



1st Sub H.B. 507, State Coordination of Regional and Local Economic Development Projects Amendments

Sponsor: Rep. Roberts | February 18, 2026

Key Changes from the Original Bill

- Removes sales and use tax increment as an incentive option for a Regionally Significant Development Zone (RSDZ)
- Prohibits political subdivisions from providing incentives to large data centers and other entities that use a large amount of energy outside of an RSDZ
- Changes the structure of the optional energy tax a county may impose in an RSDZ
- Removes RSDZs from the limitation on the number of increment zones
- Establishes a time limit (30 days) within which a public infrastructure district must dissolve, once circumstances for dissolution have been met
- Adds additional requirements on a regionally significant development zone that creates energy implications

Sunsetting Existing Specialized Zones

- Establishes a timeline to end the creation of several existing specialized incentive zones. After January 1, 2028, local governments are prohibited from establishing new:
 - Municipal & County Home Ownership Promotion Zones **[114-166; 550-600]**
 - Housing and Transit Reinvestment Zones **[2474-2691]**
 - First Home Investment Zones **[2694-2804]**
- Zones established before this deadline remain in effect and must continue to comply with their original statutory requirements until they are dissolved.

Regionally Significant Development Zone (RSDZ) Framework

Step 1: Submission and Review of RSDZ Proposal

- Authorizes a county or municipality ("creating entity") to submit an RSDZ proposal to the Governor's Office of Economic Opportunity (GOEO) **[3113-3207]**
 - If the creating entity is a county, the legislative body must submit a draft proposal to every affected school district and provide at least 30 days for the entity to provide feedback and hold a public hearing **[3128-3138]**
 - If the creating entity is a municipality, the legislative body shall submit a draft proposal to the county in which the municipality is located and provide at least 30 days for the county to provide feedback **[3139-3151]**
- Requires the proposal to include:
 - RSDZ boundary (minimum of 10 acres) **[3176]**
 - Each project area within the proposed RSDZ
 - one RSDZ may include multiple project areas or project areas may cover only part of the RSDZ
 - Each qualified development zone boundary (only used to calculate property tax increment)
 - Development objectives
 - A pro forma analysis comparing feasible development with and without the zone
- Upon receipt of a proposal, GOEO must notify **[3177-3188]:**

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- All affected taxing entities
- The Tax Commission
- The affected metropolitan planning organization
- The affected county auditor and assessor
- GOEO evaluates the pro forma analysis and feasibility, provides findings to the creating entity and, if the proposal meets statutory requirements, forwards it to the Increment Authorization Committee [3189-3207]

Step 2: Increment Authorization Committee (committee) Review

- Committee membership includes:
 - GOEO executive director (or designee)
 - UDOT executive director (or designee)
 - State Treasurer designee
 - Legislative appointees (2 by the President of the Senate; 2 by the Speaker of the House)
 - Representatives of the creating entity and affected taxing entities
 - Additional members depending on proposal type [3036-3056]
- The creating entity must present the proposal at a public committee meeting [3169–3170]
- The committee may approve, approve with modifications, or deny the proposal
- Table 1 below describes the financial parameters the committee can establish for each RSDZ

Table 1: RSDZ Parameters Decided by the Committee

Parameter Set by the Committee	Statutory Limits / Constraints	Line Numbers
Qualified development zone boundary (property tax): The area used to calculate property tax growth attributable to the zone.	May include a project area alone or a project area plus an impacted primary area; must be explicitly approved	3314-3321
Property tax base year: The year used to establish the baseline property value against which tax growth is measured.	Must be either (a) the year in which committee approves the zone or (b) the year before property tax increment collection is triggered	3214–3216; base value 3220–3222
Property tax increment percentage: The share of property tax growth within the zone that may be retained for zone use.	May not exceed: <ul style="list-style-type: none"> ▪ 70% for a regionally significant transit-oriented zone or first home village ▪ 60% for a regionally significant major sporting event venue or economic development opportunity zone, or a zone with energy implications All affected taxing entities must participate at the same rate. Parcels may be triggered by parcel (3326). Increment may be collected and used for a maximum number of years established by the committee, not to exceed 25 years (3247-3249)	3338-3346; uniform rate 3231-3236



<p>Personal property tax diversion: Whether personal property tax revenue generated in the zone may be redirected to the zone.</p>	<p>Optional, unless Part 4, Regionally Significant Zones with Energy Implications applies; must be expressly approved; duration may not exceed 25 years</p>	<p>3223–3226 Mandatory personal property tax for zones with energy implications, 3696-3698</p>
<p>State remitting percentage: The portion of zone property-tax-based revenue that must be paid to the state.</p>	<p>Must be at least 5% and not more than 25% of annual zone revenue from property taxes. If Part 4, Regionally Significant Zones with Energy Implications, applies, 10% of the maximum allowable increment.</p>	<p>3227–3233; 3723-3733</p>
<p>Maximum total revenue cap: The total amount of tax increment revenue the zone may receive over time.</p>	<p>Committee must set both an overall cap</p>	<p>3250-3251</p>

Step 3: Management

- Upon approval, the creating entity must designate its Community Reinvestment Agency (CRA) to administer the RSDZ, promote the objectives for the RSDZ, and be the custodian of RSDZ revenue [985–989; 3440-3444]
- The approved proposal and committee conditions govern zone management [997–998]
- Any agency’s policies must conform to the proposal and committee conditions [999–1003]
- An agency may use zone revenue to cover the agency’s administrative costs, up to 3% of the total annual zone revenue (or, under a participation agreement, 3% of the total annual zone revenue retained by the agency after providing zone revenue under the agreement [1065-1070]

RSDZ Revenue - State Reinvestment Restricted Account

- Creates the State Reinvestment Restricted Account (account) within the General Fund [1857-1800]
- Prohibits money in the account that is derived from a local source from being used in an area outside of where it was generated, unless the money is used for [1882-1891]:
 - Income tax relief
 - Development of generational water infrastructure
 - Facilitating preservation of the Great Salt Lake watershed
 - Regionally significant transit development and regionally significant transit infrastructure
 - Development of energy resources
- Table 2 below provides the sources of revenue for the account



Table 2: RSDZ Sources of Revenue

Source of Funds	Mandatory or Optional	Amount / Range Set in Statute	Trigger / Condition	Line Numbers
RSDZ property tax increment	Mandatory	Committee-set percentage between 5% and 25% of annual property-tax-based zone revenue If the zone has energy implications, 10%	Applies to an approved RSDZ for the duration approved by the committee	3272-3278
RSDZ personal property tax revenue (if approved)	Mandatory if diversion approved Mandatory in a zone with energy implications	Same 5%–25% committee-set remitting percentage, unless the zone has energy implications	Applies only if the committee approves diversion of personal property tax	3263-3271
Utah Inland Port Authority (Authority) tax differential revenue (new project areas)	Mandatory	Between 1% and 5% of all tax differential revenue	Applies to project areas adopted on or after July 1, 2026	518-527
Authority tax differential revenue (existing project areas)	Optional	Up to 5% of tax differential revenue	Applies only if a participating municipality designates a contribution	518-527
Authority revenue sharing payments (flat or percentage-based)	Mandatory when applicable	Flat amount or percentage specified in agreement	Required whenever a private real estate development is supported by authority funding	530-540
Authority profit-based payments (remediation project areas)	Mandatory when applicable	Percentage of private-sector profits set by the authority board, not to exceed 50% of annual revenues from a remediation project area	Applies after remediation and development are complete	541-548



State Tax Commission administrative charges	Mandatory	Difference between the administrative fee the State Tax Commission is authorized to charge and what the State Tax Commission actually charges	Applies regardless of whether any RSDZ is created	1668-1672
County Energy Excise Tax	Optional	Excise tax of up to 6% for the delivered value of energy upon a high-impact consumer located on unincorporated county land	Applies if a county levies the tax, regardless of whether any RSDZ is created	2443-2448

RSDZ Specialized Project Area Requirements

If an RSDZ proposes to target a specific type of development project, the committee membership and proposal requirements are adjusted beyond the baseline RSDZ, as described in Table 3.

Table 3: RSDZ Specialized Project Area Requirements

Type of RSDZ	Additional Committee Members Required	Additional Proposal Content Required (Beyond Baseline RSDZ)	Line Numbers
Regionally significant first home village	Same housing-related additional members	<ul style="list-style-type: none"> core of high-density residential and mixed residential-commercial uses minimum of 30 units per acre (at least 51% of the developable area and of which 50% must be owner occupied) at least 25% of homes remain owner-occupied for at least 25 years at least 12% of the owner-occupied owner occupied and 12% of the rental homes are affordable at least 20% of the extraterritorial homes are affordable housing 	3546-3600
Regionally significant transit-oriented development	1 member appointed by the governor from the Transportation Committee or the board of trustees of a large public transit district	<ul style="list-style-type: none"> at least 12% of the dwellings are affordable (9% at 80% or below county median gross income; 3% at 60% or less county median gross income) at least 51% of the developable area dedicated to residential use (50 units per acre, mixed-use, 25% or more units have more than one bedroom) 	3486-3544



<p>Major sporting event venue (Olympic Games)</p>	<p>For the Olympic Games, 1 member from the executive committee of the Salt Lake City–Utah Committee for the Games</p> <p>For other sporting events, 1 individual with professional sports industry expertise appointed by the governor</p>	<ul style="list-style-type: none"> ▪ ensure sufficient traffic control ▪ provide multiple avenues for spectators or participants to access the venue ▪ increased visitation to and recreation in the venue ▪ impediments to the development and strategies to address each ▪ analysis of other applicable or eligible incentives, grants, or other revenue ▪ known opportunities for private-public partnerships 	<p>3602-3648</p>
<p>Other regionally significant economic development opportunity</p>	<p>1 individual with relevant subject-matter expertise appointed by the governor, and the director of the Office of Energy Development</p>	<ul style="list-style-type: none"> ▪ likelihood that the project will constitute a significant capital investment 	<p>3650-3664</p>
<p>Regionally significant zone with energy implications</p>	<p>1 individual with relevant subject-matter expertise appointed by the governor, and the director of the Office of Energy Development</p>	<ul style="list-style-type: none"> ▪ land is suitable for a large load customer or qualifying data center, including access to electrical energy resources and adequate water supply 	<p>3666-3757</p>

RSDZ Oversight, Reporting, and Compliance

- Amends the definition of “agency” to add regionally significant development zones to a Community Reinvestment Agency’s (CRA) scope of responsibilities **[658-659]**
- RSDZs are included in the definitions of “project area” and “project area funds” as it relates to CRAs **[1073-1081]**
- A CRA must include in its annual report for each RSDZ:
 - Total zone revenue received
 - Expenditures of zone revenue
 - Outstanding obligations
 - Other financial data required for CRA project areas
- A CRA must prepare and adopt a separate zone-specific budget for each RSDZ and account for the revenue separately **[1318-1323]**
- Requires a CRA to biennially submit a report to the Political Subdivisions Interim Committee specific to each RSDZ **[1333-1345]**

Limits on the Number of Increment Zones

- Defines an “increment zone” to mean a housing and transit reinvestment zone, a convention center reinvestment zone, a first homes investment zone, a home ownership promotion zone, a major sporting event venue zone, and an electrical energy development zone **[3091-3097]**
- **Light rail station areas** – no more than **eight** increment zones at light rail stations per county, excluding a convention center reinvestment zones) **[3098-3099]**



- **Counties of the first class [3100-3106]**
 - Maximum of **three** housing and transit reinvestment zones at bus rapid transit stations
 - Maximum combined total of **11** housing and transit reinvestment zones + first home investment zones
 - Maximum combined total of **14** increment zones, excluding a convention center reinvestment zone

Large Load Customers

- “Large load customer” means a current or potential customer in the service territory of a qualified electric utility that:
 - requests electric service expected to reach a cumulative demand of 100 megawatts or greater within five years; or
 - enters into a private generation contract with a large-scale generation provider.
- Beginning May 6, 2026, a political subdivision is prohibited from providing an incentive to a large load customer, unless:
 - the large load customer is within an RSDZ and the incentive is provided with zone revenue; or
 - the political subdivision entered into an agreement to provide an incentive before May 6, 2026. **[238-285; 3707-3746]**

County Energy Excise Tax

- Defines “high-impact consumer” as a large load customer or a qualifying data center **[2386-2388]**
- Authorizes a county to levy an excise tax upon a high-impact consumer that is located on unincorporated land, up to 6%, for the delivered value of energy **[2397-2470]**

Utah Inland Port Authority

- For project areas adopted on or after September 30, 2026, the authority must contribute between 1% and 5% of all tax differential revenue from the project area to the State Reinvestment Restricted Account (account) **[518-527]**
- For project areas adopted before September 30, 2026, a participating municipality may designate up to 5% of tax differential revenue for contribution to the reinvestment account **[521-525]**
- Revenue sharing agreements **[529-548]**:
 - When a private entity’s real estate development is supported by authority funding, authority staff may negotiate and enter into a revenue sharing agreement
 - Agreements must require either a flat payment or a percentage of funds generated by the development, to be provided to the authority for deposit into the reinvestment account
 - If a percentage is used, the agreement must specify frequency and duration

Public Infrastructure Districts (PID)

- Requires the legislative body of the entity creating a public infrastructure district (PID) the PID governing document via resolution **[1489-1493]**
- Requires a PID, other than a PID created by a development authority that provides ongoing services, to be dissolved within 30 days after:



- bonds and other indebtedness are paid in full or adequate provision has been made for payment; and
- the public infrastructure and improvements described in the governing document have been completed and transferred to the entity responsible for its maintenance and operation **[1827-1836]**
- Requires the seller of a residential property located within a PID to disclose the expected annual cost of the PID's final tax rate, as shown on the most recent equalized assessment roll **[1896-1902]**



Appendix: Glossary of Terms

Note: this appendix is intended to provide conceptual definitions; see the bill for the official, statutory definition of each term.

Agency – The community reinvestment agency designated by a county or municipality to manage a development zone, including receiving, accounting for, and spending zone revenues in accordance with approved terms.

Base Year – The year used to establish the baseline taxable value against which future tax growth is measured.

Community Reinvestment Agency (CRA) – A local public entity created under Title 17C that administers redevelopment or reinvestment areas and manages regionally significant development zones under this bill.

Creating Entity – A county, municipality, or multiple counties or municipalities acting jointly that proposes and sponsors a regionally significant development zone.

County Energy Excise Tax – An optional county tax levied on the delivered value of electricity and gas on a large load customer or qualifying data center located on unincorporated land within an RSDZ.

Financing District – For purposes of this bill, either an infrastructure financing district or a public infrastructure district that may be used as a financing mechanism within a regionally significant development zone.

Impacted Primary Area – An area outside the main project area that is expected to experience significant impacts from a development and may be included in certain tax-calculation boundaries.

Increment Authorization Committee (committee) – A statutorily created committee that reviews RSDZ proposals and sets binding financial and structural parameters for approved zones.

Increment Zone – A statutory category that includes multiple types of tax-increment-based development zones, including regionally significant development zones, and that is subject to numerical limits by county.

Large load customer – A customer (existing or prospective) that requests new or expanded electric service expected to add at least 100 megawatts of demand within five years, or that contracts for large-scale private power generation.

Personal Property Tax Revenue – Property tax revenue generated from taxable personal property, such as equipment or machinery, as distinct from real property.

Project Area – A geographically defined area established under Title 17C for redevelopment or reinvestment purposes that may overlap with a regionally significant development zone.



Property Tax Base Year – The year selected to establish the baseline taxable value for calculating property tax increment within a qualified development zone.

Property Tax Increment – The increase in property tax revenue generated by growth in taxable value above the base year within an approved boundary.

Qualifying data center – A large, newly constructed in-state data center (150,000+ sq ft) made up of one or more buildings housing networked servers, where the facility and land are owned or leased by the operator or an affiliated entity.

Qualified Development Zone Boundary – The geographic area approved for calculating property tax increment for a regionally significant development zone, which may differ from the overall zone boundary.

Regionally Significant Development Zone (RSDZ) – A state-approved development zone for large projects with regional impacts that may use multiple tax increment tools subject to state-set limits, oversight, and revenue sharing.

Regionally Significant Development Zone Revenue – All authorized revenues generated for an RSDZ, including property tax increment, personal property tax revenue, local sales and use tax increment, and certain energy tax revenues.

State Reinvestment Restricted Account – A state restricted account that receives required portions of revenue from RSDZs and other specified programs and may be used only as authorized by the Legislature.

State Remitting Percentage – The percentage of property-tax-based RSDZ revenue that must be transferred to the state and deposited into the State Reinvestment Restricted Account, as set by the committee.

Tax Increment – A general term for tax revenue growth above a base year that may be captured and used for development purposes under various statutory programs.

Zone Boundary – The overall geographic area designated as a regionally significant development zone, defining where the zone applies but not necessarily where tax increment is calculated.