- 250 (II)(Aa) that is scheduled to be decommissioned; and
- 251 (Bb) for which a replacement commercial service airport is under
252 construction; and
- 253 (B) that is owned or was formerly owned and operated by a public entity; and
- 254 (iii) requires remediation because:
- 255 (A) of the presence of hazardous waste or solid waste; or
- 256 (B) the site lacks sufficient public infrastructure and facilities, including public
257 roads, electric service, water system, and sewer system, needed to support
258 development of the site.
- 259 (b) "Inactive airport site" includes a perimeter of up to 2,500 feet around the land
260 described in Subsection (30)(a).
- 261 (31)(a) "Inactive industrial site" means land that:
- 262 (i) consists of at least 1,000 acres;
- 263 (ii) is occupied by an inactive or abandoned factory, smelter, or other heavy industrial
264 facility; and
- 265 (iii) requires remediation because of the presence of hazardous waste or solid waste.
- 266 (b) "Inactive industrial site" includes a perimeter of up to 1,500 feet around the land

described in Subsection (31)(a).

(32) "Income targeted housing" means housing that is:

(a) owned and occupied by a family whose annual income is at or below 120% of the median annual income for a family within the county in which the housing is located;

or

(b) occupied by a family whose annual income is at or below 80% of the median annual income for a family within the county in which the housing is located.

(33) "Incremental value" means a figure derived by multiplying the marginal value of the property located within a project area on which tax increment is collected by a number that represents the adjusted tax increment from that project area that is paid to the agency.

(34) "Loan fund board" means the Olene Walker Housing Loan Fund Board, established under Title 35A, Chapter 8, Part 5, Olene Walker Housing Loan Fund.

(35)(a) "Local government building" means a building owned and operated by a community for the primary purpose of providing one or more primary community functions, including:

(i) a fire station;

(ii) a police station;

(iii) a city hall; or

(iv) a court or other judicial building.

(b) "Local government building" does not include a building the primary purpose of which is cultural or recreational in nature.

(36) "Low-income individual" means the same as that term is defined in Section 35A-8-504.5.

~~(37)~~ (37) "Major transit investment corridor" means the same as that term is defined in Section 10-9a-103.

~~[(37)]~~ (38) "Marginal value" means the difference between actual taxable value and base taxable value.

~~[(38)]~~ (39) "Military installation project area" means a project area or a portion of a project area located within a federal military installation ordered closed by the federal Defense Base Realignment and Closure Commission.

~~[(39)]~~ (40) "Municipality" means a city or town.

(41) "Non-profit housing fund" means:

(a) an organization that meets the definition of "housing organization" in Section

35A-8-2401;

(b) a registered nonprofit that assists veterans or individuals who work in public service to achieve homeownership in the state;

(c) a registered nonprofit that:

(i) assists low-income individuals or families who would qualify for income targeted housing to achieve homeownership in the state; and

(ii) provides direct support to help a low-income individual or a family eligible for income targeted housing to retain ownership of a home, including through rehabilitation services, lending for rehabilitation, or foreclosure mitigation counseling that results in retention of the home, refinancing, or a reverse mortgage;

(d) a registered nonprofit that partners with a community to promote affordable housing for the workforce in that community; or

(e) a registered nonprofit established to administer housing programs on behalf of an association representing 10 or more counties in the state.

[(40)] (42) "Participant" means one or more persons that enter into a participation agreement with an agency.

[(41)] (43) "Participation agreement" means a written agreement between a person and an agency under Subsection 17C-1-202(5).

[(42)] (44) "Plan hearing" means the public hearing on a proposed project area plan required under Subsection 17C-2-102(1)(a)(vi) for an urban renewal project area plan, Subsection 17C-3-102(1)(d) for an economic development project area plan, Subsection 17C-4-102(1)(d) for a community development project area plan, or Subsection 17C-5-104(3)(e) for a community reinvestment project area plan.

[(43)] (45) "Post-June 30, 1993, project area plan" means a project area plan adopted on or after July 1, 1993, and before May 10, 2016, whether or not amended subsequent to the project area plan's adoption.

[(44)] (46) "Pre-July 1, 1993, project area plan" means a project area plan adopted before July 1, 1993, whether or not amended subsequent to the project area plan's adoption.

[(45)] (47) "Private," with respect to real property, means property not owned by a public entity or any other governmental entity.

[(46)] (48) "Project area" means the geographic area described in a project area plan within which the project area development described in the project area plan takes place or is proposed to take place.

[(47)] (49) "Project area budget" means a multiyear projection of annual or cumulative

revenues and expenses and other fiscal matters pertaining to a project area prepared in accordance with:

- (a) for an urban renewal project area, Section 17C-2-201;
- (b) for an economic development project area, Section 17C-3-201;
- (c) for a community development project area, Section 17C-4-204; or
- (d) for a community reinvestment project area, Section 17C-5-302.

~~[(48)]~~ (50) "Project area development" means activity within a project area that, as determined by the board, encourages, promotes, or provides development or redevelopment for the purpose of implementing a project area plan, including:

- (a) promoting, creating, or retaining public or private jobs within the state or a community;
- (b) providing office, manufacturing, warehousing, distribution, parking, or other facilities or improvements;
- (c) planning, designing, demolishing, clearing, constructing, rehabilitating, or remediating environmental issues;
- (d) providing residential, commercial, industrial, public, or other structures or spaces, including recreational and other facilities incidental or appurtenant to the structures or spaces;
- (e) altering, improving, modernizing, demolishing, reconstructing, or rehabilitating existing structures;
- (f) providing open space, including streets or other public grounds or space around buildings;
- (g) providing public or private buildings, infrastructure, structures, or improvements;
- (h) relocating a business;
- (i) improving public or private recreation areas or other public grounds;
- (j) eliminating a development impediment or the causes of a development impediment;
- (k) redevelopment as defined under the law in effect before May 1, 2006; or
- (l) any activity described in this Subsection ~~[(48)]~~ (50) outside of a project area that the board determines to be a benefit to the project area.

~~[(49)]~~ (51) "Project area funds" means tax increment or sales and use tax revenue that an agency receives under a project area budget adopted by a taxing entity committee or an interlocal agreement.

~~[(50)]~~ (52) "Project area funds collection period" means the period of time that:

- (a) begins the day on which the first payment of project area funds is distributed to an

369 agency under a project area budget approved by a taxing entity committee or an
370 interlocal agreement; and

371 (b) ends the day on which the last payment of project area funds is distributed to an
372 agency under a project area budget approved by a taxing entity committee or an
373 interlocal agreement.

374 [~~(51)~~] (53) "Project area plan" means an urban renewal project area plan, an economic
375 development project area plan, a community development project area plan, or a
376 community reinvestment project area plan that, after the project area plan's effective
377 date, guides and controls the project area development.

378 [~~(52)~~] (54)(a) "Property tax" means each levy on an ad valorem basis on tangible or
379 intangible personal or real property.

380 (b) "Property tax" includes a privilege tax imposed under Title 59, Chapter 4, Privilege
381 Tax.

382 [~~(53)~~] (55) "Public entity" means:

383 (a) the United States, including an agency of the United States;

384 (b) the state, including any of the state's departments or agencies; or

385 (c) a political subdivision of the state, including a county, municipality, school district,
386 special district, special service district, community reinvestment agency, or interlocal
387 cooperation entity.

388 [~~(54)~~] (56) "Publicly owned infrastructure and improvements" means water, sewer, storm
389 drainage, electrical, natural gas, telecommunication, or other similar systems and lines,
390 streets, roads, curb, gutter, sidewalk, walkways, parking facilities, public transportation
391 facilities, or other facilities, infrastructure, and improvements benefitting the public and
392 to be publicly owned or publicly maintained or operated.

393 [~~(55)~~] (57) "Record property owner" or "record owner of property" means the owner of real
394 property, as shown on the records of the county in which the property is located, to
395 whom the property's tax notice is sent.

396 [~~(56)~~] (58) "Sales and use tax revenue" means revenue that is:

397 (a) generated from a tax imposed under Title 59, Chapter 12, Sales and Use Tax Act; and

398 (b) distributed to a taxing entity in accordance with Sections 59-12-204 and 59-12-205.

399 [~~(57)~~] (59) "Superfund site":

400 (a) means an area included in the National Priorities List under the Comprehensive
401 Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. Sec.
402 9605; and

(b) includes an area formerly included in the National Priorities List, as described in Subsection ~~[(57)(a)]~~ (59)(a), but removed from the list following remediation that leaves on site the waste that caused the area to be included in the National Priorities List.

~~[(58)]~~ (60) "Survey area" means a geographic area designated for study by a survey area resolution to determine whether:

(a) one or more project areas within the survey area are feasible; or

(b) a development impediment exists within the survey area.

~~[(59)]~~ (61) "Survey area resolution" means a resolution adopted by a board that designates a survey area.

~~[(60)]~~ (62) "Taxable value" means:

(a) the taxable value of all real property a county assessor assesses in accordance with Title 59, Chapter 2, Part 3, County Assessment, for the current year;

(b) the taxable value of all real and personal property the commission assesses in accordance with Title 59, Chapter 2, Part 2, Assessment of Property, for the current year; and

(c) the year end taxable value of all personal property a county assessor assesses in accordance with Title 59, Chapter 2, Part 3, County Assessment, contained on the prior year's tax rolls of the taxing entity.

~~[(61)]~~ (63)(a) "Tax increment" means the difference between:

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

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

(b) "Tax increment" does not include taxes levied and collected under Section 59-2-1602 on or after January 1, 1994, upon the taxable property in the project area unless:

(i) the project area plan was adopted before May 4, 1993, whether or not the project area plan was subsequently amended; and

(ii) the taxes were pledged to support bond indebtedness or other contractual obligations of the agency.

437 [(62)] (64) "Taxing entity" means a public entity that:

438 (a) levies a tax on property located within a project area; or

439 (b) imposes a sales and use tax under Title 59, Chapter 12, Sales and Use Tax Act.

440 [(63)] (65) "Taxing entity committee" means a committee representing the interests of

441 taxing entities, created in accordance with Section 17C-1-402.

442 [(64)] (66) "Unincorporated" means not within a municipality.

443 [(65)] (67) "Urban renewal project area plan" means a project area plan adopted under

444 Chapter 2, Part 1, Urban Renewal Project Area Plan.

445 (68) "Veteran" means the same as that term is defined in Section 68-3-12.5.

446 Section 3. Section **17C-1-202** is amended to read:

447 **17C-1-202 . Agency powers.**

448 (1) An agency may:

449 (a) sue and be sued;

450 (b) enter into contracts generally;

451 (c) buy, obtain an option upon, acquire by gift, or otherwise acquire any interest in real
452 or personal property;

453 (d) hold, sell, convey, grant, gift, or otherwise dispose of any interest in real or personal
454 property;

455 (e) own, hold, maintain, utilize, manage, or operate real or personal property, which may
456 include the use of agency funds or the collection of revenue;

457 (f) enter into a lease agreement on real or personal property, either as lessee or lessor;

458 (g) provide for project area development as provided in this title;

459 (h) receive and use agency funds as provided in this title;

460 (i) if disposing of or leasing land, retain controls or establish restrictions and covenants
461 running with the land consistent with the project area plan;

462 (j) accept financial or other assistance from any public or private source for the agency's
463 activities, powers, and duties, and expend any funds the agency receives for any
464 purpose described in this title;

465 (k) borrow money or accept financial or other assistance from a public entity or any
466 other source for any of the purposes of this title and comply with any conditions of
467 any loan or assistance;

468 (l) issue bonds to finance the undertaking of any project area development or for any of
469 the agency's other purposes, including:

470 (i) reimbursing an advance made by the agency or by a public entity to the agency;

- (ii) refunding bonds to pay or retire bonds previously issued by the agency; and
- (iii) refunding bonds to pay or retire bonds previously issued by the community that created the agency for expenses associated with project area development;
- (m) pay an impact fee, exaction, or other fee imposed by a community in connection with land development;
- (n) subject to Part 10, Agency Taxing Authority, levy a property tax; or
- (o) transact other business and exercise all other powers described in this title.
- (2) The establishment of controls or restrictions and covenants under Subsection (1)(i) is a public purpose.
- (3) An agency may acquire real property under Subsection (1)(c) that is outside a project area only if the board determines that the property will benefit a project area.
- (4) An agency is not subject to Section 10-8-2 or 17-50-312.
- (5)(a) An agency may, subject to Subsection (5)(c), enter into ~~[an]~~ a participation agreement with a person to govern the development the person will undertake within a project area.
- (b) ~~[An]~~ A participation agreement under Subsection (5)(a) shall include a description of:
- (i) the project area development that the person will undertake;
- (ii) the amount of project area funds the agency agrees to pay to the person to facilitate the development; and
- (iii) the terms and conditions under which the agency agrees to pay project area funds to the person.
- (c)(i) ~~[An]~~ A participation agreement under Subsection (5)(a) is subject to board approval by resolution of the board.
- (ii) A resolution under Subsection (5)(c)(i) shall include a finding by the board describing how the project area development described in the participation agreement will contribute to achieving the goals, policies, and purposes of the project area plan.
- (d)(i) Beginning on May 7, 2025, any participation agreement under this Subsection (5) shall include a provision authorizing the agency to use funding that would otherwise be provided to the participant to pay a participant's delinquent property tax or privilege tax or resolve a political subdivision lien against the participant, as described in Subsection 17C-1-409(6).
- (ii) An agency that has entered into a participation agreement before May 7, 2025, shall, as soon as reasonably practical, enter into an amendment to the participation

505 agreement with a participant to include a provision authorizing the agency to use
506 funding that would otherwise be provided to the participant to pay a participant's
507 delinquent property tax or privilege tax or resolve a political subdivision lien
508 against the participant, as described in Subsection 17C-1-409(6).

509 Section 4. Section **17C-1-409** is amended to read:

510 **17C-1-409 . Allowable uses of agency funds.**

511 (1)(a) An agency may use agency funds:

512 (i) for any purpose authorized under this title;

513 (ii) for administrative, overhead, legal, or other operating expenses of the agency,
514 including consultant fees and expenses under Subsection 17C-2-102(1)(b)(ii)(B)
515 or funding for a business resource center;

516 (iii) subject to Section 11-41-103, to pay for, including financing or refinancing, all
517 or part of:

518 (A) project area development in a project area, including environmental
519 remediation activities occurring before or after adoption of the project area
520 plan;

521 (B) housing-related expenditures, projects, or programs as described in Section
522 17C-1-411 or 17C-1-412;

523 (C) an incentive or other consideration paid to a participant under a participation
524 agreement, subject to Subsection (6);

525 (D) subject to Subsections (1)(c) and (4), the value of the land for and the cost of
526 the installation and construction of any publicly owned building, facility,
527 structure, landscaping, or other improvement within the project area from
528 which the project area funds are collected; or

529 (E) the cost of the installation of publicly owned infrastructure and improvements
530 outside the project area from which the project area funds are collected if the
531 board and the community legislative body determine by resolution that the
532 publicly owned infrastructure and improvements benefit the project area;

533 (iv) in an urban renewal project area that includes some or all of an inactive industrial
534 site and subject to Subsection (1)(e), to reimburse the Department of
535 Transportation created under Section 72-1-201, or a public transit district created
536 under Title 17B, Chapter 2a, Part 8, Public Transit District Act, for the cost of:

537 (A) construction of a public road, bridge, or overpass;

538 (B) relocation of a railroad track within the urban renewal project area; or

- 539 (C) relocation of a railroad facility within the urban renewal project area;
- 540 (v) subject to Subsection (5), to transfer funds to a community that created the
- 541 agency; or
- 542 (vi) subject to Subsection (1)(f), for agency-wide project development under Part 10,
- 543 Agency Taxing Authority.
- 544 (b) The determination of the board and the community legislative body under Subsection
- 545 (1)(a)(iii)(E) regarding benefit to the project area shall be final and conclusive.
- 546 (c) An agency may not use project area funds received from a taxing entity for the
- 547 purposes stated in Subsection (1)(a)(iii)(D) under an urban renewal project area plan,
- 548 an economic development project area plan, or a community reinvestment project
- 549 area plan without the community legislative body's consent.
- 550 (d)(i) Subject to Subsection (1)(d)(ii), an agency may loan project area funds from a
- 551 project area fund to another project area fund if:
- 552 (A) the board approves; and
- 553 (B) the community legislative body approves.
- 554 (ii) An agency may not loan project area funds under Subsection (1)(d)(i) unless the
- 555 projections for agency funds are sufficient to repay the loan amount.
- 556 (iii) A loan described in this Subsection (1)(d) is not subject to Title 10, Chapter 5,
- 557 Uniform Fiscal Procedures Act for Utah Towns, Title 10, Chapter 6, Uniform
- 558 Fiscal Procedures Act for Utah Cities, Title 17, Chapter 36, Uniform Fiscal
- 559 Procedures Act for Counties, or Title 17B, Chapter 1, Part 6, Fiscal Procedures for
- 560 Special Districts.
- 561 (e) Before an agency may pay any tax increment or sales tax revenue under Subsection
- 562 (1)(a)(iv), the agency shall enter into an interlocal agreement defining the terms of
- 563 the reimbursement with:
- 564 (i) the Department of Transportation; or
- 565 (ii) a public transit district.
- 566 (f) Before an agency may use project area funds for agency-wide project development,
- 567 as defined in Section 17C-1-1001, the agency shall obtain the consent of the taxing
- 568 entity committee or each taxing entity party to an interlocal agreement with the
- 569 agency.
- 570 (2)(a) Sales and use tax revenue that an agency receives from a taxing entity is not
- 571 subject to the prohibition or limitations of Title 11, Chapter 41, Prohibition on Retail
- 572 Facility Incentive Payments Act.

(b) An agency may use sales and use tax revenue that the agency receives under an interlocal agreement under Section 17C-4-201 or 17C-5-204 for the uses authorized in the interlocal agreement.

(3)(a) An agency may contract with the community that created the agency or another public entity to use agency funds to reimburse the cost of items authorized by this title to be paid by the agency that are paid by the community or other public entity.

(b) If land is acquired or the cost of an improvement is paid by another public entity and the land or improvement is leased to the community, an agency may contract with and make reimbursement from agency funds to the community.

(4) Notwithstanding any other provision of this title, an agency may not use project area funds, project area incremental revenue as defined in Section 17C-1-1001, or property tax revenue as defined in Section 17C-1-1001, to construct a local government building unless the taxing entity committee or each taxing entity party to an interlocal agreement with the agency consents.

(5) For the purpose of offsetting the community's annual local contribution to the Homeless Shelter Cities Mitigation Restricted Account, the total amount an agency transfers in a calendar year to a community under Subsections (1)(a)(v), 17C-1-411(1)(d), and 17C-1-412(1)(a)(x) may not exceed the community's annual local contribution as defined in Subsection 59-12-205(4).

(6)(a) Before providing tax increment funding to a private participant pursuant to a participation agreement, an agency shall confirm with the county in which the agency operates that:

(i) the participant is not delinquent on property tax;

(ii) the participant is not delinquent on privilege tax; or

(iii) the participant is not subject to a political subdivision lien for past due fees or charges.

(b) If an agency determines a participant is delinquent on property tax or privilege tax or subject to a political subdivision lien as described in Subsection (6)(a), an agency:

(i) may provide tax increment funding that would otherwise be provided directly to the participant to:

(A) the county, in the amount the private entity is delinquent for property tax or privilege tax; and

(B) the political subdivision holding the political subdivision lien, in the amount necessary to resolve the political subdivision lien; and

- (ii) may not provide any of the funding that would otherwise be provided directly to the participant under the participation agreement until the participant is no longer delinquent on property tax or privilege tax or subject to a political subdivision lien.

Section 5. Section **17C-1-412** is amended to read:

17C-1-412 . Use of housing allocation -- Separate accounting required -- Issuance of bonds for housing -- Action to compel agency to provide housing allocation.

(1)(a) An agency shall use the agency's housing allocation to:

- (i) pay part or all of the cost of land or construction of income targeted housing within the boundary of the agency, if practicable in a mixed income development or area;
- (ii) pay part or all of the cost of rehabilitation of income targeted housing within the boundary of the agency;
- (iii) lend, grant, or contribute money to a person, public entity, housing authority, private entity or business, or nonprofit corporation for income targeted housing within the boundary of the agency;
- (iv) plan or otherwise promote income targeted housing within the boundary of the agency;
- (v) pay part or all of the cost of land or installation, construction, or rehabilitation of any building, facility, structure, or other housing improvement, including infrastructure improvements, related to housing located in a project area where a board has determined that a development impediment exists;
- (vi) replace housing units lost as a result of the project area development;
- (vii) make payments on or establish a reserve fund for bonds:
 - (A) issued by the agency, the community, or the housing authority that provides income targeted housing within the community; and
 - (B) all or part of the proceeds of which are used within the community for the purposes stated in Subsection (1)(a)(i), (ii), (iii), (iv), (v), or (vi);
- (viii) if the community's fair share ratio at the time of the first adoption of the project area budget is at least 1.1 to 1.0, make payments on bonds:
 - (A) that were previously issued by the agency, the community, or the housing authority that provides income targeted housing within the community; and
 - (B) all or part of the proceeds of which were used within the community for the purposes stated in Subsection (1)(a)(i), (ii), (iii), (iv), (v), or (vi);
- (ix) relocate mobile home park residents displaced by project area development;

(x) subject to Subsection (7), transfer funds to a community that created the agency;
or

(xi) pay for or make a contribution toward the acquisition, construction, or
rehabilitation of housing that:

(A) is located in the same county as the agency;

(B) is owned in whole or in part by, or is dedicated to supporting, a public
nonprofit college or university; and

(C) only students of the relevant college or university, including the students'
immediate families, occupy.

(b) As an alternative to the requirements of Subsection (1)(a), an agency may pay all or
any portion of the agency's housing allocation to:

(i) the community for use as described in Subsection (1)(a);

(ii) a housing authority that provides income targeted housing within the community
for use in providing income targeted housing within the community;

(iii) a housing authority established by the county in which the agency is located for
providing:

(A) income targeted housing within the county;

(B) permanent housing, permanent supportive housing, or a transitional facility, as
defined in Section 35A-5-302, within the county; or

(C) homeless assistance within the county;

(iv) the Olene Walker Housing Loan Fund, established under Title 35A, Chapter 8,
Part 5, Olene Walker Housing Loan Fund, for use in providing income targeted
housing within the community;

(v) pay for or make a contribution toward the acquisition, construction, or
rehabilitation of income targeted housing that is outside of the community if the
housing is located along or near a major transit investment corridor that services
the community and the related project has been approved by the community in
which the housing is or will be located;

(vi) pay for or make a contribution toward the acquisition, construction, or
rehabilitation of income targeted housing that is outside of the [community]
boundary of the agency if there is an interlocal agreement between the agency and
the receiving community; [or]

(vii) pay for or make a contribution toward the expansion of child care facilities
within the boundary of the agency, provided that any recipient of funds from the

- agency's housing allocation reports annually to the agency on how the funds were used[-] ; or
- (viii) a non-profit housing fund, for use in assisting individuals or families within the community to achieve homeownership or retain homeownership, in accordance with:
- (A) the mission of the non-profit housing fund; and
- (B) a written agreement between the non-profit housing fund and the agency, governing appropriate uses of housing allocation funds.
- (2)(a) An agency may combine all or any portion of the agency's housing allocation with all or any portion of one or more additional agency's housing allocations if the agencies execute an interlocal agreement in accordance with Title 11, Chapter 13, Interlocal Cooperation Act.
- (b) An agency that has entered into an interlocal agreement as described in Subsection (2)(a), meets the requirements of Subsection (1)(a) or (1)(b) if the use of the housing allocation meets the requirements for at least one agency that is a party to the interlocal agreement.
- (3) The agency shall create a housing fund and separately account for the agency's housing allocation, together with all interest earned by the housing allocation and all payments or repayments for loans, advances, or grants from the housing allocation.
- (4) An agency may:
- (a) issue bonds to finance a housing-related project under this section, including the payment of principal and interest upon advances for surveys and plans or preliminary loans; and
- (b) issue refunding bonds for the payment or retirement of bonds under Subsection (4)(a) previously issued by the agency.
- (5)(a) Except as provided in Subsection (5)(b), an agency shall allocate money to the housing fund each year in which the agency receives sufficient tax increment to make a housing allocation required by the project area budget.
- (b) Subsection (5)(a) does not apply in a year in which tax increment is insufficient.
- (6)(a) Except as provided in Subsection (5)(b), if an agency fails to provide a housing allocation in accordance with the project area budget and the housing plan adopted under Subsection 17C-2-204(2), the loan fund board may bring legal action to compel the agency to provide the housing allocation.
- (b) In an action under Subsection (6)(a), the court:

(i) shall award the loan fund board reasonable attorney fees, unless the court finds that the action was frivolous; and

(ii) may not award the agency the agency's attorney fees, unless the court finds that the action was frivolous.

(7) For the purpose of offsetting the community's annual local contribution to the Homeless Shelter Cities Mitigation Restricted Account, the total amount an agency transfers in a calendar year to a community under Subsections (1)(a)(x), 17C-1-409(1)(a)(v), and 17C-1-411(1)(d) may not exceed the community's annual local contribution as defined in Subsection 59-12-205(4).

(8) An agency shall spend, encumber, or allot the money contributed to the housing fund under Subsection (5)(a) within six years from the day on which the agency first receives the money.

Section 6. Section **17C-1-1001** is amended to read:

17C-1-1001 . Definitions.

As used in this part:

(1)(a) "Agency-wide project development" means activity within the agency's boundaries that, as determined by the board, encourages, promotes, or provides development or redevelopment for the purpose of achieving the results described in an implementation plan, including affordable housing.

(b) "Agency-wide project development" does not include project area development under a project area plan.

(2) "Certified tax rate" means the same as that term is defined in Section 59-2-924.

(3) "Cooperative development project" means project area development with impacts that extend beyond an agency's geographic boundaries to the benefit of two or more communities.

(4) "Economic development project" means project area development for the purpose of:

(a) creating, developing, attracting, and retaining business;

(b) creating or preserving jobs;

(c) stimulating business and economic activity; or

(d) providing a local incentive as required by the Governor's Office of Economic Opportunity under Title 63N, Economic Opportunity Act.

(5) "Eligible taxing entity" means a taxing entity that:

(a) is a municipality, a county, or a school district; and

(b) contains an agency partially or completely within the taxing entity's geographic

743 boundaries.

744 (6) "Final tax rate" means:

745 (a) the certified rate; or

746 (b) if the agency adopts a rate that is different than the certified rate, the rate the agency
747 adopts in accordance with the provisions of Title 59, Chapter 2, Part 9, Levies.

748 ~~[(6)]~~ (7) "Implementation plan" means a plan adopted in accordance with Section

749 17C-1-1004 that:

750 (a) describes how the agency uses property tax revenue; and

751 (b) guides and controls agency-wide project development.

752 ~~[(7)]~~ (8) "Project area incremental revenue" means the amount of revenue generated by the
753 incremental value that a taxing entity receives after a project area funds collection period
754 ends.

755 ~~[(8)]~~ (9) "Property tax revenue" means the amount of revenue generated by an agency from
756 the property within the agency using the current taxable value of the property and the
757 agency's ~~[eertified]~~ final tax rate.

758 **Section 7. Effective Date.**

759 This bill takes effect on May 7, 2025.