

HOUSING AND TRANSIT REINVESTMENT ZONE ACT

2021 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Wayne A. Harper

House Sponsor: _____

LONG TITLE**General Description:**

This bill enacts the Housing and Transit Reinvestment Zone Act.

Highlighted Provisions:

This bill:

- ▶ enacts the Housing and Transit Reinvestment Zone Act;
- ▶ defines terms;
- ▶ establishes objectives and requirements for a municipality to create a housing and transit reinvestment zone to capture tax increment revenue within a defined area around a commuter rail station;
- ▶ requires a municipality to submit a housing and transit reinvestment zone proposal to the Governor's Office of Economic Development;
- ▶ requires the Governor's Office of Economic Development to initiate an analysis of the feasibility, efficiency, rate of return, and other aspects of the proposed housing and transit reinvestment zone;
- ▶ creates and defines membership of a committee to review the proposed housing and transit reinvestment zone;
- ▶ requires the committee to evaluate the proposed housing and transit reinvestment zone and approve if certain criteria are met;
- ▶ requires participation from local taxing entities if the housing and transit reinvestment zone proposal meets the statutory requirements and is approved by the



committee;

- defines permitted uses and administration of tax increment revenue generated pursuant to the housing and transit reinvestment zone;

- amends provisions related to prioritization of certain funds related to transportation for a project that is part of an housing and transit reinvestment zone; and

- makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

72-1-102, as last amended by Laws of Utah 2020, Chapters 243 and 377

72-1-304, as last amended by Laws of Utah 2020, Chapter 377

72-2-201, as last amended by Laws of Utah 2020, Chapter 366

ENACTS:

63N-3-601, Utah Code Annotated 1953

63N-3-602, Utah Code Annotated 1953

63N-3-603, Utah Code Annotated 1953

63N-3-604, Utah Code Annotated 1953

63N-3-605, Utah Code Annotated 1953

63N-3-606, Utah Code Annotated 1953

63N-3-607, Utah Code Annotated 1953

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

Section 1. Section **63N-3-601** is enacted to read:

Part 6. Housing and Transit Reinvestment Zone Act

63N-3-601. Title.

This part is known as the "Housing and Transit Reinvestment Zone Act."

Section 2. Section **63N-3-602** is enacted to read:

63N-3-602. Definitions.

As used in this part:

(1) "Affordable housing" means the same as that term is defined in Section [11-38-102](#).

(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 determined by the last equalized tax roll before the adoption of the housing and transit reinvestment zone.

(5) (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.

(6) "Commuter rail station" means an existing or proposed station, stop, or terminal along a commuter rail line.

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

(8) "Enhanced development" means the construction of housing, mixed uses including housing, commercial uses, and related facilities, at an average density of 50 dwelling units or more per acre of the developable acres.

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

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

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

(12) "Housing and transit reinvestment zone committee" means a housing and transit reinvestment committee created pursuant to Section [63N-3-605](#).

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

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

(15) "Mixed use development" means development with a mix of multi-family residential use and at least one additional land use.

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

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

(18) "Participation agreement" means the same as that term is defined in Section 17C-1-102.

(19) "Tax increment" means the difference between:

(a) 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 plan 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) 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.

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

(21) "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 3. Section **63N-3-603** is enacted 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;

(c) conservation of water resources through efficient land use;

121 (d) improving air quality by reducing fuel consumption and motor vehicle trips;

122 (e) encouraging transformative mixed-use development and investment in
123 transportation and public transit infrastructure in strategic areas;

124 (f) strategic land use and municipal planning in major transit investment corridors as
125 described in Section 10-9a-403; and

126 (g) increasing access to employment and educational opportunities.

127 (2) In order to accomplish the objectives described in Subsection (1), a municipality
128 that initiates the process to create a housing and transit reinvestment zone as described in this
129 part shall ensure that the proposed plan for a housing and transit reinvestment zone includes:

130 (a) except as provided in Subsection (3), at least 10% of the proposed housing units
131 within the housing and transit reinvestment zone are affordable housing units;

132 (b) a dedication of at least 51% of the developable acreage within the housing and
133 transit reinvestment zone to residential development with a minimum of 50 multi-family
134 dwelling units per acre; and

135 (c) mixed-use development.

136 (3) A municipality that, at the time the housing and transit reinvestment zone plan is
137 approved by the housing and transit reinvestment zone committee, meets the affordable
138 housing guidelines of the United States Department of Housing and Urban Development at
139 60% area median income is exempt from the requirement described in Subsection (2)(a).

140 (4) A municipality may only propose a housing and transit reinvestment zone that:

141 (a) creates a housing and transit reinvestment zone area that, subject to Subsection (5):

142 (i) does not exceed a 1/3 mile radius of a commuter rail station; and

143 (ii) has a total area of no more than 125 noncontiguous square acres;

144 (b) subject to Section 63N-3-607, proposes the capture of a maximum of 80% of each
145 taxing entity's tax increment above the base year for a term no more than 25 years within a 45
146 year period; and

147 (c) the commencement of collection of tax increment, for all or a portion of the
148 housing and transit reinvestment zone, will be triggered by providing notice as described in
149 Subsection 17C-1-416(2)(a)(ii), within five years of the date of approval of the housing and
150 transit reinvestment zone.

151 (5) If a parcel is bisected by the 1/3 mile radius, 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).

Section 4. Section **63N-3-604** is enacted 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 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) defines the specific transportation infrastructure need, if any, and proposed improvements;

(ii) defines the boundaries of the housing and transit reinvestment zone;

(iii) describes the proposed development plan, including the requirements described in Section 63N-3-603;

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

(v) describes projected revenues generated from each taxing entity and proposed expenditures of revenue derived from the housing and transit reinvestment zone; and

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

(2) Before submitting the proposed housing and transit reinvestment zone to the Governor's Office of Economic Development as described in Subsection (1)(b), the municipality 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 construction.

(3) (a) After receiving the proposal as described in Subsection (1)(b), the Governor's Office of Economic Development shall, at the expense of the proposing municipality, contract with an independent entity to perform the gap analysis described in Subsection (3)(b).

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

183 (i) a market analysis relative to other comparable project developments absent the
184 proposed housing and transit reinvestment zone;
185 (ii) an evaluation to determine the adequacy and efficiency of proposed:
186 (A) lease and rental rates;
187 (B) operation and maintenance expenditures;
188 (C) project costs and required market rates of return;
189 (D) financing requirements for debt and equity components;
190 (E) capture levels of tax increment; and
191 (F) time constraints on the duration of the housing and transit reinvestment zone; and
192 (iii) based on the market analysis and other findings, an opinion relative to the amount
193 of potential public financing necessary to achieve the overall financing requirements of the
194 proposed housing and transit reinvestment zone.

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

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

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

204 Section 5. Section **63N-3-605** is enacted to read:

205 **63N-3-605. Housing and Transit Reinvestment Zone Committee -- Creation.**

206 (1) For any housing and transit reinvestment zone proposed under this part, there is
207 created a housing and transit reinvestment zone committee with membership described in
208 Subsection (2).

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

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

213 (b) one representative from each city that is a party to the proposed housing and transit

reinvestment zone, designated by the chief executive officer of each respective city;

(c) one representative from the Department of Transportation created in Section 72-1-201, designated by the executive director of the Department of Transportation;

(d) one representative from a large public transit district that serves the proposed housing and transit reinvestment zone area, designated by the chair of the board of trustees large public transit district;

(e) one representative of each relevant metropolitan planning organization, designated by the chair of the metropolitan planning organization;

(f) one member designated by the president of the Senate;

(g) one member designated by the speaker of the House of Representatives;

(h) one member designated by the chair of the State Board of Education;

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

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

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

(3) The individual designated by the Governor's Office of Economic 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 Development receives the results of the analysis described in Section 63N-3-604, and after the Governor's Office of Economic Development has received a request from the submitting municipality to submit the housing and transit reinvestment zone proposal to the housing and transit reinvestment zone committee, the Governor's Office of Economic Development 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 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) The housing and transit reinvestment zone committee may:

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

(b) vote to approve or deny the proposal.

(9) If approved by the committee:

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

(b) affected local taxing entities are required to participate according to the terms of the housing and transit reinvestment zone proposal.

Section 6. Section **63N-3-606** is enacted to read:

63N-3-606. Notice requirements.

(1) In approving a housing and transit reinvestment zone proposal the housing and transit reinvestment zone committee shall follow the hearing and notice requirements for creating a housing and transit reinvestment zone area plan and budget.

(2) Within 30 days after the housing and transit reinvestment zone committee approves a proposed housing and transit reinvestment zone, the municipality shall:

(a) record with the recorder of the county in which the housing and transit reinvestment zone is located a document containing:

(i) a description of the land within the housing and transit reinvestment zone;

(ii) a statement that the proposed housing and transit reinvestment zone has been approved; and

(iii) the date of adoption;

(b) transmit a copy of the description of the land within the housing and transit reinvestment zone and an accurate map or plat indicating the boundaries of the housing and transit reinvestment zone to the Automated Geographic Reference Center created under Section 63F-1-506; and

(c) transmit a copy of the approved housing and transit reinvestment zone plan, map, and description of the land within the housing and transit reinvestment zone, to:

(i) the auditor, recorder, attorney, surveyor, and assessor of the county in which any part of the housing and transit reinvestment zone is located;

(ii) the officer or officers performing the function of auditor or assessor for each taxing entity that does not use the county assessment roll or collect the taxing entity's taxes through the county;

(iii) the legislative body or governing board of each taxing entity;

(iv) the State Tax Commission; and

(v) the State Board of Education.

Section 7. Section **63N-3-607** is enacted to read:

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

(1) A municipality 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 any tax increment the municipality is authorized to receive.

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

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

(3) (a) A municipality 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 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) structured parking within the housing and transit reinvestment zone;

(b) increased building and infrastructure costs caused by densification;

(c) horizontal construction costs;

(d) vertical construction costs;

(e) income targeted housing costs; or

(f) the costs of the municipality to create and administer the housing and transit reinvestment zone, which may not exceed 1% of the total housing and transit reinvestment zone funds.

(5) Housing and transit reinvestment zone funds may be paid to a participant, if the housing and transit reinvestment zone 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 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 may create one or more public infrastructure districts within the housing and transit reinvestment zone under Title 17B, Chapter 2a, Part 12, 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 8. Section **72-1-102** is amended to read:

72-1-102. Definitions.

As used in this title:

(1) "Circulator alley" means a publicly owned passageway:

(a) with a right-of-way width of 20 feet or greater;

(b) located within a master planned community;
(c) established by the city having jurisdictional authority as part of the street network for traffic circulation that may also be used for:

- (i) garbage collection;
- (ii) access to residential garages; or
- (iii) access rear entrances to a commercial establishment; and
- (d) constructed with a bituminous or concrete pavement surface.

(2) "Commission" means the Transportation Commission created under Section 72-1-301.

(3) "Construction" means the construction, reconstruction, replacement, and improvement of the highways, including the acquisition of rights-of-way and material sites.

(4) "Department" means the Department of Transportation created in Section 72-1-201.

(5) "Executive director" means the executive director of the department appointed under Section 72-1-202.

(6) "Farm tractor" has the meaning set forth in Section 41-1a-102.

(7) "Federal aid primary highway" means that portion of connected main highways located within this state officially designated by the department and approved by the United States Secretary of Transportation under Title 23, Highways, U.S.C.

(8) "Highway" means any public road, street, alley, lane, court, place, viaduct, tunnel, culvert, bridge, or structure laid out or erected for public use, or dedicated or abandoned to the public, or made public in an action for the partition of real property, including the entire area within the right-of-way.

(9) "Highway authority" means the department or the legislative, executive, or governing body of a county or municipality.

(10) "Housing and transit reinvestment zone" means the same as that term is defined in Section 63N-3-602.

~~[(10)]~~ (11) "Implement of husbandry" has the meaning set forth in Section 41-1a-102.

~~[(11)]~~ (12) "Interstate system" means any highway officially designated by the department and included as part of the national interstate and defense highways, as provided in the Federal Aid Highway Act of 1956 and any supplemental acts or amendments.

~~[(12)]~~ (13) "Limited-access facility" means a highway especially designated for

through traffic, and over, from, or to which neither owners nor occupants of abutting lands nor other persons have any right or easement, or have only a limited right or easement of access, light, air, or view.

~~[(13)]~~ (14) "Master planned community" means a land use development:

(a) designated by the city as a master planned community; and

(b) comprised of a single development agreement for a development larger than 500 acres.

~~[(14)]~~ (15) "Motor vehicle" has the same meaning set forth in Section 41-1a-102.

~~[(15)]~~ (16) "Municipality" has the same meaning set forth in Section 10-1-104.

~~[(16)]~~ (17) "National highway systems highways" means that portion of connected main highways located within this state officially designated by the department and approved by the United States Secretary of Transportation under Title 23, Highways, U.S.C.

~~[(17)]~~ (18) (a) "Port-of-entry" means a fixed or temporary facility constructed, operated, and maintained by the department where drivers, vehicles, and vehicle loads are checked or inspected for compliance with state and federal laws as specified in Section 72-9-501.

(b) "Port-of-entry" includes inspection and checking stations and weigh stations.

~~[(18)]~~ (19) "Port-of-entry agent" means a person employed at a port-of-entry to perform the duties specified in Section 72-9-501.

~~[(19)]~~ (20) "Public transit" means the same as that term is defined in Section 17B-2a-802.

~~[(20)]~~ (21) "Public transit facility" means a transit vehicle, transit station, depot, passenger loading or unloading zone, parking lot, or other facility:

(a) leased by or operated by or on behalf of a public transit district; and

(b) related to the public transit services provided by the district, including:

(i) railway or other right-of-way;

(ii) railway line; and

(iii) a reasonable area immediately adjacent to a designated stop on a route traveled by a transit vehicle.

~~[(21)]~~ (22) "Right-of-way" means real property or an interest in real property, usually in a strip, acquired for or devoted to a highway.

[~~(22)~~] (23) "Sealed" does not preclude acceptance of electronically sealed and submitted bids or proposals in addition to bids or proposals manually sealed and submitted.

[~~(23)~~] (24) "Semitrailer" has the meaning set forth in Section 41-1a-102.

[~~(24)~~] (25) "SR" means state route and has the same meaning as state highway as defined in this section.

[~~(25)~~] (26) "State highway" means those highways designated as state highways in Title 72, Chapter 4, Designation of State Highways Act.

[~~(26)~~] (27) "State transportation purposes" has the meaning set forth in Section 72-5-102.

[~~(27)~~] (28) "State transportation systems" means all streets, alleys, roads, highways, pathways, and thoroughfares of any kind, including connected structures, airports, aerial corridor infrastructure, spaceports, public transit facilities, and all other modes and forms of conveyance used by the public.

[~~(28)~~] (29) "Trailer" has the meaning set forth in Section 41-1a-102.

(30) "Transportation reinvestment zone" means a transportation reinvestment zone created pursuant to Section 11-13-227.

[~~(29)~~] (31) "Truck tractor" has the meaning set forth in Section 41-1a-102.

[~~(30)~~] (32) "UDOT" means the Utah Department of Transportation.

[~~(31)~~] (33) "Vehicle" has the same meaning set forth in Section 41-1a-102.

Section 9. Section 72-1-304 is amended to read:

72-1-304. Written project prioritization process for new transportation capacity projects -- Rulemaking.

(1) (a) The Transportation Commission, in consultation with the department and the metropolitan planning organizations as defined in Section 72-1-208.5, shall develop a written prioritization process for the prioritization of:

(i) new transportation capacity projects that are or will be part of the state highway system under Chapter 4, Part 1, State Highways;

(ii) paved pedestrian or paved nonmotorized transportation projects that:

(A) mitigate traffic congestion on the state highway system; and

(B) are part of an active transportation plan approved by the department;

(iii) public transit projects that add capacity to the public transit systems within the

431 state; and

432 (iv) pedestrian or nonmotorized transportation projects that provide connection to a
433 public transit system.

434 (b) (i) A local government or district may nominate a project for prioritization in
435 accordance with the process established by the commission in rule.

436 (ii) If a local government or district nominates a project for prioritization by the
437 commission, the local government or district shall provide data and evidence to show that:

438 (A) the project will advance the purposes and goals described in Section 72-1-211;

439 (B) for a public transit project, the local government or district has an ongoing funding
440 source for operations and maintenance of the proposed development; and

441 (C) the local government or district will provide 40% of the costs for the project as
442 required by Subsection 72-2-124(4)(a)(viii) or 72-2-124(9)(e).

443 (2) The following shall be included in the written prioritization process under
444 Subsection (1):

445 (a) a description of how the strategic initiatives of the department adopted under
446 Section 72-1-211 are advanced by the written prioritization process;

447 (b) a definition of the type of projects to which the written prioritization process
448 applies;

449 (c) specification of a weighted criteria system that is used to rank proposed projects
450 and how it will be used to determine which projects will be prioritized;

451 (d) specification of the data that is necessary to apply the weighted ranking criteria; and

452 (e) any other provisions the commission considers appropriate, which may include
453 consideration of:

454 (i) regional and statewide economic development impacts, including improved local
455 access to:

456 (A) employment;

457 (B) educational facilities;

458 (C) recreation;

459 (D) commerce; and

460 (E) residential areas, including moderate income housing as demonstrated in the local
461 government's or district's general plan pursuant to Section 10-9a-403 or 17-27a-403;

(ii) the extent to which local land use plans relevant to a project support and accomplish the strategic initiatives adopted under Section 72-1-211; and

(iii) any matching funds provided by a political subdivision or public transit district in addition to the 40% required by Subsections 72-2-124(4)(a)(viii) and 72-2-124(9)(e).

(3) (a) When prioritizing a public transit project that increases capacity, the commission:

(i) may give priority consideration to projects that are part of a transit-oriented development or transit-supportive development as defined in Section 17B-2a-802[-]; and

(ii) shall give priority consideration to projects that are part of a housing and transit reinvestment zone created pursuant to Title 63N, Chapter 3, Part 6, Housing and Transit Reinvestment Zone Act.

(b) When prioritizing a [~~public transit or~~] transportation project that increases capacity, the commission may give priority consideration to projects that are:

(i) part of a transportation reinvestment zone created under Section 11-13-227 if:

[(i)] (A) the state is a participant in the transportation reinvestment zone; or

[(ii)] (B) the commission finds that the transportation reinvestment zone provides a benefit to the state transportation system[-]; or

(ii) part of a housing and transit reinvestment zone created pursuant to Title 63N, Chapter 3, Part 6, Housing and Transit Reinvestment Zone Act.

(4) In developing the written prioritization process, the commission:

(a) shall seek and consider public comment by holding public meetings at locations throughout the state; and

(b) may not consider local matching dollars as provided under Section 72-2-123 unless the state provides an equal opportunity to raise local matching dollars for state highway improvements within each county.

(5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the Transportation Commission, in consultation with the department, shall make rules establishing the written prioritization process under Subsection (1).

(6) The commission shall submit the proposed rules under this section to a committee or task force designated by the Legislative Management Committee for review prior to taking final action on the proposed rules or any proposed amendment to the rules described in

Subsection (5).

Section 10. Section **72-2-201** is amended to read:

72-2-201. Definitions.

As used in this part:

(1) "Fund" means the State Infrastructure Bank Fund created under Section [72-2-202](#).

(2) "Infrastructure assistance" means any use of fund money, except an infrastructure loan, to provide financial assistance for transportation projects, including:

(a) capital reserves and other security for bond or debt instrument financing; or

(b) any letters of credit, lines of credit, bond insurance, or loan guarantees obtained by a public entity to finance transportation projects.

(3) "Infrastructure loan" means a loan of fund money to finance a transportation project.

(4) "Public entity" means a state agency, county, municipality, local district, special service district, an intergovernmental entity organized under state law, or the military installation development authority created in Section [63H-1-201](#).

(5) "Transportation project":

(a) means a project:

(i) to improve a state or local highway;

(ii) to improve a public transportation facility or nonmotorized transportation facility;

(iii) to construct or improve parking facilities; ~~or~~

(iv) that is subject to a transportation reinvestment zone agreement pursuant to Section [11-13-227](#) if the state is party to the agreement; or

(v) that is part of a housing and transit reinvestment zone created pursuant to Title 63N, Chapter 3, Part 6, Housing and Transit Reinvestment Zone Act;

(b) includes the costs of acquisition, construction, reconstruction, rehabilitation, equipping, and fixturing; and

(c) may only include a project if the project is part of:

(i) the statewide long range plan;

(ii) a regional transportation plan of the area metropolitan planning organization if a metropolitan planning organization exists for the area; or

(iii) a local government general plan or economic development initiative.