

TAX INCREMENT AMENDMENTS

2000 GENERAL SESSION

STATE OF UTAH

Sponsor: L. Alma Mansell

AN ACT RELATING TO SPECIAL DISTRICTS; MODIFYING THE DATE GOVERNING THE AVAILABILITY OF CERTAIN TAX INCREMENT FUNDS; AND EXPANDING THE PERMISSIBLE USES OF CERTAIN TAX INCREMENT FUNDS.

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

AMENDS:

17A-2-1247, as last amended by Chapters 21 and 194, Laws of Utah 1999

17A-2-1247.5, as last amended by Chapters 21 and 194, Laws of Utah 1999

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

Section 1. Section **17A-2-1247** is amended to read:

17A-2-1247. Tax increment financing authorized -- Division of tax revenues -- Greater allocation allowed if authorized by taxing agency.

(1) This section applies to projects for which a preliminary plan has been prepared prior to April 1, 1993, and for which all of the following have occurred prior to July 1, 1993: the agency blight study has been completed, and a hearing under Section 17A-2-1221 has in good faith been commenced by the agency.

(2) Any redevelopment plan may contain a provision that taxes, if any, levied upon taxable property in a redevelopment project each year by or for the benefit of the state, any city, county, city and county, district, or other public corporation (hereinafter sometimes called "taxing agencies") after the effective date of the ordinance approving the redevelopment plan, shall be divided as follows:

(a) That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the taxable value of the taxable property in the redevelopment project as shown upon the assessment roll used in connection with the taxation of the property by the taxing agency, last equalized prior to the effective date of the ordinance, shall be allocated to and when collected shall be paid into the funds of the respective

taxing agencies as taxes by or for the taxing agencies on all other property are paid (for the purpose of allocating taxes levied by or for any taxing agency or agencies which did not include the territory in a redevelopment project on the effective date of the ordinance but to which the territory has been annexed or otherwise included after the effective date, the assessment roll of the county last equalized on the effective date of the ordinance shall be used in determining the taxable value of the taxable property in the project on the effective date).

(b) In a redevelopment project with a redevelopment plan adopted before April 1, 1983, that portion of the levied taxes each year in excess of the amount allocated to and when collected paid into the funds of the respective taxing agencies under Subsection (2)(a) shall be allocated to and when collected shall be paid into a special fund of the redevelopment agency to pay the principal of and interest on loans, moneys advanced to, or indebtedness (whether funded, refunded, assumed, or otherwise) incurred by the redevelopment agency before April 1, 1983, to finance or refinance, in whole or in part, the redevelopment project. Payment of tax revenues to the redevelopment agency shall be subject to and shall except uncollected or delinquent taxes in the same manner as payments of taxes to other taxing agencies are subject to collection. Unless and until the total taxable value of the taxable property in a redevelopment project exceeds the total taxable value of the taxable property in the project as shown by the last equalized assessment roll referred to in Subsection (2)(a), all of the taxes levied and collected upon the taxable property in the redevelopment project shall be paid into the funds of the respective taxing agencies. When the loans, advances, and indebtedness, if any, and any interest have been paid, all moneys received from taxes upon the taxable property in the redevelopment project shall be paid into the funds of the respective taxing agencies as taxes on all other property are paid.

(c) Notwithstanding the provisions of Subsections (2)(a) and (e), Subsection 17A-2-1210(5), or any other provision of this part, any loans, moneys advanced to, or indebtedness (whether funded, refunded, assumed, or otherwise) issued prior to April 1, 1983, may be refinanced and repaid from 100% of that portion of the levied taxes paid into the special fund of the redevelopment agency each year in excess of the amount allocated to and when collected paid into the funds of the respective taxing agencies under Subsection (2)(a) if the principal amount of loans, moneys advanced to, or

indebtedness is not increased in the refinancing.

(d) In a redevelopment project with a redevelopment plan adopted before April 1, 1983, that portion of the levied taxes each year in excess of the amount allocated to and when collected paid into the funds of the respective taxing agencies under Subsection (2)(a) shall be allocated to and when collected shall be paid into a special fund of the redevelopment agency according to the limits established in Subsection (2)(f) to pay the principal of and interest on loans, moneys advanced to, or indebtedness (whether funded, refunded, assumed, or otherwise) incurred by the redevelopment agency after April 1, 1983, to finance or refinance, in whole or in part, the redevelopment project. Payment of tax revenues to the redevelopment agency shall be subject to and shall except uncollected or delinquent taxes in the same manner as payments of taxes to other taxing agencies are subject to collection. Unless and until the total taxable value of the taxable property in a redevelopment project exceeds the total taxable value of the taxable property in the project as shown by the last equalized assessment roll referred to in Subsection (2)(a), all of the taxes levied and collected upon the taxable property in the redevelopment project shall be paid into the funds of the respective taxing agencies. When the loans, advances, and indebtedness, if any, and any interest have been paid, all moneys received from taxes upon the taxable property in the redevelopment project shall be paid into the funds of the respective taxing agencies as taxes on all other property are paid.

(e) In a redevelopment project with a redevelopment plan adopted after April 1, 1983, that portion of the levied taxes each year in excess of the amount allocated to and when collected paid into the funds of the respective taxing agencies under Subsection (2)(a) shall be allocated to and when collected shall be paid into a special fund of the redevelopment agency according to the limits established in Subsection (2)(f) to pay the principal of and interest on loans, moneys advanced to, or indebtedness (whether funded, refunded, assumed, or otherwise) incurred by the redevelopment agency after April 1, 1983, to finance or refinance, in whole or in part, the redevelopment project. Payment of tax revenues to the redevelopment agency shall be subject to and shall except uncollected or delinquent taxes in the same manner as payments of taxes to other taxing agencies are subject to collection. Unless and until the total taxable value of the taxable property in a redevelopment project exceeds the total taxable value of the taxable property in the project as shown by the last equalized

assessment roll referred to in Subsection (2)(a), all of the taxes levied and collected upon the taxable property in the redevelopment project shall be paid into the funds of the respective taxing agencies.

When the loans, advances, and indebtedness, if any, and any interest have been paid, all moneys received from taxes upon the taxable property in the redevelopment project shall be paid into the funds of the respective taxing agencies as taxes on all other property are paid.

(f) For purposes of Subsections (2)(d) and (e), the maximum amounts which shall be allocated to and when collected shall be paid into the special fund of a redevelopment agency may not exceed the following percentages:

(i) for a period of the first five tax years commencing from the first tax year a redevelopment agency accepts an amount allocated to and when collected paid into a special fund of the redevelopment agency to pay the principal of and interest on loans, moneys advanced to, or indebtedness (whether funded, refunded, assumed, or otherwise) which loans, advances, or indebtedness are incurred by the redevelopment agency after April 1, 1983, 100% of that portion of the levied taxes each year in excess of the amount allocated to and when collected paid into the funds of the respective taxing agencies under Subsection (2)(a);

(ii) for a period of the next five tax years 80% of that portion of the levied taxes each year in excess of the amount allocated to and when collected paid into the funds of the respective taxing agencies under Subsection (2)(a);

(iii) for a period of the next five tax years 75% of that portion of the levied taxes each year in excess of the amount allocated to and when collected paid into the funds of the respective taxing agencies under Subsection (2)(a);

(iv) for a period of the next five tax years 70% of that portion of the levied taxes each year in excess of the amount allocated to and when collected paid into the funds of the respective taxing agencies under Subsection (2)(a); and

(v) for a period of the next five tax years 60% of that portion of the levied taxes each year in excess of the amount allocated to and when collected paid into the funds of the respective taxing agencies under Subsection (2)(a).

(g) (i) In addition to the maximum amounts allocated to and when collected paid into the

special fund of a redevelopment agency under Subsection (2)(f), a redevelopment agency may receive an additional percentage greater than those described in Subsection (2)(f) if the amount of the tax increment funding received from the greater percentage is used:

(A) for an agency established by the governing body of a first class city:

(I) solely to pay all or part of the value of the land for and the cost of the installation and construction of any building, facility, structure, or other improvement of a publicly or privately owned convention center or sports complex, including parking and infrastructure improvements related to such convention center or sports complex;

(II) solely to pay all or part of the cost of the installation and construction of an underpass that has not received funding from the Centennial Highway Fund under Section 72-2-118 as part of the construction of Interstate 15; [or]

(III) solely to pay all or part of the cost of the land for and the installation and construction of a recreational facility, as defined in Section 59-12-702, or a cultural facility, including parking and infrastructure improvements related to the recreational or cultural facility; or

(IV) solely to pay part of the cost of the relocation of an agriculture related business, except a relocation resulting from the agency's exercise of eminent domain, from a city of the first class to another location within a county of the third, fourth, fifth, or sixth class; or

(B) for any agency, to pay all or part of the cost of the installation, construction, or reconstruction of the 10000 South underpass or the 11400 South or 12300 South interchange on I-15 in Salt Lake County.

(ii) The additional percentage a redevelopment agency may receive under Subsection (2)(g)(i) shall be:

(A) 100% of that portion of the levied taxes each year in excess of the amount allocated to and when collected paid into the funds of the respective taxing agencies under Subsection (2)(a); and

(B) paid for a period of the first 32 years commencing from the first tax year a redevelopment agency accepts an amount allocated to and when collected paid into a special fund of the redevelopment agency to pay the principal of and interest on loans, moneys advanced to, or indebtedness, whether funded, refunded, assumed, or otherwise, that are incurred by the

redevelopment agency after April 1, 1983.

(iii) This Subsection (2)(g) applies only to a redevelopment agency created by a city of the first class or a city that is located in a county of the first class and in which:

(A) construction has begun on a building, facility, structure, or other improvement of a publicly or privately owned convention center or sports complex, including parking and infrastructure improvements related to such convention center or sports complex, on or before June 30, [~~1997~~] 2002;

(B) construction has begun on or before June 30, [~~2000~~] 2002, on an underpass that has not received funding from the Centennial Highway Fund under Section 72-2-118 as part of the construction of Interstate 15;

(C) the installation, construction, or reconstruction of the 10000 South underpass or the 11400 South or 12300 South interchange on I-15 in Salt Lake County has begun on or before June 30, [~~2000~~] 2002; [~~or~~]

(D) construction has begun on a recreational facility, as defined in Section 59-12-702, or a cultural facility on or before June 30, [~~2000~~] 2002; or

(E) the process of relocating an agriculture related business from a city of the first class to another location within a county of the third, fourth, fifth, or sixth class has begun on or before December 31, 2002.

(iv) An additional amount described in Subsection (2)(g)(i) may no longer be allocated to or used by the redevelopment agency, notwithstanding any other law to the contrary, if the additional amount is not pledged:

(A) to pay all or part of the value of the land for and the cost of the installation and construction of any building, facility, structure, or other improvement described in Subsection (2)(g)(i)(A)(I) on or before June 30, 1997;

(B) on or before June 30, [~~2000~~] 2002, to pay all or part of the cost of the installation and construction of an underpass that has not received funding from the Centennial Highway Fund under Section 72-2-118 as part of the construction of Interstate 15;

(C) on or before June 30, [~~2000~~] 2002, to pay all or part of the cost of the installation,

construction, or reconstruction of the 10000 South underpass or the 11400 South or 12300 South interchange on I-15 in Salt Lake County; [or]

(D) on or before June 30, [~~2000~~] 2002, to pay all or part of the cost of the land for and the installation and construction of a recreational facility, as defined in Section 59-12-702, or a cultural facility, including parking and infrastructure improvements related to the recreational or cultural facility[-]; or

(E) on or before December 31, 2002 to pay part of the cost of the relocation of an agriculture related business, except a relocation resulting from the agency's exercise of eminent domain, from a city of the first class to another location within a county of the third, fourth, fifth, or sixth class.

(v) Notwithstanding any other provision of this Subsection (2)(g), a school district may not receive less tax increment because of application of the other provisions of this Subsection (2)(g) than it would have received without those provisions.

(3) Nothing contained in Subsections (2)(d), (e), (f), and (g) prevents an agency from receiving a greater percentage than those established in Subsections (2)(f) and (g) of the levied taxes of any local taxing agency each year in excess of the amount allocated to and when collected paid into the funds of the respective local taxing agency if the governing body of the local taxing agency consents in writing.

(4) Nothing in this section may be construed to prevent an agency from using funds allocated under Subsection (2)(f) for a project allowed under Subsection (2)(g)(i).

Section 2. Section **17A-2-1247.5** is amended to read:

17A-2-1247.5. Tax increment financing -- Project area budget approval -- Payment of additional tax increment.

(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):

(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) 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 two-thirds 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 two-thirds 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 17A-2-1202(2) or 17A-2-1247(2)(a), 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).

(7) (a) In addition to the amounts and periods that an agency may elect to be paid tax increment under Subsection (4)(b), an agency may elect to be paid 100% of annual tax increment for an additional period, as provided in Subsection (7)(b), beyond those periods provided under Subsection (4)(b), without the approval of the taxing agency committee, if the tax increment funding for the additional period is used:

(i) for an agency in a city in which is located all or a portion of an interchange on I-15 or that would directly benefit from an interchange on I-15, to pay some or all of the cost of the installation, construction, or reconstruction of:

(A) an interchange on I-15; or

(B) frontage and other roads connecting to the interchange, as determined by the Department of Transportation created under Section 72-1-201 and the Transportation Commission created under Section 72-1-301; or

(ii) for an agency in a city of the first class, to pay some or all of the cost of the land for and installation and construction of a recreational facility, as defined in Subsection 59-12-702(3), or a cultural facility, including parking and infrastructure improvements related to the recreational or cultural facility.

(b) The additional period for which an agency may be paid 100% of annual tax increment under Subsection (7)(a) is an additional:

(i) 13 years, for an agency that initially elected to be paid under Subsection (4)(b)(i)(A)(I);

(ii) five years, for an agency that initially elected to be paid under Subsection (4)(b)(i)(A)(II);

(iii) ten years, for an agency that initially elected to be paid under Subsection (4)(b)(i)(B)(I);

and

(iv) one year, for an agency that initially elected to be paid under Subsection (4)(b)(i)(B)(II).

(c) This Subsection (7) applies only to an agency established by a city in which:

(i) for an agency in a city in which is located all or a portion of an interchange on I-15 or that would directly benefit from an interchange on I-15, the installation, construction, or reconstruction of an interchange on I-15 or frontage or other roads connecting to the interchange has begun on or before June 30, [~~2000~~] 2002; and

(ii) for an agency in a city of the first class, the installation or construction of a recreational facility, as defined in Subsection 59-12-702(3), or a cultural facility has begun on or before June 30, [~~2000~~] 2002.

(d) Notwithstanding any other provision of this Subsection (7), a school district may not receive less tax increment because of application of the other provisions of this Subsection (7) than it would have received without those provisions.