LEGISLATIVE GENERAL COUNSEL
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Representative Jon Hawkins proposes the following substitute bill:

CAPITAL CITY REVITALIZATION ZONE

2024 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Daniel McCay

House Sponsor: Jon Hawkins

LONG TITLE

General Description:

This bill enacts provisions to enable a local government to create a revitalization zone.

Highlighted Provisions:

This bill:

- establishes procedures to create a revitalization zone for the use of tax revenue for the benefit of creating or improving infrastructure within a designated project area that is located within the local government's boundaries;
- provides requirements for the project area;
- authorizes a qualifying local government to levy a sales and use tax within the local government's boundaries and for use within the project area, subject to certain procedures and approvals;
- provides requirements and procedures for a local government to create a revitalization zone and negotiate a project participation agreement that would allow a project participant to participate in the use of funds collected within the project area;
- provides requirements for allowable uses of revenue and funds;
- provides requirements for a participation agreement;
- requires termination of access to funds and repayment of funds in the event of

breach or ceasing to operate or regularly use a stadium in the project area;

▸ creates procedures for the Revitalization Zone Committee to give its approval to a project area and participation that has been endorsed by the local government;

▸ creates the Revitalization Zone Committee to approve project areas and project participation agreements created and endorsed by the local government, and to review expenditures and activities in relation to a project area and project participants;

▸ creates procedures for the Revitalization Zone Committee to give its approval to a project area and participation that has been endorsed by the local government;

▸ allows a local government to give final approval to a project area and a participation plan that has been endorsed by the local government and approved by the Revitalization Zone Committee;

▸ requires a local government with a revitalization zone to provide reports to the Revitalization Zone Committee; and

▸ requires a local government to provide reports to the Executive Appropriations Committee.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a coordination clause.

Utah Code Sections Affected:

ENACTS:

59-12-402.5, Utah Code Annotated 1953

63N-3-1301, Utah Code Annotated 1953

63N-3-1302, Utah Code Annotated 1953

63N-3-1303, Utah Code Annotated 1953

63N-3-1304, Utah Code Annotated 1953

63N-3-1305, Utah Code Annotated 1953

63N-3-1306, Utah Code Annotated 1953

63N-3-1307, Utah Code Annotated 1953

63N-3-1308, Utah Code Annotated 1953

Utah Code Sections Affected By Coordination Clause:

59-12-402.5, as Utah Code Annotated 1953

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

Section 1. Section **59-12-402.5** is enacted to read:

59-12-402.5. Capital city revitalization sales and use tax -- Deadline -- Rate -- Collection fees -- Imposition.

(1) As used in this section:

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

(b) "Project area" means the same as that term is defined in Section 63N-3-1301.

(2) The legislative body of the local government may impose a sales and use tax under this section if the legislative body, on or before December 31, 2024:

(a) complies with the requirements of Title 63N, Chapter 3, Part 13, Capital City Revitalization Zone;

(b) gives final approval to an application by giving final approval of a project zone and a participation agreement as provided in Section 63N-3-1306; and

(c) imposes the tax according to the procedures and requirements of Section 63N-3-1306.

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

(b) The tax imposed under this section may not be imposed for a period greater than 30 years, beginning on the date of the first imposition of the tax.

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

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

(a) the sale of:

(i) a motor vehicle;

(ii) an aircraft;

(iii) a watercraft;

(iv) a modular home;

(v) a manufactured home; or

(vi) a mobile home;

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

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

(6) For purposes of this section, the location of a transaction is determined in accordance with Sections 59-12-211 through 59-12-215.

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

(8) A local government may impose a tax under this section by majority vote of the members of the local government's legislative body in compliance with the procedures and requirements of Title 63N, Chapter 3, Part 13, Capital City Revitalization Zone.

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

(10) (a) The commission shall distribute the revenue collected from the tax under this section on transactions occurring within the district sales tax area as defined in Section 11-70-101 to the Utah Fairpark Area Investment and Restoration District created in Section 11-70-201.

(b) The commission shall distribute the revenue collected outside of the district sales tax area referenced in Subsection (10)(a) to the local government.

(11) A local government shall use revenue referenced in Subsection (10)(b) only:

(a) within the project area defined in Section 63N-3-1301; and

(b) for the allowable uses under Section 63N-3-1303.

Section 2. Section **63N-3-1301** is enacted to read:

Part 13. Capital City Revitalization Zone

63N-3-1301. Definitions.

As used in this part:

(1) "Committee" means the Revitalization Zone Committee created in Section 63N-3-1307.

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

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

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

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

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

(5) "Project area" means the area created and designated to receive funds and revenue according to the terms and requirements of this part.

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

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

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

(b) is located within the project area; and

(c) (i) is in active use as the home venue of a major professional sports league team; or

(ii) in the case of a stadium that is proposed to be constructed or remodeled, will be the home venue of a major professional sports league.

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

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

63N-3-1302. Project area.

(1) A local government may, according to the requirements and procedures of this part, create a project area for the use of revenue authorized under Section 59-12-402.5, which revenue shall be used only for the allowed purposes under Section 63N-3-1303.

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

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

(b) be no greater than 100 acres in area;

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

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

(e) be contiguous; and

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

Section 4. Section **63N-3-1303** is enacted to read:

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

(1) A local government shall use any funds or revenue provided under Section 59-12-402.5 within and for the direct benefit of the project area, and subject to the requirements of this section.

(2) In addition to the requirements of Subsection (1), the allowable uses for the funds and revenue collected as authorized under this part are:

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

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

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

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

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

(b) infrastructure and roads, including state roads, within the project area;

(c) traffic mitigation costs within the project area;

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

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

(3) (a) The amount of funds and revenue used for, or for the benefit of, the project participant shall be limited to a maximum dollar amount that shall be explicitly stated in the

participation agreement.

(b) A project participant may not receive the benefit of funds or revenue in an amount greater than the maximum dollar amount referred to in Subsection (3)(a).

Section 5. Section **63N-3-1304** is enacted to read:

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

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

(1) is a party to a franchise agreement;

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

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

(b) in a new qualified stadium that will be located within the project area;

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

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

(a) the applicant; or

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

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

Section 6. Section **63N-3-1305** is enacted to read:

63N-3-1305. Local government review -- Participation agreement requirements -- Proposed project area and proposed participation agreement -- Zoning -- Deadline.

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

(a) a description of a proposed project area that meets the requirements of Section 63N-3-1302; and

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

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

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

(iii) the location and footprint of the qualified stadium, and if applicable, the location, footprint, and design of any proposed future or remodeled qualified stadium;

(iv) if a qualified stadium is to be constructed, remodeled, or replaced, requirements and plans for the design, remodel, operation, and other terms related to the existing or new qualified stadium;

(v) a master plan that:

(A) provides an overview of challenges and issues to be addressed within the project area, including land use, infrastructure, economic issues, and public safety issues;

(B) provides a 30 year plan for the physical development and the ongoing management of the project area, including maps, plats, charts, drawings, time lines, and descriptive, explanatory, and other related information that supports and demonstrates the plan;

(C) provides a specific plan for each of the following subject areas, each of which shall include, to the extent possible, detailed and specific information on projects and time lines for the named subject area, and where specific details cannot be provided, provides a list of specific goals, planned outcomes, and time lines for achieving those goals and outcomes:

(I) a financial plan, including the planned sources, uses, distribution, and time lines for the use of funds and revenue;

(II) a land use plan, including designs, ownership, demolition, construction, and time lines, including plans for modification of roads and infrastructure layout, removal or construction of buildings, and creation of new spaces, facilities, and landmarks;

(III) a public asset plan, including plans for modifications, renovations, and use scenarios for existing buildings and public assets within the project area, including buildings owned by a city or county, features, and other public assets that will be affected by revitalization of the project area;

(IV) a public safety plan, including plans for mitigating crime and ensuring safety and physical security within the project area;

(V) a homelessness mitigation plan, including plans to provide resources for homeless individuals and to mitigate and manage camping and other related social issues within the project area;

(VI) a transportation plan, including plans to enable access to and from, and public transportation, vehicle, and pedestrian traffic flow within the project area; and

(VII) a parking plan, including estimates for parking needs and plans for accommodating those needs within the project area;

(vi) a provision that the local government may not provide, and that a project participant may not receive, a direct subsidy;

(vii) (A) the maximum dollar amount that may be used for, or for the benefit of, the project participant, as required under Subsection 63N-3-1303(3); and

(B) a clear description of what fund and revenue uses will or will not be considered for the benefit of the project participant and therefore subject to the limit required under Subsection 63N-3-1303(3);

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

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

(B) a requirement that access to funds ceases and that a project participant shall repay to the local government the full amount of revenue or funds received subject to Subsection 63N-3-1303(3) if the major professional sports league team leaves or ceases to use a qualified stadium as its exclusive home stadium, subject to any additional terms agreed to in the participation agreement;

(C) a description of all remedies available to the local government in association with a breach; and

(D) designation of a guarantor, security interests, or other measures to ensure repayment of revenue and funds in the event of a breach;

(ix) procedures and penalties that apply in the event that the local government or project participant fails to meet requirements, goals, or objectives set under Subsection (1)(b)(v);

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

(xi) any additional obligations, terms, or conditions mutually agreed upon by the local government and the project participant; and

(xii) may contain:

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

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

(C) terms, procedures, or remedies related to breach of a participation agreement; and

(D) any other relevant agreement between the applicant and the local government.

(2) Before finalizing a proposed project area under Subsection (3), a local government shall ensure that any zoning modifications or requirements within the project area are complete.

(3) If the applicant and the local government develop a proposed project area and a proposed participation agreement as described in Subsection (1), the local government shall, no later than September 1, 2024, provide notice of the proposed agreement and provide a copy of the application, the proposed project area, and the proposed participation agreement to:

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

(b) the Revitalization Zone Committee.

Section 7. Section **63N-3-1306** is enacted to read:

63N-3-1306. Local government endorsement -- Revitalization Zone Committee approval -- Final approval by local government -- Imposition of tax.

(1) (a) The legislative body of the local government shall, no later than the date that is 14 calendar days after the date that notice of a proposed project area and proposed participation agreement is provided under Subsection 63N-3-1305(2), in a public meeting by a majority vote:

(i) endorse the application by:

(A) endorsing the proposed project area, with or without amendment; and

(B) endorsing the proposed participation agreement, with or without amendment; or

(ii) reject the application.

(b) If the legislative body of the local government endorses the application, the legislative body shall provide notice of the endorsement to the Revitalization Zone Committee, and provide the committee with any amended project area or amended participation agreement.

(c) If the legislative body of the local government rejects the application:

(i) the legislative body shall provide notice of the rejection to the mayor of the local government; and

(ii) the applicant and the local government may develop another proposed project area and proposed participation agreement and present those documents according to the procedures and requirements of Section 63N-3-1305.

(2) If the legislative body of the local government endorses the application under Subsection (1):

(a) The Revitalization Zone Committee shall, no later than 30 calendar days after the date that notice of the local government's endorsement of an application is provided under Subsection (1)(b), in a public meeting by a majority vote:

(i) approve or reject the endorsed project area; and

(ii) approve or reject the endorsed project participation agreement.

(b) If the committee approves the endorsed project area and the endorsed participation agreement:

(i) the committee shall give notice of the approval to the mayor and the legislative body of the local government; and

(ii) the legislative body of the local government may meet to consider final approval as provided under Subsection (3).

(c) If the committee fails to approve the endorsed project area, the endorsed participation agreement, or both the project area and participation agreement:

(i) the committee may adopt a statement or findings as to why the committee failed to provide its approval;

(ii) the committee shall give notice of the failure to approve to the mayor and the legislative body of the local government; and

(iii) the local government may:

(A) develop another proposed project area and proposed participation agreement according to the procedures and requirements of Section 63N-3-1305;

(B) in a public meeting of the legislative body of the local government, review, amend, or endorse another project area or participation agreement according to the procedures and requirements of Subsection (1); or

(C) take no further action on the application.

(3) If the Revitalization Zone Committee approves the endorsed project area and the endorsed public participation agreement under Subsection (2), the legislative body of the local government may, by a majority vote in a public meeting:

(a) give final approval to the application by:

(i) approving the project area in the form approved by the committee;

(ii) approving the proposed participation agreement in the form approved by the committee; and

(iii) designating the applicant as a project participant; or

(b) reject the application.

(4) After giving final approval to the application, the local government shall:

(a) impose taxes or revenue sources that may be used within the project area, including taxes or funds authorized under Section 59-12-402.5; and

(b) provide reports to the committee as required under Subsection 63N-3-1308(2).

Section 8. Section **63N-3-1307** is enacted to read:

63N-3-1307. Revitalization Zone Committee -- Creation -- Membership -- Staff.

(1) There is created the Revitalization Zone Committee to review the activities of, and advise a local government and project participants in a project area created under this part.

(2) The committee consists of the following members:

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

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

(c) one individual appointed by the governor.

(3) (a) The president of the Senate shall designate a member of the Senate appointed under Subsection (2) as cochair of the committee.

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

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

(b) The action of a majority of a quorum constitutes action of the Revitalization Zone Committee.

(5) The committee shall meet to review an endorsed application as provided under Section 63N-3-1306.

(6) The committee may meet, upon the agreement of both cochairs:

(a) to review a report provided under Subsection 63N-3-1308(2);

(b) at the discretion of the cochairs; and

(c) at the request of a local government.

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

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

(a) Section 63A-3-106;

(b) Section 63A-3-107; and

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

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

(a) provide staff support to the committee; and

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

Section 9. Section **63N-3-1308** is enacted to read:

63N-3-1308. Revitalization Zone Committee -- Duties -- Reporting requirements of local government -- Executive appropriations committee.

(1) The Revitalization Zone Committee shall have the following duties:

(a) to approve or reject an endorsed project area and an endorsed project participation agreement according to the procedures and requirements of Section 63N-3-1306;

(b) to review reports that are issued by a local government in accordance with Subsection (2);

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

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

(2) A local government shall, after giving final approval to an application under Section 63N-3-1306, and each six months thereafter, or upon a request of the committee, provide a report to the committee that contains:

(a) a summary of the projects and uses that are currently underway or planned in relation to the project area;

(b) if not previously provided, or if modified, a copy of the project area and participation agreement;

(c) a detailed accounting of:

(i) all public funds collected within the project area since the last report;

(ii) all public funds provided to each project participant since the last report; and

(iii) all public funds committed or spent, and a description of their use, since the last report;

(d) the projected budget and time line for each project or use that is currently underway or planned in relation to the project area; and

(e) an accounting or a detailed summary of the financial impact of the project area on the state and its residents.

(3) At the discretion of the Executive Appropriations Committee of the Legislature, the local government and the Revitalization Zone Committee shall provide an in-person report to the Executive Appropriations Committee:

(a) at least once per calendar year, that shall contain at least the following information:

(i) a summary of the projects and uses that are currently underway or planned in relation to the project area;

(ii) a detailed accounting of:

(A) all public funds collected within the project area since the last report;

(B) all public funds provided to each project participant since the last report; and

(C) all public funds committed or spent, and a description of their use, since the last report;

(iii) the projected budget and time line for each project or use that is currently underway or planned in relation to the project area;

(iv) an accounting or a detailed summary of the financial impact of the project area on the state and its residents;

(v) any recommendations or requests from the local government; and

(vi) any recommendations or requests form the Revitalization Zone Committee;

(b) after the local government provides a proposed project area and proposed participation agreement under Section 63N-3-1305; and

(c) after the local government gives final approval to an application under Section 63N-3-1306.

Section 10. **Effective date.**

This bill takes effect on May 1, 2024.

Section 11. **Coordinating S.B. 272 with H.B. 562.**

If H.B. 562, Utah Fairpark Area Investment and Restoration District, does not pass and become law, the Legislature intends that, on May 1, 2024:

(1) Subsection 59-12-402.5(10) enacted in S.B. 272, Capital City Reinvestment Zone, read as follows:

"(10) A local government shall use revenue collected from the tax under this section only:

(a) within the project area defined in Section 63N-3-1301; and

(b) for the allowable uses under Section 63N-3-1303."; and

(2) Subsection 59-12-402.5(11) enacted in S.B. 272, be omitted.