

1 **REDEVELOPMENT AGENCY AMENDMENT**

2 2000 GENERAL SESSION

3 STATE OF UTAH

4 **Sponsor: John L. Valentine**

5 AN ACT RELATING TO SPECIAL DISTRICTS; MODIFYING THE DEFINITION OF
6 ECONOMIC DEVELOPMENT; EXPANDING THE CLASS OF REDEVELOPMENT
7 AGENCIES THAT MAY USE CERTAIN TAX INCREMENT FUNDS; EXTENDING THE
8 TIME BEFORE WHICH CERTAIN ACTIVITIES MUST OCCUR TO QUALIFY A
9 REDEVELOPMENT AGENCY FOR CERTAIN TAX INCREMENT FUNDS; AND MAKING
10 TECHNICAL CHANGES.

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

12 AMENDS:

13 **17A-2-1202**, as last amended by Chapter 320, Laws of Utah 1995

14 **17A-2-1247**, as last amended by Chapters 21 and 194, Laws of Utah 1999

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

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

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

18 As used in this part:

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

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

26 (a) ordinance approving the plan for projects for which a preliminary plan has been
27 prepared prior to April 1, 1993, and for which all of the following have occurred prior to July 1,

28 1993: the agency blight study has been completed, and a hearing under Section 17A-2-1221 has
29 in good faith been commenced by the agency; or

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

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

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

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

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

43 (ii) faulty interior arrangement and exterior spacing;

44 (iii) high density of population and overcrowding;

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

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

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

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

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

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

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

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

59 or intended to be used for residential, commercial, industrial, or other urban purposes or any
60 combination of these uses, which:

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

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

66 (A) defective character of physical construction;

67 (B) high density of population and overcrowding;

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

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

71 (E) economic deterioration or continued disuse;

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

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

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

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

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

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

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

90 (6) "Economic development" means:

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

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

97 (ii) the provision of high density housing adjacent to a public or private institution of
98 higher education in a city of the first class.

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

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

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

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

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

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

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

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

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

121 to finance the project;

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

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

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

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

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

136 (b) "Redevelopment" includes:

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

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

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

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

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

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

152 (15) "Redevelopment survey area" or "survey area" means an area of a community
153 designated by resolution of the legislative body or the governing body of the agency for study by
154 the agency to determine if blight exists if redevelopment is planned, and if a redevelopment or
155 economic development project or projects within the area are feasible.

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

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

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

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

164 **17A-2-1247. Tax increment financing authorized -- Division of tax revenues --**
165 **Greater allocation allowed if authorized by taxing agency.**

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

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

175 (a) That portion of the taxes which would be produced by the rate upon which the tax is
176 levied each year by or for each of the taxing agencies upon the total sum of the taxable value of
177 the taxable property in the redevelopment project as shown upon the assessment roll used in
178 connection with the taxation of the property by the taxing agency, last equalized prior to the
179 effective date of the ordinance, shall be allocated to and when collected shall be paid into the funds
180 of the respective taxing agencies as taxes by or for the taxing agencies on all other property are
181 paid (for the purpose of allocating taxes levied by or for any taxing agency or agencies which did
182 not include the territory in a redevelopment project on the effective date of the ordinance but to

183 which the territory has been annexed or otherwise included after the effective date, the assessment
184 roll of the county last equalized on the effective date of the ordinance shall be used in determining
185 the taxable value of the taxable property in the project on the effective date).

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

202 (c) Notwithstanding the provisions of Subsections (2)(a) and (e), Subsection
203 17A-2-1210(5), or any other provision of this part, any loans, moneys advanced to, or indebtedness
204 (whether funded, refunded, assumed, or otherwise) issued prior to April 1, 1983, may be
205 refinanced and repaid from 100% of that portion of the levied taxes paid into the special fund of
206 the redevelopment agency each year in excess of the amount allocated to and when collected paid
207 into the funds of the respective taxing agencies under Subsection (2)(a) if the principal amount of
208 loans, moneys advanced to, or indebtedness is not increased in the refinancing.

209 (d) In a redevelopment project with a redevelopment plan adopted before April 1, 1983,
210 that portion of the levied taxes each year in excess of the amount allocated to and when collected
211 paid into the funds of the respective taxing agencies under Subsection (2)(a) shall be allocated to
212 and when collected shall be paid into a special fund of the redevelopment agency according to the
213 limits established in Subsection (2)(f) to pay the principal of and interest on loans, moneys

214 advanced to, or indebtedness (whether funded, refunded, assumed, or otherwise) incurred by the
215 redevelopment agency after April 1, 1983, to finance or refinance, in whole or in part, the
216 redevelopment project. Payment of tax revenues to the redevelopment agency shall be subject to
217 and shall except uncollected or delinquent taxes in the same manner as payments of taxes to other
218 taxing agencies are subject to collection. Unless and until the total taxable value of the taxable
219 property in a redevelopment project exceeds the total taxable value of the taxable property in the
220 project as shown by the last equalized assessment roll referred to in Subsection (2)(a), all of the
221 taxes levied and collected upon the taxable property in the redevelopment project shall be paid into
222 the funds of the respective taxing agencies. When the loans, advances, and indebtedness, if any,
223 and any interest have been paid, all moneys received from taxes upon the taxable property in the
224 redevelopment project shall be paid into the funds of the respective taxing agencies as taxes on all
225 other property are paid.

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

243 (f) For purposes of Subsections (2)(d) and (e), the maximum amounts which shall be
244 allocated to and when collected shall be paid into the special fund of a redevelopment agency may

245 not exceed the following percentages:

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

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

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

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

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

265 (g) (i) In addition to the maximum amounts allocated to and when collected paid into the
266 special fund of a redevelopment agency under Subsection (2)(f), a redevelopment agency may
267 receive an additional percentage greater than those described in Subsection (2)(f) if the amount of
268 the tax increment funding received from the greater percentage is used:

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

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

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

276 of the construction of Interstate 15; or

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

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

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

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

288 (B) paid for a period of the first 32 years commencing from the first tax year a
289 redevelopment agency accepts an amount allocated to and when collected paid into a special fund
290 of the redevelopment agency to pay the principal of and interest on loans, moneys advanced to, or
291 indebtedness, whether funded, refunded, assumed, or otherwise, that are incurred by the
292 redevelopment agency after April 1, 1983.

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

295 (A) construction has begun on a building, facility, structure, or other improvement of a
296 publicly or privately owned convention center or sports complex, including parking and
297 infrastructure improvements related to such convention center or sports complex, on or before June
298 30, [~~1997~~] 2002;

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

302 (C) the installation, construction, or reconstruction of the 10000 South underpass or the
303 11400 South or 12300 South interchange on I-15 in Salt Lake County has begun on or before June
304 30, 2000; or

305 (D) construction has begun on a recreational facility, as defined in Section 59-12-702, or
306 a cultural facility on or before June 30, 2000.

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

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

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

316 (C) on or before June 30, 2000, to pay all or part of the cost of the installation,
317 construction, or reconstruction of the 10000 South underpass or the 11400 South or 12300 South
318 interchange on I-15 in Salt Lake County; or

319 (D) on or before June 30, 2000, to pay all or part of the cost of the land for and the
320 installation and construction of a recreational facility, as defined in Section 59-12-702, or a cultural
321 facility, including parking and infrastructure improvements related to the recreational or cultural
322 facility.

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

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

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

Legislative Review Note

as of 2-10-00 4:25 PM

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

Office of Legislative Research and General Counsel