

**Senator Gene Davis** proposes the following substitute bill:

**COMMUNITY DEVELOPMENT AND RENEWAL AMENDMENTS**

2010 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Gene Davis**

House Sponsor: \_\_\_\_\_

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**LONG TITLE**

**General Description:**

This bill amends Community Development and Renewal Agencies provisions relating to tax increment for housing.

**Highlighted Provisions:**

This bill:

- ▶ requires that tax increment funds allocated for housing under an economic development project area budget be paid:
  - within the first five taxable years in which the agency receives tax increment under a project area budget; and
  - each taxable year succeeding the first year that the agency begins payment;
- ▶ requires that an economic development agency, in certain circumstances, include a housing allocation in a proposed project area budget; and
- ▶ makes technical corrections.

**Monies Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**



26 AMENDS:

27 **17C-1-401**, as last amended by Laws of Utah 2009, Chapter 387

28 **17C-3-203**, as last amended by Laws of Utah 2009, Chapter 387

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

31 Section 1. Section **17C-1-401** is amended to read:

32 **17C-1-401. Agency receipt and use of tax increment and sales tax -- Distribution**  
33 **of tax increment and sales tax.**

34 (1) An agency may receive and use tax increment and sales tax, as provided in this  
35 part.

36 (2) (a) The applicable length of time or number of years for which an agency is to be  
37 paid tax increment or sales tax under this part shall be measured:

38 (i) for a pre-July 1, 1993 project area plan, from the first tax year regarding which the  
39 agency accepts tax increment from the project area;

40 (ii) for a post-June 30, 1993 urban renewal or economic development project area plan,  
41 from the first tax year for which the agency receives tax increment under the project area  
42 budget; or

43 (iii) for a community development project area plan, as indicated in the resolution or  
44 interlocal agreement of a taxing entity that establishes the agency's right to receive tax  
45 increment or sales tax.

46 (b) Tax increment may not be paid to an agency for a tax year prior to the tax year  
47 following:

48 (i) for an urban renewal or economic development project area plan, the effective date  
49 of the project area plan; and

50 (ii) for a community development project area plan, the effective date of the interlocal  
51 agreement that establishes the agency's right to receive tax increment.

52 (c) For a project area plan adopted by a legislative body on or after May 11, 2010, an  
53 agency shall pay tax increment funds allocated for housing funds under Section 17C-3-202:

54 (i) within the first five taxable years in which the agency receives tax increment under  
55 the project area budget; and

56 (ii) each taxable year succeeding the first year that the agency begins payment under

57 Subsection (2)(c)(i).

58 (3) With respect to a community development project area plan:

59 (a) a taxing entity or public entity may, by resolution or through interlocal agreement,  
60 authorize an agency to be paid any or all of that taxing entity or public entity's tax increment or  
61 sales tax for any period of time; and

62 (b) the resolution or interlocal agreement authorizing the agency to be paid tax  
63 increment or sales tax shall specify:

64 (i) the base taxable value of the project area; and

65 (ii) the method of calculating the amount of tax increment or sales tax to be paid to the  
66 agency.

67 (4) With the written consent of a taxing entity, an agency may be paid tax increment,  
68 from that taxing entity's tax revenues only, in a higher percentage or for a longer period of time,  
69 or both, than otherwise authorized under this title.

70 (5) Each county that collects property tax on property within a project area shall pay  
71 and distribute to the agency the tax increment that the agency is entitled to collect under this  
72 title, in the manner and at the time provided in Section 59-2-1365.

73 Section 2. Section **17C-3-203** is amended to read:

74 **17C-3-203. Consent of taxing entity committee required for economic**  
75 **development project area budget -- Exception.**

76 (1) (a) Except as provided in Subsection (1)(b) and subject to Subsection (2), each  
77 agency shall obtain the consent of the taxing entity committee for each economic development  
78 project area budget under a post-June 30, 1993 economic development project area plan before  
79 the agency may collect any tax increment from the project area.

80 (b) For an economic development project area budget adopted from July 1, 1998  
81 through May 1, 2000 that allocates 20% or more of the tax increment for housing as provided  
82 in Section 17C-1-412, an agency:

83 (i) need not obtain the consent of the taxing entity committee for the project area  
84 budget; and

85 (ii) may not collect any tax increment from all or part of the project area until after:

86 (A) the loan fund board has certified the project area budget as complying with the  
87 requirements of Section 17C-1-412; and

88 (B) the agency board has approved and adopted the project area budget by a two-thirds  
89 vote.

90 (c) For an economic development project area budget adopted on or after May 11,  
91 2010, an agency that is required to present the project area budget to a taxing entity committee  
92 shall, if the project area budget does not include an allocation for housing under Sections  
93 17C-3-202 and 17C-1-412, present to the taxing entity committee an alternate project area  
94 budget that includes an allocation for housing.

95 (2) (a) Before a taxing entity committee may consent to an economic development  
96 project area budget adopted on or after May 1, 2000 that allocates 20% of tax increment for  
97 housing under Subsection 17C-3-202(2)(a) or (3), the agency shall:

98 (i) adopt a housing plan showing the uses for the housing funds; and

99 (ii) provide a copy of the housing plan to the taxing entity committee and the loan fund  
100 board.

101 (b) If an agency amends a housing plan prepared under Subsection (2)(a), the agency  
102 shall provide a copy of the amendment to the taxing entity committee and the loan fund board.

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**Fiscal Note****S.B. 196 2nd Sub. (Salmon) - Community Development and Renewal  
Amendments**

2010 General Session

State of Utah

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**State Impact**

Enactment of this bill will not require additional appropriations.

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**Individual, Business and/or Local Impact**

Enactment of this bill likely will not result in direct, measurable costs and/or benefits for individuals, businesses, or local governments.

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