

1                                   **REDEVELOPMENT AGENCY TAX INCREMENT**

2   **CHANGES**

3   2000 GENERAL SESSION

4   STATE OF UTAH

5   **Sponsor: Howard A. Stephenson**

6 AN ACT RELATING TO SPECIAL DISTRICTS; EXEMPTING SCHOOL DISTRICT TAXES  
7 FROM TAX INCREMENT PAID TO A REDEVELOPMENT AGENCY; AND MAKING  
8 TECHNICAL CHANGES.

9 This act affects sections of Utah Code Annotated 1953 as follows:

10 AMENDS:

11                   **17A-2-1247.5**, as last amended by Chapters 21 and 194, Laws of Utah 1999

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

13                   Section 1. Section **17A-2-1247.5** is amended to read:

14                   **17A-2-1247.5. Tax increment financing -- Project area budget approval -- Payment**  
15 **of additional tax increment.**

16                   (1) This section applies to projects for which a preliminary plan has been adopted on or  
17 after July 1, 1993.

18                   (2) (a) A taxing agency committee shall be created for each redevelopment or economic  
19 development project. The committee membership shall be selected as follows:

20                   ~~[(i) two representatives appointed by the school district in the project area;]~~

21                   ~~[(ii)]~~ (i) two representatives appointed by resolution of the county commission or county  
22 council for the county in which the project area is located;

23                   ~~[(iii)]~~ (ii) two representatives appointed by resolution of the city or town's legislative body  
24 in which the project area is located if the project is located within a city or town; and

25                   ~~[(iv) a representative approved by the State School Board; and]~~

26                   ~~[(v)]~~ (iii) one representative who shall represent all of the remaining governing bodies of  
27 the other local taxing agencies, except school districts, that levy taxes upon the property within the

28 proposed project area. The representative shall be selected by resolution of each of the governing  
29 bodies of those taxing agencies within 30 days after the notice provided in Subsection  
30 17A-2-1256(3).

31 (b) If the project is located within a city or town, a quorum of a taxing agency committee  
32 consists of ~~[five]~~ three members. If the project is not located within a city or town, a quorum  
33 consists of ~~[four]~~ two members.

34 (c) A taxing agency committee formed in accordance with this section has the authority  
35 to:

36 (i) represent all taxing entities except school districts in a project area and cast votes that  
37 will be binding on the governing boards of all those taxing entities in a project area;

38 (ii) negotiate with the agency concerning the redevelopment plan;

39 (iii) approve or disapprove project area budgets under Subsection (3); and

40 (iv) approve an exception to the limits on the value and size of project areas imposed by  
41 Section 17A-2-1210, or the time and amount of tax increment financing under this section.

42 ~~[(3)(a)(i) If the project area budget does not allocate 20% of the tax increment for housing  
43 as provided in Subsection 17A-2-1264(2)(a):]~~

44 ~~[(A) an]~~ (3)(a)(i) An agency may not collect any tax increment for a project area until  
45 after the agency obtains the ~~[majority]~~ unanimous consent of ~~[a quorum of]~~ the taxing agency  
46 committee for the project area budget~~[-and]~~.

47 ~~[(B) a]~~ (ii) A project area budget adopted under Subsection (3)(a)~~[(i)(A)]~~ may be  
48 amended if the agency obtains the ~~[majority]~~ unanimous consent of ~~[a quorum of]~~ the taxing  
49 agency committee.

50 ~~[(ii) If the project area budget allocates 20% of the tax increment for housing as provided  
51 in Subsection 17A-2-1264(2)(a):]~~

52 ~~[(A) an agency may not collect tax increment from all or part of a project area until after:]~~

53 ~~[(f) the Olene Walker Housing Trust Fund Board, established under Title 9, Chapter 4, Part  
54 7, Olene Walker Housing Trust Fund, has certified the project area budget as complying with the  
55 requirements of Section 17A-2-1264; and]~~

56 ~~[(H) the agency's governing body has approved and adopted the project area budget by a  
57 two-thirds vote; and]~~

58 ~~[(B) a project area budget adopted under Subsection (3)(a)(ii)(A) may be amended if:]~~

59           ~~[(F) the Olene Walker Housing Trust Fund Board, established under Title 9, Chapter 4, Part~~  
60 ~~7, Olene Walker Housing Trust Fund, certifies the amendment as complying with the requirements~~  
61 ~~of Section 17A-2-1264; and]~~

62           ~~[(H) the agency's governing body approves and adopts the amendment by a two-thirds~~  
63 ~~vote.]~~

64           (b) Within 30 days after the approval and adoption of a project area budget, each agency  
65 shall file a copy of the budget with the county auditor, the State Tax Commission, the state auditor,  
66 and each property taxing entity affected by the agency's collection of tax increment under the  
67 project area budget.

68           (c) (i) Beginning on January 1, 1997, before an amendment to a project area budget is  
69 approved, the agency shall advertise and hold one public hearing on the proposed change in the  
70 project area budget.

71           (ii) The public hearing under Subsection (3)(c)(i) shall be conducted according to the  
72 procedures and requirements of Subsection 17A-2-1222(2), except that if the amended budget  
73 allocates a greater proportion of tax increment to a project area than was allocated to the project  
74 area under the previous budget, the advertisement shall state the percentage allocated under the  
75 previous budget and the percentage allocated under the amended budget.

76           (d) If an amendment is not approved, the agency shall continue to operate under the  
77 previously approved, unamended project area budget.

78           (4) (a) ~~[An]~~ Except as provided in Subsections (6) and (8), an agency may collect tax  
79 increment from all or a part of a project area. The tax increment shall be paid to the agency in the  
80 same manner and at the same time as payments of taxes to other taxing agencies to pay the  
81 principal of and interest on loans, moneys advanced to, or indebtedness, whether funded, refunded,  
82 assumed, or otherwise, to finance or refinance, in whole or in part, the redevelopment or economic  
83 development project and the housing projects and programs under Sections 17A-2-1263 and  
84 17A-2-1264.

85           (b) (i) An agency may elect to be paid:

86           (A) if 20% of the project area budget is not allocated for housing as provided in Subsection  
87 17A-2-1264(2)(a):

88           (I) 100% of annual tax increment for 12 years; or

89           (II) 75% of annual tax increment for 20 years; or

90 (B) if 20% of the project area budget is allocated for housing as provided in Subsection  
91 17A-2-1264(2)(a):

92 (I) 100% of annual tax increment for 15 years; or

93 (II) 75% of annual tax increment for 24 years.

94 (ii) Tax increment paid to an agency under this Subsection (4)(b) shall be paid for the  
95 applicable length of time beginning the first tax year the agency accepts tax increment from a  
96 project area.

97 (c) An agency may receive a greater percentage of tax increment or receive tax increment  
98 for a longer period of time than that specified in Subsection (4)(b) if the agency obtains the  
99 majority consent of the taxing agency committee.

100 (5) (a) The redevelopment plan shall provide that the portion of the taxes, if any, due to  
101 an increase in the tax rate by a taxing agency after the date the project area budget is approved by  
102 the taxing agency committee may not be allocated to and when collected paid into a special fund  
103 of the redevelopment agency according to the provisions of Subsection (4) unless the taxing  
104 agency committee approves the inclusion of the increase in the tax rate at the time the project area  
105 budget is approved. If approval of the inclusion of the increase in the tax rate is not obtained, the  
106 portion of the taxes attributable to the increase in the rate shall be distributed by the county to the  
107 taxing agency imposing the tax rate increase in the same manner as other property taxes.

108 (b) The amount of the tax rate to be used in determining tax increment shall be increased  
109 or decreased by the amount of an increase or decrease as a result of:

110 (i) a statute enacted by the Legislature, a judicial decision, or an order from the State Tax  
111 Commission to a county to adjust or factor its assessment rate under Subsection 59-2-704(2);

112 (ii) a change in exemption provided in Utah Constitution Article XIII, Section 2, or Section  
113 59-2-103;

114 (iii) an increase or decrease in the percentage of fair market value, as defined under  
115 Section 59-2-102; or

116 (iv) a decrease in the certified tax rate under Subsection 59-2-924(2)(c) or (2)(d)(i).

117 (c) (i) Notwithstanding the increase or decrease resulting from Subsection (5)(b), the  
118 amount of money allocated to, and when collected paid to the agency each year for payment of  
119 bonds or other indebtedness may not be less than would have been allocated to and when collected  
120 paid to the agency each year if there had been no increase or decrease under Subsection (5)(b).

121 (ii) For a decrease resulting from Subsection (5)(b)(iv), the taxable value for the base year  
122 under Subsection 17A-2-1202(2) or 17A-2-1247(2)(a), as the case may be, shall be reduced for any  
123 year to the extent necessary, including below zero, to provide an agency with approximately the  
124 same amount of money the agency would have received without a reduction in the county's  
125 certified tax rate if:

126 (A) in that year there is a decrease in the certified tax rate under Subsection 59-2-924(2)(c)  
127 or (2)(d)(i);

128 (B) the amount of the decrease is more than 20% of the county's certified tax rate of the  
129 previous year; and

130 (C) the decrease results in a reduction of the amount to be paid to the agency under Section  
131 17A-2-1247 or 17A-2-1247.5.

132 (6) (a) For redevelopment plans first adopted before May 4, 1993, beginning January 1,  
133 1994, all of the taxes levied and collected upon the taxable property in the redevelopment project  
134 under Section 59-2-906.1 which are not pledged to support bond indebtedness and other  
135 contractual obligations are exempt from the provisions of Subsection (4).

136 (b) For redevelopment plans first adopted after May 3, 1993, beginning January 1, 1994,  
137 all of the taxes levied and collected upon the taxable property in the redevelopment project under  
138 Section 59-2-906.1 are exempt from the provisions of Subsection (4).

139 (7) (a) In addition to the amounts and periods that an agency may elect to be paid tax  
140 increment under Subsection (4)(b), an agency may elect to be paid 100% of annual tax increment  
141 for an additional period, as provided in Subsection (7)(b), beyond those periods provided under  
142 Subsection (4)(b), without the approval of the taxing agency committee, if the tax increment  
143 funding for the additional period is used:

144 (i) for an agency in a city in which is located all or a portion of an interchange on I-15 or  
145 that would directly benefit from an interchange on I-15, to pay some or all of the cost of the  
146 installation, construction, or reconstruction of:

147 (A) an interchange on I-15; or

148 (B) frontage and other roads connecting to the interchange, as determined by the  
149 Department of Transportation created under Section 72-1-201 and the Transportation Commission  
150 created under Section 72-1-301; or

151 (ii) for an agency in a city of the first class, to pay some or all of the cost of the land for

152 and installation and construction of a recreational facility, as defined in Subsection 59-12-702(3),  
153 or a cultural facility, including parking and infrastructure improvements related to the recreational  
154 or cultural facility.

155 (b) The additional period for which an agency may be paid 100% of annual tax increment  
156 under Subsection (7)(a) is an additional:

157 (i) 13 years, for an agency that initially elected to be paid under Subsection (4)(b)(i)(A)(I);

158 (ii) five years, for an agency that initially elected to be paid under Subsection  
159 (4)(b)(i)(A)(II);

160 (iii) ten years, for an agency that initially elected to be paid under Subsection  
161 (4)(b)(i)(B)(I); and

162 (iv) one year, for an agency that initially elected to be paid under Subsection  
163 (4)(b)(i)(B)(II).

164 (c) This Subsection (7) applies only to an agency established by a city in which:

165 (i) for an agency in a city in which is located all or a portion of an interchange on I-15 or  
166 that would directly benefit from an interchange on I-15, the installation, construction, or  
167 reconstruction of an interchange on I-15 or frontage or other roads connecting to the interchange  
168 has begun on or before June 30, 2000; and

169 (ii) for an agency in a city of the first class, the installation or construction of a recreational  
170 facility, as defined in Subsection 59-12-702(3), or a cultural facility has begun on or before June  
171 30, 2000.

172 (d) Notwithstanding any other provision of this Subsection (7), a school district may not  
173 receive less tax increment because of application of the other provisions of this Subsection (7) than  
174 it would have received without those provisions.

175 (8) (a) For a redevelopment plan adopted before May 1, 2000, all of the taxes levied and  
176 collected upon the taxable property in the redevelopment project by a school district that are not  
177 pledged to support bonded indebtedness or other contractual obligations are exempt from the  
178 provisions of Subsection (4).

179 (b) For a redevelopment plan adopted on or after May 1, 2000, all of the taxes levied and  
180 collected upon the taxable property in the redevelopment project by a school district are exempt  
181 from the provisions of Subsection (4).

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**Legislative Review Note**  
**as of 2-7-00 12:01 PM**

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

**Office of Legislative Research and General Counsel**