

1 **Tax Increment Amendments**

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Kathleen A. Riebe

House Sponsor:

2 **LONG TITLE**3 **General Description:**

4 This bill addresses tax increments for a housing and transit reinvestment zone proposal.

5 **Highlighted Provisions:**

6 This bill:

7

- 8 ▶ amends, for certain housing and transit reinvestment zones proposed by a municipality or
9 county:
 - 10 • the term of years and period in which a property tax increment may be captured; and
 - 11 • the period in which the collection of a property tax increment is triggered; and
 - 12 ▶ makes technical and conforming changes.

13 **Money Appropriated in this Bill:**

14 None

15 **Other Special Clauses:**

16 None

17 **Utah Code Sections Affected:**18 **AMENDS:**19 **63N-3-603**, as last amended by Laws of Utah 2025, First Special Session, Chapter 15

20 *Be it enacted by the Legislature of the state of Utah:*21 Section 1. Section **63N-3-603** is amended to read:22 **63N-3-603 . Applicability, requirements, and limitations on a housing and transit**
23 **reinvestment zone.**

24 (1) A housing and transit reinvestment zone proposal created under this part shall

25 demonstrate how the proposal addresses the following objectives:

26 (a) higher utilization of public transit;

27 (b) increasing availability of housing, including affordable housing, and fulfillment of
28 moderate income housing plans;

29 (c) promoting and encouraging development of owner-occupied housing;

31 (d) improving efficiencies in parking and transportation, including walkability of
32 communities near public transit facilities;
33 (e) overcoming development impediments and market conditions that render a
34 development cost prohibitive absent the proposal and incentives;
35 (f) conserving water resources through efficient land use;
36 (g) improving air quality by reducing fuel consumption and motor vehicle trips;
37 (h) encouraging transformative mixed-use development and investment in transportation
38 and public transit infrastructure in strategic areas;
39 (i) strategic land use and municipal planning in major transit investment corridors as
40 described in Subsection 10-20-404(2);
41 (j) increasing access to employment and educational opportunities; and
42 (k) increasing access to child care.

43 (2)(a) In order to accomplish the objectives described in Subsection (1), a municipality
44 or public transit county that initiates the process to create a housing and transit
45 reinvestment zone as described in this part shall ensure that the proposal for a
46 housing and transit reinvestment zone includes:

47 (i) except as provided in Subsection (3), at least 12% of the proposed dwelling units
48 within the housing and transit reinvestment zone are affordable housing units,
49 with:
50 (A) up to 9% of the proposed dwelling units occupied or reserved for occupancy
51 by households with a gross household income equal to or less than 80% of the
52 county median gross income for households of the same size; and
53 (B) at least 3% of the proposed dwelling units occupied or reserved for occupancy
54 by households with a gross household income equal to or less than 60% of the
55 county median gross income for households of the same size;
56 (ii) except as provided in Subsection (2)(c), a housing and transit reinvestment zone
57 shall include:
58 (A) at least 51% of the developable area within a housing and transit reinvestment
59 zone as residential uses; and
60 (B) an average of at least 50 dwelling units per acre within the acreage of the
61 housing and transit reinvestment zone dedicated to residential uses;
62 (iii) mixed-use development; and
63 (iv) a mix of dwelling units to ensure that at least 25% of the dwelling units have
64 more than one bedroom.

65 (b)(i) If a housing and transit reinvestment zone is phased, a municipality or public
66 transit county shall ensure that a housing and transit reinvestment zone is phased
67 and developed to provide the required 12% of affordable housing units in each
68 phase of development.

69 (ii) A municipality or public transit county may allow a housing and transit
70 reinvestment zone to be phased and developed in a manner to provide more of the
71 required affordable housing units in early phases of development.

72 (iii) A municipality or public transit county shall include in a housing and transit
73 reinvestment zone proposal an affordable housing plan, which may include deed
74 restrictions, to ensure the affordable housing required in the proposal will continue
75 to meet the definition of affordable housing at least throughout the entire term of
76 the housing and transit reinvestment zone.

77 (c) For a housing and transit reinvestment zone proposed by a public transit county at a
78 public transit hub, or for a housing and transit reinvestment zone proposed by a
79 municipality at a bus rapid transit station, the housing and transit reinvestment zone
80 shall include:

81 (i) at least 51% of the developable area within a housing and transit reinvestment
82 zone as residential uses; and

83 (ii) an average of at least 39 dwelling units per acre within the acreage of the housing
84 and transit reinvestment zone dedicated to residential uses.

85 (3) A municipality or public transit county that, at the time the housing and transit
86 reinvestment zone proposal is approved by the housing and transit reinvestment zone
87 committee, meets the affordable housing guidelines of the United States Department of
88 Housing and Urban Development at 60% area median income is exempt from the
89 requirement described in Subsection (2)(a).

90 (4)(a) A municipality may only propose a housing and transit reinvestment zone at a
91 commuter rail station, and a public transit county may only propose a housing and
92 transit reinvestment zone at a public transit hub, that:

93 (i) subject to Subsection (5)(a):

94 (A)(I) except as provided in Subsection (4)(a)(i)(A)(II), for a municipality,
95 does not exceed a 1/3 mile radius of a commuter rail station;

96 (II) for a municipality that is a city of the first or second class that is within a
97 county of the first or second class, with an opportunity zone created in
98 accordance with Section 1400Z-1, Internal Revenue Code, does not exceed

99 a 1/2 mile radius of a commuter rail station located within the opportunity
100 zone; or

101 (III) for a public transit county, does not exceed a 1/3 mile radius of a public
102 transit hub; and

103 (B) has a total area of no more than 125 noncontiguous acres;

104 (ii) subject to Section 63N-3-607, proposes the capture of a maximum of 80% of each
105 taxing entity's property tax increment above the base year for a term of no more
106 than [25] 15 consecutive years on each parcel within a [45-year] 30-year period not
107 to exceed the property tax increment amount approved in the housing and transit
108 reinvestment zone proposal; and

109 (iii) the commencement of collection of property tax increment, for all or a portion of
110 the housing and transit reinvestment zone project area, shall be triggered by
111 providing notice as described in Subsection (6)[, but a housing and transit
112 reinvestment zone proposal may not propose or include triggering more than three
113 property tax increment collection periods for the same project during the
114 applicable 45-year period].

115 (b) A municipality or public transit county may only propose a housing and transit
116 reinvestment zone at a light rail station or bus rapid transit station that:

117 (i) subject to Subsection (5):

118 (A) does not exceed:

119 (I) except as provided in Subsection (4)(b)(i)(A)(II), (III), or (4)(e), a 1/4 mile
120 radius of a bus rapid transit station or light rail station;

121 (II) for a municipality that is a city of the first class with a population greater
122 than 150,000 that is within a county of the first class, a 1/2 mile radius of a
123 light rail station located in an opportunity zone created in accordance with
124 Section 1400Z-1, Internal Revenue Code; or

125 (III) a 1/2 mile radius of a light rail station located within a master-planned
126 development of 500 acres or more; and

127 (B) has a total area of no more than 100 noncontiguous acres;

128 (ii) subject to Subsection (4)(c) and Section 63N-3-607, proposes the capture of a
129 maximum of 80% of each taxing entity's property tax increment above the base
130 year for a term of no more than 15 consecutive years on each parcel within a
131 30-year period not to exceed the property tax increment amount approved in the
132 housing and transit reinvestment zone proposal; and

133 (iii) the commencement of collection of property tax increment, for all or a portion of
134 the housing and transit reinvestment zone project area, shall be triggered by
135 providing notice as described in Subsection (6), but a housing and transit
136 reinvestment zone proposal may not propose or include triggering more than three
137 property tax increment collection periods for the same project during the
138 applicable 30-year period.

139 (c) For a housing and transit reinvestment zone proposed by a public transit county at a
140 public transit hub, or for a housing and transit reinvestment zone proposed by a
141 municipality at a bus rapid transit station, if the proposed housing density within the
142 housing and transit reinvestment zone is between 39 and 49 dwelling units per acre,
143 the maximum capture of each taxing entity's property tax increment above the base
144 year is 60%.

145 (d) A municipality that is a city of the first class with a population greater than 150,000
146 in a county of the first class as described in Subsections (4)(a)(i)(A)(II) and
147 (4)(b)(i)(A)(II) may only propose one housing and transit reinvestment zone within
148 an opportunity zone.

149 (e)(i) Subject to Subsection (4)(e)(ii), the radius restrictions described in Subsection
150 (4)(b)(i) do not apply, and a housing and transit reinvestment zone may extend to
151 an area between two light rail stations located within a city of the third class if the
152 two light rail stations are within a .95 mile distance on the same light rail line.

153 (ii) If a housing and transit reinvestment zone is extended to accommodate two light
154 rail stations as described in Subsection (4)(e)(i):

- 155 (A) the housing and transit reinvestment zone is limited to a total area not to
156 exceed 100 noncontiguous acres; and
- 157 (B) the housing and transit reinvestment zone may not exceed a 1/4 mile radius
158 from the light rail stations or any point on the light rail line between the two
159 stations.

160 (f) If a parcel within the housing and transit reinvestment zone is included as an area that
161 is part of a project area, as that term is defined in Section 17C-1-102, and created
162 under Title 17C, Chapter 1, Agency Operations, that parcel may not be triggered for
163 collection unless the project area funds collection period, as that term is defined in
164 Section 17C-1-102, has expired.

165 (5)(a) For a housing and transit reinvestment zone for a commuter rail station, if a parcel
166 is intersected by the relevant radius limitation, the full parcel may be included as part

167 of the housing and transit reinvestment zone area and will not count against the
168 limitations described in Subsection (4)(a)(i).

169 (b) For a housing and transit reinvestment zone for a light rail or bus rapid transit
170 station, if a parcel is intersected by the relevant radius limitation, the full parcel may
171 be included as part of the housing and transit reinvestment zone area and will not
172 count against the limitations described in Subsection (4)(b)(i).

173 (c) A housing and transit reinvestment zone may not be smaller than 10 acres.

174 (6)(a) The notice of commencement of collection of property tax increment required in
175 Subsection (4)(a)(iii) or (4)(b)(iii) shall be sent by mail or electronically to the
176 following entities no later than December 31 of the year before the year for which the
177 property tax increment collection is proposed to commence:

- 178 (i) the State Tax Commission;
- 179 (ii) the State Board of Education;
- 180 (iii) the state auditor;

181 (iv) the auditor of the county in which the housing and transit reinvestment zone is
182 located;

183 (v) each taxing entity affected by the collection of property tax increment from the
184 housing and transit reinvestment zone; and

185 (vi) the Governor's Office of Economic Opportunity.

186 (b) The notice described in Subsection (4)(a)(iii) or (4)(b)(iii) may not be triggered until
187 the date on which the housing and transit reinvestment zone proposal is approved by
188 the housing and transit reinvestment zone committee.

189 (7)(a) The maximum number of housing and transit reinvestment zones at light rail
190 stations, not including a convention center reinvestment zone, is eight in any given
191 county.

192 (b) Within a county of the first class, the maximum number of housing and transit
193 reinvestment zones at bus rapid transit stations is three.

194 (c) Within a county of the first class, the maximum total combined number of housing
195 and transit reinvestment zones described in Subsections (7)(a) and (b) and first home
196 investment zones created under Part 16, First Home Investment Zone Act, is 11.

197 (8)(a) For purposes of this Subsection (8), "entitlement agreement" means:

- 198 (i) a land use application;
- 199 (ii) a rezone petition; or
- 200 (iii) a request, petition, or application to:

201 (A) enact or approve a development agreement; or
202 (B) to amend or modify a development agreement.

203 (b) This Subsection (8) applies to a specified county, as defined in Section 17-80-101,
204 that has created a small public transit district on or before January 1, 2022.

205 (c) To accomplish the objectives described in Subsection (1), an owner of undeveloped
206 property within an unincorporated county shall have the right to develop and build a
207 mixed-use development if:

208 (i) the owner has submitted an entitlement agreement to the county on or before
209 December 31, 2022, and is within a 1/3 mile radius of a public transit hub in a
210 county described in Subsection (8)(b), including parcels that are intersected by the
211 1/3 mile radius; and

212 (ii) the county described in Subsection (8)(b) has failed to approve the entitlement
213 agreement described in Subsection (8)(c)(i) by ordinance before December 31,
214 2022.

215 (d) The mixed use development described in Subsection (8)(c) shall include the
216 following:

217 (i)(A)(I) a maximum number of dwelling units equal to 30 multiplied by the
218 total acres of developable area within the mixed-use development dedicated
219 exclusively to residential use; or

220 (II) a maximum number of dwelling units equal to 15 multiplied by the total
221 acres of the mixed-use development; and

222 (B) at least 33% of the dwelling units as affordable housing;

223 (ii) commercial uses, including office, retail, educational, and healthcare in support of
224 the mixed-use development constituting no more than 1/3 of the total planned
225 gross building square footage of the subject parcels; and

226 (iii) any other infrastructure element necessary or reasonable to support the
227 mixed-use development, including:

228 (A) parking infrastructure;

229 (B) streets;

230 (C) sidewalks;

231 (D) parks; and

232 (E) trails.

233 (e)(i) The mixed-use development described in this Subsection (8) may qualify for a
234 housing and transit reinvestment zone described in Subsection (4)(a).

235 (ii) The county described in Subsection (8)(b) may propose a housing and transit
236 reinvestment zone in accordance with this part, if the housing and transit
237 reinvestment zone includes:
238 (A)(I) an average of at least 30 dwelling units per acre within the acreage of the
239 housing and transit reinvestment zone dedicated to residential use; or
240 (II) a minimum number of 14 dwelling units per acre on average within the
241 acreage of the housing and transit reinvestment zone; and
242 (B) at least 33% of the dwelling units as affordable housing units.
243 (f) A county may not take an action or enforce an agreement, ordinance, regulation, or
244 requirement that prevents or creates development impediments to the development of
245 a mixed-use development as described in this Subsection (8).
246 (g) A county action to approve or implement the development of a mixed-use
247 development as described in this Subsection (8) shall constitute an administrative
248 action taken by the county and does not require county legislative action.

249 **Section 2. Effective Date.**

250 This bill takes effect on May 6, 2026.