

Kirk A. Cullimore proposes the following substitute bill:

**Municipal Incorporation Modifications**

2026 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Tiara Auxier**

Senate Sponsor: Kirk A. Cullimore

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**LONG TITLE**

**General Description:**

This bill modifies the process to incorporate as a preliminary municipality.

**Highlighted Provisions:**

This bill:

- defines terms and modifies definitions;
- authorizes the lieutenant governor's office to charge and collect a fee;
- modifies uses of the Municipal Incorporation Expendable Special Revenue Fund;
- requires an applicant to engage in good faith coordination with a county for 18 months before the applicant may file a feasibility request as part of an application to incorporate an area as a preliminary municipality, with an exception;
- modifies the process for a person to apply to incorporate an area as a preliminary municipality;
- authorizes a sponsor and a county to submit data, information, and analysis to the feasibility consultant evaluating a proposed preliminary municipality;
- requires the feasibility consultant to rely on data, information, and analysis that is objective, reliable, and grounded in area-specific information from the preceding 10 years, including information from nearby areas;
- extends the period of time in which a feasibility study shall be completed;
- requires the lieutenant governor to hold public information sessions following a feasibility study;
- modifies the requirements to file a petition for incorporation of a preliminary municipality, including:
  - modifying the requirements for a bond, cash deposit, or letter of credit;
  - requiring a property owner to include an executed improvement warranty; and
  - requiring a certification that the preliminary municipality will be developed in

29 accordance with the description in the certified feasibility request; and  
30     ▸ makes technical and conforming changes.

31 **Money Appropriated in this Bill:**

32     None

33 **Other Special Clauses:**

34     None

35 **Utah Code Sections Affected:**

36 AMENDS:

37     **10-2a-220 (Effective 05/06/26)**, as last amended by Laws of Utah 2024, Chapter 518

38     **10-2a-501 (Effective 05/06/26) (Repealed 01/01/31)**, as last amended by Laws of Utah  
39     2025, Chapter 399

40     **10-2a-502 (Effective 05/06/26) (Repealed 01/01/31)**, as enacted by Laws of Utah 2024,  
41     Chapter 534

42     **10-2a-503 (Effective 05/06/26) (Repealed 01/01/31)**, as enacted by Laws of Utah 2024,  
43     Chapter 534

44     **10-2a-504 (Effective 05/06/26) (Repealed 01/01/31)**, as enacted by Laws of Utah 2024,  
45     Chapter 534

46     **10-2a-505 (Effective 05/06/26) (Repealed 01/01/31)**, as enacted by Laws of Utah 2024,  
47     Chapter 534

48     **10-2a-506 (Effective 05/06/26) (Repealed 01/01/31)**, as last amended by Laws of Utah  
49     2025, Chapter 399

50     **10-2a-507 (Effective 05/06/26) (Repealed 01/01/31)**, as enacted by Laws of Utah 2024,  
51     Chapter 534

52     **10-2a-508 (Effective 05/06/26) (Repealed 01/01/31)**, as enacted by Laws of Utah 2024,  
53     Chapter 534

54     **10-2a-509 (Effective 05/06/26) (Repealed 01/01/31)**, as enacted by Laws of Utah 2024,  
55     Chapter 534

56 ENACTS:

57     **10-2a-502.5 (Effective 05/06/26)**, Utah Code Annotated 1953

58     **10-2a-505.5 (Effective 05/06/26)**, Utah Code Annotated 1953

59     **10-2a-511 (Effective 05/06/26)**, Utah Code Annotated 1953



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

62     Section 1. Section **10-2a-220** is amended to read:

63           **10-2a-220 (Effective 05/06/26). Costs of incorporation -- Fees established by**  
64 **lieutenant governor.**

- 65 (1)(a) There is created an expendable special revenue fund known as the "Municipal  
66 Incorporation Expendable Special Revenue Fund."  
67 (b) The fund shall consist of:  
68       (i) appropriations from the Legislature;  
69       (ii) payments that feasibility request sponsors make to the lieutenant governor under  
70           Subsections 10-2a-205(1)(b) and 10-2a-206(1)(f); and  
71       (iii) fees the lieutenant governor collects and remits to the fund under this section.  
72 (c) The lieutenant governor shall deposit all money collected under this section into the  
73 fund.
- 74 (2)(a) The lieutenant governor shall establish a fee in accordance with Section 63J-1-504  
75 for a cost incurred by the lieutenant governor or the county for an incorporation  
76 proceeding, including:  
77       (i) a request certification;  
78       (ii) a petition certification;  
79       (iii) publication of notices;  
80       (iv) public hearings;  
81       (v) all other incorporation activities occurring after the elections; and  
82       (vi) any other cost incurred by the lieutenant governor or county in relation to an  
83 incorporation proceeding.
- 84 (b) A cost under Subsection (2)(a) does not include a cost incurred by a county for  
85 holding an election under Section 10-2a-210.
- 86 (3) Subject to Subsections 10-2a-205(1)(b) and 10-2a-206(1)(f), the lieutenant governor  
87 shall pay for a cost described in Subsection (2)(a) using funds from the Municipal  
88 Incorporation Expendable Special Revenue Fund.
- 89 (4)(a) A newly incorporated municipality shall:  
90       (i) pay to the lieutenant governor each fee established under Subsection (2) for each  
91           cost described in Subsection (2)(a) incurred by the lieutenant governor or the  
92           county;  
93       (ii) pay the county for a cost described in Subsection (2)(b); and  
94       (iii) reimburse feasibility request sponsors the cost the feasibility request sponsors  
95           paid for:  
96           (A) a feasibility study under Section 10-2a-205; and

- 97 (B) any supplemental feasibility study under Section 10-2a-206.
- 98 (b) The lieutenant governor shall execute a payback agreement with each new  
99 municipality for the new municipality to pay the fees described in Subsection (4)(a)  
100 over a period that, except as provided in Subsection (4)(c), may not exceed five years.
- 101 (c) If necessary, the lieutenant governor may extend a fee payment deadline beyond the  
102 deadline described in Subsection (4)(b) by amending the payback agreement  
103 described in Subsection (4)(b).
- 104 (d) The lieutenant governor shall deposit each fee the lieutenant governor collects under  
105 Subsection (4)(a)(i) into the Municipal Incorporation Expendable Special Revenue  
106 Fund.

- 107 (5) If the lieutenant governor expends funds from the Municipal Incorporation Expendable  
108 Special Revenue Fund that are not repaid to the lieutenant governor under Subsection  
109 (4)(a)(i) because an area did not incorporate as a municipality, the Legislature shall  
110 appropriate money to the fund in an amount equal to the funds that are not repaid.

111 (6)(a) In addition to fees established under Subsection (2), the lieutenant governor shall  
112 charge a \$50,000 fee from a person who files a feasibility request under Section  
113 10-2a-502 and deposit the fee into the fund to cover the lieutenant governor's costs  
114 incurred in fulfilling the duties described in Part 5, Incorporation of a Preliminary  
115 Municipality.

116 (b) The lieutenant governor shall return any unexpended amounts of the fee described in  
117 Subsection (6)(a) to the person who paid the fee if:

118 (i) a person's feasibility request is rejected under Section 10-2a-503;

119 (ii) the person withdraws a feasibility request before the lieutenant governor issues a  
120 certificate of incorporation for the preliminary municipality under Section  
121 10-2a-508; or

122 (iii) the lieutenant governor rejects the person's application for a certificate of  
123 incorporation for the preliminary municipality under Section 10-2a-508.

124 Section 2. Section **10-2a-501** is amended to read:

125 **10-2a-501 (Effective 05/06/26) (Repealed 01/01/31). Definitions.**

126 As used in this part:

- 127 (1) "Affordable housing" means housing occupied or reserved for occupancy by households  
128 with a gross household income equal to or less than:
- 129 (a) 80% of the median gross income of the applicable municipal or county statistical  
130 area for households of the same size for rental housing; or

- 131            (b) 100% of the median gross income of the applicable municipal or county statistical  
 132            area for households of the same size for owner-occupied housing.
- 133    (2) "Applicant" means an individual or person who applies to incorporate an area as a  
 134            preliminary municipality by filing a feasibility request.
- 135    [~~(2)~~] (3) "Board," in relation to a preliminary municipality, means the same as a council  
 136            described in Section [~~10-3b-402~~] 10-3b-403.
- 137    [~~(3)~~] (4) "Board chair," in relation to a preliminary municipality, means the same as a mayor  
 138            described in Section 10-3b-402.
- 139    (5) "Certified feasibility request" means the document that is certified by the lieutenant  
 140            governor under Section 10-2a-503.
- 141    [~~(4)~~] (6) "Contiguous" means the same as that term is defined in Section 10-2a-102.
- 142    (7) "Declaration" means a document that an individual signs, affirming a statement to be  
 143            true or accurate.
- 144    [~~(5)~~] (8) "Feasibility consultant" means a person or firm:  
 145            (a) with expertise in the processes and economics of local government; and  
 146            (b) who is independent of, and not affiliated with, a county or a sponsor of a petition to  
 147            incorporate a preliminary municipality under this part.
- 148    [~~(6)~~] (9) "Feasibility request" means a request, described in Section 10-2a-502, for a  
 149            feasibility study for the proposed incorporation of a preliminary municipality.
- 150    (10) "Feasibility study" means an analysis of a certified feasibility request, as described in  
 151            Section 10-2a-504, conducted by a feasibility consultant.
- 152    (11) "Full-time" means 183 days a year or more.
- 153    [~~(7)~~] (12) "Initial landowners" means the persons who owned the land within the proposed  
 154            preliminary municipality area when the [~~person~~] applicant filed the feasibility request [  
 155            under Section ~~20A-1-501~~] as described in this part.
- 156    [~~(8)~~] (13) "Municipal service" means the same as that term is defined in Section 10-2a-102.
- 157    [~~(9)~~] (14) "Pending annexation area" means an area proposed for annexation in an  
 158            annexation petition described in Section 10-2-806 that is filed before, and is still pending  
 159            when, a person files the applicable request for a feasibility study under Section  
 160            10-2a-502.
- 161    (15) "Population" means the number of individuals who are full-time residents of a defined  
 162            area.
- 163    [~~(10)~~] (16) "Primary sponsor contact" means:  
 164            (a) in relation to a feasibility request:

165 (i) the individual designated as the primary sponsor contact for a feasibility request  
 166 under Subsection [~~10-2a-502(5)(e)~~] 10-2a-502(5)(a)(iii); or

167 (ii) an individual designated, in writing, by the initial landowners if a replacement  
 168 primary sponsor contact is needed; or

169 (b) in relation to a petition for incorporation of a preliminary municipality:

170 (i) the individual designated as the primary sponsor contact for a petition for  
 171 incorporation of a preliminary municipality under Subsection [~~10-2a-507(1)(d)~~]  
 172 10-2a-507(1)(e); or

173 (ii) an individual designated, in writing, by the initial landowners if a replacement  
 174 primary sponsor contact is needed.

175 [~~(11)~~] (17) "Private," in relation to real property, means taxable real property.

176 [~~(12)~~] (18) "Proposed preliminary municipality area" means the area proposed for  
 177 incorporation as a preliminary municipality in a feasibility request.

178 (19) "Public financing tool" means any mechanism that allows a private entity to utilize tax  
 179 revenue.

180 [~~(13)~~] (20) "System infrastructure" means, as shown on the map or plat described in  
 181 Subsection [~~10-2a-502(5)(e)~~] 10-2a-502(5)(a)(v) for the proposed preliminary municipal  
 182 area:

183 (a) the main thoroughfares within the proposed preliminary [~~municipal~~] municipality  
 184 area, including the roads that connect the proposed preliminary municipality area to  
 185 an existing road outside the proposed preliminary municipality area; and

186 (b) the main lines that will connect a utility, including culinary water and wastewater  
 187 treatment services, to the proposed preliminary municipality area, including the stubs  
 188 that will connect the main lines to the development in the proposed preliminary  
 189 municipality area[-] ; and

190 (c) construction of culinary water facilities, wastewater treatment facilities, or both, if no  
 191 services exist that would meet the requirements of the proposed preliminary  
 192 municipality area.

193 (21) "Utah Population Committee" means the committee created in Section 63C-20-103.

194 Section 3. Section **10-2a-502** is amended to read:

195 **10-2a-502 (Effective 05/06/26) (Repealed 01/01/31). Incorporation of a**  
 196 **preliminary municipality -- Feasibility request -- Requirements.**

197 (1)(a) A person may apply to incorporate an area as a preliminary municipality by filing  
 198 a feasibility request;

- 199           (i) after fulfilling the requirements in Section 10-2a-502.5; and  
200           (ii) [-]in accordance with this section.
- 201       (b) A person filing a feasibility request shall:
- 202           (i) pay the fee described in Subsection 10-2a-220(6) at the same time the person files  
203           the feasibility request; and
- 204           (ii) designate an individual in the application who:
- 205               (A) has the authority to represent the person; and  
206               (B) will serve as the point of contact for the application.
- 207       (2) Subject to Subsection (6), [~~person~~] an applicant may file a feasibility request in relation  
208       to an area that the [~~person~~] applicant seeks to incorporate as a preliminary municipality if:
- 209       (a) the area is contiguous;
- 210       (b) no part of the area is within a county of the first class or second class;
- 211       (c) no part of the area is within, or within .25 miles of, a municipality;
- 212       (d) on the day on which the [~~person~~] applicant files the feasibility request:
- 213           (i) the area is owned by no more than three persons, all of whom consent to  
214           incorporation as a preliminary municipality; and
- 215           (ii) at least 50% of the area is undeveloped;
- 216       (e) the persons who sign the feasibility request intend to and, if the preliminary  
217       municipality is incorporated, shall develop the area to the point that:
- 218           (i) at least 100 individuals reside full-time in the area;
- 219           (ii) the area will have an average population density of no less than seven individuals  
220           per square mile, unless:
- 221               (A) a population density of less than seven individuals per square mile is  
222               necessary in order to connect separate areas that share a demonstrable  
223               community interest; and
- 224               (B) the average population of the area has a population density of no less than  
225               seven individuals per square mile if the land necessary to connect the separate  
226               areas described in Subsection (2)(e)(ii)(A) is not included in the calculation;  
227               and
- 228           (iii) at least 10% of the housing in the preliminary municipality is affordable housing;
- 229       (f) the area does not include land owned by the United States government unless:
- 230           (i) the area, including the land owned by the United States government, is  
231           contiguous; and
- 232           (ii)(A) incorporating the land is necessary to connect separate areas that share a

- 233 demonstrable community interest; or
- 234 (B) excluding the land from the area would create an unincorporated island within
- 235 the proposed preliminary municipality;
- 236 (g) the area is entirely within one county;
- 237 (h) the applicant has complied with Section 10-2a-502.5; and
- 238 ~~[(h)]~~ (i) the feasibility request complies with Subsection (3).
- 239 (3)(a) A proposed preliminary municipality area may not include all or part of a pending
- 240 annexation area, unless:
- 241 (i) the portion of the pending annexation area included in the proposed preliminary
- 242 municipality area does not exceed 20% of the proposed preliminary municipality
- 243 area; and
- 244 (ii) the feasibility request would comply with the requirements of this section
- 245 regardless of whether the portion of the pending annexation area included in the
- 246 proposed preliminary municipality area is excluded from, or remains included in,
- 247 the proposed preliminary municipality area.
- 248 (b) A proposed preliminary municipality area may not include all or part of an area that
- 249 is the subject of a completed feasibility study or supplemental feasibility study that
- 250 qualifies to proceed under Subsection 10-2a-205(5)(a), unless:
- 251 (i) the proposed incorporation that is the subject of the completed feasibility study or
- 252 supplemental feasibility study has been defeated by the voters at an election under
- 253 Section 10-2a-210; or
- 254 (ii) the time described in Subsection 10-2a-208(1) for filing an incorporation petition
- 255 based on the completed feasibility study or supplemental feasibility study has
- 256 elapsed without the sponsors filing an incorporation petition under Section
- 257 10-2a-208.
- 258 (c) A proposed preliminary municipality area may not include all or part of an area that
- 259 is the subject of a completed feasibility study or supplemental feasibility study whose
- 260 results comply with Subsection 10-2a-504(4), unless the time described in Subsection
- 261 10-2a-507(1) for filing a petition for incorporation based on the completed feasibility
- 262 study or supplemental feasibility study has elapsed without the sponsors filing a
- 263 petition for incorporation under Section 10-2a-507.
- 264 (4) Except as provided in Section 10-2a-505, the lieutenant governor shall consider each
- 265 feasibility request that includes an area described in Subsection (3)(a) as if the request
- 266 does not include the area described in Subsection (3)(a).

- 267 (5)(a) ~~[A person]~~ An applicant who files a feasibility request under this section shall file  
 268 the feasibility request with the lieutenant governor, including in the feasibility request:
- 269 ~~[(a)]~~ (i) the signatures of all owners of real property included in the proposed  
 270 preliminary municipality area, showing that the owners consent to including the  
 271 real property in the proposed preliminary municipality area;
- 272 ~~[(b)]~~ (ii) the name, address, and phone number of each owner signing the feasibility  
 273 request;
- 274 ~~[(c)]~~ (iii) a designation of one individual who signs the feasibility request as the  
 275 primary sponsor contact for the feasibility request;
- 276 ~~[(d)]~~ (iv) a description of the proposed preliminary municipality area;
- 277 ~~[(e)]~~ (v) an accurate map or plat, prepared by a licensed surveyor, showing:
- 278 ~~[(i)]~~ (A) a legal description of the boundaries of the proposed preliminary  
 279 municipality area and each phase of the proposed preliminary municipality  
 280 area;
- 281 ~~[(ii)]~~ (B) all development planned for the proposed preliminary municipality area;[  
 282 and]
- 283 ~~[(iii)]~~ (C) that the first phase of the proposed preliminary municipality area is  
 284 projected to have at least 100 full-time residents when completed;
- 285 (D) that at least 10% of all housing included in the planned development shall  
 286 qualify as affordable housing, with no more than half of the affordable housing  
 287 utilized as long-term rentals;
- 288 (E) that at least 10% of the development qualifies as open space; and
- 289 (F) that no more than 30% of all housing included in the planned development  
 290 shall be utilized for short-term rentals;
- 291 (vi) an explanation of how the applicant intends to ensure that the requirements of  
 292 Subsections (5)(a)(v)(D) and (E) will be met;
- 293 (vii) an explanation of the public financing tools, if any, the applicant intends to  
 294 utilize in developing the preliminary municipality;
- 295 (viii) confirmation that the applicant has complied with the requirements of Section  
 296 10-2a-502.5 before filing; and
- 297 ~~[(f)]~~ (ix) a request that the lieutenant governor commission a study to determine the  
 298 feasibility of incorporating the area as a preliminary municipality.
- 299 (b) An applicant may provide development plans in the alternative in the feasibility  
 300 request by indicating which plan is the primary plan and which plans may be used if

301 there are market shifts or other market developments, if each plan meets the  
 302 requirements of Subsection (5)(a).

303 (c) A feasibility request described in Subsection (5)(a) may not include a material  
 304 change from the proposed development about which the applicant and county  
 305 engaged in good faith coordination, as described in Section 10-2a-502.5.

306 (d) The applicant shall sign a declaration at the time of filing, affirming that the  
 307 applicant intends to proceed with the preliminary municipality and subsequent  
 308 development process as described in the feasibility request, and provide the  
 309 declaration to the lieutenant governor with the feasibility request.

310 (6)(a) The provisions of this part, providing for the incorporation of a preliminary  
 311 municipality, is a pilot project that ends on January 1, 2031.

312 (b) Except as provided in Subsection (7), ~~[a person]~~ an applicant may not file a feasibility  
 313 request under this part in a calendar year during which two or more requests have  
 314 already been filed in the state.

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

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

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

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

320 (ii) are prohibited from amending the feasibility request under Subsection  
 321 10-2a-503(7)(c); or

322 (c) the process to incorporate is prohibited from proceeding under Subsection [  
 323 ~~10-2a-504(5)(a)] 10-2a-504(7)(a) and the sponsors:~~

324 (i) do not timely file a modified feasibility request under Subsection  
 325 10-2a-505(1)(b)(i); or

326 (ii) are prohibited from filing a modified feasibility request under Subsection  
 327 10-2a-505(3).

328 Section 4. Section **10-2a-502.5** is enacted to read:

329 **10-2a-502.5 (Effective 05/06/26). Good faith coordination with county required.**

330 (1) An applicant may not apply to incorporate an area as a preliminary municipality by  
 331 filing a feasibility request in accordance with Section 10-2a-502 unless the applicant has  
 332 already engaged in good faith coordination with the county about the planned  
 333 development.

334 (2) Good faith coordination under this section requires:

- 335 (a) the applicant to submit, make, or propose:
- 336 (i) a land use application, as defined in Section 17-79-102;
- 337 (ii) a formal petition that a county rezone a particular area; or
- 338 (iii) a development agreement between the applicant and the county;
- 339 (b) the county to provide the applicant with a meaningful opportunity for the applicant to
- 340 consult with county staff and officials about the planned development; and
- 341 (c) both the applicant and the county:
- 342 (i) to make reasonable efforts to find areas in which compromise is possible or
- 343 alternative solutions may be found; and
- 344 (ii) to identify the specific issues upon which the applicant and county are unable to
- 345 reach a mutually agreeable solution, including the factors that make a mutually
- 346 agreeable solution impossible or impractical.
- 347 (3) The application, petition, or proposed development agreement described in Subsection
- 348 (2)(a) shall make clear to the county:
- 349 (a) what the applicant is proposing to do with land in the county;
- 350 (b) what the applicant is requesting from the county in order to proceed; and
- 351 (c) that the applicant intends to apply to incorporate an area as a preliminary
- 352 municipality if the applicant and county are unable to reach a mutually agreeable
- 353 resolution.
- 354 (4) A county shall:
- 355 (a) accept an application described in Subsection (2)(a) if the application is complete, as
- 356 described in Section 17-79-803; and
- 357 (b)(i) accept a petition or proposed development agreement described in Subsection
- 358 (2)(a) for consideration if the petition or proposed development agreement is
- 359 sufficiently clear to begin good faith coordination with the applicant; or
- 360 (ii) provide a written explanation of why a petition or proposed development
- 361 agreement is not sufficiently clear, including what information the county requires
- 362 to render the petition or proposed development agreement sufficiently clear,
- 363 within 10 business days of the day on which the county receives the petition or
- 364 proposed development agreement.
- 365 (5)(a)(i) No earlier than 18 months after the day on which an applicant takes the
- 366 action described in Subsection (2)(a), an applicant that intends to file a feasibility
- 367 request under Section 10-2a-502 may submit a request to the county that the
- 368 county acknowledge the good faith coordination between the applicant and the

- 369 county.
- 370 (ii) Notwithstanding the 18 month requirement in Subsection (5)(a)(i), an applicant  
 371 may submit a request to the county that the county acknowledge the good faith  
 372 coordination between the applicant and the county earlier than 18 months from the  
 373 day on which an applicant takes the action described in Subsection (2)(a) if the  
 374 county has denied the applicant's land use application, formal petition, or  
 375 proposed development agreement as a final action.
- 376 (b) The applicant shall include in the request described in Subsection (5)(a):
- 377 (i) a description explaining that:
- 378 (A) the requirements of this section have been met; or
- 379 (B) the requirements of this section have been met but for the county's failure to  
 380 provide the applicant with a meaningful opportunity to consult or make  
 381 reasonable efforts to find compromise or alternative solutions, or both, as  
 382 required in Subsections (2)(b) and (c); and
- 383 (ii) that the applicant intends to file a feasibility request under Section 10-2a-502.
- 384 (c) A county that receives a request described in Subsection (5)(a) shall respond to the  
 385 request in writing within five business days:
- 386 (i) concurring with the applicant's assertion that the applicant and county have  
 387 engaged in good faith coordination, as described in this section, but have been  
 388 unable to reach a mutually agreeable solution;
- 389 (ii) disputing the applicant's assertion that the applicant and county have engaged in  
 390 good faith coordination; or
- 391 (iii) asserting that the county has engaged in good faith coordination but that the  
 392 applicant has failed to make reasonable efforts to find compromise or alternative  
 393 solutions.
- 394 (d) If Subsection (5)(c)(ii) or (iii) apply, the county shall provide a rationale for the  
 395 county's dispute or assertion in the response described in Subsection (5)(c).
- 396 (6) An applicant may file a feasibility request under Section 10-2a-502:
- 397 (a) after the applicant receives the county's response, as described in Subsection (5)(c); or  
 398 (b) if a county fails to timely respond, after the sixth business day following the day on  
 399 which the applicant makes a request under Subsection (5)(a).

400 Section 5. Section **10-2a-503** is amended to read:

401 **10-2a-503 (Effective 05/06/26) (Repealed 01/01/31). Processing a feasibility**  
 402 **request -- Certification or rejection -- Processing priority -- Determination by the Utah**

403 **Population Committee.**

- 404 (1) Within 45 days after the day on which an individual files a feasibility request under  
405 Section 10-2a-502, the lieutenant governor shall:
- 406 (a) determine whether the feasibility request complies with Section 10-2a-502; and  
407 (b) notify the clerk of the county where the proposed preliminary municipality area is  
408 located, in writing, of the determination made under Subsection (1)(a) and the  
409 grounds for the determination.
- 410 (2) A county clerk shall:
- 411 (a) inform the lieutenant governor if the applicant does not meet the requirements of  
412 Subsection 10-2a-502.5(6); and
- 413 (b) comply with a request by the lieutenant governor to provide information or a record  
414 to the lieutenant governor or to a sponsor of the feasibility request, to assist in  
415 complying with this part, within five calendar days after the day on which the  
416 lieutenant governor makes the request.
- 417 (3) If the lieutenant governor determines that the feasibility request complies with Section  
418 10-2a-502, the lieutenant governor shall:
- 419 (a) certify the feasibility request; and  
420 (b) transmit written notification of the certification to:
- 421 (i) the primary sponsor contact[;] ;  
422 (ii) the county clerk[;] ; and  
423 (iii) the Utah Population Committee.
- 424 (4) If the lieutenant governor determines that the feasibility request fails to comply with  
425 Section 10-2a-502, the lieutenant governor shall reject the feasibility request and notify  
426 the primary sponsor contact and the county clerk, in writing, of the rejection and the  
427 grounds for the rejection.
- 428 (5)(a) Within 20 days after the day on which the lieutenant governor transmits written  
429 notification under Subsection (3)(b), the Utah Population Committee shall:
- 430 (i) determine whether, based on the map or plat described in Subsection  
431 10-2a-502(5)(e), the proposed preliminary municipality will, when all phases of  
432 the map or plat are completed, likely comply with the population, population  
433 density, and contiguity requirements described in Section 10-2a-502; and  
434 (ii) provide notice of the determination to the lieutenant governor and the county  
435 clerk.
- 436 (b) If the Utah Population Committee determines, under Subsection (5)(a)(i), that, when

437 all phases of the plan or plat are completed, the proposed preliminary municipality  
438 will not likely comply with the population, population density, and contiguity  
439 requirements described in Section 10-2a-502, the lieutenant governor shall rescind  
440 the certification described in Subsection (3) and reject the feasibility request.

441 (6) The lieutenant governor shall certify or reject feasibility requests in the order in which  
442 the requests are filed.

443 (7)(a) If the lieutenant governor determines, under Subsection (4), that the feasibility  
444 request fails to comply with Section 10-2a-502, or rejects the feasibility request under  
445 Subsection (5)(b), the sponsors may, subject to Section 10-2a-505, amend the  
446 feasibility request to correct the deficiencies and refile the feasibility request with the  
447 lieutenant governor.

448 (b) Except as provided in Subsection (7)(c), the sponsors may submit an amended  
449 feasibility request within 90 days after the day on which the lieutenant governor  
450 makes the determination or rejection described in Subsection (7)(a).

451 (c) The sponsors may not submit an amended feasibility request more than once.

452 (d) The lieutenant governor shall consider a feasibility request that is amended and  
453 refilled under Subsection (7)(a) as a newly filed feasibility request and process the  
454 feasibility request in accordance with this section.

455 (8) If the primary sponsor desires that the feasibility study described in this section be based  
456 off a development plan that is materially different than what is described in the certified  
457 feasibility request:

458 (a) the primary sponsor shall notify the lieutenant governor and the lieutenant governor  
459 shall rescind the certification of the feasibility request;

460 (b) the primary sponsor is required to comply with Section 10-2a-502.5 regarding the  
461 new development plan;

462 (c) the primary sponsor may submit an amended feasibility request as described in  
463 Section 10-2a-502, subject to the limit described in Subsection (7)(c); and

464 (d) the lieutenant governor shall consider an amended feasibility request made under  
465 Subsection (8)(c) as a newly filed feasibility request and process the feasibility  
466 request in accordance with this section.

467 (9) Any individual in the Office of the Lieutenant Governor or on the Utah Population  
468 Committee who plays a role in the preliminary municipality approval process described  
469 in this part shall be independent of and not affiliated with an applicant or a sponsor of a  
470 petition to incorporate a preliminary municipality.

471 Section 6. Section **10-2a-504** is amended to read:

472 **10-2a-504 (Effective 05/06/26) (Repealed 01/01/31). Feasibility study --**

473 **Feasibility study consultant -- Qualifications for proceeding with incorporation.**

474 (1) Unless the lieutenant governor rescinds the certification under Subsection  
475 10-2a-503(5)(b), the lieutenant governor shall, within 90 days after the day on which the  
476 lieutenant governor certifies a feasibility request under Subsection 10-2a-503(3)(a), in  
477 accordance with Subsection (2), engage a feasibility consultant to conduct a feasibility  
478 study on the proposed preliminary municipality, as the proposed preliminary  
479 municipality is described in the certified feasibility request.

480 (2) The lieutenant governor shall:

481 (a) select a feasibility consultant in accordance with Title 63G, Chapter 6a, Utah  
482 Procurement Code;

483 (b) ensure that the feasibility consultant:

484 (i) has expertise in the processes and economics of local government; ~~and~~

485 (ii) is not affiliated with a sponsor of the feasibility request or the county in which the  
486 proposed municipality is located; and

487 (iii) comply with the relevant provisions of this part; and

488 (c) require the feasibility consultant to:

489 (i) submit a draft of the feasibility study to each applicable person with whom the  
490 feasibility consultant is required to consult under Subsection (3)(c) within ~~[90]~~ 120  
491 days after the day on which the lieutenant governor engages the feasibility  
492 consultant to conduct the study;

493 (ii) allow each person to whom the consultant provides a draft under Subsection  
494 (2)(c)(i) to review and provide comment on the draft;

495 (iii) submit on the same day a completed feasibility study, including a one-page  
496 summary of the results, to the following within ~~[120]~~ 180 days after the day on  
497 which the lieutenant governor engages the feasibility consultant to conduct the  
498 feasibility study:

499 (A) the lieutenant governor;

500 (B) the county legislative body of the county in which the proposed preliminary  
501 municipality area is located;

502 (C) the primary sponsor contact; and

503 (D) each person to whom the consultant provided a draft under Subsection (2)(c)(i);

504 and

- 505 (iv) attend the public ~~[hearings]~~ information sessions described in Section 10-2a-506  
506 to present the feasibility study results and respond to questions from the public.
- 507 (3)(a) The feasibility study shall include:
- 508 (i) an analysis of:
- 509 (A) the likely population and population density within the proposed preliminary  
510 municipality area when all phases of the map or plat for the proposed  
511 preliminary municipality area are completed;~~[-and]~~
- 512 (B) the population and population density of the area surrounding the proposed  
513 preliminary municipality area on the day on which the feasibility request was  
514 submitted; and
- 515 (C) any land use entitlements already established within the proposed preliminary  
516 municipality area;
- 517 (ii) an analysis of the following, determined as if, at the time of the analysis, the  
518 proposed ~~[-]~~preliminary municipality area is incorporated as a town with a  
519 population of 100 ~~[people]~~ individuals:
- 520 (A) the initial~~[-and projected]~~ , five-year, and 10-year projected demographics and  
521 tax base within the boundaries of the proposed preliminary municipality area  
522 and the surrounding area, including household size and income, commercial  
523 and industrial development, and public facilities;
- 524 (B) subject to Subsection (3)(b), the initial~~[-and]~~ , five-year, and 10-year projected  
525 cost of providing required municipal services to the proposed preliminary  
526 municipality area, including administrative costs and the costs of public  
527 infrastructure required to provide each municipal service to the proposed  
528 preliminary municipality area;
- 529 (C) assuming the same tax categories and tax rates as imposed by the county and  
530 all other current service providers at the time during which the feasibility  
531 consultant prepares the feasibility study, the initial~~[-and]~~ , five-year, and  
532 10-year projected revenue for the proposed preliminary municipality area;
- 533 (D) the risks and opportunities that might affect the actual costs described in  
534 Subsection (3)(a)(ii)(B) or the revenues described in Subsection (3)(a)(ii)(C) of  
535 the proposed preliminary municipality area;
- 536 (E) new revenue sources that may be available to the proposed preliminary  
537 municipality area that are not available before the area incorporates, including  
538 an analysis of the amount of revenues the proposed preliminary municipality

- 539 area might obtain from those revenue sources;
- 540 (F) the projected tax burden per household of any new taxes that may be levied
- 541 within the proposed preliminary municipality area within five and 10 years
- 542 after incorporation as a town; and
- 543 (G) the fiscal impact of the proposed preliminary municipality area's incorporation
- 544 as a town on unincorporated areas, other municipalities, special districts,
- 545 special service districts, and other governmental entities in the county; and
- 546 (iii) an analysis regarding whether sufficient water will be available to support the
- 547 proposed preliminary municipality area when the development of the area is
- 548 complete.
- 549 (b)(i) In calculating the projected costs under Subsection (3)(a)(ii)(B), the feasibility
- 550 consultant shall assume the proposed preliminary municipality area will provide a
- 551 level and quality of municipal services that fairly and reasonably approximate the
- 552 level and quality of municipal services that are provided to the area surrounding
- 553 the proposed preliminary municipality area at the time the feasibility consultant
- 554 conducts the feasibility study.
- 555 (ii) In calculating the current cost of a required municipal service under Subsection
- 556 (3)(a)(ii)(B), the feasibility consultant shall consider:
- 557 (A) the amount it would cost the proposed preliminary municipality area to
- 558 provide the required municipal service for the first five years and 10 years after
- 559 the area incorporates as a town; and
- 560 (B) the proposed or current municipal service provider's initial~~[-and]~~ five-year,
- 561 and 10-year projected cost of providing the required municipal service after the
- 562 proposed preliminary municipality area incorporates as a town.
- 563 (iii) In calculating costs under Subsection (3)(a)(ii)(B), the feasibility consultant shall
- 564 account for inflation and anticipated growth.
- 565 (c) In conducting the feasibility study, the feasibility consultant shall consult with the
- 566 following before submitting a draft of the feasibility study under Subsection (2)(c)(iii):
- 567 (i) if the proposed preliminary municipality will include lands owned by the United
- 568 States federal government, the entity within the United States federal government
- 569 that has jurisdiction over the land;
- 570 (ii) if the proposed preliminary municipality will include lands owned by the state,
- 571 the entity within state government that has jurisdiction over the land;
- 572 (iii) each entity that provides, or is proposed to provide, a municipal service to a

- 573 portion of the proposed preliminary municipality area;[~~and~~]
- 574 (iv) each other special service district that provides, or is proposed to provide,  
575 services to a portion of the proposed preliminary municipality area[~~;~~] and
- 576 (v) the legislative body of the county in which the preliminary municipality area is  
577 located.
- 578 (4)(a) The legislative body of the county in which the preliminary municipality area is  
579 located and the sponsor may both provide the feasibility consultant with data,  
580 information, and analysis the legislative body or sponsor considers relevant to the  
581 feasibility study.
- 582 (b) Data, information, and analysis described in Subsection (4)(a) may include:
- 583 (i) areas in which the county and applicant were able to reach a mutually agreeable  
584 solution during the good faith coordination required by Section 10-2a-502.5;
- 585 (ii) information supporting or explaining the county's position in regard to issues  
586 upon which the applicant and county were unable to reach a mutually agreeable  
587 solution, including the factors that make a mutually agreeable solution impossible  
588 or impractical, during the good faith coordination required by Section 10-2a-502.5;
- 589 (iii) the county's assessment of the necessary system infrastructure to support the  
590 proposed development, including any fill and grading required before paved roads  
591 can be placed;
- 592 (iv) projected needs for future property tax increases;
- 593 (v) projected county costs in regard to development of the proposed preliminary  
594 municipality area, including development costs outside but adjacent to the  
595 proposed preliminary municipality area;
- 596 (vi) state growth projections, including data from the Utah Population Committee;
- 597 (vii) information about the desires of the property owners with property inside the  
598 proposed preliminary municipality area;
- 599 (viii) deferred maintenance costs in or near the proposed preliminary municipality  
600 area;
- 601 (ix) the sponsor's plan, if any, to utilize a public financing tool in developing the  
602 proposed preliminary municipality area; and
- 603 (x) unique factors about the county or the proposed preliminary municipality or both  
604 that may create a strain on county resources in the future.
- 605 (c) The feasibility consultant shall consider data, information, and analysis provided by  
606 the county under Subsection (4)(a), and use the data, information, and analysis in the

- 607 feasibility study in accordance with Subsection (5).
- 608 (5)(a) The analysis required by Subsection (3) shall be based on:
- 609 (i) data, information, and analysis that is objective, reliable, and grounded in
- 610 area-specific information from the preceding 10 years, including nearby areas; and
- 611 (ii) professional or market-based studies, including market absorption, pricing, and
- 612 existing available lots in the area and nearby areas.
- 613 (b) The feasibility consultant shall:
- 614 (i) only use data, information, or analysis provided by a sponsor or a county if the
- 615 feasibility consultant determines the data, information, or analysis can be
- 616 independently verified to meet the requirements of Subsection (5)(a);
- 617 (ii) provide an explanation of the determination described in Subsection (5)(b)(i) in
- 618 the feasibility study; and
- 619 (iii) provide a signed declaration to the lieutenant governor that the feasibility
- 620 consultant complied with the requirements of Subsections (4) and (5) at the time
- 621 the feasibility consultant submits a draft or a complete feasibility study.
- 622 ~~[(4)]~~ (6) If the five-year and 10-year projected revenues calculated under Subsection
- 623 (3)(a)(ii)(C) exceed the five-year and 10-year projected costs calculated under
- 624 Subsection (3)(a)(ii)(B) by more than 5%, the feasibility consultant shall project and
- 625 report the expected annual revenue surplus to:
- 626 (a) the primary sponsor contact;
- 627 (b) the legislative body of the county in which the preliminary municipality area is
- 628 located; and
- 629 (c) the lieutenant governor.
- 630 ~~[(5)]~~ (7)(a) Except as provided in Subsection ~~[(5)(b)]~~ (7)(b), if the results of the feasibility
- 631 study, or a supplemental feasibility study described in Section 10-2a-505, show that
- 632 the average annual amount of revenue calculated under Subsection (3)(a)(ii)(C) does
- 633 not exceed the average annual cost calculated under Subsection (3)(a)(ii)(B) by more
- 634 than 5%, the process to incorporate the area that is the subject of the feasibility study
- 635 or supplemental feasibility study may not proceed.
- 636 (b) Except as provided in Subsection 10-2a-505(3), the process to incorporate an area
- 637 described in Subsection ~~[(5)(a)]~~ (7)(a) may proceed if a subsequent supplemental
- 638 feasibility study conducted under Section 10-2a-505 for the proposed incorporation
- 639 demonstrates ~~[e]ompliance with Subsection (5)(a)]~~ that the average annual amount of
- 640 revenue calculated under Subsection (3)(a)(ii)(C) does exceed the average annual

641 cost calculated under Subsection (3)(a)(ii)(B) by more than 5%.  
 642 [(6)] (8) If the results of the feasibility study or revised feasibility study do not comply with  
 643 Subsection [(5)] (6), and if requested by the sponsors of the request, the feasibility  
 644 consultant shall, as part of the feasibility study or revised feasibility study, make  
 645 recommendations regarding how the proposed preliminary municipality area may be  
 646 altered to comply with Subsection [(5)] (7), unless the sponsors are precluded from  
 647 modifying the feasibility request under Subsection 10-2a-505(3).

648 [(7)] (9) The lieutenant governor shall post a copy of the feasibility study, and any  
 649 supplemental feasibility study described in Section 10-2a-505, on the lieutenant  
 650 governor's website and make a copy available for public review at the lieutenant  
 651 governor's office.

652 Section 7. Section **10-2a-505** is amended to read:

653 **10-2a-505 (Effective 05/06/26) (Repealed 01/01/31). Modified feasibility request**  
 654 **-- Supplemental feasibility study.**

655 (1)(a) The sponsors of a feasibility request may modify [~~the request to alter the~~  
 656 ~~boundaries of the proposed preliminary municipality area~~] a certified feasibility  
 657 request and refile the modified feasibility request with the lieutenant governor only if:

658 (i) the results of the feasibility study do not comply with Subsection [~~10-2a-504(5)(a)]~~  
 659 10-2a-504(7)(a); or

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

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

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

666 (b)(i) The sponsors of a feasibility request may not file a modified request under  
 667 Subsection (1)(a)(i) more than 90 days after the day on which the feasibility  
 668 consultant submits the final results of the feasibility study under Subsection  
 669 10-2a-504(2)(c)(iii).

670 (ii) The sponsors of a feasibility request may not file a modified request under  
 671 Subsection (1)(a)(ii) more than 18 months after filing the original feasibility  
 672 request under Section 10-2a-502.

673 (c) A modified feasibility request under Subsection (1)(a) shall comply with Subsections  
 674 10-2a-502(1) through [(4)] (5).

- 675 (d) Within 20 days after the day on which the lieutenant governor receives the modified  
 676 request, the lieutenant governor shall follow the same procedure described in  
 677 Subsections 10-2a-503(1) through (4) for the modified feasibility request as for an  
 678 original feasibility request.
- 679 (2) The timely filing of a modified feasibility request under Subsection (1) gives the  
 680 modified feasibility request the same processing priority under Subsection 10-2a-503(6)  
 681 as the original feasibility request.
- 682 (3) The sponsors of a feasibility request may not file a modified feasibility request under  
 683 Subsection (1)(a)(i) more than once.
- 684 (4) Within 10 days after the day on which the county clerk receives a modified feasibility  
 685 request under Subsection (1)(a) that relates to a request for which a feasibility study has  
 686 already been completed, the lieutenant governor shall commission the feasibility  
 687 consultant who conducted the feasibility study to conduct a supplemental feasibility  
 688 study that accounts for the modified feasibility request.
- 689 (5) The lieutenant governor shall require the feasibility consultant to:
- 690 (a) comply with the requirement to:
- 691 (i) consider data, information, and analysis provided by the county as described in  
 692 Subsection 10-2a-504(4); and
- 693 (ii) only use data, information, and analysis that meets the requirements of  
 694 Subsection 10-2a-504(5);
- 695 (b) submit a draft of the supplemental feasibility study to each applicable person with  
 696 whom the feasibility consultant is required to consult under Subsection  
 697 10-2a-504(3)(c) within [30] 45 days after the day on which the feasibility consultant  
 698 is engaged to conduct the supplemental study;
- 699 ~~[(b)]~~ (c) allow each person to whom the consultant provided a draft under Subsection [  
 700 ~~(5)(a)]~~ (5)(b) to review and provide comment on the draft;[-and]
- 701 ~~[(e)]~~ (d) submit on the same day a completed supplemental feasibility study, to the  
 702 following within [45] 60 days after the day on which the feasibility consultant is  
 703 engaged to conduct the feasibility study:
- 704 (i) the lieutenant governor;
- 705 (ii) the county legislative body of the county in which the incorporation is proposed;
- 706 (iii) the primary sponsor contact; and
- 707 (iv) each person to whom the consultant provided a draft under Subsection ~~[(5)(a)-]~~  
 708 (5)(b); and

709 (e) provide a signed declaration to the lieutenant governor that the feasibility consultant  
 710 will comply with the requirements of this Subsection (5).

711 (6)(a) Subject to Subsections (3) and (6)(b), if the results of the supplemental feasibility  
 712 study do not comply with Subsection [~~10-2a-504(4)~~] 10-2a-504(5), the sponsors may  
 713 further modify the request in accordance with Subsection (1).

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

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

719 Section 8. Section **10-2a-505.5** is enacted to read:

720 **10-2a-505.5 (Effective 05/06/26). County audit of a feasibility study or**  
 721 **supplemental feasibility study.**

722 (1) Upon receipt of a complete feasibility study under Section 10-2a-504 or a complete  
 723 supplemental feasibility study under Section 10-2a-505, the county shall post the study  
 724 or a summary of the study on the county website within one business day of receipt.

725 (2) The county may, at the county's own cost, hire a consultant to:

726 (a) audit the feasibility study or supplemental feasibility study; and

727 (b) provide a written report on the feasibility study or supplemental feasibility study that  
 728 confirms or disputes the results of the study.

729 Section 9. Section **10-2a-506** is amended to read:

730 **10-2a-506 (Effective 05/06/26) (Repealed 01/01/31). Public information session**  
 731 **on feasibility study results -- Notice of information session.**

732 (1) If the results of the feasibility study or supplemental feasibility study comply with  
 733 Subsection [~~10-2a-504(4)~~,] 10-2a-504(5), the lieutenant governor shall, after receipt of  
 734 the results of the feasibility study or supplemental feasibility study, conduct [~~public~~  
 735 ~~hearings~~] at least one public information session in accordance with this section.

736 (2)(a) If a portion of the proposed preliminary municipality area is approved for  
 737 annexation after the feasibility study or supplemental feasibility study is conducted  
 738 but before the lieutenant governor conducts a public [~~hearing~~] information session  
 739 under Subsection (4), the lieutenant governor may not conduct the public [~~hearing~~]  
 740 information session under Subsection (4) unless:

741 (i) the sponsors of the feasibility study file a modified feasibility request in  
 742 accordance with Section 10-2a-505; and

- 743 (ii) the results of the supplemental feasibility study comply with Subsection  
744 10-2a-504(4).
- 745 (b) For purposes of Subsection (2)(a), an area is approved for annexation if a municipal  
746 legislative body:
- 747 (i) approves an annexation petition proposing the annexation of an area that is part of  
748 the proposed preliminary municipality area under Section 10-2-810 or 10-2-811; or  
749 (ii) adopts an ordinance approving the annexation of an area that is part of the  
750 proposed preliminary municipality area under Section 10-2-812.
- 751 (3) The lieutenant governor shall conduct a public ~~[hearing]~~ information session:
- 752 (a) within 60 days after the day on which the lieutenant governor receives the results  
753 under Subsection (1) or (2)(a)(ii);
- 754 (b) at a location within or near the proposed preliminary municipality area or through a  
755 virtual, online format; and
- 756 (c) to allow the feasibility consultant to present the results of the feasibility study and  
757 inform the public about the results.
- 758 (4) The lieutenant governor shall:
- 759 (a) conduct an additional public ~~[hearing]~~ information sessions following each occasion  
760 when, after the day of the initial public ~~[hearing]~~ information session, the lieutenant  
761 governor receives the results of a supplemental feasibility study that comply with  
762 Subsection 10-2a-504(4); and
- 763 (b) hold the public ~~[hearing]~~ information session described in Subsection (4)(a):
- 764 (i) within 30 days after the day on which the lieutenant governor receives the results  
765 of the supplemental feasibility study;
- 766 (ii) at a location within or near the proposed preliminary municipality or through a  
767 virtual, online format;
- 768 (iii) to inform the public that the feasibility presented to the public at the preceding  
769 public ~~[hearing]~~ information session does not apply; and
- 770 (iv) to allow the feasibility consultant to present the results of the supplemental  
771 feasibility study and inform the public about the results.
- 772 (5)(a) At each public ~~[hearing]~~ information session required under this section, the  
773 lieutenant governor shall:
- 774 ~~[(a)]~~ (i) provide a map or plat of the boundary of the proposed preliminary  
775 municipality;
- 776 ~~[(b)]~~ (ii) provide a copy of the applicable feasibility study for public review;

777           ~~[(e)]~~ (iii) allow members of the public to express views about the proposed  
 778           preliminary municipality, including views about the proposed boundaries; and  
 779           ~~[(d)]~~ (iv) allow the public to ask the feasibility consultant questions about the  
 780           applicable feasibility study.

781           (b) A public information session may be conducted entirely virtually if the lieutenant  
 782           governor is able to comply with this Subsection (5).

783           (6) The lieutenant governor shall publish notice of each public ~~[hearing]~~ information session  
 784           required under this section for the proposed preliminary municipality area, as a class B  
 785           notice under Section 63G-30-102, for at least three weeks before the day of the public [  
 786           ~~hearing]~~ information session.

787           (7)(a) Except as provided in Subsection (7)(b), for ~~[a hearing]~~ a public information  
 788           session described in this section, the notice described in Subsection (6) shall:

789           (i) include the feasibility study summary described in Subsection 10-2a-504(2)(c)(iii);  
 790           and

791           (ii) indicate that a full copy of the feasibility study is available on the lieutenant  
 792           governor's website and for inspection at the lieutenant governor's office.

793           (b) Instead of publishing the feasibility summary under Subsection (7)(a)(i), the  
 794           lieutenant governor may publish a statement that specifies the following sources  
 795           where a person may view or obtain a copy of the feasibility study:

796           (i) the lieutenant governor's website;

797           (ii) the lieutenant governor's office; and

798           (iii) a mailing address and telephone number.

799           Section 10. Section **10-2a-507** is amended to read:

800           **10-2a-507 (Effective 05/06/26) (Repealed 01/01/31). Petition for incorporation --**  
 801           **Requirements and form.**

802           (1) At any time within one year after the day on which the lieutenant governor completes  
 803           the public ~~[hearings]~~ information session required under Section 10-2a-506, the owners  
 804           of the property who filed the feasibility request under Section 10-2a-502 for the  
 805           proposed preliminary municipality area may proceed with the incorporation process by  
 806           filing a petition for incorporation of the proposed preliminary municipality that:

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

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

- 811 (c) demonstrates compliance with Subsection [~~10-2a-504(4)~~] 10-2a-504(5);
- 812 (d) states the proposed name for the proposed preliminary municipality;
- 813 (e) designates the primary sponsor contact for the proposed preliminary municipality;
- 814 (f) designates the board chair and three of the four board members who will serve as a
- 815 five member council form of government for the preliminary municipality, described
- 816 in [~~Section~~] Sections 10-3b-402 and 10-3b-403, for the preliminary municipality;
- 817 (g) is accompanied by an accurate map or plat, prepared by a licensed surveyor, that
- 818 conforms to the information, including planning and phasing, that was included in the
- 819 certified feasibility request showing:
- 820 (i) the boundaries of the proposed preliminary municipality;
- 821 (ii) a single development plan for the proposed municipality, depicting each phase of
- 822 the development; and
- 823 (iii) the structure that will serve as a municipal building or community center where
- 824 preliminary municipality or future incorporated town business or operations may
- 825 be conducted, which shall be completed in the first phase of the development;
- 826 (h) is accompanied by a bond, cash deposit, or letter of credit that:
- 827 (i) is posted by the initial landowners;
- 828 (ii) is in favor of the county in which the preliminary municipality area is located, up
- 829 and until the time the preliminary municipality is incorporated as a town, to
- 830 guarantee that the initial landowners will complete any infrastructure for which
- 831 construction has begun or which is necessary, under state law or county ordinance,
- 832 for any developed parcels;
- 833 [~~(ii)~~] (iii) is in favor of the town that is incorporated from the proposed preliminary
- 834 municipality, to guarantee that the initial landowners will complete the system
- 835 infrastructure no later than six years after the day on which the initial landowners
- 836 file the petition for incorporation described in this section;[~~and~~]
- 837 [~~(iii)~~] (iv) meets the requirements of Subsection (4);
- 838 (v) is held by an institution independent from the sponsor; and
- 839 (vi) will be refunded to the initial landowners in percentages that reflect the progress
- 840 toward completing the system infrastructure;[~~and~~]
- 841 (i) is accompanied by an executed improvement warranty for the improvement warranty
- 842 period, which may be a cash deposit, surety bond, letter of credit, or other similar
- 843 security, as required by the county, in the amount of up to 10% of the lesser of the:
- 844 (i) county engineer's estimated cost of completion; or

- 845           (ii) the initial landowner's reasonable proven cost of completion;
- 846           (j) is accompanied by payment in full, from the initial landowners, of the costs incurred  
847           by the lieutenant governor for the feasibility study, the public notices, the [hearings]  
848           public information sessions, and the other expenses incurred by the lieutenant  
849           governor to comply with the requirements of this part in relation to the proposed  
850           preliminary municipality[-] ; and
- 851           (k) includes a declaration indicating that the sponsor will develop the preliminary  
852           municipality in accordance with the description in the certified feasibility request, or  
853           an alternate description included in the certified feasibility request, subject to  
854           conditions identified in the final feasibility study, including the overall master plan  
855           layout, number of housing units, build schedule phasing, affordable housing  
856           requirements, and structure described in Subsection (1)(g)(iii).
- 857           (2)(a) If, within six years after the day on which the initial landowners file a petition for  
858           incorporation under Subsection (1), the system infrastructure for the preliminary  
859           municipality is not completed, the portion of the bond, cash deposit, or letter of credit  
860           described in Subsection (1)(h) that has not been refunded to the initial landowners  
861           shall forfeit to[ the preliminary municipality] :
- 862                   (i) the county, if the preliminary municipality has not incorporated as a town; or  
863                   (ii) the town.
- 864           (b) The provisions of Title 10, Chapter 20, Municipal Land Use, Development, and  
865           Management Act, Title 17, Chapter 79, County Land Use, Development, and  
866           Management Act, and relevant local land use regulations adopted in accordance with  
867           those provisions govern:
- 868                   (i) the determination of whether, within the improvement warranty period, an  
869                   improvement is not completed, fails, or is demonstrated to be faulty or  
870                   substandard; and
- 871                   (ii) whether the executed improvement warranty described in Subsection (1)(i) shall  
872                   forfeit to the county, if the preliminary municipality has not incorporated as a  
873                   town, or the town.
- 874           (3) If, within four years after the day on which the first residential certificate of occupancy  
875           is issued for [the development described in Subsection 10-2a-503(5)(e)] a residential unit  
876           within the preliminary municipality, or six years after the day on which the initial  
877           landowners file a petition for incorporation under Subsection (1), the preliminary  
878           municipality has not transitioned to a town:

- 879 (a) the lieutenant governor shall issue a certificate dissolving the preliminary  
880 municipality;
- 881 (b) all roads and infrastructure within the preliminary municipality revert to the county  
882 in which the preliminary municipality is located;
- 883 (c) the area within the proposed municipality falls under the jurisdiction of the county  
884 and is no longer incorporated; and
- 885 (d) the initial landowners are liable to the county for damages caused to the county due  
886 to the dissolution of the preliminary municipality.

887 (4) The amount of the bond, cash deposit, or letter of credit required by Subsection (1)(h)  
888 shall be determined:

- 889 (a) based on engineering estimates or construction bids; and
- 890 (b) by an independent financial or risk management consultant retained by the county,  
891 subject to consultation with the sponsor.

892 (5) The improvement warranty period and improvement warranty described in Subsection  
893 (1)(i) shall be determined by the county for each type of improvement, according to the  
894 same standards and requirements the county utilizes under Sections 17-79-707 and  
895 17-79-805.

896 Section 11. Section **10-2a-508** is amended to read:

897 **10-2a-508 (Effective 05/06/26) (Repealed 01/01/31). Processing of petition by**  
898 **lieutenant governor -- Certification or rejection -- Petition modification.**

899 (1) Within 45 days after the day on which a petition for incorporation is filed under Section  
900 10-2a-507, the lieutenant governor shall:

901 (a) determine whether the petition for incorporation complies with Section 10-2a-507;  
902 and

903 (b)(i) if the lieutenant governor determines that the petition for incorporation  
904 complies with Section 10-2a-507, incorporate the preliminary municipality, issue  
905 a certificate of incorporation, and appoint the board chair and three board  
906 members designated under Subsection [~~10-2a-507(1)(e)~~] 10-2a-507(1)(f); or  
907 (ii) if the lieutenant governor determines that the petition for incorporation fails to  
908 comply with Section 10-2a-507, reject the petition for incorporation and notify the  
909 primary sponsor contact in writing of the rejection and the reasons for the  
910 rejection.

911 (2)(a) If the lieutenant governor rejects a petition for incorporation under Subsection

912 (1)(b)(ii), the sponsors of the petition for incorporation may correct the deficiencies

913 for which the petition for incorporation was rejected and refile the petition for  
914 incorporation with the lieutenant governor.

915 (b) Notwithstanding the deadline described in Subsection 10-2a-507(1), the sponsors of  
916 the petition for incorporation may file a modified petition for incorporation under  
917 Subsection (2)(a) no later than 30 days after the day on which the lieutenant governor  
918 notifies the primary sponsor contact of the rejection under Subsection (1)(b)(ii).

919 (3)(a) Within 20 days after the day on which the lieutenant governor receives a modified  
920 petition for incorporation under Subsection (2)(a), the lieutenant governor shall  
921 review the modified petition for incorporation in accordance with Subsection (1).

922 (b) The sponsors of a petition for incorporation may not modify the petition for  
923 incorporation more than once.

924 Section 12. Section **10-2a-509** is amended to read:

925 **10-2a-509 (Effective 05/06/26) (Repealed 01/01/31). Governance of preliminary**  
926 **municipality -- Utilities -- Road maintenance.**

927 (1)(a) Within 30 days after the day on which the lieutenant governor issues a certificate  
928 of incorporation described in Subsection 10-2a-508(1)(b)(i), the county in which the  
929 preliminary municipality is located shall appoint one board member for the  
930 preliminary municipality.

931 (b) If the county fails to timely comply with Subsection (1)(a), the board chair and the  
932 three board members appointed under Subsection 10-2a-508(1)(b)(i) shall, by  
933 majority vote, appoint the final board member.

934 (2) The board chair and board members, described in Subsection (1), of a preliminary  
935 municipality:

936 (a) are not required to be residents of the preliminary municipality; and

937 (b) shall serve as the board for the preliminary municipality until replaced by election  
938 under Section 10-2a-510.

939 (3)(a) Within 14 days after the day on which the first residential certificate of occupancy  
940 is issued for the development described in Subsection 10-2a-503(5)(e), the engineer  
941 described in Subsection 10-2a-509(6), shall notify the county and the lieutenant  
942 governor, in writing:

943 (i) that the first residential certificate of occupancy has been issued for the  
944 preliminary municipality;

945 (ii) of the date on which the first residential certificate of occupancy was issued; and

946 (iii) of the physical address for which the first residential certificate of occupancy

- 947                   was issued.
- 948           (b) No later than the next municipal general election, or regular general election, that is  
949                   at least 30 days after the date described in Subsection (3)(a)(ii), the initial landowners  
950                   shall:
- 951                   (i) replace the board chair or a board member with an individual who is a resident of  
952                   the preliminary municipality; and
- 953                   (ii) notify the county and the lieutenant governor of the appointment, in writing.
- 954 (4)(a) Subject to Subsection (4)(b), a preliminary municipality has all the powers and  
955                   duties of a municipality.
- 956           (b) A preliminary municipality:
- 957                   (i) may not impose a tax;
- 958                   (ii) may enter into an interlocal agreement with a special district to provide utility  
959                   services to the preliminary municipality;
- 960                   (iii) has the same authority as another municipality to make decisions regarding  
961                   zoning and land use;
- 962                   (iv) may not receive an allocation of sales tax or gas tax; and
- 963                   (v) may not exercise eminent domain authority.
- 964 (5) As needed, the county shall provide all services and utility connections to the  
965                   preliminary municipality that the county provides other areas in the county if the  
966                   preliminary municipality:
- 967                   (a) pays the uniformly assessed rates for the services and utilities and reasonable  
968                   connection fees; and
- 969                   (b) complies with the county's established regulations and specifications for the  
970                   construction and connection of the local improvements.
- 971 (6)(a) The preliminary municipality and subsequently incorporated town shall maintain  
972 and repair, or cause to be maintained and repaired, any roadway that, on the day on  
973 which the individual filed the feasibility request under Section 10-2a-502:
- 974                   ~~(a)~~ (i) existed within the preliminary municipality;
- 975                   ~~(b)~~ (ii) was within a public right of way that abuts the preliminary municipality; or
- 976                   ~~(c)~~ (iii) was within 1/2 mile of the preliminary municipality and connected to, or  
977                   was proposed in the feasibility request to be connected to, the preliminary  
978                   municipality.
- 979           (b) Roads on unincorporated land outside of the preliminary municipality area continue  
980 to be governed by the provisions of Title 17, Chapter 79, County Land Use,

981            Development, and Management Act.

982        (7) Before any development occurs within the preliminary municipality area or the  
983            preliminary municipality submits a petition to transition to a town, the preliminary  
984            municipality shall select an independent third-party engineer to review and approve all  
985            building permit applications within the preliminary municipality to ensure compliance  
986            with the law.

987        (8) Chapter 2, Classification, Boundaries, Consolidation, and Dissolution of Municipalities,  
988            does not apply to a preliminary municipality.

989            Section 13. Section **10-2a-511** is enacted to read:

990            **10-2a-511** (Effective **05/06/26**). **Applicability of provisions.**

991        (1) Except as provided in Subsection (2), for a feasibility request filed in accordance with  
992            Section 10-2a-502 before May 6, 2026, the process to proceed to the incorporation of a  
993            preliminary municipality as described in this part shall be governed by the law that was  
994            in effect as of May 5, 2026.

995        (2) Subsection (1) does not apply to an applicant who filed a feasibility request before May  
996            6, 2026, if the feasibility request was rejected or otherwise not accepted by the lieutenant  
997            governor and required to be refiled on or after May 6, 2026.

998            Section 14. **Effective Date.**

999            This bill takes effect on May 6, 2026.