

1 **REDEVELOPMENT AGENCY - ECONOMIC**
2 **DEVELOPMENT INCENTIVES**

3 1999 GENERAL SESSION

4 STATE OF UTAH

5 **Sponsor: Peter C. Knudson**

6 AN ACT RELATING TO SPECIAL DISTRICTS; AMENDING REDEVELOPMENT AGENCY
7 PROVISIONS; EXPANDING THE DEFINITION OF ECONOMIC DEVELOPMENT;
8 ALLOWING REDEVELOPMENT AGENCIES IN SMALL MUNICIPALITIES TO DO
9 CERTAIN ECONOMIC DEVELOPMENT; AND MAKING TECHNICAL CHANGES.

10 This act affects sections of Utah Code Annotated 1953 as follows:

11 AMENDS:

12 **17A-2-1202**, as last amended by Chapter 320, Laws of Utah 1995

13 **17A-2-1212**, as last amended by Chapter 183, Laws of Utah 1996

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

15 Section 1. Section **17A-2-1202** is amended to read:

16 **17A-2-1202. Definitions.**

17 As used in this part:

18 (1) "Agency" means the legislative body of a community when designated by the
19 legislative body itself to act as a redevelopment agency.

20 (2) "Base tax amount" means that portion of taxes that would be produced by the rate upon
21 which the tax is levied each year by or for all taxing agencies upon the total sum of the taxable
22 value of the taxable property in a redevelopment project area as shown upon the assessment roll
23 used in connection with the taxation of the property by the taxing agencies, last equalized before
24 the effective date of the:

25 (a) ordinance approving the plan for projects for which a preliminary plan has been
26 prepared prior to April 1, 1993, and for which all of the following have occurred prior to July 1,
27 1993: the agency blight study has been completed, and a hearing under Section 17A-2-1221 has

28 in good faith been commenced by the agency; or

29 (b) the first approved project area budget for projects for which a preliminary plan has
30 been prepared after April 1, 1993, and for which any of the following have occurred after July 1,
31 1993: the completion of the agency blight study, and the good faith commencement of the hearing
32 by the agency under Section 17A-2-1221; and

33 (c) as adjusted by Sections 17A-2-1250.5, 17A-2-1251, 17A-2-1252, and 17A-2-1253.

34 (3) "Blighted area" or "blight" means:

35 (a) for projects for which a preliminary plan has been prepared prior to April 1, 1993, and
36 for which all of the following have occurred prior to July 1, 1993: the agency blight study has been
37 completed, and a hearing under Section 17A-2-1221 has in good faith been commenced by the
38 agency, an area used or intended to be used for residential, commercial, industrial, or other
39 purposes or any combination of such uses which is characterized by two or more of the following
40 factors:

41 (i) defective design and character of physical construction;

42 (ii) faulty interior arrangement and exterior spacing;

43 (iii) high density of population and overcrowding;

44 (iv) inadequate provision for ventilation, light, sanitation, open spaces, and recreation
45 facilities;

46 (v) age, obsolescence, deterioration, dilapidation, mixed character, or shifting of uses;

47 (vi) economic dislocation, deterioration, or disuse, resulting from faulty planning;

48 (vii) subdividing and sale of lots of irregular form and shape and inadequate size for proper
49 usefulness and development;

50 (viii) laying out of lots in disregard of the contours and other physical characteristics of
51 the ground and surrounding conditions;

52 (ix) existence of inadequate streets, open spaces, and utilities; and

53 (x) existence of lots or other areas which are subject to being submerged by water.

54 (b) For projects for which a preliminary plan has been prepared after April 1, 1993, and
55 for which any of the following have occurred after July 1, 1993: the completion of the agency
56 blight study, and the good faith commencement of the hearing by the agency under Section
57 17A-2-1221, when a finding of blight is required, an area with buildings or improvements, used
58 or intended to be used for residential, commercial, industrial, or other urban purposes or any

59 combination of these uses, which:

60 (i) contains buildings and improvements, not including out-buildings, on at least 50% of
61 the number of parcels and the area of those parcels is at least 50% of the project area; and

62 (ii) is unfit or unsafe to occupy or may be conducive to ill health, transmission of disease,
63 infant mortality, juvenile delinquency, or crime because of any three or more of the following
64 factors:

65 (A) defective character of physical construction;

66 (B) high density of population and overcrowding;

67 (C) inadequate provision for ventilation, light, sanitation, and open spaces;

68 (D) mixed character and shifting of uses which results in obsolescence, deterioration, or
69 dilapidation;

70 (E) economic deterioration or continued disuse;

71 (F) lots of irregular form and shape and inadequate size for proper usefulness and
72 development, or laying out of lots in disregard of the contours and other physical characteristics
73 of the ground and surrounding conditions;

74 (G) existence of inadequate streets, open spaces, and utilities;

75 (H) existence of lots or other areas which are subject to being submerged by water; and

76 (I) existence of any hazardous or solid waste defined as any substance defined, regulated,
77 or listed as "hazardous substances," "hazardous materials," "hazardous wastes," "toxic waste,"
78 "pollutant," "contaminant," or "toxic substances," or identified as hazardous to human health or
79 the environment under state or federal law or regulation.

80 (c) For purposes of Subsection (3)(b), if a developer involved in the project area
81 redevelopment or economic development causes any of the factors of blight listed in Subsection
82 (b)(ii), the developer-caused blight may not be used as one of the three required elements of blight.
83 Notwithstanding the provisions of this section, any blight caused by owners or tenants who may
84 become developers under the provisions of Section 17A-2-1214 shall not be subject to this
85 Subsection (3)(c).

86 (4) "Bond" means any bonds, notes, interim certificates, debentures, or other obligations
87 issued by an agency.

88 (5) "Community" means a city, county, town, or any combination of these.

89 (6) "Economic development" means:

90 (a) the planning or replanning, design or redesign, development or redevelopment,
91 construction or reconstruction, rehabilitation, business relocation or any combination of these,
92 within all or part of a project area; and

93 (b) (i) the provision of office, industrial, manufacturing, warehousing, distribution,
94 parking, public or other facilities, or improvements as may benefit the state or the community in
95 order for a public or private employer to create additional jobs within the state; or

96 (ii) for a town or a city with a population under 10,000, the establishment of a commercial
97 development on vacant property within the town or city.

98 (7) "Federal government" means the United States or any of its agencies or
99 instrumentalities.

100 (8) "Legislative body" means the city council, city commission, county legislative body,
101 or other legislative body of the community.

102 (9) "Planning commission" means a city, town, or county planning commission established
103 pursuant to law or charter.

104 (10) "Project area" or "redevelopment project area" means an area of a community within
105 a designated redevelopment survey area, the redevelopment of which is necessary to eliminate
106 blight or provide economic development and which is selected by the redevelopment agency
107 pursuant to this part.

108 (11) "Project area budget" means, for projects for which a preliminary plan has been
109 prepared after April 1, 1993, and for which any of the following have occurred after July 1, 1993:
110 the completion of the agency blight study, and the good faith commencement of the hearing by the
111 agency under Section 17A-2-1221, a multiyear budget for the redevelopment plan prepared by the
112 redevelopment agency showing:

113 (a) the base year taxable value of the project area;

114 (b) the projected tax increment of the project area, including the amount of any tax
115 increment shared with other taxing districts which shall include:

116 (i) the tax increment expected to be used to implement the redevelopment plan including
117 the estimated amount of tax increment to be used for land acquisition, public, and infrastructure
118 improvements, and loans, grants, or tax incentives to private and public entities; and

119 (ii) the total principal amount of bonds expected to be issued by the redevelopment agency
120 to finance the project;

121 (c) the tax increment expected to be used to cover the cost of administering the project area
122 plan;

123 (d) a legal description for the portion of the project area from which tax increment will be
124 collected pursuant to Section 17A-2-1247.5, if the area from which tax increment is to be collected
125 is less than the entire project area; and

126 (e) for properties to be sold, the expected total cost of the property to the agency and the
127 expected sales price to be paid by the purchaser.

128 (12) "Public body" means the state, or any city, county, district, authority, or any other
129 subdivision or public body of the state, their agencies, instrumentalities, or political subdivisions.

130 (13) (a) "Redevelopment" means the planning, development, replanning, redesign,
131 clearance, reconstruction, or rehabilitation, or any combination of these, of all or part of a project
132 area, and the provision of residential, commercial, industrial, public, or other structures or spaces
133 that are appropriate or necessary to eliminate blight in the interest of the general welfare, including
134 recreational and other facilities incidental or appurtenant to them.

135 (b) "Redevelopment" includes:

136 (i) the alteration, improvement, modernization, reconstruction, or rehabilitation, or any
137 combination of these, of existing structures in a project area;

138 (ii) provision for open space types of use, such as streets and other public grounds and
139 space around buildings, and public or private buildings, structures and improvements, and
140 improvements of public or private recreation areas and other public grounds; and

141 (iii) the replanning or redesign or original development of undeveloped areas as to which
142 either of the following conditions exist:

143 (A) the areas are stagnant or improperly utilized because of defective or inadequate street
144 layout, faulty lot layout in relation to size, shape, accessibility, or usefulness, or for other causes;
145 or

146 (B) the areas require replanning and land assembly for reclamation or development in the
147 interest of the general welfare.

148 (14) "Redevelopment plan" means a plan developed by the agency and adopted by
149 ordinance of the governing body of a community to guide and control redevelopment and
150 economic development undertakings in a specific project area.

151 (15) "Redevelopment survey area" or "survey area" means an area of a community

152 designated by resolution of the legislative body or the governing body of the agency for study by
153 the agency to determine if blight exists if redevelopment is planned, and if a redevelopment or
154 economic development project or projects within the area are feasible.

155 (16) "Taxes" include all levies on an ad valorem basis upon land, real property, personal
156 property, or any other property, tangible or intangible.

157 (17) "Taxing agencies" mean the public entities, including the state, any city, county, city
158 and county, any school district, special district, or other public corporation, which levy property
159 taxes within the project area.

160 (18) "Tax increment" means that portion of the levied taxes each year in excess of the base
161 tax amount which excess amount is to be paid into a special fund of an agency.

162 Section 2. Section 17A-2-1212 is amended to read:

163 **17A-2-1212. Project area and redevelopment restrictions.**

164 (1) Redevelopment shall include and encourage the continuance of existing buildings or
165 uses. For projects for which a preliminary plan has been prepared after April 1, 1993, and for
166 which any of the following have occurred after July 1, 1993: the completion of the agency blight
167 study, and the good faith commencement of the hearing by the agency under Section 17A-2-1221,
168 if any of the existing buildings or uses are included in or eligible for inclusion in the National
169 Register of Historic Places, or the State Register, the redevelopment plan must be in accordance
170 with Subsection 9-8-404(1).

171 (2) (a) For projects for which a preliminary plan has been prepared after April 1, 1993, and
172 for which any of the following have occurred after July 1, 1993: the completion of the agency
173 blight study, and the good faith commencement of the hearing by the agency under Section
174 17A-2-1221, when the development of retail sales is an objective of the project, tax increment
175 financing provisions of Section 17A-2-1247 or 17A-2-1247.5 may not be used unless:

176 (i) blight is also found; or

177 (ii) the preliminary plan provides for economic development consisting of the
178 establishment of a commercial development on vacant property within a town or a city with a
179 population under 10,000.

180 (b) (i) Incidental or subordinate development of retail sales shall not disqualify an
181 economic development project from receiving tax increment financing under Section 17A-2-1247
182 or 17A-2-1247.5.

183 (ii) Incidental or subordinate development of retail sales includes the development of retail
184 sales resulting from the installation and construction of any building, facility, structure, or other
185 improvement of a publicly or privately-owned convention center or sports complex, including
186 parking and infrastructure improvements related to such convention center or sports complex.

Legislative Review Note
as of 2-9-99 9:28 AM

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

Office of Legislative Research and General Counsel