



## HB0540S03 compared with HB0540S04

~~{ a proposed preliminary municipality to agree that initial landowners will fully compensate the county for damages to county property or infrastructure before the preliminary municipality can transition into a town; }~~

- 22           • ~~{ a preliminary municipality located in the fourth through sixth class to comply with terms, conditions, or restrictions that were established in a development agreement between the initial landowners and the county before the feasibility request was filed; }~~
- 25           • ~~{ a preliminary municipality to comply with county standards for infrastructure; and }~~
- 26           • ~~{ that a petition to transition a preliminary municipality into a town shall certify that damages to county property or infrastructure have been paid in full. }~~

### 10 Money Appropriated in this Bill:

11           None

### 12 Other Special Clauses:

13           This bill provides retrospective operation.

### 15 AMENDS:

34           ~~{10-2-402 (Effective 05/07/25), as last amended by Laws of Utah 2023, Chapters 224, 478 (Effective 05/07/25), as last amended by Laws of Utah 2023, Chapters 224, 478}~~

16           ~~10-2a-502 {(Effective 05/07/25)} {(Applies beginning 02/15/25)} {(Repealed 01/01/31)},~~  
as enacted by Laws of Utah 2024, Chapter 534 ~~{(Effective 05/07/25)} {(Applies beginning 02/15/25)} {(Repealed 01/01/31)},~~ as enacted by Laws of Utah 2024, Chapter 534

17           ~~10-2a-505 {(Effective 05/07/25)} {(Applies beginning 02/15/25)} {(Repealed 01/01/31)},~~  
as enacted by Laws of Utah 2024, Chapter 534 ~~{(Effective 05/07/25)} {(Applies beginning 02/15/25)} {(Repealed 01/01/31)},~~ as enacted by Laws of Utah 2024, Chapter 534

39           ~~{10-2a-507 (Effective 05/07/25) (Applies beginning 02/15/25) (Repealed 01/01/31), as enacted by Laws of Utah 2024, Chapter 534 (Effective 05/07/25) (Applies beginning 02/15/25) (Repealed 01/01/31), as enacted by Laws of Utah 2024, Chapter 534}~~

41           ~~{10-2a-509 (Effective 05/07/25) (Applies beginning 02/15/25) (Repealed 01/01/31), as enacted by Laws of Utah 2024, Chapter 534 (Effective 05/07/25) (Applies beginning 02/15/25) (Repealed 01/01/31), as enacted by Laws of Utah 2024, Chapter 534}~~

43           ~~{10-2a-510 (Effective 05/07/25) (Applies beginning 02/15/25) (Repealed 01/01/31), as enacted by Laws of Utah 2024, Chapter 534 (Effective 05/07/25) (Applies beginning 02/15/25) (Repealed 01/01/31), as enacted by Laws of Utah 2024, Chapter 534}~~

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

~~{Section 1. Section 10-2-402 is amended to read: }~~

**10-2-402. Annexation -- Limitations.**

- (1)
- (a) A contiguous, unincorporated area that is contiguous to a municipality may be annexed to the municipality as provided in this part.
  - (b) Except as provided in Subsection (1)(c), an unincorporated area may not be annexed to a municipality unless:
    - (i) the unincorporated area is a contiguous area;
    - (ii) the unincorporated area is contiguous to the municipality;
    - (iii) annexation will not leave or create an unincorporated island or unincorporated peninsula:
      - (A) except as provided in Subsection 10-2-418(3);
      - (B) except where an unincorporated island or peninsula existed before the annexation, if the annexation will reduce the size of the unincorporated island or peninsula; or
      - (C) unless the county and municipality have otherwise agreed; and
    - (iv) for an area located in a specified county, the area is within the proposed annexing municipality's expansion area.
  - (c) A municipality may annex an unincorporated area within a specified county that does not meet the requirements of Subsection (1)(b), leaving or creating an unincorporated island or unincorporated peninsula, if:
    - (i) the area is within the annexing municipality's expansion area;
    - (ii) the specified county in which the area is located and the annexing municipality agree to the annexation;
    - (iii) the area is not within the area of another municipality's annexation policy plan, unless the other municipality agrees to the annexation; and
    - (iv) the annexation is for the purpose of providing municipal services to the area.
  - (2) Except as provided in Section 10-2-418, a municipality may not annex an unincorporated area unless a petition under Section 10-2-403 is filed requesting annexation.
  - (3)

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- (a) An annexation under this part may not include part of a parcel of real property and exclude part of that same parcel unless the owner of that parcel has signed the annexation petition under Section 10-2-403.
- 79 (b) A piece of real property that has more than one parcel number is considered to be a single parcel for purposes of Subsection (3)(a) if owned by the same owner.
- 81 (4) A municipality may not annex an unincorporated area in a specified county for the sole purpose of acquiring municipal revenue or to retard the capacity of another municipality to annex the same or a related area unless the municipality has the ability and intent to benefit the annexed area by providing municipal services to the annexed area.
- 85 (5)
- (a) As used in this subsection, "expansion area urban development" means:
- 86 (i) for a specified county, urban development within a city or town's expansion area; or
- 88 (ii) for a county of the first class, urban development within a city or town's expansion area that:
- 90 (A) consists of 50 or more acres;
- 91 (B) requires the county to change the zoning designation of the land on which the urban development is located; and
- 93 (C) does not include commercial or industrial development that is located within a mining protection area as defined in Section 17-41-101, regardless of whether the commercial or industrial development is for a mining use as defined in Section 17-41-101.
- 97 (b) A county legislative body may not approve expansion area urban development unless:
- 99 (i) the county notifies the city or town of the proposed development; and
- 100 (ii)
- (A) the city or town consents in writing to the development;
- 101 (B) within 90 days after the county's notification of the proposed development, the city or town submits to the county a written objection to the county's approval of the proposed development and the county responds in writing to the city or town's objection; or
- 105 (C) the city or town fails to respond to the county's notification of the proposed development within 90 days after the day on which the county provides the notice.
- 108 (6)

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- 112 (a) As used in this Subsection (6), "airport" means an area that the Federal Aviation Administration has, by a record of decision, approved for the construction or operation of a Class I, II, or III commercial service airport, as designated by the Federal Aviation Administration in 14 C.F.R. Part 139.
- 116 (b) A municipality may not annex an unincorporated area within 5,000 feet of the center line of any runway of an airport operated or to be constructed and operated by another municipality unless the legislative body of the other municipality adopts a resolution consenting to the annexation.
- 120 (c) A municipality that operates or intends to construct and operate an airport and does not adopt a resolution consenting to the annexation of an area described in Subsection (6)(b) may not deny an annexation petition proposing the annexation of that same area to that municipality.
- 124 (7)
- 126 (a) As used in this Subsection (7), "project area" means a project area as defined in Section 63H-1-102 that is in a project area plan as defined in Section 63H-1-102 adopted by the Military Installation Development Authority under Title 63H, Chapter 1, Military Installation Development Authority Act.
- 130 (b) A municipality may not annex an unincorporated area located within a project area without the authority's approval.
- 131 (c)
- 133 (i) Except as provided in Subsection (7)(c)(ii), the Military Installation Development Authority may petition for annexation of the following areas to a municipality as if the Military Installation Development Authority was the sole private property owner within the area:
- 137 (A) an area within a project area;
- 139 (B) an area that is contiguous to a project area and within the boundaries of a military installation;
- 141 (C) an area owned by the Military Installation Development Authority; and
- 142 (D) an area that is contiguous to an area owned by the Military Installation Development Authority that the Military Installation Development Authority plans to add to an existing project area.
- 143 (ii) If any portion of an area annexed under a petition for annexation filed by the Military Installation Development Authority is located in a specified county:
- 139 (A) the annexation process shall follow the requirements for a specified county; and
- 141 (B) the provisions of Section 10-2-402.5 do not apply.
- 142 (8) A municipality may not annex an unincorporated area if:
- 143 (a)

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(i) the area is proposed for incorporation in:

[~~(i)~~] (A) a feasibility study conducted under Section 10-2a-205; or

[~~(ii)~~] (B) a supplemental feasibility study conducted under Section 10-2a-206; and

[~~(b)~~] (ii) the county clerk completes the second public hearing on the proposed incorporation under Subsection 10-2a-207(4)[~~-~~] ; or

(b) the area was included in a feasibility request filed to incorporate the area as a preliminary municipality in accordance with Section 10-2a-502.

Section 1. Section **10-2a-502** is amended to read:

**10-2a-502. ~~{(Effective 05/07/25)}~~ ~~{(Applies beginning 02/15/25)}~~ ~~{(Repealed 01/01/31)}~~ Incorporation of a preliminary municipality -- Feasibility request -- Requirements.**

(1)

(a) ~~[A]~~ Except as provided in Subsection (1)(b), a person may apply to incorporate an area as a preliminary municipality by filing a feasibility request in accordance with this section.

(b) A person may not file a feasibility request to incorporate an area as a preliminary municipality after February 15, 2025, until April 1, 2026.

(c) Subject to Subsection (6)(b), a person who, on or before February 15, 2025, files a feasibility request under this section may:

(i) modify the request after February 15, 2025, in accordance with Section 10-2a-505; or

(ii) proceed in accordance with this part after February 15, 2025.

(2) Subject to ~~[Subsection]~~ Subsections (1) and (6), a person may file a feasibility request in relation to an area that the person seeks to incorporate as a preliminary municipality if:

(a) the area is contiguous;

(b) no part of the area is within a county of the first class or second class;

(c) no part of the area is within, or within .25 miles of, a municipality;

(d) on the day on which the person files the feasibility request:

(i) the area is owned by no more than three persons, all of whom consent to incorporation as a preliminary municipality; and

(ii) at least 50% of the area is undeveloped;

(e) the persons who sign the feasibility request intend to develop the area to the point that:

(i) at least 100 individuals reside in the area;

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- (ii) the area will have an average population density of no less than seven individuals per square mile, unless:
- 177 (A) a population density of less than seven individuals per square mile is necessary in order to connect  
separate areas that share a demonstrable community interest; and
- 180 (B) the average population of the area has a population density of no less than seven individuals per  
square mile if the land necessary to connect the separate areas described in Subsection (2)(e)(ii)(A)  
is not included in the calculation; and
- 184 (iii) at least 10% of the housing in the preliminary municipality is affordable housing;
- 185 (f) the area does not include land owned by the United States government unless:
- 186 (i) the area, including the land owned by the United States government, is contiguous; and
- 188 (ii)
- (A) incorporating the land is necessary to connect separate areas that share a demonstrable community  
interest; or
- 190 (B) excluding the land from the area would create an unincorporated island within the proposed  
preliminary municipality;
- 192 (g) the area is entirely within one county; and
- 193 (h) the feasibility request complies with Subsection (3).
- 194 (3)
- (a) A proposed preliminary municipality area may not include all or part of a pending annexation area,  
unless:
- 196 (i) the portion of the pending annexation area included in the proposed preliminary municipality  
area does not exceed 20% of the proposed preliminary municipality area; and
- 199 (ii) the feasibility request would comply with the requirements of this section regardless of whether  
the portion of the pending annexation area included in the proposed preliminary municipality  
area is excluded from, or remains included in, the proposed preliminary municipality area.
- 203 (b) A proposed preliminary municipality area may not include all or part of an area that is the subject  
of a completed feasibility study or supplemental feasibility study that qualifies to proceed under  
Subsection 10-2a-205(5)(a), unless:
- 206 (i) the proposed incorporation that is the subject of the completed feasibility study or supplemental  
feasibility study has been defeated by the voters at an election under Section 10-2a-210; or
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- (ii) the time described in Subsection 10-2a-208(1) for filing an incorporation petition based on the completed feasibility study or supplemental feasibility study has elapsed without the sponsors filing an incorporation petition under Section 10-2a-208.
- 213 (c) A proposed preliminary municipality area may not include all or part of an area that is the subject of a completed feasibility study or supplemental feasibility study whose results comply with Subsection 10-2a-504(4), unless the time described in Subsection 10-2a-507(1) for filing a petition for incorporation based on the completed feasibility study or supplemental feasibility study has elapsed without the sponsors filing a petition for incorporation under Section 10-2a-507.
- 219 (4) Except as provided in Section 10-2a-505, the lieutenant governor shall consider each feasibility request that includes an area described in Subsection (3)(a) as if the request does not include the area described in Subsection (3)(a).
- 222 (5) A person who files a feasibility request under this section shall file the feasibility request with the lieutenant governor, including in the feasibility request:
- 224 (a) the signatures of all owners of real property included in the proposed preliminary municipality area, showing that the owners consent to including the real property in the proposed preliminary municipality area;
- 227 (b) the name, address, and phone number of each owner signing the feasibility request;
- 228 (c) a designation of one individual who signs the feasibility request as the primary sponsor contact for the feasibility request;
- 230 (d) a description of the proposed preliminary municipality area;
- 231 (e) an accurate map or plat, prepared by a licensed surveyor, showing:
- 232 (i) a legal description of the boundaries of the proposed preliminary municipality area and each phase of the proposed preliminary municipality area;
- 234 (ii) all development planned for the proposed preliminary municipality area; and
- 235 (iii) that the first phase of the proposed preliminary municipality area is projected to have at least 100 residents when completed; and
- 237 (f) a request that the lieutenant governor commission a study to determine the feasibility of incorporating the area as a preliminary municipality.
- 239 (6)
- (a) The provisions of this part, providing for the incorporation of a preliminary municipality, is a pilot project that ends on January 1, 2031.

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241 (b) Except as provided in Subsection (7), a person may not file a feasibility request under this part in a  
calendar year during which two or more requests have already been filed in the state.

244 (7) A feasibility request does not count towards the limit described in Subsection (6)(b) if:

245 (a) the sponsors who file the request withdraw the request;

246 (b) the lieutenant governor rejects the feasibility request under Subsection 10-2a-503(4) or (5)(b), and  
the sponsors:

248 (i) do not timely amend the feasibility request under Subsection 10-2a-503(7)(b); or

249 (ii) are prohibited from amending the feasibility request under Subsection 10-2a-503(7)(c); or

251 (c) the process to incorporate is prohibited from proceeding under Subsection 10-2a-504(5)(a) and the  
sponsors:

253 (i) do not timely file a modified feasibility request under Subsection 10-2a-505(1)(b)(i); or

255 (ii) are prohibited from filing a modified feasibility request under Subsection 10-2a-505(3).

127 Section 2. Section **10-2a-505** is amended to read:

128 **10-2a-505. ~~{(Effective 05/07/25)}~~ ~~{(Applies beginning 02/15/25)}~~ ~~{(Repealed~~  
**01/01/31)}Modified feasibility request -- Supplemental feasibility study.****

260 (1)

(a) The sponsors of a feasibility request may modify the request to alter the boundaries of the proposed  
preliminary municipality area and refile the modified feasibility request with the lieutenant governor  
if:

263 (i) the results of the feasibility study do not comply with Subsection 10-2a-504(5)(a); or

265 (ii)

(A) the feasibility request complies with Subsection 10-2a-502(3)(a);

266 (B) the annexation petition described in Subsection 10-2a-502(3)(a) that proposed the annexation of an  
area that is part of the proposed preliminary municipality area has been denied; and

269 (C) a petition for incorporation described in Section 10-2a-507, based on the feasibility request, has not  
been filed.

271 (b)

(i) The sponsors of a feasibility request may not file a modified request under Subsection (1)(a)(i)  
more than 90 days after the day on which the feasibility consultant submits the final results of the  
feasibility study under Subsection 10-2a-504(2)(c)(iii).

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- (ii) The sponsors of a feasibility request may not file a modified request under Subsection (1)(a)(ii) more than 18 months after filing the original feasibility request under Section 10-2a-502.
- 278 (c) A modified feasibility request under Subsection (1)(a) shall comply with Subsections  
[~~10-2a-502(1)~~] 10-2a-502(2) through (4).
- 280 (d) Within 20 days after the day on which the lieutenant governor receives the modified request, the  
lieutenant governor shall follow the same procedure described in Subsections 10-2a-503(1) through  
(4) for the modified feasibility request as for an original feasibility request.
- 284 (2) The timely filing of a modified feasibility request under Subsection (1) gives the modified feasibility  
request the same processing priority under Subsection 10-2a-503(6) as the original feasibility  
request.
- 287 (3) The sponsors of a feasibility request may not file a modified feasibility request under Subsection (1)  
(a)(i) more than once.
- 289 (4) Within 10 days after the day on which the county clerk receives a modified feasibility request under  
Subsection (1)(a) that relates to a request for which a feasibility study has already been completed,  
the lieutenant governor shall commission the feasibility consultant who conducted the feasibility  
study to conduct a supplemental feasibility study that accounts for the modified feasibility request.
- 294 (5) The lieutenant governor shall require the feasibility consultant to:
- 295 (a) submit a draft of the supplemental feasibility study to each applicable person with whom the  
feasibility consultant is required to consult under Subsection 10-2a-504(3)(c) within 30 days after  
the day on which the feasibility consultant is engaged to conduct the supplemental study;
- 299 (b) allow each person to whom the consultant provided a draft under Subsection (5)(a) to review and  
provide comment on the draft; and
- 301 (c) submit a completed supplemental feasibility study, to the following within 45 days after the day on  
which the feasibility consultant is engaged to conduct the feasibility study:
- 304 (i) the lieutenant governor;
- 305 (ii) the county legislative body of the county in which the incorporation is proposed;
- 306 (iii) the primary sponsor contact; and
- 307 (iv) each person to whom the consultant provided a draft under Subsection (5)(a).
- 308 (6)

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(a) Subject to Subsections (3) and (6)(b), if the results of the supplemental feasibility study do not comply with Subsection 10-2a-504(4), the sponsors may further modify the request in accordance with Subsection (1).

311 (b) Subsections (1)(d), (4), and (5) apply to a modified feasibility request described in Subsection (6)  
312 (a).

313 (c) The lieutenant governor shall consider a modified feasibility request described in Subsection (6)  
314 (a) as an original feasibility request for purposes of determining the modified feasibility request's  
315 processing priority under Subsection 10-2a-503(6).

316 ~~{Section 4. Section 10-2a-507 is amended to read: }~~

317 **10-2a-507. Petition for incorporation -- Requirements and form.**

318 (1) At any time within one year after the day on which the lieutenant governor completes the public  
319 hearings required under Section 10-2a-506, the owners of the property who filed the feasibility  
320 request under Section 10-2a-502 for the proposed preliminary municipality area may proceed  
321 with the incorporation process by filing a petition for incorporation of the proposed preliminary  
322 municipality that:

323 (a) includes the typed or printed name, signature, address, and phone number of the initial landowners;

324 (b) describes the proposed preliminary municipality area, as described in the feasibility request or the  
325 modified feasibility request;

326 (c) demonstrates compliance with Subsection 10-2a-504(4);

327 (d) states the proposed name for the proposed preliminary municipality;

328 (e) designates the primary sponsor contact for the proposed preliminary municipality;

329 (f) designates the board chair and three of the four board members who will serve as a five member  
330 council form of government for the preliminary municipality, described in Section 10-3b-402, for  
331 the preliminary municipality;

332 (g) is accompanied by an accurate map or plat, prepared by a licensed surveyor, showing:

333 (i) the boundaries of the proposed preliminary municipality;

334 (ii) a single development plan for the proposed municipality, depicting each phase of the development;

335 (h) is accompanied by a bond, cash deposit, or letter of credit that:

336 (i) is posted by the initial landowners;

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- (ii) is in favor of the proposed preliminary municipality, to guarantee that the initial landowners will complete the system infrastructure no later than six years after the day on which the initial landowners file the petition for incorporation described in this section; and
- 344 (iii) will be refunded to the initial landowners in percentages that reflect the progress toward completing  
the system infrastructure;[-and]
- 346 (i) is accompanied by payment in full, from the initial landowners, of the costs incurred by the  
lieutenant governor for the feasibility study, the public notices, the hearings, and the other expenses  
incurred by the lieutenant governor to comply with the requirements of this part in relation to the  
proposed preliminary municipality[-] ; and
- 350 (j) is accompanied by an agreement by the initial landowners that, before the preliminary municipality  
can transition into a town, the county will be fully compensated for any damages to county property  
or infrastructure that are directly attributable to development of the area.
- 354 (2) If, within six years after the day on which the initial landowners file a petition for incorporation  
under Subsection (1), the system infrastructure for the preliminary municipality is not completed,  
the portion of the bond, cash deposit, or letter of credit described in Subsection (1)(h) that has not  
been refunded to the initial landowners shall forfeit to the preliminary municipality.
- 359 (3) If, within four years after the day on which the first residential certificate of occupancy is issued  
for the development described in Subsection [~~10-2a-503(5)(e)~~] 10-2a-502(5)(e), or six years after  
the day on which the initial landowners file a petition for incorporation under Subsection (1), the  
preliminary municipality has not transitioned to a town:
- 363 (a) the lieutenant governor shall issue a certificate dissolving the preliminary municipality;
- 365 (b) all roads and infrastructure within the preliminary municipality revert to the county in which the  
preliminary municipality is located;
- 367 (c) the area within the proposed municipality falls under the jurisdiction of the county and is no longer  
incorporated; and
- 369 (d) the initial landowners are liable to the county for damages caused to the county due to the  
dissolution of the preliminary municipality.

371 ~~{Section 5. Section 10-2a-509 is amended to read: }~~

372 **10-2a-509. Governance of preliminary municipality -- Utilities -- Road maintenance.**

374 (1)

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- (a) Within 30 days after the day on which the lieutenant governor issues a certificate of incorporation described in Subsection 10-2a-508(1)(b)(i), the county in which the preliminary municipality is located shall appoint one board member for the preliminary municipality.
- 378 (b) If the county fails to timely comply with Subsection (1)(a), the board chair and the three board members appointed under Subsection 10-2a-508(1)(b)(i) shall, by majority vote, appoint the final board member.
- 381 (2) The board chair and board members, described in Subsection (1), of a preliminary municipality:
- 383 (a) are not required to be residents of the preliminary municipality; and
- 384 (b) shall serve as the board for the preliminary municipality until replaced by election under Section 10-2a-510.
- 386 (3)
- (a) Within 14 days after the day on which the first residential certificate of occupancy is issued for the development described in Subsection [~~10-2a-503(5)(e)~~] 10-2a-502(5)(e), the engineer described in Subsection [~~10-2a-509(6)~~] (8), shall notify the county and the lieutenant governor, in writing:
- 390 (i) that the first residential certificate of occupancy has been issued for the preliminary municipality;
- 392 (ii) of the date on which the first residential certificate of occupancy was issued; and
- 393 (iii) of the physical address for which the first residential certificate of occupancy was issued.
- 395 (b) No later than the next municipal general election, or regular general election, that is at least 30 days after the date described in Subsection (3)(a)(ii), the initial landowners shall:
- 398 (i) replace the board chair or a board member with an individual who is a resident of the preliminary municipality; and
- 400 (ii) notify the county and the lieutenant governor of the appointment, in writing.
- 401 (4)
- (a) Subject to Subsection (4)(b), a preliminary municipality has all the powers and duties of a municipality.
- 403 (b) A preliminary municipality:
- 404 (i) may not impose a tax;
- 405 (ii) may enter into an interlocal agreement with a special district to provide utility services to the preliminary municipality;
- 407 (iii) has the same authority as another municipality to make decisions regarding zoning and land use;

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- 409 (iv) may not receive an allocation of sales tax or gas tax;[~~and~~]  
410 (v) may not exercise eminent domain authority[:] ;  
411 (vi) may not annex an unincorporated area under Chapter 2, Part 4, Annexation; and  
412 (vii) if the preliminary municipality is located in a county of the fourth, fifth, or sixth class:  
414 (A) shall comply with terms, conditions, or restrictions that were established in a development  
agreement between the initial landowners and the county before the feasibility request was filed; and  
417 (B) may not modify or terminate any terms, conditions, or restrictions described in Subsection (4)(b)  
(vii)(A) without the county's approval.  
419 (5) As needed, the county shall provide all services and utility connections to the preliminary  
municipality that the county provides other areas in the county if the preliminary municipality:  
422 (a) pays the uniformly assessed rates for the services and utilities and reasonable connection fees; and  
424 (b) complies with the county's established regulations and specifications for the construction and  
connection of the local improvements.  
426 (6)  
(a) The preliminary municipality shall ensure that the preliminary municipality's system infrastructure  
complies with county standards for that infrastructure.  
428 (b) The county may, at the county's expense, inspect a preliminary municipality's system infrastructure  
to verify compliance with county standards for that infrastructure.  
430 [~~(7)~~] (7) The preliminary municipality shall maintain and repair any roadway that, on the day on which  
the individual filed the feasibility request under Section 10-2a-502:  
432 (a) existed within the preliminary municipality;  
433 (b) was within a public right of way that abuts the preliminary municipality; or  
434 (c) was within 1/2 mile of the preliminary municipality and connected to, or was proposed in the  
feasibility request to be connected to, the preliminary municipality.  
436 [~~(7)~~] (8) Before the preliminary municipality submits a petition to transition to a town, the preliminary  
municipality shall select an independent third-party engineer to review and approve all building  
permit applications within the preliminary municipality to ensure compliance with the law.  
440 [~~(8)~~] (9) Chapter 2, Classification, Boundaries, Consolidation, and Dissolution of Municipalities, does  
not apply to a preliminary municipality.

442 {Section 6. ~~Section 10-2a-510~~ is amended to read: }  
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### 10-2a-510. Transitioning from a preliminary municipality to a town -- Petition -- Election of officers.

- 445 (1) Within 30 days after the day on which the population of a preliminary municipality exceeds 99  
people, a person who filed the application to incorporate as a preliminary municipality or a resident  
of the preliminary municipality shall file with the lieutenant governor a petition to transition the  
preliminary municipality into a town.
- 449 (2) A petition to transition a preliminary municipality into a town shall include:
- 450 (a) a request that the lieutenant governor certify the transition of the preliminary municipality to, and  
the incorporation of the preliminary municipality as, a town;
- 452 (b) the name, address, and phone number of the person filing the request;
- 453 (c) the map or plat of the preliminary municipality;
- 454 (d) a legal description of the boundaries of the preliminary municipality;
- 455 (e) information regarding the preliminary municipality, including:
- 456 (i) the number of residences in the preliminary municipality;
- 457 (ii) the population of the preliminary municipality;
- 458 (iii) the number of adults and the number of children who reside in the preliminary municipality; and
- 460 (iv) information regarding the providers of municipal services and emergency services to the  
preliminary municipality;
- 462 (f) the proposed name for the town; [~~and~~]
- 463 (g) a signature sheet containing the names, addresses, and signatures of a majority of the adult residents  
of the preliminary municipality, supporting the proposed name for the town[-] ;
- 466 (h) certification that:
- 467 (i) all damages to county property or infrastructure resulting from development of the area have been  
assessed and paid in full; or
- 469 (ii) no damages described in Subsection (2)(h)(i) exist; and
- 470 (i) an agreement by the initial landowners to accept liability for any damages to county property or  
infrastructure that:
- 472 (i) occurred before the preliminary municipality's transition into a town but are discovered after the  
transition; and
- 474 (ii) are directly attributable to development of the area.
- 475

## HB0540S03 compared with HB0540S04

- (3) Within 30 days after the day on which a person files a petition to transition a preliminary municipality into a town, the lieutenant governor shall:
- 477 (a) determine whether the preliminary municipality has a population of more than 99 people;
- 479 (b) examine the petition to determine whether the petition complies with Subsection (2);
- 480 (c) if the lieutenant governor determines that the preliminary municipality has a population of more than 99 people and that the petition complies with Subsection (2), proceed to transition the preliminary municipality as a town in accordance with Subsection (4);
- 484 (d) if the lieutenant governor determines that the preliminary municipality has a population of less than 100 people, deny the petition, inform the person who filed the petition of the determination, and request that the person refile the petition when the population exceeds 99 people; and
- 488 (e) if the lieutenant governor determines that the petition fails to comply with Subsection (2), deny the petition, inform the person who filed the petition of the denial and the reason for the denial, and request that the person correct and refile the petition.
- 491 (4) After making the determination described in Subsection (3)(c), the lieutenant governor shall:
- 493 (a) inform the person who filed the petition of the determination;
- 494 (b) inform the county in which the preliminary municipality is located of the determination; and
- 496 (c) direct the county to conduct an election for mayor and city council of the future town, to be held on the date of the next regular general election described in Section 20A-1-201, or the next municipal general election described in Section 20A-1-202, that is at least 65 days after the day on which the lieutenant governor directs the county to hold the election.
- 501 (5) The county shall:
- 502 (a) comply with the direction given by the lieutenant governor under Subsection (4)(c);
- 503 (b) determine the initial terms of the mayor and municipal council members to ensure that:
- 505 (i) the mayor and two of the municipal county members are elected in the next municipal general election;
- 507 (ii) the remaining municipal council members are elected at elections that result in the staggering of council member terms; and
- 509 (iii) the council members who receive the highest number of votes are assigned the longer initial terms; and
- 511 (c) provide notice of the election for the preliminary municipality as a class B notice under Section 63G-30-102, for at least three weeks before the day of the election.

## HB0540S03 compared with HB0540S04

- 513 (6) The notice described in Subsection (5)(c) shall include:
- 514 (a) a statement of the contents of the petition to transition the preliminary municipality to a town;
- 516 (b) a description of the area to be incorporated as a town;
- 517 (c) the name of the town;
- 518 (d) information about the deadline for an individual to file a declaration of candidacy to become a  
candidate for mayor or municipal council;
- 520 (e) information about the initial terms of office;
- 521 (f) a statement of the date and time of the election and the location of polling places; and
- 522 (g) a statement that the purpose of the election is to elect a mayor and a council to govern the town upon  
the town's incorporation.
- 524 (7)
- (a) In addition to the notice described in Subsection (6), the county clerk shall publish and distribute,  
before the election is held, a voter information pamphlet:
- 526 (i) in accordance with the procedures and requirements of Section 20A-7-402;
- 527 (ii) in consultation with the lieutenant governor; and
- 528 (iii) in a manner that the county clerk determines is adequate.
- 529 (b) The voter information pamphlet described in Subsection (7)(a):
- 530 (i) shall inform the public of the election and the purpose of the election; and
- 531 (ii) may include additional information regarding the election of the elected officials and the  
incorporation of the town.
- 533 (8) An individual may not vote in the election described in this section unless the individual is a  
registered voter who is a resident, as defined in Section 20A-1-102, within the boundaries of the  
preliminary municipality.
- 536 (9) The town, incorporated under Subsection (10)(b), shall pay to the county the cost of running the  
election described in this section.
- 538 (10) On the day after the day on which the canvass for the election is completed:
- 539 (a) the elected mayor and council members shall take office and replace the board chair and board  
members of the preliminary municipality;
- 541 (b) the lieutenant governor shall issue a certification that the preliminary municipality has transitioned  
to, and is incorporated as, a town; and
- 543 (c) subject to Subsection (14), the town holds all authority and power of a town.

## HB0540S03 compared with HB0540S04

- 544 (11) The former mayor and council members for the preliminary municipality shall assist the newly-  
elected mayor of the town and the newly-elected council members of the town with the transition to  
a town and the transfer of power to the elected government of the town.
- 548 (12) The initial government of a town incorporated under this section is the five member council  
form of government described in Chapter 3b, Part 4, Five-Member Council Form of Municipal  
Government, with the mayor and council members elected at large.
- 551 (13) Within 30 days after the day on which the mayor takes office under Subsection (10)(a), the  
mayor shall record the certification described in Subsection (10)(b), and a copy of the plat for the  
municipality, with the county recorder.
- 554 (14) Until the mayor complies with Subsection (13), the municipality may not:
- 555 (a) levy or collect a property tax on property within the municipality;
- 556 (b) levy or collect an assessment on property within the municipality; or
- 557 (c) charge or collect a fee for a service provided to property within the municipality.
- 558 (15) Section 10-2a-220 applies to a town incorporated under this section.

185 Section 3. **Effective date.**

Effective Date.

This bill takes effect on May 7, 2025.

187 Section 4. **Retrospective Operation.**

Retrospective operation.

562 (1) ~~{ Except as provided in Subsection (2), this }~~ This bill has retrospective operation to February 15,  
2025.

564 ~~{ (2) { Section 10-2-402 (Effective 05/07/25) has no retrospective operation. } }~~

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