

S.B. 171

REDEVELOPMENT AGENCY - ECONOMIC DEVELOPMENT INCENTIVES

SENATE FLOOR AMENDMENTS

AMENDMENT 3

FEBRUARY 24, 1999 2:20 PM

Senator **Montgomery** proposes the following amendments:

1. Page 1, Line 13: After line 13 insert:
"17A-2-1247.5, as last amended by Chapter 279, Laws of Utah 1998"
2. Page 4, Line 96
Amended in Committee -
Goldenrod, 2-23-1999: Delete "7,500" and insert "5,000"
3. Page 6, Line 179
Amended in Committee -
Goldenrod, 2-23-1999: Delete "7,500" and insert "5,000"
4. Page 7, Line 186: After line 186 insert:
"Section 3. Section **17A-2-1247.5** is amended to read:
17A-2-1247.5. Tax increment financing -- Project area budget approval.
(1) This section applies to projects for which a preliminary plan has been adopted on or after July 1, 1993.
(2) (a) A taxing agency committee shall be created for each redevelopment or economic development project. The committee membership shall be selected as follows:
(i) two representatives appointed by the school district in the project area;
(ii) two representatives appointed by resolution of the county commission or county council for the county in which the project area is located;
(iii) two representatives appointed by resolution of the city or town's legislative body in which the project area is located if the project is located within a city or town;
(iv) a representative approved by the State School Board; and
(v) one representative who shall represent all of the remaining governing bodies of the other local taxing agencies that levy taxes upon the property within the proposed project area. The representative shall be selected by resolution of each of the

governing bodies of those taxing agencies within 30 days after the notice provided in Subsection 17A-2-1256(3).

(b) If the project is located within a city or town, a quorum of a taxing agency committee consists of five members. If the project is not located within a city or town, a quorum consists of four members.

(c) A taxing agency committee formed in accordance with this section has the authority to:

(i) represent all taxing entities in a project area and cast votes that will be binding on the governing boards of all taxing entities in a project area;

(ii) negotiate with the agency concerning the redevelopment plan;

(iii) approve or disapprove project area budgets under Subsection (3); and

(iv) approve an exception to the limits on the value and size of project areas imposed by Section 17A-2-1210, or the time and amount of tax increment financing under this section.

(3) (a)(i) If the project area budget does not allocate 20% of the tax increment for housing as provided in Subsection 17A-2-1264(2)(a), or if the redevelopment plan provides for economic development under Subsections 17A-2-1202(6)(a) and (b)(ii):

(A) an agency may not collect any tax increment for a project area until after the agency obtains the majority consent of a quorum of the taxing agency committee for the project area budget; and

(B) a project area budget adopted under Subsection (3)(a)(i)(A) may be amended if the agency obtains the majority consent of a quorum of the taxing agency committee.

(ii) [H] Except for a redevelopment plan that provides for economic development under Subsections 17A-2-1202(6)(a) and (b)(ii), if the project area budget allocates 20% of the tax increment for housing as provided in Subsection 17A-2-1264(2)(a):

(A) an agency may not collect tax increment from all or part of a project area until after:

(I) the Olene Walker Housing Trust Fund Board, established under Title 9, Chapter 4, Part 7, Olene Walker Housing Trust Fund, has certified the project area budget as complying with the requirements of Section 17A-2-1264; and

(II) the agency's governing body has approved and adopted the project area budget by a 2/3 vote; and

(B) a project area budget adopted under Subsection (3)(a)(ii)(A)

may be amended if:

(I) the Olene Walker Housing Trust Fund Board, established under Title 9, Chapter 4, Part 7, Olene Walker Housing Trust Fund, certifies the amendment as complying with the requirements of Section 17A-2-1264; and

(II) the agency's governing body approves and adopts the amendment by a 2/3 vote.

(b) Within 30 days after the approval and adoption of a project area budget, each agency shall file a copy of the budget with the county auditor, the State Tax Commission, the state auditor, and each property taxing entity affected by the agency's collection of tax increment under the project area budget.

(c) (i) Beginning on January 1, 1997, before an amendment to a project area budget is approved, the agency shall advertise and hold one public hearing on the proposed change in the project area budget.

(ii) The public hearing under Subsection (3)(c)(i) shall be conducted according to the procedures and requirements of Subsection 17A-2-1222(2), except that if the amended budget allocates a greater proportion of tax increment to a project area than was allocated to the project area under the previous budget, the advertisement shall state the percentage allocated under the previous budget and the percentage allocated under the amended budget.

(d) If an amendment is not approved, the agency shall continue to operate under the previously approved, unamended project area budget.

(4) (a) An agency may collect tax increment from all or a part of a project area. The tax increment shall be paid to the agency in the same manner and at the same time as payments of taxes to other taxing agencies to pay the principal of and interest on loans, moneys advanced to, or indebtedness, whether funded, refunded, assumed, or otherwise, to finance or refinance, in whole or in part, the redevelopment or economic development project and the housing projects and programs under Sections 17A-2-1263 and 17A-2-1264.

(b) (i) An agency may elect to be paid:

(A) if 20% of the project area budget is not allocated for housing as provided in Subsection 17A-2-1264(2)(a):

(I) 100% of annual tax increment for 12 years; or

(II) 75% of annual tax increment for 20 years; or

(B) if 20% of the project area budget is allocated for housing as provided in Subsection 17A-2-1264(2)(a):

(I) 100% of annual tax increment for 15 years; or

(II) 75% of annual tax increment for 24 years.

(ii) Tax increment paid to an agency under this Subsection (4)(b) shall be paid for the applicable length of time beginning the first tax year the agency accepts tax increment from a project area.

(c) An agency may receive a greater percentage of tax increment or receive tax increment for a longer period of time than that specified in Subsection (4)(b) if the agency obtains the majority consent of the taxing agency committee.

(5) (a) The redevelopment plan shall provide that the portion of the taxes, if any, due to an increase in the tax rate by a taxing agency after the date the project area budget is approved by the taxing agency committee may not be allocated to and when collected paid into a special fund of the redevelopment agency according to the provisions of Subsection (4) unless the taxing agency committee approves the inclusion of the increase in the tax rate at the time the project area budget is approved. If approval of the inclusion of the increase in the tax rate is not obtained, the portion of the taxes attributable to the increase in the rate shall be distributed by the county to the taxing agency imposing the tax rate increase in the same manner as other property taxes.

(b) The amount of the tax rate to be used in determining tax increment shall be increased or decreased by the amount of an increase or decrease as a result of:

(i) a statute enacted by the Legislature, a judicial decision, or an order from the State Tax Commission to a county to adjust or factor its assessment rate under Subsection 59-2-704(2);

(ii) a change in exemption provided in Utah Constitution Article XIII, Section 2, or Section 59-2-103;

(iii) an increase or decrease in the percentage of fair market value, as defined under Section 59-2-102; or

(iv) a decrease in the certified tax rate under Subsection 59-2-924(2)(c) or (2)(d)(i).

(c) (i) Notwithstanding the increase or decrease resulting from Subsection (5)(b), the amount of money allocated to, and when collected paid to the agency each year for payment of bonds or other indebtedness may not be less than would have been allocated to and when collected paid to the agency each year if there had been no increase or decrease under Subsection (5)(b).

(ii) For a decrease resulting from Subsection (5)(b)(iv), the taxable value for the base year under Subsection 17-2-1247(2)(a) or 17A-2-1202(2), as the case may be, shall be reduced for any year to the extent necessary, including below zero, to provide an agency with approximately the same amount of money the agency would have received without a reduction in the county's certified tax rate if:

(A) in that year there is a decrease in the certified tax rate under Subsection 59-2-924(2)(c) or (2)(d)(i);

(B) the amount of the decrease is more than 20% of the county's certified tax rate of the previous year; and

(C) the decrease results in a reduction of the amount to be paid to the agency under Section 17A-2-1247 or 17A-2-1247.5.

(6) (a) For redevelopment plans first adopted before May 4, 1993, beginning January 1, 1994, all of the taxes levied and collected upon the taxable property in the redevelopment project under Section 59-2-906.1 which are not pledged to support bond indebtedness and other contractual obligations are exempt from the provisions of Subsection (4).

(b) For redevelopment plans first adopted after May 3, 1993, beginning January 1, 1994, all of the taxes levied and collected upon the taxable property in the redevelopment project under Section 59-2-906.1 are exempt from the provisions of Subsection (4)."