

Retail Facility Amendments

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Evan J. Vickers

House Sponsor: R. Neil Walter

LONG TITLE

General Description:

This bill modifies provisions related to retail facility incentive payments.

Highlighted Provisions:

This bill:

- defines terms and modifies definitions;
- clarifies that the Governor's Office of Economic Opportunity may not offer a retail facility incentive payment;
- provides that a public entity may make a retail facility incentive payment for a retail facility included as part of a mixed-use development that includes housing units, under certain circumstances;
- modifies the process by which a public entity that makes a retail facility incentive payment submits a written report on the retail facility incentive payment to the Governor's Office of Economic Development; and
- makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

11-41-102, as last amended by Laws of Utah 2024, Chapter 300

11-41-103, as last amended by Laws of Utah 2022, Chapter 307

11-41-104, as enacted by Laws of Utah 2022, Chapter 307

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

Section 1. Section **11-41-102** is amended to read:

11-41-102 . Definitions.

As used in this chapter:

- (1) "Agreement" means an oral or written agreement between a public entity and a person.
- (2) "Business entity" means a sole proprietorship, partnership, limited partnership, limited liability company, corporation, or other entity or association used to carry on a business for profit.
- (3) "Determination of violation" means a determination by the Governor's Office of Economic Opportunity of substantial likelihood that a retail facility incentive payment has been made in violation of Section 11-41-103, in accordance with Section 11-41-104.
- (4) "Environmental mitigation" means an action or activity intended to remedy known negative impacts to the environment.
- (5) "Executive director" means the executive director of the Governor's Office of Economic Opportunity.
- (6) "General plan" means the same as that term is defined in Section 23A-6-101.
- (7) "Legislative body" means the same as that term is defined in:
 - (a) Section 10-9a-103; or
 - (b) Section 17-27a-103.
- ~~[(7)]~~ (8) "Mixed-use development" means development with mixed land uses, including housing.
- (9) "Moderate income housing" means housing occupied or reserved for occupancy by households with a gross household income equal to or less than 80% of the median gross income for households of the same size in the county in which the housing is located.
- ~~[(8)]~~ (10) "Moderate income housing plan" means the moderate income housing plan element of a general plan.
- ~~[(9)]~~ (11) "Office" means the Governor's Office of Economic Opportunity.
- ~~[(10)]~~ (12) "Political subdivision" means any county, city, town, school district, special district, special service district, community reinvestment agency, or entity created by an interlocal agreement adopted under Title 11, Chapter 13, Interlocal Cooperation Act.
- ~~[(11)]~~ (13) "Public entity" means:
 - (a) a political subdivision;
 - (b) a department, commission, board, council, agency, institution, officer, corporation, fund, division, office, committee, authority, laboratory, library, unit, bureau, panel, or

- other administrative unit of the executive branch of the state;
- (c) a higher education institution as defined in Section 53B-1-201;
- (d) the Military Installation Development Authority created in Section 63H-1-201;
- (e) the Utah Inland Port Authority created in Section 11-58-201; or
- (f) the Point of the Mountain State Land Authority created in Section 11-59-201.

~~[(12)]~~ (14) "Public funds" means any money received by a public entity that is derived from:

- (a) a sales and use tax authorized under Title 59, Chapter 12, Sales and Use Tax Act; or
- (b) a property tax levy.

~~[(13)]~~ (15) "Public infrastructure" means:

- (a) a public facility, as defined in Section 11-36a-102; ~~[or]~~
- (b) a system improvement, as defined in Section 11-36a-102; or
- ~~[(b)]~~ (c) [public-]infrastructure developed with public funds included as part of an infrastructure master plan related to a general plan.

~~[(14)]~~ (16) "Retail facility" means any facility operated by a business entity for the primary purpose of making retail transactions.

~~[(15)]~~ (17)~~[(a)]~~ "Retail facility incentive payment" means a payment of public funds:

- ~~[(i)]~~ (a) to a person by a public entity;
- ~~[(ii)]~~ (b) for the development, construction, renovation, or operation of a retail facility within an area of the state; and
- ~~[(iii)]~~ (c) in the form of:
 - ~~[(A)]~~ (i) a payment;
 - ~~[(B)]~~ (ii) a rebate;
 - ~~[(C)]~~ (iii) a refund;
 - ~~[(D)]~~ (iv) a subsidy; or
 - ~~[(E)]~~ (v) any other similar incentive, award, or offset.

~~[(b)]~~ "Retail facility incentive payment" does not include a payment of public funds for:]

~~[(i) the development, construction, renovation, or operation of:]~~

~~[(A) public infrastructure; or]~~

~~[(B) a structured parking facility;]~~

~~[(ii) the demolition of an existing facility;]~~

~~[(iii) assistance under a state or local:]~~

~~[(A) main street program; or]~~

~~[(B) historic preservation program;]~~

~~[(iv) environmental mitigation or sanitation, if determined by a state or federal~~

- 96 agency under applicable state or federal law;]
- 97 [(v) assistance under a water conservation program or energy efficiency program, if
- 98 any business entity located within the public entity's boundaries or subject to the
- 99 public entity's jurisdiction is eligible to participate in the program;]
- 100 [(vi) emergency aid or assistance, if any business entity located within the public
- 101 entity's boundaries or subject to the public entity's jurisdiction is eligible to
- 102 receive the emergency aid or assistance; or]
- 103 [(vii) assistance under a public safety or security program, if any business entity
- 104 located within the public entity's boundaries or subject to the public entity's
- 105 jurisdiction is eligible to participate in the program.]
- 106 [(16)] (18) "Retail transaction" means any transaction subject to a sales and use tax under
- 107 Title 59, Chapter 12, Sales and Use Tax Act.
- 108 [(17)] (19)(a) "Small business" means a business entity that:
- 109 (i) has fewer than 30 full-time equivalent employees; and
- 110 (ii) maintains the business entity's principal office in the state.
- 111 (b) "Small business" does not include:
- 112 (i) a franchisee, as defined in 16 C.F.R. Sec. 436.1;
- 113 (ii) a dealer, as defined in Section 41-1a-102; or
- 114 (iii) a subsidiary or affiliate of another business entity that is not a small business.
- 115 Section 2. Section **11-41-103** is amended to read:
- 116 **11-41-103 . Prohibition on retail facility incentive payments -- Exceptions.**
- 117 (1) Except as provided in Subsection (2), a public entity may not:
- 118 (a) make a retail facility incentive payment under an agreement that is initiated or
- 119 entered into on or after July 1, 2022; or
- 120 (b) initiate or enter into an agreement on or after July 1, 2022, to make a retail facility
- 121 incentive payment.
- 122 (2) Notwithstanding Subsection (1), a public entity that is not the office may make a retail
- 123 facility incentive payment for:
- 124 (a) a retail facility located entirely within a census tract in which more than [51] 50% of
- 125 residents have a household income at or below [70] 80% of the county area median
- 126 income;
- 127 (b) a retail facility included as part of a mixed-use development in which:
- 128 (i) the mixed-use development has received approval from the legislative body to
- 129 begin development;

- 130 (ii) [-] the mixed-use development includes or is planned to include at least one
131 housing unit for every 1,250 square feet of retail space;
132 (A) within the mixed-use development; or
133 (B) within 1/4 mile radius of the property line of the planned retail facility; and
134 ~~[(ii)]~~ (iii) at least 10% of the new or proposed housing units within the mixed-use
135 development qualify as moderate income housing, in accordance with the
136 moderate income housing plan of the municipality or county in which the
137 development is located;
- 138 (c) a retail facility included as part of a development in which:
139 (i) the retail facility has a gross sales floor area of no more than 20,000 square feet;
140 and
141 (ii) no other retail facility with a gross sales floor area of more than 20,000 square
142 feet is located within the same development;
- 143 (d) a retail facility located within a county of the fourth, fifth, or sixth class;
144 (e) a retail facility for a small business;
145 (f) a retail facility for a Utah-based nonprofit arts or cultural organization; or
146 (g) a retail facility for a ski resort that:
147 (i) has been in operation for at least 40 years; and
148 (ii) provides at least 1,000 acres for skiing.
- 149 (3) Nothing in this section prohibits a public entity from making:
150 (a) an expenditure for a public facility, including:
151 (i) water rights and water supply, treatment, storage, and distribution facilities;
152 (ii) wastewater collection and treatment facilities;
153 (iii) storm water, drainage, and flood control facilities;
154 (iv) municipal power facilities;
155 (v) roadway facilities;
156 (vi) parks, recreation facilities, open space, and trails;
157 (vii) public safety facilities;
158 (viii) environmental mitigation, as provided in Section 11-36a-205; and
159 (ix) municipal natural gas facilities; or
- 160 (b) a payment of public funds for:
161 (i) the development, construction, renovation, or operation of:
162 (A) public infrastructure; or
163 (B) a structured parking facility;

- 164 (ii) the demolition of an existing retail facility;
165 (iii) assistance under a state or local:
166 (A) main street program; or
167 (B) historic preservation program;
168 (iv) environmental mitigation or sanitation, if determined by a state or federal agency
169 under applicable state or federal law;
170 (v) assistance under a water conservation program or energy efficiency program, if
171 any business entity located within the public entity's boundaries or subject to the
172 public entity's jurisdiction is eligible to participate in the program;
173 (vi) emergency aid or assistance, if any business entity located within the public
174 entity's boundaries or subject to the public entity's jurisdiction is eligible to
175 receive the emergency aid or assistance; or
176 (vii) assistance under a public safety or security program, if any business entity
177 located within the public entity's boundaries or subject to the public entity's
178 jurisdiction is eligible to participate in the program.
- 179 (4) A person who receives ~~[public funds]~~ a retail facility incentive payment for a mixed-use
180 development in accordance with Subsection (2)(b) may not use ~~[the public funds]~~ the
181 retail facility incentive payment for the development, construction, renovation, or
182 operation of housing units within the mixed-use development unless the housing units
183 qualify as moderate income housing in accordance with the moderate income housing
184 plan of the municipality or county in which the development is located.
- 185 ~~[(4)]~~ (5)(a) For each fiscal year that a public entity makes a retail facility incentive
186 payment described in Subsections (2)(a) through (c), the public entity shall submit a
187 written report to the office in accordance with Subsection 11-41-104(1).
- 188 (b) For each fiscal year that a public entity makes a retail facility incentive payment
189 described in Subsections (2)(d) through (g), the public entity shall submit a
190 notification to the office in accordance with Subsection 11-41-104(2).
- 191 Section 3. Section **11-41-104** is amended to read:
- 192 **11-41-104 . Reporting and notification requirements -- Notice to state auditor.**
- 193 (1)(a) For a fiscal year beginning on or after July 1, 2022, a public entity that makes a
194 retail facility incentive payment described in Subsections 11-41-103(2)(a) through (c)
195 shall submit a written report to the office on or before ~~[June 30 of the fiscal year in~~
196 ~~which the]~~ August 1 regarding any retail facility incentive payment [is-]made by the
197 public entity in the preceding fiscal year.

(b) The report under Subsection (1)(a) shall:

(i) provide a description of each retail facility incentive payment under Subsections 11-41-103(2)(a) through (c) that the public entity made during the fiscal year, including:

(A) the type of retail facility incentive payment;

(B) the date on which the retail facility incentive payment was made; and

(C) identification of the recipient of the retail facility incentive payment;

(ii) include any other information requested by the office; and

(iii) be in a form prescribed by the office.

(2)(a) For a fiscal year beginning on or after July 1, 2022, a public entity that makes a retail facility incentive payment described in Subsections 11-41-103(2)(d) through (g) shall submit a notification to the office on or before ~~[June 30 of the fiscal year in which the]~~ August 1 regarding any retail facility incentive payment [is-]made by the public entity in the preceding fiscal year.

(b) The notification under Subsection (2)(a) shall:

(i) list each retail facility incentive payment under Subsections 11-41-103(2)(d) through (g) that the public entity made during the fiscal year, including the date on which the retail facility incentive payment was made;

(ii) include any other information requested by the office; and

(iii) be in a form prescribed by the office.

(3) ~~[Upon the receipt of a report from a public entity under Subsection (1), the]~~ The office shall review [the] a written report submitted by a public entity under Subsection (1):

(a) to determine whether each retail facility incentive payment described in the written report is in compliance with Section 11-41-103[-] ; and

(b) by no later than six months from the day on which the public entity submits the written report under Subsection (1).

(4)(a) After reviewing a public entity's written report under Subsection (3)(a), the office shall send a written notice to the public entity within the time period described in Subsection (3)(b) if the office determines there is a substantial likelihood that the public entity made a retail facility incentive payment in violation of Section 11-41-103.

(b) A public entity that submits a written report under Subsection (1) is considered compliant with Section 11-41-103 if the public entity does not receive written notice from the office under Subsection (4)(a) within the time period described in

Subsection (3)(b).

(5) The notice under Subsection (4)(a) shall include:

- (a) a statement that describes in reasonable detail how the office made a determination of violation;
- (b) an explanation of the public entity's right to appeal the determination of violation in accordance with Subsection (6); and
- (c) a statement that the office may send notice of the determination of violation to the state auditor in accordance with Subsection (7) if:
 - (i)(A) the public entity does not appeal the determination of violation in accordance with Subsection (6); and
 - (B) the office determines that the public entity has failed to make efforts to recover or recoup the amount of public funds lost to the state as a result of the violation within 90 days after the day on which the notice is sent; or
 - (ii)(A) the determination of violation is upheld on appeal in accordance with Subsection (6); and
 - (B) the office determines that the public entity has failed to make efforts to recover or recoup the amount of public funds lost to the state as a result of the violation within 90 days after the day on which the determination of violation is upheld.

(6)(a) The public entity may appeal the determination of violation by sending a written notice to the office within 30 days after the day on which the notice described in Subsection (5) is sent.

(b) The notice under Subsection (6)(a) shall include a statement that describes in reasonable detail each objection to the determination of violation.

(c) The executive director shall:

- (i) within 90 days after the day on which the office receives notice under Subsection (6)(a), hold a meeting with representatives of the public entity at which the public entity's objections to the determination of violation are discussed; and
- (ii) within 30 days after the day on which the meeting under Subsection (6)(c)(i) is held:
 - (A) issue a written decision that upholds or rescinds the determination of violation; and
 - (B) send a copy of the written decision to the public entity.

(d) An appeal under this Subsection (6) is not subject to Title 63G, Chapter 4,

Administrative Procedures Act.

(7)(a) Beginning July 1, 2024, the office may send a written notice to the state auditor if the office determines that:

(i) Subsection (5)(c)(i) or (ii) applies to a public entity; or

(ii) a public entity failed to submit the report described in Subsection (1).

(b) The notice under Subsection (7)(a) shall include:

(i) a description of the office's grounds for sending notice;

(ii) a copy of the report submitted to the office under Subsection (1), if applicable; and

(iii) any other information required by the state auditor for purposes of initiating an audit or investigation in accordance with Section 67-3-1.

(8) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the office may make rules to implement this section.

Section 4. Effective Date.

This bill takes effect on May 7, 2025.