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Municipal Incorporation Modifications

2025 GENERAL SESSION STATE OF UTAH

Chief Sponsor: Michael L. Kohler

Senate Sponsor: 2 3 **LONG TITLE** 4 **General Description:** 5 This bill amends provisions relating to the incorporation of a preliminary municipality. **Highlighted Provisions:** 6 7 This bill: 8 provides that: 9 • a person may not apply to incorporate an area as a preliminary municipality after 10 February 1, 2025; and 11 • a person who applies to incorporate an area as a preliminary municipality by filing a 12 feasibility request on or before February 1, 2025, may proceed in accordance with 13 Title 10, Chapter 2a, Part 5, Incorporation of a Preliminary Municipality, after 14 February 1, 2025; 15 requires: 16 a proposed preliminary municipality to agree that initial landowners will fully 17 compensate the county for damages to county property or infrastructure before the 18 preliminary municipality can transition into a town; 19 • a preliminary municipality to comply with terms, conditions, or restrictions that were 20 established in a development agreement between the initial landowners and the 21 county before the feasibility request was filed; and 22 • that a petition to transition a preliminary municipality into a town shall certify that 23 damages to county property or infrastructure have been paid in full. 24 **Money Appropriated in this Bill:** 25 None 26 **Other Special Clauses:**

- 27 This bill provides retrospective operation.
- 28 **Utah Code Sections Affected:**
- 29 AMENDS:
- 30 **10-2a-502**, as enacted by Laws of Utah 2024, Chapter 534

	10-2a-505 , as enacted by Laws of Utah 2024, Chapter 534
	10-2a-507 , as enacted by Laws of Utah 2024, Chapter 534
	10-2a-509 , as enacted by Laws of Utah 2024, Chapter 534
-	10-2a-510 , as enacted by Laws of Utah 2024, Chapter 534
Be it	enacted by the Legislature of the state of Utah:
	Section 1. Section 10-2a-502 is amended to read:
	10-2a-502 . Incorporation of a preliminary municipality Feasibility request
Req	uirements.
(1) <u>(a</u>	(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
1	this section.
<u> </u>	(b) A person may not file a feasibility request to incorporate an area as a preliminary
	municipality after February 1, 2025.
<u> </u>	(c) Subject to Subsection (6)(b), a person who, on or before February 1, 2025, files a
	feasibility request under this section may:
	(i) modify the request after February 1, 2025, in accordance with Section 10-2a-505;
	<u>or</u>
	(ii) proceed in accordance with this part after February 1, 2025.
(2)	Subject to [Subsection] Subsections (1) and (6), a person may file a feasibility request in
1	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;
	(ii) the area will have an average population density of no less than seven individuals
	per square mile, unless:
	(A) a population density of less than seven individuals per square mile is

65	necessary in order to connect separate areas that share a demonstrable
66	community interest; and
67	(B) the average population of the area has a population density of no less than
68	seven individuals per square mile if the land necessary to connect the separate
69	areas described in Subsection (2)(e)(ii)(A) is not included in the calculation;
70	and
71	(iii) at least 10% of the housing in the preliminary municipality is affordable housing;
72	(f) the area does not include land owned by the United States government unless:
73	(i) the area, including the land owned by the United States government, is
74	contiguous; and
75	(ii)(A) incorporating the land is necessary to connect separate areas that share a
76	demonstrable community interest; or
77	(B) excluding the land from the area would create an unincorporated island within
78	the proposed preliminary municipality;
79	(g) the area is entirely within one county; and
80	(h) the feasibility request complies with Subsection (3).
81	(3)(a) A proposed preliminary municipality area may not include all or part of a pending
82	annexation area, unless:
83	(i) the portion of the pending annexation area included in the proposed preliminary
84	municipality area does not exceed 20% of the proposed preliminary municipality
85	area; and
86	(ii) the feasibility request would comply with the requirements of this section
87	regardless of whether the portion of the pending annexation area included in the
88	proposed preliminary municipality area is excluded from, or remains included in,
89	the proposed preliminary municipality area.
90	(b) A proposed preliminary municipality area may not include all or part of an area that
91	is the subject of a completed feasibility study or supplemental feasibility study that
92	qualifies to proceed under Subsection 10-2a-205(5)(a), unless:
93	(i) the proposed incorporation that is the subject of the completed feasibility study or
94	supplemental feasibility study has been defeated by the voters at an election under
95	Section 10-2a-210; or
96	(ii) the time described in Subsection 10-2a-208(1) for filing an incorporation petition
97	based on the completed feasibility study or supplemental feasibility study has
98	elapsed without the sponsors filing an incorporation petition under Section

99	10-2a-208.

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(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.

- (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).
- 109 (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:
 - (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;
 - (b) the name, address, and phone number of each owner signing the feasibility request;
 - (c) a designation of one individual who signs the feasibility request as the primary sponsor contact for the feasibility request;
 - (d) a description of the proposed preliminary municipality area;
- (e) an accurate map or plat, prepared by a licensed surveyor, showing:
 - (i) a legal description of the boundaries of the proposed preliminary municipality area and each phase of the proposed preliminary municipality area;
 - (ii) all development planned for the proposed preliminary municipality area; and
 - (iii) that the first phase of the proposed preliminary municipality area is projected to have at least 100 residents when completed; and
 - (f) a request that the lieutenant governor commission a study to determine the feasibility of incorporating the area as a preliminary municipality.
- 126 (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.
- 128 (b) Except as provided in Subsection (7), a person may not file a feasibility request
 129 under this part in a calendar year during which two or more requests have already
 130 been filed in the state.
- 131 (7) A feasibility request does not count towards the limit described in Subsection (6)(b) if:
 - (a) the sponsors who file the request withdraw the request;

133	(b) the lieutenant governor rejects the feasibility request under Subsection 10-2a-503(4)
134	or (5)(b), and the sponsors:
135	(i) do not timely amend the feasibility request under Subsection 10-2a-503(7)(b); or
136	(ii) are prohibited from amending the feasibility request under Subsection 10-2a-503
137	(7)(c); or
138	(c) the process to incorporate is prohibited from proceeding under Subsection 10-2a-504
139	(5)(a) and the sponsors:
140	(i) do not timely file a modified feasibility request under Subsection 10-2a-505
141	(1)(b)(i); or
142	(ii) are prohibited from filing a modified feasibility request under Subsection
143	10-2a-505(3).
144	Section 2. Section 10-2a-505 is amended to read:
145	10-2a-505. Modified feasibility request Supplemental feasibility study.
146	(1)(a) The sponsors of a feasibility request may modify the request to alter the
147	boundaries of the proposed preliminary municipality area and refile the modified
148	feasibility request with the lieutenant governor if:
149	(i) the results of the feasibility study do not comply with Subsection 10-2a-504(5)(a);
150	or
151	(ii)(A) the feasibility request complies with Subsection 10-2a-502(3)(a);
152	(B) the annexation petition described in Subsection 10-2a-502(3)(a) that proposed
153	the annexation of an area that is part of the proposed preliminary municipality
154	area has been denied; and
155	(C) a petition for incorporation described in Section 10-2a-507, based on the
156	feasibility request, has not been filed.
157	(b)(i) The sponsors of a feasibility request may not file a modified request under
158	Subsection (1)(a)(i) more than 90 days after the day on which the feasibility
159	consultant submits the final results of the feasibility study under Subsection
160	10-2a-504(2)(c)(iii).
161	(ii) The sponsors of a feasibility request may not file a modified request under
162	Subsection (1)(a)(ii) more than 18 months after filing the original feasibility
163	request under Section 10-2a-502.
164	(c) A modified feasibility request under Subsection (1)(a) shall comply with Subsections [
165	10-2a-502(1)] <u>10-2a-502(2)</u> through (4).
166	(d) Within 20 days after the day on which the lieutenant governor receives the modified

167	request, the lieutenant governor shall follow the same procedure described in
168	Subsections 10-2a-503(1) through (4) for the modified feasibility request as for an
169	original feasibility request.
170	(2) The timely filing of a modified feasibility request under Subsection (1) gives the
171	modified feasibility request the same processing priority under Subsection 10-2a-503(6)
172	as the original feasibility request.
173	(3) The sponsors of a feasibility request may not file a modified feasibility request under
174	Subsection (1)(a)(i) more than once.
175	(4) Within 10 days after the day on which the county clerk receives a modified feasibility
176	request under Subsection (1)(a) that relates to a request for which a feasibility study has
177	already been completed, the lieutenant governor shall commission the feasibility
178	consultant who conducted the feasibility study to conduct a supplemental feasibility
179	study that accounts for the modified feasibility request.
180	(5) The lieutenant governor shall require the feasibility consultant to:
181	(a) submit a draft of the supplemental feasibility study to each applicable person with
182	whom the feasibility consultant is required to consult under Subsection 10-2a-504
183	(3)(c) within 30 days after the day on which the feasibility consultant is engaged to
184	conduct the supplemental study;
185	(b) allow each person to whom the consultant provided a draft under Subsection (5)(a) to
186	review and provide comment on the draft; and
187	(c) submit a completed supplemental feasibility study, to the following within 45 days
188	after the day on which the feasibility consultant is engaged to conduct the feasibility
189	study:
190	(i) the lieutenant governor;
191	(ii) the county legislative body of the county in which the incorporation is proposed;
192	(iii) the primary sponsor contact; and
193	(iv) each person to whom the consultant provided a draft under Subsection (5)(a).
194	(6)(a) Subject to Subsections (3) and (6)(b), if the results of the supplemental feasibility
195	study do not comply with Subsection 10-2a-504(4), the sponsors may further modify
196	the request in accordance with Subsection (1).
197	(b) Subsections (1)(d), (4), and (5) apply to a modified feasibility request described in
198	Subsection (6)(a).
199	(c) The lieutenant governor shall consider a modified feasibility request described in
200	Subsection (6)(a) as an original feasibility request for purposes of determining the

201 modified feasibility request's processing priority under Subsection 10-2a-503(6). 202 Section 3. Section **10-2a-507** is amended to read: 203 10-2a-507. Petition for incorporation -- Requirements and form. 204 (1) At any time within one year after the day on which the lieutenant governor completes 205 the public hearings required under Section 10-2a-506, the owners of the property who 206 filed the feasibility request under Section 10-2a-502 for the proposed preliminary 207 municipality area may proceed with the incorporation process by filing a petition for 208 incorporation of the proposed preliminary municipality that: 209 (a) includes the typed or printed name, signature, address, and phone number of the 210 initial landowners; 211 (b) describes the proposed preliminary municipality area, as described in the feasibility 212 request or the modified feasibility request; 213 (c) demonstrates compliance with Subsection 10-2a-504(4); 214 (d) states the proposed name for the proposed preliminary municipality; 215 (e) designates the primary sponsor contact for the proposed preliminary municipality; 216 (f) designates the board chair and three of the four board members who will serve as a 217 five member council form of government for the preliminary municipality, described 218 in Section 10-3b-402, for the preliminary municipality; 219 (g) is accompanied by an accurate map or plat, prepared by a licensed surveyor, showing: 220 (i) the boundaries of the proposed preliminary municipality; 221 (ii) a single development plan for the proposed municipality, depicting each phase of 222 the development; 223 (h) is accompanied by a bond, cash deposit, or letter of credit that: 224 (i) is posted by the initial landowners; 225 (ii) is in favor of the proposed preliminary municipality, to guarantee that the initial 226 landowners will complete the system infrastructure no later than six years after the 227 day on which the initial landowners file the petition for incorporation described in 228 this section; and 229 (iii) will be refunded to the initial landowners in percentages that reflect the progress 230 toward completing the system infrastructure; [-and] 231 (i) is accompanied by payment in full, from the initial landowners, of the costs incurred 232 by the lieutenant governor for the feasibility study, the public notices, the hearings, 233 and the other expenses incurred by the lieutenant governor to comply with the 234 requirements of this part in relation to the proposed preliminary municipality[-]; and

235	(j) is accompanied by an agreement by the initial landowners that, before the preliminary
236	municipality can transition into a town, the county will be fully compensated for any
237	damages to county property or infrastructure that are directly attributable to
238	development of the area.
239	(2) If, within six years after the day on which the initial landowners file a petition for
240	incorporation under Subsection (1), the system infrastructure for the preliminary
241	municipality is not completed, the portion of the bond, cash deposit, or letter of credit
242	described in Subsection (1)(h) that has not been refunded to the initial landowners shall
243	forfeit to the preliminary municipality.
244	(3) If, within four years after the day on which the first residential certificate of occupancy
245	is issued for the development described in Subsection [10-2a-503(5)(e)] 10-2a-502(5)(e),
246	or six years after the day on which the initial landowners file a petition for incorporation
247	under Subsection (1), the preliminary municipality has not transitioned to a town:
248	(a) the lieutenant governor shall issue a certificate dissolving the preliminary
249	municipality;
250	(b) all roads and infrastructure within the preliminary municipality revert to the county
251	in which the preliminary municipality is located;
252	(c) the area within the proposed municipality falls under the jurisdiction of the county
253	and is no longer incorporated; and
254	(d) the initial landowners are liable to the county for damages caused to the county due
255	to the dissolution of the preliminary municipality.
256	Section 4. Section 10-2a-509 is amended to read:
257	10-2a-509 . Governance of preliminary municipality Utilities Road
258	maintenance.
259	(1)(a) Within 30 days after the day on which the lieutenant governor issues a certificate
260	of incorporation described in Subsection 10-2a-508(1)(b)(i), the county in which the
261	preliminary municipality is located shall appoint one board member for the
262	preliminary municipality.
263	(b) If the county fails to timely comply with Subsection (1)(a), the board chair and the
264	three board members appointed under Subsection 10-2a-508(1)(b)(i) shall, by
265	majority vote, appoint the final board member.
266	(2) The board chair and board members, described in Subsection (1), of a preliminary
267	municipality:
268	(a) are not required to be residents of the preliminary municipality; and

269	(b) shall serve as the board for the preliminary municipality until replaced by election
270	under Section 10-2a-510.
271	(3)(a) Within 14 days after the day on which the first residential certificate of occupancy
272	is issued for the development described in Subsection [10-2a-503(5)(e)]
273	10-2a-502(5)(e), the engineer described in Subsection [10-2a-509(6)] (7), shall notify
274	the county and the lieutenant governor, in writing:
275	(i) that the first residential certificate of occupancy has been issued for the
276	preliminary municipality;
277	(ii) of the date on which the first residential certificate of occupancy was issued; and
278	(iii) of the physical address for which the first residential certificate of occupancy
279	was issued.
280	(b) No later than the next municipal general election, or regular general election, that is
281	at least 30 days after the date described in Subsection (3)(a)(ii), the initial landowners
282	shall:
283	(i) replace the board chair or a board member with an individual who is a resident of
284	the preliminary municipality; and
285	(ii) notify the county and the lieutenant governor of the appointment, in writing.
286	(4)(a) Subject to Subsection (4)(b), a preliminary municipality has all the powers and
287	duties of a municipality.
288	(b) A preliminary municipality:
289	(i) may not impose a tax;
290	(ii) may enter into an interlocal agreement with a special district to provide utility
291	services to the preliminary municipality;
292	(iii) has the same authority as another municipality to make decisions regarding
293	zoning and land use;
294	(iv) may not receive an allocation of sales tax or gas tax;[-and]
295	(v) may not exercise eminent domain authority[-];
296	(vi) shall comply with terms, conditions, or restrictions that were established in a
297	development agreement between the initial landowners and the county before the
298	feasibility request was filed; and
299	(vii) may not modify or terminate any terms, conditions, or restrictions described in
300	Subsection (4)(b)(vi) without the county's approval.
301	(5) As needed, the county shall provide all services and utility connections to the
302	preliminary municipality that the county provides other areas in the county if the

303	preliminary municipality:
304	(a) pays the uniformly assessed rates for the services and utilities and reasonable
305	connection fees; and
306	(b) complies with the county's established regulations and specifications for the
307	construction and connection of the local improvements.
308	(6) The preliminary municipality shall maintain and repair any roadway that, on the day on
309	which the individual filed the feasibility request under Section 10-2a-502:
310	(a) existed within the preliminary municipality;
311	(b) was within a public right of way that abuts the preliminary municipality; or
312	(c) was within 1/2 mile of the preliminary municipality and connected to, or was
313	proposed in the feasibility request to be connected to, the preliminary municipality.
314	(7) Before the preliminary municipality submits a petition to transition to a town, the
315	preliminary municipality shall select an independent third-party engineer to review and
316	approve all building permit applications within the preliminary municipality to ensure
317	compliance with the law.
318	(8) Chapter 2, Classification, Boundaries, Consolidation, and Dissolution of Municipalities,
319	does not apply to a preliminary municipality.
320	Section 5. Section 10-2a-510 is amended to read:
321	10-2a-510. Transitioning from a preliminary municipality to a town Petition
322	Election of officers.
323	(1) Within 30 days after the day on which the population of a preliminary municipality
324	exceeds 99 people, a person who filed the application to incorporate as a preliminary
325	municipality or a resident of the preliminary municipality shall file with the lieutenant
326	governor a petition to transition the preliminary municipality into a town.
327	(2) A petition to transition a preliminary municipality into a town shall include:
328	(a) a request that the lieutenant governor certify the transition of the preliminary
329	municipality to, and the incorporation of the preliminary municipality as, a town;
330	(b) the name, address, and phone number of the person filing the request;
331	(c) the map or plat of the preliminary municipality;
332	(d) a legal description of the boundaries of the preliminary municipality;
333	(e) information regarding the preliminary municipality, including:
334	(i) the number of residences in the preliminary municipality;
335	(ii) the population of the preliminary municipality;
336	(iii) the number of adults and the number of children who reside in the preliminary

337	municipality; and
338	(iv) information regarding the providers of municipal services and emergency
339	services to the preliminary municipality;
340	(f) the proposed name for the town;[-and]
341	(g) a signature sheet containing the names, addresses, and signatures of a majority of the
342	adult residents of the preliminary municipality, supporting the proposed name for the
343	town[-];
344	(h) certification that:
345	(i) all damages to county property or infrastructure resulting from development of the
346	area have been assessed and paid in full; or
347	(ii) no damages described in Subsection (2)(h)(i) exist; and
348	(i) an agreement by the initial landowners to accept liability for any damages to county
349	property or infrastructure that:
350	(i) occurred before the preliminary municipality's transition into a town but are
351	discovered after the transition; and
352	(ii) are directly attributable to development of the area.
353	(3) Within 30 days after the day on which a person files a petition to transition a
354	preliminary municipality into a town, the lieutenant governor shall:
355	(a) determine whether the preliminary municipality has a population of more than 99
356	people;
357	(b) examine the petition to determine whether the petition complies with Subsection (2);
358	(c) if the lieutenant governor determines that the preliminary municipality has a
359	population of more than 99 people and that the petition complies with Subsection (2),
360	proceed to transition the preliminary municipality as a town in accordance with
361	Subsection (4);
362	(d) if the lieutenant governor determines that the preliminary municipality has a
363	population of less than 100 people, deny the petition, inform the person who filed the
364	petition of the determination, and request that the person refile the petition when the
365	population exceeds 99 people; and
366	(e) if the lieutenant governor determines that the petition fails to comply with Subsection
367	(2), deny the petition, inform the person who filed the petition of the denial and the
368	reason for the denial, and request that the person correct and refile the petition.
369	(4) After making the determination described in Subsection (3)(c), the lieutenant governor
370	shall:

371	(a) inform the person who filed the petition of the determination;
372	(b) inform the county in which the preliminary municipality is located of the
373	determination; and
374	(c) direct the county to conduct an election for mayor and city council of the future
375	town, to be held on the date of the next regular general election described in Section
376	20A-1-201, or the next municipal general election described in Section 20A-1-202,
377	that is at least 65 days after the day on which the lieutenant governor directs the
378	county to hold the election.
379	(5) The county shall:
380	(a) comply with the direction given by the lieutenant governor under Subsection (4)(c);
381	(b) determine the initial terms of the mayor and municipal council members to ensure
382	that:
383	(i) the mayor and two of the municipal county members are elected in the next
384	municipal general election;
385	(ii) the remaining municipal council members are elected at elections that result in
386	the staggering of council member terms; and
387	(iii) the council members who receive the highest number of votes are assigned the
388	longer initial terms; and
389	(c) provide notice of the election for the preliminary municipality as a class B notice
390	under Section 63G-30-102, for at least three weeks before the day of the election.
391	(6) The notice described in Subsection (5)(c) shall include:
392	(a) a statement of the contents of the petition to transition the preliminary municipality
393	to a town;
394	(b) a description of the area to be incorporated as a town;
395	(c) the name of the town;
396	(d) information about the deadline for an individual to file a declaration of candidacy to
397	become a candidate for mayor or municipal council;
398	(e) information about the initial terms of office;
399	(f) a statement of the date and time of the election and the location of polling places; and
100	(g) a statement that the purpose of the election is to elect a mayor and a council to
401	govern the town upon the town's incorporation.
102	(7)(a) In addition to the notice described in Subsection (6), the county clerk shall publish
103	and distribute, before the election is held, a voter information pamphlet:
104	(i) in accordance with the procedures and requirements of Section 20A-7-402:

405	(ii) in consultation with the lieutenant governor; and
406	(iii) in a manner that the county clerk determines is adequate.
407	(b) The voter information pamphlet described in Subsection (7)(a):
408	(i) shall inform the public of the election and the purpose of the election; and
409	(ii) may include additional information regarding the election of the elected officials
410	and the incorporation of the town.
411	(8) An individual may not vote in the election described in this section unless the individual
412	is a registered voter who is a resident, as defined in Section 20A-1-102, within the
413	boundaries of the preliminary municipality.
414	(9) The town, incorporated under Subsection (10)(b), shall pay to the county the cost of
415	running the election described in this section.
416	(10) On the day after the day on which the canvass for the election is completed:
417	(a) the elected mayor and council members shall take office and replace the board chair
418	and board members of the preliminary municipality;
419	(b) the lieutenant governor shall issue a certification that the preliminary municipality
420	has transitioned to, and is incorporated as, a town; and
421	(c) subject to Subsection (14), the town holds all authority and power of a town.
422	(11) The former mayor and council members for the preliminary municipality shall assist
423	the newly-elected mayor of the town and the newly-elected council members of the
424	town with the transition to a town and the transfer of power to the elected government of
425	the town.
426	(12) The initial government of a town incorporated under this section is the five member
427	council form of government described in Chapter 3b, Part 4, Five-Member Council
428	Form of Municipal Government, with the mayor and counsel members elected at large.
429	(13) Within 30 days after the day on which the mayor takes office under Subsection (10)(a),
430	the mayor shall record the certification described in Subsection (10)(b), and a copy of
431	the plat for the municipality, with the county recorder.
432	(14) Until the mayor complies with Subsection (13), the municipality may not:
433	(a) levy or collect a property tax on property within the municipality;
434	(b) levy or collect an assessment on property within the municipality; or
435	(c) charge or collect a fee for a service provided to property within the municipality.
436	(15) Section 10-2a-220 applies to a town incorporated under this section.
437	Section 6. Effective Date.
438	This bill takes effect on May 7, 2025.

- 439 Section 7. **Retrospective operation.**
- This bill has retrospective operation to February 1, 2025.