

HOUSING AFFORDABILITY REVISIONS

2024 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Stephen L. Whyte

Senate Sponsor: Lincoln Fillmore

LONG TITLE

General Description:

This bill addresses funding issues related to housing affordability.

Highlighted Provisions:

This bill:

- defines terms and modifies definitions;
- modifies the requirements for a moderate income housing report;
- authorizes redevelopment agencies and community development agencies to use funding to pay for or contribute to the acquisition, construction, or rehabilitation of income targeted housing, under certain circumstances;
- authorizes up to 6% of the Olene Walker Housing Loan Fund to be used to offset administrative expenses;
- requires the Department of Workforce Services to create pass-through funding agreements;
- describes the minimum requirements of a pass-through funding agreement, including requirements that state funds be spent on certain affordable housing investments;
- modifies the Utah low-income housing tax credit;
- encourages the Point of the Mountain State Land Authority to, if appropriate, utilize land use authority to increase the supply of housing in the state;
- modifies reporting requirements; and
- makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

10-9a-408, as last amended by Laws of Utah 2023, Chapters 88, 501 and 529 and last amended by Coordination Clause, Laws of Utah 2023, Chapter 88

11-59-203, as last amended by Laws of Utah 2022, Chapter 406

17-27a-408, as last amended by Laws of Utah 2023, Chapters 88, 501 and 529 and last amended by Coordination Clause, Laws of Utah 2023, Chapter 88

17C-1-102, as last amended by Laws of Utah 2023, Chapter 15

17C-1-412, as last amended by Laws of Utah 2023, Chapters 471, 492

35A-8-504, as last amended by Laws of Utah 2022, Chapter 406

35A-8-2401, as enacted by Laws of Utah 2023, Chapter 88

59-7-538, as enacted by Laws of Utah 2022, Chapter 258

59-7-607, as last amended by Laws of Utah 2023, Chapter 88

59-10-552, as last amended by Laws of Utah 2023, Chapter 471

59-10-1010, as last amended by Laws of Utah 2023, Chapter 88

59-12-352, as last amended by Laws of Utah 2023, Chapter 263

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

Section 1. Section **10-9a-408** is amended to read:

10-9a-408 . Moderate income housing report -- Contents -- Prioritization for funds or projects -- Ineligibility for funds after noncompliance -- Civil actions.

(1) As used in this section:

- (a) "Division" means the Housing and Community Development Division within the Department of Workforce Services.
- (b) "Implementation plan" means the implementation plan adopted as part of the moderate income housing element of a specified municipality's general plan as provided in Subsection 10-9a-403(2)(c).
- (c) "Initial report" or "initial moderate income housing report" means the one-time report described in Subsection (2).
- (d) "Moderate income housing strategy" means a strategy described in Subsection 10-9a-403(2)(b)(iii).
- (e) "Report" means an initial report or a subsequent progress report.
- (f) "Specified municipality" means:
 - (i) a city of the first, second, third, or fourth class;

- 62 (ii) a city of the fifth class with a population of 5,000 or more, if the city is located
63 within a county of the first, second, or third class; or
64 (iii) a metro township with a population of 5,000 or more.
- 65 (g) "Subsequent progress report" means the annual report described in Subsection (3).
- 66 (2) (a) The legislative body of a specified municipality shall submit an initial report to
67 the division.
- 68 (b) (i) This Subsection (2)(b) applies to a municipality that is not a specified
69 municipality as of January 1, 2023.
- 70 (ii) As of January 1, if a municipality described in Subsection (2)(b)(i) changes from
71 one class to another or grows in population to qualify as a specified municipality,
72 the municipality shall submit an initial plan to the division on or before August 1
73 of the first calendar year beginning on January 1 in which the municipality
74 qualifies as a specified municipality.
- 75 (c) The initial report shall:
- 76 (i) identify each moderate income housing strategy selected by the specified
77 municipality for continued, ongoing, or one-time implementation, restating the
78 exact language used to describe the moderate income housing strategy in
79 Subsection 10-9a-403(2)(b)(iii); and
- 80 (ii) include an implementation plan.
- 81 (3) (a) After the division approves a specified municipality's initial report under this
82 section, the specified municipality shall, as an administrative act, annually submit to
83 the division a subsequent progress report on or before August 1 of each year after the
84 year in which the specified municipality is required to submit the initial report.
- 85 (b) The subsequent progress report shall include:
- 86 (i) subject to Subsection (3)(c), a description of each action, whether one-time or
87 ongoing, taken by the specified municipality during the previous 12-month period
88 to implement the moderate income housing strategies identified in the initial
89 report for implementation;
- 90 (ii) a description of each land use regulation or land use decision made by the
91 specified municipality during the previous 12-month period to implement the
92 moderate income housing strategies, including an explanation of how the land use
93 regulation or land use decision supports the specified municipality's efforts to
94 implement the moderate income housing strategies;
- 95 (iii) a description of any barriers encountered by the specified municipality in the

- 96 previous 12-month period in implementing the moderate income housing
97 strategies;
- 98 (iv) information regarding the number of internal and external or detached accessory
99 dwelling units located within the specified municipality for which the specified
100 municipality:
- 101 (A) issued a building permit to construct; or
102 (B) issued a business license or comparable license or permit to rent;
- 103 (v) the number of residential dwelling units that have been entitled that have not
104 received a building permit as of the submission date of the progress report;
- 105 (vi) shapefiles, or website links if shapefiles are not available, to current maps and
106 tables related to zoning;
- 107 ~~[(v)]~~ (vii) a description of how the market has responded to the selected moderate
108 income housing strategies, including the number of entitled moderate income
109 housing units or other relevant data; and
- 110 ~~[(vi)]~~ (viii) any recommendations on how the state can support the specified
111 municipality in implementing the moderate income housing strategies.
- 112 (c) For purposes of describing actions taken by a specified municipality under
113 Subsection (3)(b)(i), the specified municipality may include an ongoing action taken
114 by the specified municipality prior to the 12-month reporting period applicable to the
115 subsequent progress report if the specified municipality:
- 116 (i) has already adopted an ordinance, approved a land use application, made an
117 investment, or approved an agreement or financing that substantially promotes the
118 implementation of a moderate income housing strategy identified in the initial
119 report; and
- 120 (ii) demonstrates in the subsequent progress report that the action taken under
121 Subsection (3)(c)(i) is relevant to making meaningful progress towards the
122 specified municipality's implementation plan.
- 123 (d) A specified municipality's report shall be in a form:
- 124 (i) approved by the division; and
125 (ii) made available by the division on or before May 1 of the year in which the report
126 is required.
- 127 (4) Within 90 days after the day on which the division receives a specified municipality's
128 report, the division shall:
- 129 (a) post the report on the division's website;

(b) send a copy of the report to the Department of Transportation, the Governor's Office of Planning and Budget, the association of governments in which the specified municipality is located, and, if the specified municipality is located within the boundaries of a metropolitan planning organization, the appropriate metropolitan planning organization; and

(c) subject to Subsection (5), review the report to determine compliance with this section.

(5) (a) An initial report does not comply with this section unless the report:

(i) includes the information required under Subsection (2)(c);

(ii) demonstrates to the division that the specified municipality made plans to implement:

(A) three or more moderate income housing strategies if the specified municipality does not have a fixed guideway public transit station; or

(B) subject to Subsection 10-9a-403(2)(b)(iv), five or more moderate income housing strategies if the specified municipality has a fixed guideway public transit station; and

(iii) is in a form approved by the division.

(b) A subsequent progress report does not comply with this section unless the report:

(i) demonstrates to the division that the specified municipality made plans to implement:

(A) three or more moderate income housing strategies if the specified municipality does not have a fixed guideway public transit station; or

(B) subject to the requirements of Subsection 10-9a-403(2)(a)(iii)(D), five or more moderate income housing strategies if the specified municipality has a fixed guideway public transit station;

(ii) is in a form approved by the division; and

(iii) provides sufficient information for the division to:

(A) assess the specified municipality's progress in implementing the moderate income housing strategies;

(B) monitor compliance with the specified municipality's implementation plan;

(C) identify a clear correlation between the specified municipality's land use regulations and land use decisions and the specified municipality's efforts to implement the moderate income housing strategies;

(D) identify how the market has responded to the specified municipality's selected moderate income housing strategies; and

- 164 (E) identify any barriers encountered by the specified municipality in
165 implementing the selected moderate income housing strategies.
- 166 (6) (a) A specified municipality qualifies for priority consideration under this Subsection
167 (6) if the specified municipality's report:
- 168 (i) complies with this section; and
169 (ii) demonstrates to the division that the specified municipality made plans to
170 implement:
- 171 (A) five or more moderate income housing strategies if the specified municipality
172 does not have a fixed guideway public transit station; or
173 (B) six or more moderate income housing strategies if the specified municipality
174 has a fixed guideway public transit station.
- 175 (b) The Transportation Commission may, in accordance with Subsection 72-1-304(3)(c),
176 give priority consideration to transportation projects located within the boundaries of
177 a specified municipality described in Subsection (6)(a) until the Department of
178 Transportation receives notice from the division under Subsection (6)(e).
- 179 (c) Upon determining that a specified municipality qualifies for priority consideration
180 under this Subsection (6), the division shall send a notice of prioritization to the
181 legislative body of the specified municipality and the Department of Transportation.
- 182 (d) The notice described in Subsection (6)(c) shall:
- 183 (i) name the specified municipality that qualifies for priority consideration;
184 (ii) describe the funds or projects for which the specified municipality qualifies to
185 receive priority consideration; and
186 (iii) state the basis for the division's determination that the specified municipality
187 qualifies for priority consideration.
- 188 (e) The division shall notify the legislative body of a specified municipality and the
189 Department of Transportation in writing if the division determines that the specified
190 municipality no longer qualifies for priority consideration under this Subsection (6).
- 191 (7) (a) If the division, after reviewing a specified municipality's report, determines that
192 the report does not comply with this section, the division shall send a notice of
193 noncompliance to the legislative body of the specified municipality.
- 194 (b) A specified municipality that receives a notice of noncompliance may:
- 195 (i) cure each deficiency in the report within 90 days after the day on which the notice
196 of noncompliance is sent; or
197 (ii) request an appeal of the division's determination of noncompliance within 10

- 198 days after the day on which the notice of noncompliance is sent.
- 199 (c) The notice described in Subsection (7)(a) shall:
- 200 (i) describe each deficiency in the report and the actions needed to cure each
- 201 deficiency;
- 202 (ii) state that the specified municipality has an opportunity to:
- 203 (A) submit to the division a corrected report that cures each deficiency in the
- 204 report within 90 days after the day on which the notice of compliance is sent; or
- 205 (B) submit to the division a request for an appeal of the division's determination of
- 206 noncompliance within 10 days after the day on which the notice of
- 207 noncompliance is sent; and
- 208 (iii) state that failure to take action under Subsection (7)(c)(ii) will result in the
- 209 specified municipality's ineligibility for funds under Subsection (9).
- 210 (d) For purposes of curing the deficiencies in a report under this Subsection (7), if the
- 211 action needed to cure the deficiency as described by the division requires the
- 212 specified municipality to make a legislative change, the specified municipality may
- 213 cure the deficiency by making that legislative change within the 90-day cure period.
- 214 (e) (i) If a specified municipality submits to the division a corrected report in
- 215 accordance with Subsection (7)(b)(i) and the division determines that the
- 216 corrected report does not comply with this section, the division shall send a
- 217 second notice of noncompliance to the legislative body of the specified
- 218 municipality within 30 days after the day on which the corrected report is
- 219 submitted.
- 220 (ii) A specified municipality that receives a second notice of noncompliance may
- 221 submit to the division a request for an appeal of the division's determination of
- 222 noncompliance within 10 days after the day on which the second notice of
- 223 noncompliance is sent.
- 224 (iii) The notice described in Subsection (7)(e)(i) shall:
- 225 (A) state that the specified municipality has an opportunity to submit to the
- 226 division a request for an appeal of the division's determination of
- 227 noncompliance within 10 days after the day on which the second notice of
- 228 noncompliance is sent; and
- 229 (B) state that failure to take action under Subsection (7)(e)(iii)(A) will result in the
- 230 specified municipality's ineligibility for funds under Subsection (9).
- 231 (8) (a) A specified municipality that receives a notice of noncompliance under

Subsection (7)(a) or (7)(e)(i) may request an appeal of the division's determination of noncompliance within 10 days after the day on which the notice of noncompliance is sent.

(b) Within 90 days after the day on which the division receives a request for an appeal, an appeal board consisting of the following three members shall review and issue a written decision on the appeal:

(i) one individual appointed by the Utah League of Cities and Towns;

(ii) one individual appointed by the Utah Homebuilders Association; and

(iii) one individual appointed by the presiding member of the association of governments, established pursuant to an interlocal agreement under Title 11, Chapter 13, Interlocal Cooperation Act, of which the specified municipality is a member.

(c) The written decision of the appeal board shall either uphold or reverse the division's determination of noncompliance.

(d) The appeal board's written decision on the appeal is final.

(9) (a) A specified municipality is ineligible for funds under this Subsection (9) if:

(i) the specified municipality fails to submit a report to the division;

(ii) after submitting a report to the division, the division determines that the report does not comply with this section and the specified municipality fails to:

(A) cure each deficiency in the report within 90 days after the day on which the notice of noncompliance is sent; or

(B) request an appeal of the division's determination of noncompliance within 10 days after the day on which the notice of noncompliance is sent;

(iii) after submitting to the division a corrected report to cure the deficiencies in a [~~previously-submitted~~] previously submitted report, the division determines that the corrected report does not comply with this section and the specified municipality fails to request an appeal of the division's determination of noncompliance within 10 days after the day on which the second notice of noncompliance is sent; or

(iv) after submitting a request for an appeal under Subsection (8), the appeal board issues a written decision upholding the division's determination of noncompliance.

(b) The following apply to a specified municipality described in Subsection (9)(a) until the division provides notice under Subsection (9)(e):

(i) the executive director of the Department of Transportation may not program funds from the Transportation Investment Fund of 2005, including the Transit

- 266 Transportation Investment Fund, to projects located within the boundaries of the
267 specified municipality in accordance with Subsection 72-2-124(5);
- 268 (ii) beginning with a report submitted in 2024, the specified municipality shall pay a
269 fee to the Olene Walker Housing Loan Fund in the amount of \$250 per day that
270 the specified municipality:
- 271 (A) fails to submit the report to the division in accordance with this section,
272 beginning the day after the day on which the report was due; or
- 273 (B) fails to cure the deficiencies in the report, beginning the day after the day by
274 which the cure was required to occur as described in the notice of
275 noncompliance under Subsection (7); and
- 276 (iii) beginning with the report submitted in 2025, the specified municipality shall pay
277 a fee to the Olene Walker Housing Loan Fund in the amount of \$500 per day that
278 the specified municipality, in a consecutive year:
- 279 (A) fails to submit the report to the division in accordance with this section,
280 beginning the day after the day on which the report was due; or
- 281 (B) fails to cure the deficiencies in the report, beginning the day after the day by
282 which the cure was required to occur as described in the notice of
283 noncompliance under Subsection [~~(6)~~] (7).
- 284 (c) Upon determining that a specified municipality is ineligible for funds under this
285 Subsection (9), and is required to pay a fee under Subsection (9)(b), if applicable, the
286 division shall send a notice of ineligibility to the legislative body of the specified
287 municipality, the Department of Transportation, the State Tax Commission, and the
288 Governor's Office of Planning and Budget.
- 289 (d) The notice described in Subsection (9)(c) shall:
- 290 (i) name the specified municipality that is ineligible for funds;
- 291 (ii) describe the funds for which the specified municipality is ineligible to receive;
- 292 (iii) describe the fee the specified municipality is required to pay under Subsection
293 (9)(b), if applicable~~[-]~~; and
- 294 (iv) state the basis for the division's determination that the specified municipality is
295 ineligible for funds.
- 296 (e) The division shall notify the legislative body of a specified municipality and the
297 Department of Transportation in writing if the division determines that the provisions
298 of this Subsection (9) no longer apply to the specified municipality.
- 299 (f) The division may not determine that a specified municipality that is required to pay a

fee under Subsection (9)(b) is in compliance with the reporting requirements of this section until the specified municipality pays all outstanding fees required under Subsection (9)(b) to the Olene Walker Housing Loan Fund, created under Title 35A, Chapter 8, Part 5, Olene Walker Housing Loan Fund.

- (10) In a civil action seeking enforcement or claiming a violation of this section or of Subsection 10-9a-404(4)(c), a plaintiff may not recover damages but may be awarded only injunctive or other equitable relief.

Section 2. Section **11-59-203** is amended to read:

11-59-203 . Authority duties and responsibilities.

- (1) As the authority plans, manages, and implements the development of the point of the mountain state land, the authority shall pursue development strategies and objectives designed to:
- (a) maximize the creation of high-quality jobs and encourage and facilitate a highly trained workforce;
 - (b) ensure strategic residential and commercial growth;
 - (c) promote a high quality of life for residents on and surrounding the point of the mountain state land, including strategic planning to facilitate:
 - (i) jobs close to where people live;
 - (ii) vibrant urban centers;
 - (iii) housing types that incorporate affordability factors and match workforce needs;
 - (iv) parks, connected trails, and open space, including the preservation of natural lands to the extent practicable and consistent with the overall development plan; and
 - (v) preserving and enhancing recreational opportunities;
 - (d) complement the development on land in the vicinity of the point of the mountain state land;
 - (e) improve air quality and minimize resource use; ~~and~~
 - (f) accommodate and incorporate the planning, funding, and development of an enhanced and expanded future transit and transportation infrastructure and other investments, including:
 - (i) the acquisition of rights-of-way and property necessary to ensure transit access to the point of the mountain state land; and
 - (ii) a world class mass transit infrastructure, to service the point of the mountain state land and to enhance mobility and protect the environment[-] ; and

(g) if appropriate, exercise its land use authority to increase the supply of housing in the state.

(2) In planning the development of the point of the mountain state land, the authority shall:

(a) consult with applicable governmental planning agencies, including:

(i) relevant metropolitan planning organizations;

(ii) Draper City and Salt Lake County planning and governing bodies; and

(iii) in regards to the factors described in Subsections (1)(c)(i) and (iii), the Unified Economic Opportunity Commission created in Section 63N-1a-201;

(b) research and explore the feasibility of attracting a nationally recognized research center; and

(c) research and explore the appropriateness of including labor training centers and a higher education presence on the point of the mountain state land.

Section 3. Section **17-27a-408** is amended to read:

17-27a-408 . Moderate income housing report -- Contents -- Prioritization for funds or projects -- Ineligibility for funds after noncompliance -- Civil actions.

(1) As used in this section:

(a) "Division" means the Housing and Community Development Division within the Department of Workforce Services.

(b) "Implementation plan" means the implementation plan adopted as part of the moderate income housing element of a specified county's general plan as provided in Subsection 17-27a-403(2)(e).

(c) "Initial report" means the one-time moderate income housing report described in Subsection (2).

(d) "Moderate income housing strategy" means a strategy described in Subsection 17-27a-403(2)(b)(ii).

(e) "Report" means an initial report or a subsequent report.

(f) "Specified county" means a county of the first, second, or third class, which has a population of more than 5,000 in the county's unincorporated areas.

(g) "Subsequent progress report" means the annual moderate income housing report described in Subsection (3).

(2) (a) The legislative body of a specified county shall annually submit an initial report to the division.

(b) (i) This Subsection (2)(b) applies to a county that is not a specified county as of January 1, 2023.

(ii) As of January 1, if a county described in Subsection (2)(b)(i) changes from one class to another or grows in population to qualify as a specified county, the county shall submit an initial plan to the division on or before August 1 of the first calendar year beginning on January 1 in which the county qualifies as a specified county.

(c) The initial report shall:

(i) identify each moderate income housing strategy selected by the specified county for continued, ongoing, or one-time implementation, using the exact language used to describe the moderate income housing strategy in Subsection 17-27a-403 (2)(b)(ii); and

(ii) include an implementation plan.

(3) (a) After the division approves a specified county's initial report under this section, the specified county shall, as an administrative act, annually submit to the division a subsequent progress report on or before August 1 of each year after the year in which the specified county is required to submit the initial report.

(b) The subsequent progress report shall include:

(i) subject to Subsection (3)(c), a description of each action, whether one-time or ongoing, taken by the specified county during the previous 12-month period to implement the moderate income housing strategies identified in the initial report for implementation;

(ii) a description of each land use regulation or land use decision made by the specified county during the previous 12-month period to implement the moderate income housing strategies, including an explanation of how the land use regulation or land use decision supports the specified county's efforts to implement the moderate income housing strategies;

(iii) a description of any barriers encountered by the specified county in the previous 12-month period in implementing the moderate income housing strategies;

(iv) the number of residential dwelling units that have been entitled that have not received a building permit as of the submission date of the progress report;

(v) shapefiles, or website links if shapefiles are not available, to current maps and tables related to zoning;

~~(iv)~~ (vi) information regarding the number of internal and external or detached accessory dwelling units located within the specified county for which the specified county:

- 402 (A) issued a building permit to construct; or
- 403 (B) issued a business license or comparable license or permit to rent;
- 404 ~~[(v)]~~ (vii) a description of how the market has responded to the selected moderate
- 405 income housing strategies, including the number of entitled moderate income
- 406 housing units or other relevant data; and
- 407 ~~[(vi)]~~ (viii) any recommendations on how the state can support the specified county in
- 408 implementing the moderate income housing strategies.
- 409 (c) For purposes of describing actions taken by a specified county under Subsection
- 410 (3)(b)(i), the specified county may include an ongoing action taken by the specified
- 411 county prior to the 12-month reporting period applicable to the subsequent progress
- 412 report if the specified county:
- 413 (i) has already adopted an ordinance, approved a land use application, made an
- 414 investment, or approved an agreement or financing that substantially promotes the
- 415 implementation of a moderate income housing strategy identified in the initial
- 416 report; and
- 417 (ii) demonstrates in the subsequent progress report that the action taken under
- 418 Subsection (3)(c)(i) is relevant to making meaningful progress towards the
- 419 specified county's implementation plan.
- 420 (d) A specified county's report shall be in a form:
- 421 (i) approved by the division; and
- 422 (ii) made available by the division on or before May 1 of the year in which the report
- 423 is required.
- 424 (4) Within 90 days after the day on which the division receives a specified county's report,
- 425 the division shall:
- 426 (a) post the report on the division's website;
- 427 (b) send a copy of the report to the Department of Transportation, the Governor's Office
- 428 of Planning and Budget, the association of governments in which the specified
- 429 county is located, and, if the unincorporated area of the specified county is located
- 430 within the boundaries of a metropolitan planning organization, the appropriate
- 431 metropolitan planning organization; and
- 432 (c) subject to Subsection (5), review the report to determine compliance with this section.
- 433 (5) (a) An initial report does not comply with this section unless the report:
- 434 (i) includes the information required under Subsection (2)(c);
- 435 (ii) subject to Subsection (5)(c), demonstrates to the division that the specified county

- 436 made plans to implement three or more moderate income housing strategies; and
437 (iii) is in a form approved by the division.
- 438 (b) A subsequent progress report does not comply with this section unless the report:
- 439 (i) subject to Subsection (5)(c), demonstrates to the division that the specified county
440 made plans to implement three or more moderate income housing strategies;
441 (ii) is in a form approved by the division; and
442 (iii) provides sufficient information for the division to:
- 443 (A) assess the specified county's progress in implementing the moderate income
444 housing strategies;
445 (B) monitor compliance with the specified county's implementation plan;
446 (C) identify a clear correlation between the specified county's land use decisions
447 and efforts to implement the moderate income housing strategies;
448 (D) identify how the market has responded to the specified county's selected
449 moderate income housing strategies; and
450 (E) identify any barriers encountered by the specified county in implementing the
451 selected moderate income housing strategies.
- 452 (c) (i) This Subsection (5)(c) applies to a specified county that has created a small
453 public transit district, as defined in Section 17B-2a-802, on or before January 1,
454 2022.
- 455 (ii) In addition to the requirements of Subsections (5)(a) and (b), a report for a
456 specified county described in Subsection (5)(c)(i) does not comply with this
457 section unless the report demonstrates to the division that the specified county:
- 458 (A) made plans to implement the moderate income housing strategy described in
459 Subsection 17-27a-403(2)(b)(ii)(Q); and
460 (B) is in compliance with Subsection 63N-3-603(8).
- 461 (6) (a) A specified county qualifies for priority consideration under this Subsection (6) if
462 the specified county's report:
- 463 (i) complies with this section; and
464 (ii) demonstrates to the division that the specified county made plans to implement
465 five or more moderate income housing strategies.
- 466 (b) The Transportation Commission may, in accordance with Subsection 72-1-304(3)(c),
467 give priority consideration to transportation projects located within the
468 unincorporated areas of a specified county described in Subsection (6)(a) until the
469 Department of Transportation receives notice from the division under Subsection

470 (6)(e).

471 (c) Upon determining that a specified county qualifies for priority consideration under
472 this Subsection (6), the division shall send a notice of prioritization to the legislative
473 body of the specified county and the Department of Transportation.

474 (d) The notice described in Subsection (6)(c) shall:

475 (i) name the specified county that qualifies for priority consideration;

476 (ii) describe the funds or projects for which the specified county qualifies to receive
477 priority consideration; and

478 (iii) state the basis for the division's determination that the specified county qualifies
479 for priority consideration.

480 (e) The division shall notify the legislative body of a specified county and the
481 Department of Transportation in writing if the division determines that the specified
482 county no longer qualifies for priority consideration under this Subsection (6).

483 (7) (a) If the division, after reviewing a specified county's report, determines that the
484 report does not comply with this section, the division shall send a notice of
485 noncompliance to the legislative body of the specified county.

486 (b) A specified county that receives a notice of noncompliance may:

487 (i) cure each deficiency in the report within 90 days after the day on which the notice
488 of noncompliance is sent; or

489 (ii) request an appeal of the division's determination of noncompliance within 10
490 days after the day on which the notice of noncompliance is sent.

491 (c) The notice described in Subsection (7)(a) shall:

492 (i) describe each deficiency in the report and the actions needed to cure each
493 deficiency;

494 (ii) state that the specified county has an opportunity to:

495 (A) submit to the division a corrected report that cures each deficiency in the
496 report within 90 days after the day on which the notice of noncompliance is
497 sent; or

498 (B) submit to the division a request for an appeal of the division's determination of
499 noncompliance within 10 days after the day on which the notice of
500 noncompliance is sent; and

501 (iii) state that failure to take action under Subsection (7)(c)(ii) will result in the
502 specified county's ineligibility for funds and fees owed under Subsection (9).

503 (d) For purposes of curing the deficiencies in a report under this Subsection (7), if the

504 action needed to cure the deficiency as described by the division requires the
505 specified county to make a legislative change, the specified county may cure the
506 deficiency by making that legislative change within the 90-day cure period.

507 (e) (i) If a specified county submits to the division a corrected report in accordance
508 with Subsection (7)(b)(i), and the division determines that the corrected report
509 does not comply with this section, the division shall send a second notice of
510 noncompliance to the legislative body of the specified county.

511 (ii) A specified county that receives a second notice of noncompliance may request
512 an appeal of the division's determination of noncompliance within 10 days after
513 the day on which the second notice of noncompliance is sent.

514 (iii) The notice described in Subsection (7)(e)(i) shall:

515 (A) state that the specified county has an opportunity to submit to the division a
516 request for an appeal of the division's determination of noncompliance within
517 10 days after the day on which the second notice of noncompliance is sent; and

518 (B) state that failure to take action under Subsection (7)(e)(iii)(A) will result in the
519 specified county's ineligibility for funds under Subsection (9).

520 (8) (a) A specified county that receives a notice of noncompliance under Subsection
521 (7)(a) or (7)(e)(i) may request an appeal of the division's determination of
522 noncompliance within 10 days after the day on which the notice of noncompliance is
523 sent.

524 (b) Within 90 days after the day on which the division receives a request for an appeal,
525 an appeal board consisting of the following three members shall review and issue a
526 written decision on the appeal:

527 (i) one individual appointed by the Utah Association of Counties;

528 (ii) one individual appointed by the Utah Homebuilders Association; and

529 (iii) one individual appointed by the presiding member of the association of
530 governments, established pursuant to an interlocal agreement under Title 11,
531 Chapter 13, Interlocal Cooperation Act, of which the specified county is a member.

532 (c) The written decision of the appeal board shall either uphold or reverse the division's
533 determination of noncompliance.

534 (d) The appeal board's written decision on the appeal is final.

535 (9) (a) A specified county is ineligible for funds and owes a fee under this Subsection (9)
536 if:

537 (i) the specified county fails to submit a report to the division;

- 538 (ii) after submitting a report to the division, the division determines that the report
539 does not comply with this section and the specified county fails to:
540 (A) cure each deficiency in the report within 90 days after the day on which the
541 notice of noncompliance is sent; or
542 (B) request an appeal of the division's determination of noncompliance within 10
543 days after the day on which the notice of noncompliance is sent;
544 (iii) after submitting to the division a corrected report to cure the deficiencies in a [
545 ~~previously-submitted~~] previously submitted report, the division determines that the
546 corrected report does not comply with this section and the specified county fails to
547 request an appeal of the division's determination of noncompliance within 10 days
548 after the day on which the second notice of noncompliance is sent; or
549 (iv) after submitting a request for an appeal under Subsection (8), the appeal board
550 issues a written decision upholding the division's determination of noncompliance.
- 551 (b) The following apply to a specified county described in Subsection (9)(a) until the
552 division provides notice under Subsection (9)(e):
553 (i) the executive director of the Department of Transportation may not program funds
554 from the Transportation Investment Fund of 2005, including the Transit
555 Transportation Investment Fund, to projects located within the unincorporated
556 areas of the specified county in accordance with Subsection 72-2-124(6);
557 (ii) beginning with the report submitted in 2024, the specified county shall pay a fee
558 to the Olene Walker Housing Loan Fund in the amount of \$250 per day that the
559 specified county:
560 (A) fails to submit the report to the division in accordance with this section,
561 beginning the day after the day on which the report was due; or
562 (B) fails to cure the deficiencies in the report, beginning the day after the day by
563 which the cure was required to occur as described in the notice of
564 noncompliance under Subsection (7); and
565 (iii) beginning with the report submitted in 2025, the specified county shall pay a fee
566 to the Olene Walker Housing Loan Fund in the amount of \$500 per day that the
567 specified county, for a consecutive year:
568 (A) fails to submit the report to the division in accordance with this section,
569 beginning the day after the day on which the report was due; or
570 (B) fails to cure the deficiencies in the report, beginning the day after the day by
571 which the cure was required to occur as described in the notice of

- 572 noncompliance under Subsection (7).
- 573 (c) Upon determining that a specified county is ineligible for funds under this
574 Subsection (9), and is required to pay a fee under Subsection (9)(b), if applicable, the
575 division shall send a notice of ineligibility to the legislative body of the specified
576 county, the Department of Transportation, the State Tax Commission, and the
577 Governor's Office of Planning and Budget.
- 578 (d) The notice described in Subsection (9)(c) shall:
- 579 (i) name the specified county that is ineligible for funds;
- 580 (ii) describe the funds for which the specified county is ineligible to receive;
- 581 (iii) describe the fee the specified county is required to pay under Subsection (9)(b),
582 if applicable; and
- 583 (iv) state the basis for the division's determination that the specified county is
584 ineligible for funds.
- 585 (e) The division shall notify the legislative body of a specified county and the
586 Department of Transportation in writing if the division determines that the provisions
587 of this Subsection (9) no longer apply to the specified county.
- 588 (f) The division may not determine that a specified county that is required to pay a fee
589 under Subsection (9)(b) is in compliance with the reporting requirements of this
590 section until the specified county pays all outstanding fees required under Subsection
591 (9)(b) to the Olene Walker Housing Loan Fund, created under Title 35A, Chapter 8,
592 Part 5, Olene Walker Housing Loan Fund.
- 593 (10) In a civil action seeking enforcement or claiming a violation of this section or of
594 Subsection 17-27a-404(5)(c), a plaintiff may not recover damages but may be awarded
595 only injunctive or other equitable relief.
- 596 Section 4. Section **17C-1-102** is amended to read:
- 597 **17C-1-102 . Definitions.**
- 598 As used in this title:
- 599 (1) "Active project area" means a project area that has not been dissolved in accordance
600 with Section 17C-1-702.
- 601 (2) "Adjusted tax increment" means the percentage of tax increment, if less than 100%,
602 that an agency is authorized to receive:
- 603 (a) for a pre-July 1, 1993, project area plan, under Section 17C-1-403, excluding tax
604 increment under Subsection 17C-1-403(3);
- 605 (b) for a post-June 30, 1993, project area plan, under Section 17C-1-404, excluding tax

- 606 increment under Section 17C-1-406;
- 607 (c) under a project area budget approved by a taxing entity committee; or
- 608 (d) under an interlocal agreement that authorizes the agency to receive a taxing entity's
- 609 tax increment.
- 610 (3) "Affordable housing" means housing owned or occupied by a low or moderate income
- 611 family, as determined by resolution of the agency.
- 612 (4) "Agency" or "community reinvestment agency" means a separate body corporate and
- 613 politic, created under Section 17C-1-201.5 or as a redevelopment agency or community
- 614 development and renewal agency under previous law:
- 615 (a) that is a political subdivision of the state;
- 616 (b) that is created to undertake or promote project area development as provided in this
- 617 title; and
- 618 (c) whose geographic boundaries are coterminous with:
- 619 (i) for an agency created by a county, the unincorporated area of the county; and
- 620 (ii) for an agency created by a municipality, the boundaries of the municipality.
- 621 (5) "Agency funds" means money that an agency collects or receives for agency operations,
- 622 implementing a project area plan or an implementation plan as defined in Section
- 623 17C-1-1001, or other agency purposes, including:
- 624 (a) project area funds;
- 625 (b) income, proceeds, revenue, or property derived from or held in connection with the
- 626 agency's undertaking and implementation of project area development or
- 627 agency-wide project development as defined in Section 17C-1-1001;
- 628 (c) a contribution, loan, grant, or other financial assistance from any public or private
- 629 source;
- 630 (d) project area incremental revenue as defined in Section 17C-1-1001; or
- 631 (e) property tax revenue as defined in Section 17C-1-1001.
- 632 (6) "Annual income" means the same as that term is defined in regulations of the United
- 633 States Department of Housing and Urban Development, 24 C.F.R. Sec. 5.609, as
- 634 amended or as superseded by replacement regulations.
- 635 (7) "Assessment roll" means the same as that term is defined in Section 59-2-102.
- 636 (8) "Base taxable value" means, unless otherwise adjusted in accordance with provisions of
- 637 this title, a property's taxable value as shown upon the assessment roll last equalized
- 638 during the base year.
- 639 (9) "Base year" means, except as provided in Subsection 17C-1-402(4)(c), the year during

which the assessment roll is last equalized:

(a) for a pre-July 1, 1993, urban renewal or economic development project area plan, before the project area plan's effective date;

(b) for a post-June 30, 1993, urban renewal or economic development project area plan, or a community reinvestment project area plan that is subject to a taxing entity committee:

(i) before the date on which the taxing entity committee approves the project area budget; or

(ii) if taxing entity committee approval is not required for the project area budget, before the date on which the community legislative body adopts the project area plan;

(c) for a project on an inactive airport site, after the later of:

(i) the date on which the inactive airport site is sold for remediation and development; or

(ii) the date on which the airport that operated on the inactive airport site ceased operations; or

(d) for a community development project area plan or a community reinvestment project area plan that is subject to an interlocal agreement, as described in the interlocal agreement.

(10) "Basic levy" means the portion of a school district's tax levy constituting the minimum basic levy under Section 59-2-902.

(11) "Board" means the governing body of an agency, as described in Section 17C-1-203.

(12) "Budget hearing" means the public hearing on a proposed project area budget required under Subsection 17C-2-201(2)(d) for an urban renewal project area budget, Subsection 17C-3-201(2)(d) for an economic development project area budget, or Subsection 17C-5-302(2)(e) for a community reinvestment project area budget.

(13) "Closed military base" means land within a former military base that the Defense Base Closure and Realignment Commission has voted to close or realign when that action has been sustained by the president of the United States and Congress.

(14) "Combined incremental value" means the combined total of all incremental values from all project areas, except project areas that contain some or all of a military installation or inactive industrial site, within the agency's boundaries under project area plans and project area budgets at the time that a project area budget for a new project area is being considered.

- 674 (15) "Community" means a county or municipality.
- 675 (16) "Community development project area plan" means a project area plan adopted under
676 Chapter 4, Part 1, Community Development Project Area Plan.
- 677 (17) "Community legislative body" means the legislative body of the community that
678 created the agency.
- 679 (18) "Community reinvestment project area plan" means a project area plan adopted under
680 Chapter 5, Part 1, Community Reinvestment Project Area Plan.
- 681 (19) "Contest" means to file a written complaint in the district court of the county in which
682 the agency is located.
- 683 (20) "Development impediment" means a condition of an area that meets the requirements
684 described in Section 17C-2-303 for an urban renewal project area or Section 17C-5-405
685 for a community reinvestment project area.
- 686 (21) "Development impediment hearing" means a public hearing regarding whether a
687 development impediment exists within a proposed:
- 688 (a) urban renewal project area under Subsection 17C-2-102(1)(a)(i)(C) and Section
689 17C-2-302; or
- 690 (b) community reinvestment project area under Section 17C-5-404.
- 691 (22) "Development impediment study" means a study to determine whether a development
692 impediment exists within a survey area as described in Section 17C-2-301 for an urban
693 renewal project area or Section 17C-5-403 for a community reinvestment project area.
- 694 (23) "Economic development project area plan" means a project area plan adopted under
695 Chapter 3, Part 1, Economic Development Project Area Plan.
- 696 (24) "Fair share ratio" means the ratio derived by:
- 697 (a) for a municipality, comparing the percentage of all housing units within the
698 municipality that are publicly subsidized income targeted housing units to the
699 percentage of all housing units within the county in which the municipality is located
700 that are publicly subsidized income targeted housing units; or
- 701 (b) for the unincorporated part of a county, comparing the percentage of all housing
702 units within the unincorporated county that are publicly subsidized income targeted
703 housing units to the percentage of all housing units within the whole county that are
704 publicly subsidized income targeted housing units.
- 705 (25) "Family" means the same as that term is defined in regulations of the United States
706 Department of Housing and Urban Development, 24 C.F.R. Section 5.403, as amended
707 or as superseded by replacement regulations.

- (26) "Greenfield" means land not developed beyond agricultural, range, or forestry use.
- (27) "Hazardous waste" means any substance defined, regulated, or listed as a hazardous substance, hazardous material, hazardous waste, toxic waste, pollutant, contaminant, or toxic substance, or identified as hazardous to human health or the environment, under state or federal law or regulation.
- (28) "Housing allocation" means project area funds allocated for housing under Section 17C-2-203, 17C-3-202, or 17C-5-307 for the purposes described in Section 17C-1-412.
- (29) "Housing fund" means a fund created by an agency for purposes described in Section 17C-1-411 or 17C-1-412 that is comprised of:
- (a) 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 allocated for the purposes described in Section 17C-1-411; or
 - (b) an agency's housing allocation.
- (30) (a) "Inactive airport site" means land that:
- (i) consists of at least 100 acres;
 - (ii) is occupied by an airport:
 - (A) (I) that is no longer in operation as an airport; or
 - (II) (Aa) that is scheduled to be decommissioned; and
 - (Bb) for which a replacement commercial service airport is under construction; and
 - (B) that is owned or was formerly owned and operated by a public entity; and
 - (iii) requires remediation because:
 - (A) of the presence of hazardous waste or solid waste; or
 - (B) the site lacks sufficient public infrastructure and facilities, including public roads, electric service, water system, and sewer system, needed to support development of the site.
- (b) "Inactive airport site" includes a perimeter of up to 2,500 feet around the land described in Subsection (30)(a).
- (31) (a) "Inactive industrial site" means land that:
- (i) consists of at least 1,000 acres;
 - (ii) is occupied by an inactive or abandoned factory, smelter, or other heavy industrial facility; and
 - (iii) requires remediation because of the presence of hazardous waste or solid waste.
- (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) "Major transit investment corridor" means the same as that term is defined in Section 10-9a-103.

(37) "Marginal value" means the difference between actual taxable value and base taxable value.

(38) "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) "Municipality" means a city, town, or metro township as defined in Section 10-2a-403.

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

(41) "Participation agreement" means a written agreement between a person and an agency that:

(a) includes a description of:

(i) the project area development that the person will undertake;

(ii) the amount of project area funds the person may receive; and

(iii) the terms and conditions under which the person may receive project area funds;

and

(b) is approved by resolution of the board.

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

(46) "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) "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) "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

810 facilities or improvements;

811 (c) planning, designing, demolishing, clearing, constructing, rehabilitating, or
812 remediating environmental issues;

813 (d) providing residential, commercial, industrial, public, or other structures or spaces,
814 including recreational and other facilities incidental or appurtenant to the structures
815 or spaces;

816 (e) altering, improving, modernizing, demolishing, reconstructing, or rehabilitating
817 existing structures;

818 (f) providing open space, including streets or other public grounds or space around
819 buildings;

820 (g) providing public or private buildings, infrastructure, structures, or improvements;

821 (h) relocating a business;

822 (i) improving public or private recreation areas or other public grounds;

823 (j) eliminating a development impediment or the causes of a development impediment;

824 (k) redevelopment as defined under the law in effect before May 1, 2006; or

825 (l) any activity described in this Subsection (48) outside of a project area that the board
826 determines to be a benefit to the project area.

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

830 (50) "Project area funds collection period" means the period of time that:

831 (a) begins the day on which the first payment of project area funds is distributed to an
832 agency under a project area budget approved by a taxing entity committee or an
833 interlocal agreement; and

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

837 (51) "Project area plan" means an urban renewal project area plan, an economic
838 development project area plan, a community development project area plan, or a
839 community reinvestment project area plan that, after the project area plan's effective
840 date, guides and controls the project area development.

841 (52) (a) "Property tax" means each levy on an ad valorem basis on tangible or intangible
842 personal or real property.

843 (b) "Property tax" includes a privilege tax imposed under Title 59, Chapter 4, Privilege

- 844 Tax.
- 845 (53) "Public entity" means:
- 846 (a) the United States, including an agency of the United States;
- 847 (b) the state, including any of the state's departments or agencies; or
- 848 (c) a political subdivision of the state, including a county, municipality, school district,
- 849 special district, special service district, community reinvestment agency, or interlocal
- 850 cooperation entity.
- 851 (54) "Publicly owned infrastructure and improvements" means water, sewer, storm
- 852 drainage, electrical, natural gas, telecommunication, or other similar systems and lines,
- 853 streets, roads, curb, gutter, sidewalk, walkways, parking facilities, public transportation
- 854 facilities, or other facilities, infrastructure, and improvements benefitting the public and
- 855 to be publicly owned or publicly maintained or operated.
- 856 (55) "Record property owner" or "record owner of property" means the owner of real
- 857 property, as shown on the records of the county in which the property is located, to
- 858 whom the property's tax notice is sent.
- 859 (56) "Sales and use tax revenue" means revenue that is:
- 860 (a) generated from a tax imposed under Title 59, Chapter 12, Sales and Use Tax Act; and
- 861 (b) distributed to a taxing entity in accordance with Sections 59-12-204 and 59-12-205.
- 862 (57) "Superfund site":
- 863 (a) means an area included in the National Priorities List under the Comprehensive
- 864 Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. Sec.
- 865 9605; and
- 866 (b) includes an area formerly included in the National Priorities List, as described in
- 867 Subsection (57)(a), but removed from the list following remediation that leaves on
- 868 site the waste that caused the area to be included in the National Priorities List.
- 869 (58) "Survey area" means a geographic area designated for study by a survey area
- 870 resolution to determine whether:
- 871 (a) one or more project areas within the survey area are feasible; or
- 872 (b) a development impediment exists within the survey area.
- 873 (59) "Survey area resolution" means a resolution adopted by a board that designates a
- 874 survey area.
- 875 (60) "Taxable value" means:
- 876 (a) the taxable value of all real property a county assessor assesses in accordance with
- 877 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) (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.

(62) "Taxing entity" means a public entity that:

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

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

(63) "Taxing entity committee" means a committee representing the interests of taxing entities, created in accordance with Section 17C-1-402.

(64) "Unincorporated" means not within a municipality.

(65) "Urban renewal project area plan" means a project area plan adopted under Chapter 2, Part 1, Urban Renewal Project Area Plan.

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

- 912 within the boundary of the agency, if practicable in a mixed income development
913 or area;
- 914 (ii) pay part or all of the cost of rehabilitation of income targeted housing within the
915 boundary of the agency;
- 916 (iii) lend, grant, or contribute money to a person, public entity, housing authority,
917 private entity or business, or nonprofit corporation for income targeted housing
918 within the boundary of the agency;
- 919 (iv) plan or otherwise promote income targeted housing within the boundary of the
920 agency;
- 921 (v) pay part or all of the cost of land or installation, construction, or rehabilitation of
922 any building, facility, structure, or other housing improvement, including
923 infrastructure improvements, related to housing located in a project area where a
924 board has determined that a development impediment exists;
- 925 (vi) replace housing units lost as a result of the project area development;
- 926 (vii) make payments on or establish a reserve fund for bonds:
- 927 (A) issued by the agency, the community, or the housing authority that provides
928 income targeted housing within the community; and
- 929 (B) all or part of the proceeds of which are used within the community for the
930 purposes stated in Subsection (1)(a)(i), (ii), (iii), (iv), (v), or (vi);
- 931 (viii) if the community's fair share ratio at the time of the first adoption of the project
932 area budget is at least 1.1 to 1.0, make payments on bonds:
- 933 (A) that were previously issued by the agency, the community, or the housing
934 authority that provides income targeted housing within the community; and
- 935 (B) all or part of the proceeds of which were used within the community for the
936 purposes stated in Subsection (1)(a)(i), (ii), (iii), (iv), (v), or (vi);
- 937 (ix) relocate mobile home park residents displaced by project area development;
- 938 (x) subject to Subsection (7), transfer funds to a community that created the agency;
939 or
- 940 (xi) pay for or make a contribution toward the acquisition, construction, or
941 rehabilitation of housing that:
- 942 (A) is located in the same county as the agency;
- 943 (B) is owned in whole or in part by, or is dedicated to supporting, a public
944 nonprofit college or university; and
- 945 (C) only students of the relevant college or university, including the students'

- 946 immediate families, occupy.
- 947 (b) As an alternative to the requirements of Subsection (1)(a), an agency may pay all or
948 any portion of the agency's housing allocation to:
- 949 (i) the community for use as described in Subsection (1)(a);
- 950 (ii) a housing authority that provides income targeted housing within the community
951 for use in providing income targeted housing within the community;
- 952 (iii) a housing authority established by the county in which the agency is located for
953 providing:
- 954 (A) income targeted housing within the county;
- 955 (B) permanent housing, permanent supportive housing, or a transitional facility, as
956 defined in Section 35A-5-302, within the county; or
- 957 (C) homeless assistance within the county;
- 958 (iv) the Olene Walker Housing Loan Fund, established under Title 35A, Chapter 8,
959 Part 5, Olene Walker Housing Loan Fund, for use in providing income targeted
960 housing within the community;
- 961 (v) pay for or make a contribution toward the acquisition, construction, or
962 rehabilitation of income targeted housing that is outside of the community if the
963 housing is located along or near a major transit investment corridor that services
964 the community and the related project has been approved by the community in
965 which the housing is or will be located; [or]
- 966 (vi) pay for or make a contribution toward the acquisition, construction, or
967 rehabilitation of income targeted housing that is outside of the community if there
968 is an interlocal agreement between the agency and the receiving community; or
- 969 ~~[(vi)]~~ (vii) pay for or make a contribution toward the expansion of child care facilities
970 within the boundary of the agency, provided that any recipient of funds from the
971 agency's housing allocation reports annually to the agency on how the funds were
972 used.
- 973 (2) (a) An agency may combine all or any portion of the agency's housing allocation
974 with all or any portion of one or more additional agency's housing allocations if the
975 agencies execute an interlocal agreement in accordance with Title 11, Chapter 13,
976 Interlocal Cooperation Act.
- 977 (b) An agency that has entered into an interlocal agreement as described in Subsection
978 (2)(a), meets the requirements of Subsection (1)(a) or (1)(b) if the use of the housing
979 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 **35A-8-504** is amended to read:

35A-8-504 . Distribution of fund money.

(1) As used in this section:

- 1014 (a) "Community" means the same as that term is defined in Section 17C-1-102.
- 1015 (b) "Income targeted housing" means the same as that term is defined in Section
- 1016 17C-1-102.
- 1017 (2) The executive director shall:
- 1018 (a) make grants and loans from the fund for any of the activities authorized by Section
- 1019 35A-8-505, as directed by the board;
- 1020 (b) establish the criteria with the approval of the board by which loans and grants will be
- 1021 made; and
- 1022 (c) determine with the approval of the board the order in which projects will be funded.
- 1023 (3) The executive director shall distribute, as directed by the board, any federal money
- 1024 contained in the fund according to the procedures, conditions, and restrictions placed
- 1025 upon the use of the money by the federal government.
- 1026 (4) The executive director shall distribute, as directed by the board, any funds received
- 1027 under Section 17C-1-412 to pay the costs of providing income targeted housing within
- 1028 the community that created the community reinvestment agency under Title 17C,
- 1029 Limited Purpose Local Government Entities - Community Reinvestment Agency Act.
- 1030 (5) Except for federal money, money received under Section 17C-1-412, and money
- 1031 appropriated for use in accordance with Section 35A-8-2105, the executive director shall
- 1032 distribute, as directed by the board, money in the fund according to the following
- 1033 requirements:
- 1034 (a) the executive director shall distribute at least 70% of the money in the fund to benefit
- 1035 persons whose annual income is at or below 50% of the median family income for
- 1036 the state;
- 1037 (b) the executive director may use up to [3] 6% of the revenues of the fund, including
- 1038 any appropriation to the fund, to offset department or board administrative expenses;
- 1039 (c) the executive director shall distribute any remaining money in the fund to benefit
- 1040 persons whose annual income is at or below 80% of the median family income for
- 1041 the state; and
- 1042 (d) if the executive director or the executive director's designee makes a loan in
- 1043 accordance with this section, the interest rate of the loan shall be based on the
- 1044 borrower's ability to pay.
- 1045 (6) The executive director may, with the approval of the board:
- 1046 (a) enact rules to establish procedures for the grant and loan process by following the
- 1047 procedures and requirements of Title 63G, Chapter 3, Utah Administrative

1048 Rulemaking Act; and

1049 (b) service or contract, under Title 63G, Chapter 6a, Utah Procurement Code, for the
1050 servicing of loans made by the fund.

1051 Section 7. Section **35A-8-2401** is amended to read:

1052 **35A-8-2401 . Pass-through funding agreements -- Accounting for expenditures of**
1053 **a housing organization.**

1054 (1) As used in this section:

1055 (a) "Housing organization" means an entity that:

1056 (i) manages a portfolio of investments;

1057 (ii) is dedicated to the preservation, enhancement, improvement, and rehabilitation of
1058 affordable housing through property investment; and

1059 (iii) is controlled by a registered nonprofit.

1060 (b) "Pass-through funding" means state money appropriated by the Legislature to the
1061 department with the intent that the department grant or otherwise disburse the state
1062 money to a third party.

1063 (c) "Rural" means the same as that term is defined in Section 35A-8-501.

1064 (2) (a) This section applies to funds appropriated by the Legislature to the department
1065 for pass-through to ~~[the Utah Housing Preservation Fund]~~ a housing organization.

1066 (b) The department shall ensure that pass-through funding granted or distributed before
1067 May 1, 2024 to a housing organization is subject to an agreement as described in this
1068 section, either through amending existing agreements or canceling existing
1069 agreements and issuing new agreements.

1070 (3) (a) The department shall create agreements governing the use of pass-through
1071 funding as described in this section.

1072 (b) Before a housing organization may accept pass-through funding pursuant to this
1073 section, the entity shall enter into an agreement with the department governing the
1074 use of pass-through funding.

1075 (4) An agreement for pass-through funding shall require, at a minimum:

1076 (a) the housing organization match pass-through funding with private funding at no less
1077 than a 70% private, 30% state split;

1078 (b) all pass-through funding be used by the housing organization to invest in housing
1079 units that are rented at rates affordable to households with an annual income at or
1080 below 80% of the area median income for a family within the county in which the
1081 housing is located;

- (c) that 50% of pass-through funding be used by the housing organization to invest in housing units that are rented at rates affordable to households with an annual income at or below 50% of the area median income for a family within the county in which the housing is located;
- (d) that at least 30% of pass-through funding be used by the housing organization to invest in housing units that are located in a rural county;
- (e) that any property purchased with pass-through funding be subject to a deed restriction for a minimum of 40 years to ensure the property remains a rental property affordable to households as described in Subsection (4)(b);
- (f) that returns on investment generated by pass-through funding shall be reinvested by the housing organization the same as if the returns on investment are pass-through funding; and
- (g) that the housing organization shall provide the division with the following information at the end of each fiscal year:
 - (i) the housing organization's annual audit, including:
 - (A) a third-party independent auditor's findings on the housing organization's compliance with this section and the terms of the housing organization's agreement for pass-through funding; and
 - (B) the audited financial statements for a legal entity used by the housing organization to carry out activities authorized by this section;
 - (ii) allocation of pass-through funds by county and housing type;
 - (iii) progress and status of funded projects; and
 - (iv) impact of pass-through funds on the availability of affordable housing across the state and by region.

[(2)] (5) The department shall include in the annual written report described in Section 35A-1-109 a report accounting for the expenditures authorized by ~~[the Utah Housing Preservation Fund]~~ a housing organization pursuant to an agreement with the department.

Section 8. Section **59-7-538** is amended to read:

59-7-538 . Carry forward of expired or repealed tax credit.

- (1) ~~[When]~~ Except as provided in Subsection (2), when a nonrefundable corporate income tax credit under Part 6, Credits, expires or is repealed, the commission shall allow a taxpayer to carry forward any amount of the tax credit that remains for the period of time described in the tax credit for the taxable year in which the taxpayer first claimed the tax credit.

1116 (2) Subsection (1) does not apply to a tax credit described in Subsection 59-7-607(2)(c)(iv).

1117 Section 9. Section **59-7-607** is amended to read:

1118 **59-7-607 . Utah low-income housing tax credit.**

1119 (1) As used in this section:

1120 (a) "Allocation certificate" means a certificate in a form prescribed by the commission
1121 and issued by the corporation to a housing sponsor that specifies the aggregate
1122 amount of the tax credit awarded under this section to a qualified development and
1123 includes:

1124 (i) the aggregate annual amount of the tax credit awarded that may be claimed by one
1125 or more qualified taxpayers; and

1126 (ii) the credit period over which the tax credit may be claimed by one or more
1127 qualified taxpayers.

1128 (b) "Building" means a qualified low-income building as defined in Section 42(c),
1129 Internal Revenue Code.

1130 (c) "Corporation" means the Utah Housing Corporation created in Section 63H-8-201.

1131 (d) Except as provided in Subsection (5)(c), "credit period" means the same as that term
1132 is defined in Section 42(f)(1), Internal Revenue Code.

1133 (e) "Designated reporter" means, as selected by a housing sponsor, the housing sponsor
1134 or one of the housing sponsor's direct or indirect partners, members, or shareholders
1135 that will provide information to the commission regarding the allocation of tax
1136 credits under this section.

1137 (f) "Federal low-income housing tax credit" means the federal tax credit described in
1138 Section 42, Internal Revenue Code.

1139 (g) "Housing sponsor" means an entity that owns a qualified development.

1140 (h) "Pass-through entity" means the same as that term is defined in Section 59-10-1402.

1141 (i) (i) Subject to Subsection (1)(i)(ii), "pass-through entity taxpayer" means the same
1142 as that term is defined in Section 59-10-1402.

1143 (ii) The determination of whether a pass-through entity taxpayer is considered a
1144 partner, member, or shareholder of a pass-through entity shall be made in
1145 accordance with applicable state law governing the pass-through entity.

1146 (j) "Qualified allocation plan" means a qualified allocation plan adopted by the
1147 corporation in accordance with Section 42(m), Internal Revenue Code.

1148 (k) "Qualified development" means a "qualified low-income housing project":

1149 (i) as defined in Section 42(g)(1), Internal Revenue Code; and

- 1150 (ii) that is located in the state.
- 1151 (l) (i) "Qualified taxpayer" means a person that:
- 1152 (A) owns a direct interest or an indirect interest, through one or more pass-through
- 1153 entities, in a qualified development; and
- 1154 (B) meets the requirements to claim a tax credit under this section.
- 1155 (ii) "Qualified taxpayer" includes a pass-through entity taxpayer to which a tax credit
- 1156 under this section is passed through by a pass-through entity.
- 1157 (2) (a) A qualified taxpayer may claim a nonrefundable tax credit under this section
- 1158 against taxes otherwise due under this chapter, Chapter 8, Gross Receipts Tax on
- 1159 Certain Corporations Not Required to Pay Corporate Franchise or Income Tax Act,
- 1160 or Chapter 9, Taxation of Admitted Insurers.
- 1161 (b) The tax credit shall be in an amount equal to the tax credit amount specified on the
- 1162 allocation certificate that the corporation issues to a housing sponsor under this
- 1163 section.
- 1164 (c) (i) For a calendar year beginning on or before December 31, 2016, the aggregate
- 1165 annual tax credit that the corporation may allocate for each year of the credit
- 1166 period pursuant to this section and Section 59-10-1010 is an amount equal to the
- 1167 product of:
- 1168 (A) 12.5 cents; and
- 1169 (B) the population of Utah.
- 1170 (ii) For a calendar year beginning on or after January 1, 2017, but beginning on or
- 1171 before December 31, 2022, the aggregate annual tax credit that the corporation
- 1172 may allocate for each year of the credit period pursuant to this section and Section
- 1173 59-10-1010 is an amount equal to the product of:
- 1174 (A) 34.5 cents; and
- 1175 (B) the population of Utah.
- 1176 (iii) For a calendar year beginning on or after January 1, 2023, but beginning on or
- 1177 before December 31, 2028, the aggregate annual tax credit that the corporation
- 1178 may allocate for each year of the credit period pursuant to this section and Section
- 1179 59-10-1010 is \$10,000,000.
- 1180 (iv) For a calendar year beginning on or after January 1, 2024, in addition to the
- 1181 amount of annual tax credits available for allocation as described in Subsections
- 1182 (2)(c)(i) through (2)(c)(iii), the corporation shall have the following tax credit
- 1183 amounts available for allocation:

(A) any tax credits allocated in a calendar year that are subsequently returned to the corporation or recaptured by the corporation may be allocated in the following year, except no tax credits under this Subsection (2)(c)(iv) shall be allocated after December 31, 2028; and

(B) if the actual amount of tax credits allocated in a calendar year to qualified developments is less than the total amount of credits available to be allocated to qualified developments, the balance of the credits but no more than 15% of the total amount of credits available for allocation to qualified developments may be allocated by the corporation to qualified developments in the following calendar year, except no tax credits under this Subsection (2)(c)(iv) shall be allocated after December 31, 2028.

~~[(iv)]~~ (v) For a calendar year beginning on or after January 1, 2029, the aggregate annual tax credit that the corporation may allocate for each year of the credit period pursuant to this section and Section 59-10-1010 is the amount described in Subsection (2)(c)(ii).

~~[(v)]~~ (vi) For purposes of this Subsection (2)(c), the population of Utah shall be determined in accordance with Section 146(j), Internal Revenue Code.

(d) (i) Subject to Subsection (2)(d)(ii), a qualified taxpayer that is a pass-through entity may allocate a tax credit under this section to one or more of the pass-through entity's pass-through entity taxpayers in any manner agreed upon, regardless of whether:

(A) the pass-through entity taxpayer is eligible to claim any portion of a federal low-income housing tax credit for the qualified development;

(B) the allocation of the tax credit has substantial economic effect within the meaning of Section 704(b), Internal Revenue Code; or

(C) the pass-through entity taxpayer is considered a partner for federal income tax purposes.

(ii) With respect to a tax year, a qualified taxpayer that is a pass-through entity taxpayer may claim a tax credit allocated to the qualified taxpayer by a pass-through entity under Subsection (2)(d)(i) so long as the qualified taxpayer's ownership interest in the pass-through entity is:

(A) acquired on or before December 31 of the tax year to which the tax credit relates; and

(B) reflected in the report required in Subsection (6)(b) for the tax year to which

- 1218 the tax credit relates.
- 1219 (e) If a qualified taxpayer that is a pass-through entity taxpayer assigns to another
1220 taxpayer the pass-through entity taxpayer's ownership interest in a pass-through
1221 entity, including the pass-through entity taxpayer's interest in the tax credit associated
1222 with the ownership interest, the assignee shall be considered a qualified taxpayer and
1223 may claim the tax credit so long as the assignee's ownership interest in the
1224 pass-through entity is:
- 1225 (i) acquired on or before December 31 of the tax year to which the tax credit relates;
1226 and
- 1227 (ii) reflected in the report required in Subsection (6)(b) for the tax year to which the
1228 tax credit relates.
- 1229 (3) (a) The corporation shall determine criteria and procedures for allocating the tax
1230 credit under this section and Section 59-10-1010 and incorporate the criteria and
1231 procedures into the corporation's qualified allocation plan.
- 1232 (b) The corporation shall create the criteria under Subsection (3)(a) based on:
- 1233 (i) the number of affordable housing units to be created in Utah for low and moderate
1234 income persons in a qualified development;
- 1235 (ii) the level of area median income being served by a qualified development;
- 1236 (iii) the need for the tax credit for the economic feasibility of a qualified
1237 development; and
- 1238 (iv) the extended period for which a qualified development commits to remain as
1239 affordable housing.
- 1240 (4) Any housing sponsor may apply to the corporation for a tax credit allocation under this
1241 section.
- 1242 (5) (a) (i) The corporation shall determine the amount of the tax credit to allocate to a
1243 qualified development in accordance with the qualified allocation plan.
- 1244 (ii) (A) Before the allocation certificate is issued to the housing sponsor, the
1245 corporation shall send to the housing sponsor written notice of the corporation's
1246 preliminary determination of the tax credit amount to be allocated to the
1247 qualified development.
- 1248 (B) The notice described in Subsection (5)(a)(ii)(A) shall specify the corporation's
1249 preliminary determination of the tax credit amount to be allocated to the
1250 qualified development for each year of the credit period and state that
1251 allocation of the tax credit is contingent upon the issuance of an allocation

- 1252 certificate.
- 1253 (iii) Upon approving a final cost certification in accordance with the qualified
1254 allocation plan, the corporation shall issue an allocation certificate to the housing
1255 sponsor as evidence of the allocation.
- 1256 (iv) The amount of the tax credit specified in an allocation certificate may not exceed
1257 100% of the federal low-income housing tax credit awarded to a qualified
1258 development.
- 1259 (b) (i) Notwithstanding Subsection (5)(a), if a housing sponsor applies to the
1260 corporation for a tax credit under this section and an allocation certificate is not
1261 yet issued, a qualified taxpayer may claim a tax credit based upon the
1262 corporation's preliminary determination of the tax credit amount as stated in the
1263 notice under Subsection (5)(a)(ii).
- 1264 (ii) Upon issuance of the allocation certificate to the housing sponsor, a qualified
1265 taxpayer that claims a tax credit under this Subsection (5)(b) shall file an amended
1266 tax return to adjust the tax credit amount if the amount previously claimed by the
1267 qualified taxpayer is different than the amount specified in the allocation
1268 certificate.
- 1269 (c) The amount of tax credit that may be claimed in the first year of the credit period
1270 may not be reduced as a result of the calculation in Section 42(f)(2), Internal Revenue
1271 Code.
- 1272 (d) On or before January 31 of each year, the corporation shall provide to the
1273 commission in a form prescribed by the commission a report that describes each
1274 allocation certificate that the corporation issued during the previous calendar year.
- 1275 (6) (a) A housing sponsor shall provide to the commission identification of the housing
1276 sponsor's designated reporter.
- 1277 (b) For each tax year in which a tax credit is claimed under this section, the designated
1278 reporter shall provide to the commission in a form prescribed by the commission:
- 1279 (i) a list of each qualified taxpayer that has been allocated a portion of the tax credit
1280 awarded in the allocation certificate for that tax year;
- 1281 (ii) the amount of tax credit that has been allocated to each qualified taxpayer
1282 described in Subsection (6)(b)(i) for that tax year; and
- 1283 (iii) any other information, as prescribed by the commission, to demonstrate that the
1284 aggregate annual amount of tax credits allocated to all qualified taxpayers for that
1285 tax year does not exceed the aggregate annual tax credit amount specified in the

- 1286 allocation certificate.
- 1287 (7) (a) All elections made by a housing sponsor pursuant to Section 42, Internal Revenue
1288 Code, shall apply to this section.
- 1289 (b) (i) If a qualified development is required to recapture a portion of any federal
1290 low-income housing tax credit, then each qualified taxpayer that has been
1291 allocated a portion of a tax credit under this section shall also be required to
1292 recapture a portion of the tax credit under this section.
- 1293 (ii) The state recapture amount shall be equal to the percentage of the state tax credit
1294 that equals the proportion the federal recapture amount bears to the original
1295 federal low-income housing tax credit amount subject to recapture.
- 1296 (iii) The designated reporter shall identify each qualified taxpayer that is required to
1297 recapture a portion of any state tax credit as described in this Subsection (7)(b).
- 1298 (8) (a) Any tax credits returned to the corporation in any year may be reallocated within
1299 the same time period as provided in Section 42, Internal Revenue Code.
- 1300 (b) Tax credits that are unallocated by the corporation in any year may be carried over
1301 for allocation in subsequent years.
- 1302 (9) (a) If a tax credit is not claimed by a qualified taxpayer in the year in which it is
1303 earned because the tax credit is more than the tax owed by the qualified taxpayer, the
1304 tax credit may be carried back three years or may be carried forward five years as a
1305 credit against the tax.
- 1306 (b) Carryover tax credits under Subsection (9)(a) shall be applied against the tax:
1307 (i) before the application of the tax credits earned in the current year; and
1308 (ii) on a first-earned first-used basis.
- 1309 (10) Any tax credit taken in this section may be subject to an annual audit by the
1310 commission.
- 1311 (11) The corporation shall annually provide an electronic report to the Revenue and
1312 Taxation Interim Committee that includes:
1313 (a) the purpose and effectiveness of the tax credits;
1314 (b) any recommendations for legislative changes to the aggregate tax credit amount that
1315 the corporation is authorized to allocate each year under Subsection (2)(c); and
1316 (c) the benefits of the tax credits to the state.
- 1317 (12) The commission may, in consultation with the corporation, make rules in accordance
1318 with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, to implement this
1319 section.

- 1320 (13) (a) Beginning in 2026, and every three years thereafter, the Revenue and Taxation
1321 Interim Committee shall conduct a review of the aggregate tax credit amount that the
1322 corporation is authorized to allocate and has allocated each year under Subsection
1323 (2)(c).
- 1324 (b) In a review under this Subsection (13), the Revenue and Taxation Interim Committee
1325 shall:
- 1326 (i) study any recommendations provided by the corporation under Subsection (11)(b);
1327 and
- 1328 (ii) if the Revenue and Taxation Interim Committee decides to recommend legislative
1329 action to the Legislature, prepare legislation for consideration by the Legislature
1330 in the next general session.

1331 Section 10. Section **59-10-552** is amended to read:

1332 **59-10-552 . Carry forward of expired or repealed tax credit.**

- 1333 (1) [When] Except as provided in Subsection (2), when a nonrefundable individual income
1334 tax credit, under Part 10, Nonrefundable Tax Credit Act, expires or is repealed, the
1335 commission shall allow a claimant, estate, or trust to carry forward any amount of the
1336 tax credit that remains for the period of time described in the tax credit for the taxable
1337 year in which the claimant, estate, or trust first claimed the tax credit.
- 1338 (2) Subsection (1) does not apply to a tax credit described in Subsection 59-10-1010
1339 (2)(c)(iv).

1340 Section 11. Section **59-10-1010** is amended to read:

1341 **59-10-1010 . Utah low-income housing tax credit.**

- 1342 (1) As used in this section:
- 1343 (a) "Allocation certificate" means a certificate in a form prescribed by the commission
1344 and issued by the corporation to a housing sponsor that specifies the aggregate
1345 amount of the tax credit awarded under this section to a qualified development and
1346 includes:
- 1347 (i) the aggregate annual amount of the tax credit awarded that may be claimed by one
1348 or more qualified taxpayers; and
- 1349 (ii) the credit period over which the tax credit may be claimed by one or more
1350 qualified taxpayers.
- 1351 (b) "Building" means a qualified low-income building as defined in Section 42(c),
1352 Internal Revenue Code.
- 1353 (c) "Corporation" means the Utah Housing Corporation created in Section 63H-8-201.

- 1354 (d) Except as provided in Subsection (5)(c), "credit period" means the same as that term
1355 is defined in Section 42(f)(1), Internal Revenue Code.
- 1356 (e) "Designated reporter" means, as selected by a housing sponsor, the housing sponsor
1357 or one of the housing sponsor's direct or indirect partners, members, or shareholders
1358 that will provide information to the commission regarding the allocation of tax
1359 credits under this section.
- 1360 (f) "Federal low-income housing credit" means the federal low-income housing credit
1361 described in Section 42, Internal Revenue Code.
- 1362 (g) "Housing sponsor" means an entity that owns a qualified development.
- 1363 (h) "Pass-through entity" means the same as that term is defined in Section 59-10-1402.
- 1364 (i) (i) Subject to Subsection (1)(i)(ii), "pass-through entity taxpayer" means the same
1365 as that term is defined in Section 59-10-1402.
- 1366 (ii) The determination of whether a pass-through entity taxpayer is considered a
1367 partner, member, or shareholder of a pass-through entity shall be made in
1368 accordance with applicable state law governing the pass-through entity.
- 1369 (j) "Qualified allocation plan" means a qualified allocation plan adopted by the
1370 corporation in accordance with Section 42(m), Internal Revenue Code.
- 1371 (k) "Qualified development" means a "qualified low-income housing project":
1372 (i) as defined in Section 42(g)(1), Internal Revenue Code; and
1373 (ii) that is located in the state.
- 1374 (l) (i) "Qualified taxpayer" means a claimant, estate, or trust that:
1375 (A) owns a direct or indirect interest, through one or more pass-through entities, in
1376 a qualified development; and
1377 (B) meets the requirements to claim a tax credit under this section.
- 1378 (ii) "Qualified taxpayer" includes a pass-through entity taxpayer to which a tax credit
1379 under this section is passed through by a pass-through entity.
- 1380 (2) (a) A qualified taxpayer may claim a nonrefundable tax credit under this section
1381 against taxes otherwise due under this chapter.
- 1382 (b) The tax credit shall be in an amount equal to the tax credit amount specified on the
1383 allocation certificate that the corporation issues to a housing sponsor under this
1384 section.
- 1385 (c) (i) For a calendar year beginning on or before December 31, 2016, the aggregate
1386 annual tax credit that the corporation may allocate for each year of the credit
1387 period pursuant to this section and Section 59-7-607 is an amount equal to the

1388 product of:

1389 (A) 12.5 cents; and

1390 (B) the population of Utah.

1391 (ii) For a calendar year beginning on or after January 1, 2017, but beginning on or

1392 before December 31, 2022, the aggregate annual tax credit that the corporation

1393 may allocate for each year of the credit period pursuant to this section and Section

1394 59-7-607 is an amount equal to the product of:

1395 (A) 34.5 cents; and

1396 (B) the population of Utah.

1397 (iii) For a calendar year beginning on or after January 1, 2023, but beginning on or

1398 before December 31, 2028, the aggregate annual tax credit that the corporation

1399 may allocate for each year of the credit period pursuant to this section and Section

1400 59-7-607 is \$10,000,000.

1401 (iv) For a calendar year beginning on or after January 1, 2024, in addition to the

1402 amount of annual tax credits available for allocation as described in Subsections

1403 (2)(c)(i) through (2)(c)(iii), the corporation shall have the following tax credit

1404 amounts available for allocation:

1405 (A) any tax credits allocated in a calendar year that are subsequently returned to

1406 the corporation or recaptured by the corporation may be allocated in the

1407 following calendar year, except no tax credits under this Subsection (2)(c)(iv)

1408 shall be allocated after December 31, 2028; and

1409 (B) if the actual amount of tax credits allocated in a calendar year to qualified

1410 developments is less than the total amount of credits available to be allocated

1411 to qualified developments, the balance of the credits but no more than 15% of

1412 the total amount of credits available for allocation to qualified developments

1413 may be allocated by the corporation to qualified developments in the following

1414 calendar year, except no tax credits under this Subsection (2)(c)(iv) shall be

1415 allocated after December 31, 2028.

1416 ~~[(iv)]~~ (v) For a calendar year beginning on or after January 1, 2029, the aggregate

1417 annual tax credit that the corporation may allocate for each year of the credit

1418 period pursuant to this section and Section 59-7-607 is the amount described in

1419 Subsection (2)(c)(ii).

1420 ~~[(v)]~~ (vi) For purposes of this Subsection (2)(c), the population of Utah shall be

1421 determined in accordance with Section 146(j), Internal Revenue Code.

- (d) (i) Subject to Subsection (2)(d)(ii), a qualified taxpayer that is a pass-through entity may allocate a tax credit under this section to one or more of the pass-through entity's pass-through entity taxpayers in any manner agreed upon, regardless of whether:
- (A) the pass-through entity taxpayer is eligible to claim any portion of a federal low-income housing tax credit for the qualified development;
 - (B) the allocation of the tax credit has substantial economic effect within the meaning of Section 704(b), Internal Revenue Code; or
 - (C) the pass-through entity taxpayer is considered a partner for federal income tax purposes.
- (ii) With respect to a tax year, a qualified taxpayer that is a pass-through entity taxpayer may claim a tax credit allocated to the qualified taxpayer by a pass-through entity under Subsection (2)(d)(i) so long as the qualified taxpayer's ownership interest in the pass-through entity is:
- (A) acquired on or before December 31 of the tax year to which the tax credit relates; and
 - (B) reflected in the report required in Subsection (6)(b) for the tax year to which the tax credit relates.
- (e) If a qualified taxpayer that is a pass-through entity taxpayer assigns to another taxpayer the pass-through entity taxpayer's ownership interest in a pass-through entity, including the pass-through entity taxpayer's interest in the tax credit associated with the ownership interest, the assignee shall be considered a qualified taxpayer and may claim the tax credit so long as the assignee's ownership interest in the pass-through entity is:
- (i) acquired on or before December 31 of the tax year to which the tax credit relates; and
 - (ii) reflected in the report required in Subsection (6)(b) for the tax year to which the tax credit relates.
- (3) (a) The corporation shall determine criteria and procedures for allocating the tax credit under this section and Section 59-7-607 and incorporate the criteria and procedures into the corporation's qualified allocation plan.
- (b) The corporation shall create the criteria under Subsection (3)(a) based on:
- (i) the number of affordable housing units to be created in Utah for low and moderate income persons in a qualified development;

- (ii) the level of area median income being served by a qualified development;
- (iii) the need for the tax credit for the economic feasibility of a qualified development; and
- (iv) the extended period for which a qualified development commits to remain as affordable housing.

(4) Any housing sponsor may apply to the corporation for a tax credit allocation under this section.

(5) (a) (i) The corporation shall determine the amount of the tax credit to allocate to a qualified development in accordance with the qualified allocation plan.

(ii) (A) Before the allocation certificate is issued to the housing sponsor, the corporation shall send to the housing sponsor written notice of the corporation's preliminary determination of the tax credit amount to be allocated to the qualified development.

(B) The notice described in Subsection (5)(a)(ii)(A) shall specify the corporation's preliminary determination of the tax credit amount to be allocated to the qualified development for each year of the credit period and state that allocation of the tax credit is contingent upon the issuance of an allocation certificate.

(iii) Upon approving a final cost certification in accordance with the qualified allocation plan, the corporation shall issue an allocation certificate to the housing sponsor as evidence of the allocation.

(iv) The amount of the tax credit specified in an allocation certificate may not exceed 100% of the federal low-income housing credit awarded to a qualified development.

(b) (i) Notwithstanding Subsection (5)(a), if a housing sponsor applies to the corporation for a tax credit under this section and an allocation certificate is not yet issued, a qualified taxpayer may claim a tax credit based upon the corporation's preliminary determination of the tax credit amount as stated in the notice under Subsection (5)(a)(ii).

(ii) Upon issuance of the allocation certificate to the housing sponsor, a qualified taxpayer that claims a tax credit under this Subsection (5)(b) shall file an amended tax return to adjust the tax credit amount if the amount previously claimed by the qualified taxpayer is different than the amount specified in the allocation certificate.

- 1490 (c) The amount of tax credit that may be claimed in the first year of the credit period
1491 may not be reduced as a result of the calculation in Section 42(f)(2), Internal Revenue
1492 Code.
- 1493 (d) On or before January 31 of each year, the corporation shall provide to the
1494 commission in a form prescribed by the commission a report that describes each
1495 allocation certificate that the corporation issued during the previous calendar year.
- 1496 (6) (a) A housing sponsor shall provide to the commission identification of the housing
1497 sponsor's designated reporter.
- 1498 (b) For each tax year in which a tax credit is claimed under this section, the designated
1499 reporter shall provide to the commission in a form prescribed by the commission:
- 1500 (i) a list of each qualified taxpayer that has been allocated a portion of the tax credit
1501 awarded in the allocation certificate for that tax year;
- 1502 (ii) the amount of tax credit that has been allocated to each qualified taxpayer
1503 described in Subsection (6)(b)(i) for that tax year; and
- 1504 (iii) any other information, as prescribed by the commission, to demonstrate that the
1505 aggregate annual amount of tax credits allocated to all qualified taxpayers for that
1506 tax year does not exceed the aggregate annual tax credit amount specified in the
1507 allocation certificate.
- 1508 (7) (a) All elections made by a housing sponsor pursuant to Section 42, Internal Revenue
1509 Code, shall apply to this section.
- 1510 (b) (i) If a qualified taxpayer is required to recapture a portion of any federal
1511 low-income housing credit, the qualified taxpayer that has been allocated a portion
1512 of a tax credit under this section shall also be required to recapture a portion of the
1513 tax credit under this section.
- 1514 (ii) The state recapture amount shall be equal to the percentage of the state tax credit
1515 that equals the proportion the federal recapture amount bears to the original
1516 federal low-income housing credit amount subject to recapture.
- 1517 (iii) The designated reporter shall identify each qualified taxpayer that is required to
1518 recapture a portion of any state tax credits as described in this Subsection (7)(b).
- 1519 (8) (a) Any tax credits returned to the corporation in any year may be reallocated within
1520 the same time period as provided in Section 42, Internal Revenue Code.
- 1521 (b) Tax credits that are unallocated by the corporation in any year may be carried over
1522 for allocation in subsequent years.
- 1523 (9) (a) If a tax credit is not claimed by a qualified taxpayer in the year in which it is

earned because the tax credit is more than the tax owed by the qualified taxpayer, the tax credit may be carried back three years or may be carried forward five years as a credit against the tax.

(b) Carryover tax credits under Subsection (9)(a) shall be applied against the tax:

(i) before the application of the tax credits earned in the current year; and

(ii) on a first-earned first-used basis.

(10) Any tax credit taken in this section may be subject to an annual audit by the commission.

(11) The corporation shall annually provide an electronic report to the Revenue and Taxation Interim Committee that includes:

(a) the purpose and effectiveness of the tax credits;

(b) any recommendations for legislative changes to the aggregate tax credit amount that the corporation is authorized to allocate each year under Subsection (2)(c); and

(c) the benefits of the tax credits to the state.

(12) The commission may, in consultation with the corporation, promulgate rules to implement this section.

(13) (a) Beginning in 2026, and every three years thereafter, the Revenue and Taxation Interim Committee shall conduct a review of the aggregate tax credit amount that the corporation is authorized to allocate and has allocated each year under Subsection (2)(c).

(b) In a review under this Subsection (13), the Revenue and Taxation Interim Committee shall:

(i) study any recommendations provided by the corporation under Subsection (11)(b); and

(ii) if the Revenue and Taxation Interim Committee decides to recommend legislative action to the Legislature, prepare legislation for consideration by the Legislature in the next general session.

Section 12. Section **59-12-352** is amended to read:

**59-12-352 . Transient room tax authority for municipalities, military installation development authority, and Point of the Mountain State Land Authority --
Purposes for which revenues may be used.**

(1) (a) Except as provided in Subsection (5), the governing body of a municipality may impose a tax of not to exceed 1% on charges for the accommodations and services described in Subsection 59-12-103(1)(i).

(b) Subject to Section 63H-1-203, the military installation development authority created in Section 63H-1-201 may impose a tax under this section for accommodations and services described in Subsection 59-12-103(1)(i) within a project area described in a project area plan adopted by the authority under Title 63H, Chapter 1, Military Installation Development Authority Act, as though the authority were a municipality.

(2) Subject to the limitations of Subsection (1), a governing body of a municipality may, by ordinance, increase or decrease the tax under this part.

(3) A governing body of a municipality shall regulate the tax under this part by ordinance.

(4) A municipality may use revenues generated by the tax under this part for general fund purposes.

(5) (a) A municipality may not impose a tax under this section for accommodations and services described in Subsection 59-12-103(1)(i) within a project area described in a project area plan adopted by the authority under Title 63H, Chapter 1, Military Installation Development Authority Act.

(b) Subsection (5)(a) does not apply to the military installation development authority's imposition of a tax under this section.

(6) (a) As used in this Subsection (6):

(i) "Authority" means the Point of the Mountain State Land Authority, created in Section 11-59-201.

(ii) "Authority board" means the board referred to in Section 11-59-301.

(b) The authority may, by a resolution adopted by the authority board, impose a tax of not to exceed 5% on charges for the accommodations and services described in Subsection 59-12-103(1)(i) for transactions that occur on point of the mountain state land, as defined in Section 11-59-102.

(c) The authority board, by resolution, shall regulate the tax under this Subsection (6).

(d) The authority shall use all revenue from a tax imposed under this Subsection (6) to provide affordable housing, consistent with the manner that a community reinvestment agency uses funds for ~~[affordable housing]~~ income targeted housing under Section 17C-1-412.

(e) A tax under this Subsection (6) is in addition to any other tax that may be imposed under this part.

Section 13. **Effective date.**

This bill takes effect on May 1, 2024.