

1                                    **Municipality Annexation and Incorporation Amendments**

2025 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Calvin R. Musselman**

House Sponsor:

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3 **LONG TITLE**

4 **General Description:**

5        This bill modifies provisions related to municipal annexation and incorporation.

6 **Highlighted Provisions:**

7        This bill:

8            ▶ requires an annexation policy plan to include a statement regarding:

9                    • the current county zoning of an unincorporated area proposed for annexation; and

10                   • the zoning likely to be applied, should the unincorporated area be annexed to the

11 municipality, to the unincorporated area proposed for annexation;

12            ▶ prohibits a municipality from zoning in an affected area in a manner that results in the  
13 affected area being utilized in a more restrictive way than before the affected area was

14 annexed into the municipality, for at least one year following the date of annexation;

15            ▶ requires a municipal legislative body to establish by ordinance a process to compensate a  
16 property owner for a reduction in property value following an annexation or

17 incorporation and subsequent zoning for a more restrictive use of the property; and

18            ▶ makes technical and conforming changes.

19 **Money Appropriated in this Bill:**

20        None

21 **Other Special Clauses:**

22        None

23 **Utah Code Sections Affected:**

24 AMENDS:

25        **10-2-401.5**, as last amended by Laws of Utah 2021, Chapter 112

26        **10-2-425**, as last amended by Laws of Utah 2024, Chapters 342, 438

27 ENACTS:

28        **10-2-430**, Utah Code Annotated 1953

29        **10-2a-221**, Utah Code Annotated 1953

30        **10-2a-511**, Utah Code Annotated 1953

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

Section 1. Section **10-2-401.5** is amended to read:

**10-2-401.5 . Annexation policy plan.**

- (1) No municipality may annex an unincorporated area located within a specified county unless the municipality has adopted an annexation policy plan as provided in this section.
- (2) To adopt an annexation policy plan:
  - (a) the planning commission shall:
    - (i) prepare a proposed annexation policy plan that complies with Subsection (3);
    - (ii) hold a public meeting to allow affected entities to examine the proposed annexation policy plan and to provide input on it;
    - (iii) provide notice of the public meeting under Subsection (2)(a)(ii) to each affected entity at least 14 days before the meeting;
    - (iv) accept and consider any additional written comments from affected entities until 10 days after the public meeting under Subsection (2)(a)(ii);
    - (v) before holding the public hearing required under Subsection (2)(a)(vi), make any modifications to the proposed annexation policy plan the planning commission considers appropriate, based on input provided at or within 10 days after the public meeting under Subsection (2)(a)(ii);
    - (vi) hold a public hearing on the proposed annexation policy plan;
    - (vii) provide reasonable public notice, including notice to each affected entity, of the public hearing required under Subsection (2)(a)(vi) at least 14 days before the date of the hearing;
    - (viii) make any modifications to the proposed annexation policy plan the planning commission considers appropriate, based on public input provided at the public hearing; and
    - (ix) submit the planning commission's recommended annexation policy plan to the municipal legislative body; and
  - (b) the municipal legislative body shall:
    - (i) hold a public hearing on the annexation policy plan recommended by the planning commission;
    - (ii) provide reasonable notice, including notice to each affected entity, of the public hearing at least 14 days before the date of the hearing;
    - (iii) after the public hearing under Subsection (2)(b)(ii), make any modifications to

- 65 the recommended annexation policy plan that the legislative body considers  
66 appropriate; and
- 67 (iv) adopt the recommended annexation policy plan, with or without modifications.
- 68 (3) Each annexation policy plan shall include:
- 69 (a) a map of the expansion area which may include territory located outside the county  
70 in which the municipality is located;
- 71 (b) a statement of the specific criteria that will guide the municipality's decision whether  
72 or not to grant future annexation petitions, addressing matters relevant to those  
73 criteria including:
- 74 (i) the character of the community;
- 75 (ii) the need for municipal services in developed and undeveloped unincorporated  
76 areas;
- 77 (iii) the municipality's plans for extension of municipal services;
- 78 (iv) how the services will be financed;
- 79 (v) an estimate of the tax consequences to residents both currently within the  
80 municipal boundaries and in the expansion area;[-and]
- 81 (vi) the interests of all affected entities;
- 82 (vii) the current county zoning of the unincorporated area proposed for annexation;  
83 and
- 84 (viii) the zoning likely to be applied, should the unincorporated area be annexed to  
85 the municipality, to the unincorporated area proposed for annexation;
- 86 (c) justification for excluding from the expansion area any area containing urban  
87 development within 1/2 mile of the municipality's boundary; and
- 88 (d) a statement addressing any comments made by affected entities at or within 10 days  
89 after the public meeting under Subsection (2)(a)(ii).
- 90 (4) In developing, considering, and adopting an annexation policy plan, the planning  
91 commission and municipal legislative body shall:
- 92 (a) attempt to avoid gaps between or overlaps with the expansion areas of other  
93 municipalities;
- 94 (b) consider population growth projections for the municipality and adjoining areas for  
95 the next 20 years;
- 96 (c) consider current and projected costs of infrastructure, urban services, and public  
97 facilities necessary:
- 98 (i) to facilitate full development of the area within the municipality; and

- 99 (ii) to expand the infrastructure, services, and facilities into the area being considered  
 100 for inclusion in the expansion area;
- 101 (d) consider, in conjunction with the municipality's general plan, the need over the next  
 102 20 years for additional land suitable for residential, commercial, and industrial  
 103 development;
- 104 (e) consider the reasons for including agricultural lands, forests, recreational areas, and  
 105 wildlife management areas in the municipality; and
- 106 (f) be guided by the principles set forth in Subsection 10-2-403(5).
- 107 (5) Within 30 days after adopting an annexation policy plan, the municipal legislative body  
 108 shall submit a copy of the plan to the legislative body of each county in which any of the  
 109 municipality's expansion area is located.
- 110 (6) Nothing in this chapter may be construed to prohibit or restrict two or more  
 111 municipalities in specified counties from negotiating and cooperating with respect to  
 112 defining each municipality's expansion area under an annexation policy plan.

113 Section 2. Section **10-2-425** is amended to read:

114 **10-2-425 . Filing of notice and plat -- Recording and notice requirements --**  
 115 **Effective date of annexation or boundary adjustment.**

- 116 (1) As used in this section:
- 117 (a) "Annexation action" means:
- 118 (i) the enactment of an ordinance annexing an unincorporated area;
- 119 (ii) an election approving an annexation under Section 10-2a-404;
- 120 (iii) the enactment of an ordinance approving a boundary adjustment by each of the  
 121 municipalities involved in the boundary adjustment; or
- 122 (iv) an automatic annexation that occurs on July 1, 2027 under Subsection 10-2-429  
 123 (2)(b).
- 124 (b) "Applicable legislative body" means:
- 125 (i) the legislative body of each municipality that enacts an ordinance under this part  
 126 approving the annexation of an unincorporated area or the adjustment of a  
 127 boundary; or
- 128 (ii) the legislative body of a municipality to which an unincorporated island is  
 129 automatically annexed under Section 10-2-429.
- 130 (2) An applicable legislative body shall:
- 131 (a) within 60 days after an annexation action, file with the lieutenant governor:
- 132 (i) a notice of an impending boundary action, as defined in Section 67-1a-6.5, that

- 133 meets the requirements of Subsection 67-1a-6.5(3);
- 134 (ii) a copy of an approved final local entity plat, as defined in Section 67-1a-6.5; and
- 135 (iii) if applicable, a copy of an agreement under Subsection 10-2-429(2)(a)(ii);
- 136 (b) upon the lieutenant governor's issuance of a certificate of annexation or boundary
- 137 adjustment, as the case may be, under Section 67-1a-6.5:
- 138 (i) if the annexed area or area subject to the boundary adjustment is located within the
- 139 boundary of a single county, submit to the recorder of that county the original
- 140 notice of an impending boundary action, the original certificate of annexation or
- 141 boundary adjustment, the original approved final local entity plat, and a certified
- 142 copy of the ordinance approving the annexation or boundary adjustment; or
- 143 (ii) if the annexed area or area subject to the boundary adjustment is located within
- 144 the boundaries of more than a single county:
- 145 (A) submit to the recorder of one of those counties the original notice of
- 146 impending boundary action, the original certificate of annexation or boundary
- 147 adjustment, and the original approved final local entity plat;
- 148 (B) submit to the recorder of each other county a certified copy of the documents
- 149 listed in Subsection (2)(b)(ii)(A); and
- 150 (C) submit a certified copy of the ordinance approving the annexation or boundary
- 151 adjustment to each county described in Subsections (2)(b)(ii)(A) and (B); and
- 152 (c) concurrently with Subsection (2)(b):
- 153 (i) send notice of the annexation or boundary adjustment to each affected entity; and
- 154 (ii) in accordance with Section 53-2d-514, file with the Bureau of Emergency
- 155 Medical Services:
- 156 (A) a certified copy of the ordinance approving the annexation of an
- 157 unincorporated area or the adjustment of a boundary, if applicable; and
- 158 (B) a copy of the approved final local entity plat.
- 159 (3) If an annexation or boundary adjustment under this part also causes an automatic
- 160 annexation to a special district under Section 17B-1-416 or an automatic withdrawal
- 161 from a special district under Subsection 17B-1-502(2), the municipal legislative body
- 162 shall, as soon as practicable after the lieutenant governor issues a certificate of
- 163 annexation or boundary adjustment under Section 67-1a-6.5, send notice of the
- 164 annexation or boundary adjustment to the special district to which the annexed area is
- 165 automatically annexed or from which the annexed area is automatically withdrawn.
- 166 (4) Each notice required under Subsection [~~(1)~~] (2) relating to an annexation or boundary

167 adjustment shall state the effective date of the annexation or boundary adjustment, as  
168 determined under Subsection (5).

169 (5) An annexation or boundary adjustment under this part is completed and takes effect:

170 (a) for the annexation of or boundary adjustment affecting an area located in a county of  
171 the first class, except for an annexation under Section 10-2-418:

172 (i) July 1 following the lieutenant governor's issuance under Section 67-1a-6.5 of a  
173 certificate of annexation or boundary adjustment if:

174 (A) the certificate is issued during the preceding November 1 through April 30;

175 and

176 (B) the requirements of Subsection (2) are met before that July 1; or

177 (ii) January 1 following the lieutenant governor's issuance under Section 67-1a-6.5 of  
178 a certificate of annexation or boundary adjustment if:

179 (A) the certificate is issued during the preceding May 1 through October 31; and

180 (B) the requirements of Subsection (2) are met before that January 1; and

181 (b) subject to Subsection (6), for all other annexations and boundary adjustments, the  
182 date of the lieutenant governor's issuance, under Section 67-1a-6.5, of a certificate of  
183 annexation or boundary adjustment.

184 (6)(a) As used in this Subsection (6) and Subsection (7):

185 (i) "Affected area" means:

186 (A) in the case of an annexation, the annexed area; and

187 (B) in the case of a boundary adjustment, any area that, as a result of the boundary  
188 adjustment, is moved from within the boundary of one municipality to within  
189 the boundary of another municipality.

190 (ii) "Annexing municipality" means:

191 (A) in the case of an annexation, the municipality that annexes an unincorporated  
192 area or the municipality to which an unincorporated island is automatically  
193 annexed under Section 10-2-429; and

194 (B) in the case of a boundary adjustment, a municipality whose boundary includes  
195 an affected area as a result of a boundary adjustment.

196 (b) The effective date of an annexation or boundary adjustment for purposes of assessing  
197 property within an affected area is governed by Section 59-2-305.5.

198 (c) Until the documents listed in Subsection (2)(b)(i) are recorded in the office of the  
199 recorder of each county in which the property is located, a municipality may not:

200 (i) levy or collect a property tax on property within an affected area;

- 201 (ii) levy or collect an assessment on property within an affected area; or  
 202 (iii) charge or collect a fee for service provided to property within an affected area,  
 203 unless the municipality was charging and collecting the fee within that area  
 204 immediately before annexation.

205 (7) Notwithstanding Section 10-9a-501 or Subsection 10-9a-503(1), for at least one year  
 206 after the effective date of an annexation, a legislative body may not amend a zoning  
 207 district in an affected area in a manner that results in the affected area being utilized in a  
 208 more restrictive way than before the affected area was annexed into the municipality.

209 Section 3. Section **10-2-430** is enacted to read:

210 **10-2-430 . Process to compensate a property for a reduction in property value**  
 211 **following annexation.**

212 A municipal legislative body shall establish by ordinance a process for the municipality  
 213 to compensate a property owner for a reduction in property value if:

- 214 (1) the municipality annexes the property owner's property as described in this part; and  
 215 (2) following the annexation, the municipality zones the property in a more restrictive way  
 216 than the property was zoned before the property was annexed into the municipality.

217 Section 4. Section **10-2a-221** is enacted to read:

218 **10-2a-221 . Process to compensate a property for a reduction in property value**  
 219 **following annexation.**

220 A municipal legislative body shall establish by ordinance a process for the municipality  
 221 to compensate a property owner for a reduction in property value if:

- 222 (1) the municipality incorporates and includes the property owner's property as described in  
 223 this chapter; and  
 224 (2) following the incorporation, the municipality zones the property in a more restrictive  
 225 way than the property was zoned before the property was incorporated into the  
 226 municipality.

227 Section 5. Section **10-2a-511** is enacted to read:

228 **10-2a-511 . Process to compensate a property for a reduction in property value**  
 229 **following annexation.**

230 (1) A preliminary municipality legislative body shall establish by ordinance a process for a  
 231 preliminary municipality to compensate a property owner for a reduction in property  
 232 value if:

- 233 (a) the preliminary municipality incorporates and includes the property owner's property  
 234 as described in this chapter; and

235        (b) following the incorporation, the preliminary municipality zones the property in a  
236            more restrictive way than the property was zoned before the property was  
237            incorporated into the preliminary municipality.

238    (2) A town legislative body shall establish by ordinance a process for the town to  
239        compensate a property owner for a reduction in property value if:

240        (a) the town incorporates and includes the property owner's property as described in this  
241            chapter; and

242        (b) following the incorporation, the town zones the property in a more restrictive way  
243            than the property was zoned before the property was incorporated into the town.

244        **Section 6. Effective Date.**

245    This bill takes effect on May 7, 2025.