

**Representative Trisha S. Beck** proposes to substitute the following bill:

**REDEVELOPMENT AGENCY TAX  
INCREMENT FROM SCHOOL DISTRICTS**

2001 GENERAL SESSION

STATE OF UTAH

**Sponsor: Howard A. Stephenson**

Michael G. Waddoups

**This act modifies Special Districts provisions relating to redevelopment agencies to require school district representatives on the taxing agency committee to report their votes in support of tax increment. This act requires county assessors to report on the value of property within a project area to the taxing agency committee. This act also provides an effective date and contains a coordination clause.**

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

AMENDS:

**17A-2-1247.5**, as last amended by Chapters 178, 348 and 349, Laws of Utah 2000

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

Section 1. 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) (i) A taxing agency committee shall be created for each redevelopment, education housing development, or economic development project. The committee membership shall be selected as follows:

(A) unless a school district board votes not to appoint representatives under Subsection (2)(a)(ii)(A), two representatives appointed by the school district in the project area;



26 (B) two representatives appointed by resolution of the county commission or county  
27 council for the county in which the project area is located;

28 (C) two representatives appointed by resolution of the city or town's legislative body in  
29 which the project area is located if the project is located within a city or town;

30 (D) unless a school district board votes not to appoint representatives under Subsection  
31 (2)(a)(ii)(A), a representative approved by the State School Board; and

32 (E) one representative who shall represent all of the remaining governing bodies of the  
33 other local taxing agencies that levy taxes upon the property within the proposed project area. The  
34 representative shall be selected by resolution of each of the governing bodies of those taxing  
35 agencies within 30 days after the notice provided in Subsection 17A-2-1256(3).

36 (ii) (A) A school district that levies a tax on property located within a project area may  
37 choose not to appoint representatives to the taxing agency committee under Subsection (2)(a)(i)(A)  
38 if:

39 (I) the project area is established under an education housing development project; and

40 (II) the project area budget of the project area under Subsection (2)(a)(ii)(A)(I) is adopted  
41 on or after May 1, 2000.

42 (B) If a school district board votes not to appoint representatives to the taxing agency  
43 committee under Subsection (2)(a)(ii)(A), the State School Board may not appoint a representative  
44 to the taxing agency committee.

45 (b) (i) If the project is located within a city or town, a quorum of a taxing agency  
46 committee consists of:

47 (A) if a school district board votes not to appoint representatives to the taxing agency  
48 committee under Subsection (2)(a)(ii)(A), three members; or

49 (B) in all other cases, five members.

50 (ii) If the project is not located within a city or town, a quorum consists of:

51 (A) if a school district board votes not to appoint representatives to the taxing agency  
52 committee under Subsection (2)(a)(ii)(A), two members; or

53 (B) in all other cases, four members.

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

56 (i) (A) represent all taxing entities in a project area, except a school district whose board

57 has voted under Subsection (2)(a)(ii)(A) not to appoint representatives to the taxing agency  
58 committee; and

59 (B) cast votes that will be binding on the governing boards of all taxing entities in a project  
60 area that the taxing agency committee represents under Subsection (2)(c)(i)(A);

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

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

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

65 (d) Each time a school district representative or a State School Board representative votes  
66 as a member of a taxing agency committee to allow an agency to be paid tax increment or to  
67 increase the amount or length of time that an agency may be paid tax increment, that representative  
68 shall, within 45 days after the vote, provide to the representative's respective school board an  
69 explanation in writing of the representative's vote and the reasons for the vote.

70 (e) (i) The assessor of each county in which the agency is located shall provide a written  
71 report to the taxing agency committee stating, with respect to property within each project area:

72 (A) the taxable value for the base year, reflecting any adjustments under Sections  
73 17A-2-1250.5, 17A-2-1251, 17A-2-1252, and 17A-2-1253; and

74 (B) the assessed value.

75 (ii) With respect to the information required under Subsection (2)(e)(i), the county assessor  
76 shall provide :

77 (A) actual amounts for each year from the adoption of the project area plan to the time of  
78 the report; and

79 (B) estimated amounts for each year beginning the year after the time of the report and  
80 ending the time that the agency expects no longer to be paid tax increment from property within  
81 the project area.

82 (iii) The assessor of the county in which the agency is located shall provide a report under  
83 this Subsection (3)(e):

84 (A) at least annually; and

85 (B) upon request of the taxing agency committee, before a taxing agency committee  
86 meeting at which the committee will consider whether to allow the agency to be paid tax increment  
87 or to increase the amount or length of time that the agency may be paid tax increment.

88 (3) (a) (i) An agency may not collect any tax increment for a project area until after the  
89 agency obtains the majority consent of a quorum of the taxing agency committee for the project  
90 area budget if:

91 (A) the project area budget was adopted from July 1, 1993 to June 30, 1998 or after May  
92 1, 2000; or

93 (B) the project area budget:

94 (I) was adopted from July 1, 1998 to May 1, 2000; and

95 (II) does not allocate 20% of the tax increment for housing as provided in Subsection  
96 17A-2-1264(2)(a).

97 (ii) For a project area budget adopted from July 1, 1998 to May 1, 2000 that allocates 20%  
98 of the tax increment for housing as provided in Subsection 17A-2-1264(2)(a), an agency may not  
99 collect tax increment from all or part of a project area until after:

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

103 (B) the agency's governing body has approved and adopted the project area budget by a  
104 two-thirds vote.

105 (iii) (A) (I) Except as provided in Subsection (3)(a)(iii)(A)(II), each project area budget  
106 adopted after May 1, 2000 that provides for more than \$100,000 of annual tax increment to be  
107 collected by the agency shall allocate at least 20% of tax increment for housing as provided in  
108 Subsection 17A-2-1264(3)(a).

109 (II) The 20% requirement of Subsection (3)(a)(iii)(A)(I) may be waived in whole or in part  
110 by the mutual consent of the Olene Walker Housing Trust Fund Board, established under Title 9,  
111 Chapter 4, Part 7, Olene Walker Housing Trust Fund, and the taxing agency committee upon their  
112 determination that 20% of tax increment is more than is needed to address the community's need  
113 for affordable housing, as defined in Section 17A-2-1264.

114 (B) Before the taxing agency committee may give its consent to a project area budget  
115 adopted after May 1, 2000 that is required under Subsection (3)(a)(iii) to allocate tax increment  
116 for housing, the agency shall comply with Subsection 17A-2-1264(2)(b).

117 (b) With the majority consent of a quorum of the taxing agency committee, an agency may  
118 amend a project area budget that was adopted under Subsection (3)(a).

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

123 (ii) Each agency whose project area budget allocates tax increment for housing as provided  
124 in Subsection 17A-2-1264(3)(a) shall file a copy of the budget with the Olene Walker Housing  
125 Trust Fund established under Title 9, Chapter 4, Part 7, Olene Walker Housing Trust Fund.

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

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

134 (e) If an amendment under Subsection (3)(b) is not approved, the agency shall continue  
135 to operate under the previously approved, unamended project area budget.

136 (4) (a) Except as provided in Subsections (6) and (8), an agency may collect tax increment  
137 from all or a part of a project area. The tax increment shall be paid to the agency in the same  
138 manner and at the same time as payments of taxes to other taxing agencies to pay the principal of  
139 and interest on loans, moneys advanced to, or indebtedness, whether funded, refunded, assumed,  
140 or otherwise, to finance or refinance, in whole or in part, the redevelopment, education housing  
141 development, or economic development project and the housing projects and programs under  
142 Sections 17A-2-1263 and 17A-2-1264.

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

144 (A) if 20% of the project area budget is not allocated for housing as provided in Subsection  
145 17A-2-1264(2)(a):

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

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

148 (B) if 20% of the project area budget is allocated for housing as provided in Subsection  
149 17A-2-1264(2)(a):

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

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

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

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

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

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

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

170 (ii) a change in exemption provided in Utah Constitution Article XIII, Section 2, or Section  
171 59-2-103;

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

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

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

179 (ii) For a decrease resulting from Subsection (5)(b)(iv), the taxable value for the base year  
180 under Subsection 17A-2-1202(2) or 17A-2-1247(2)(a), as the case may be, shall be reduced for any

181 year to the extent necessary, including below zero, to provide an agency with approximately the  
182 same amount of money the agency would have received without a reduction in the county's  
183 certified tax rate if:

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

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

188 (C) the decrease results in a reduction of the amount to be paid to the agency under Section  
189 17A-2-1247 or 17A-2-1247.5.

190 (6) (a) For redevelopment plans first adopted before May 4, 1993, beginning January 1,  
191 1994, all of the taxes levied and collected upon the taxable property in the redevelopment project  
192 under Section 59-2-906.1 which are not pledged to support bond indebtedness and other  
193 contractual obligations are exempt from the provisions of Subsection (4).

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

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

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

205 (A) an interchange on I-15; or

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

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

212 or cultural facility.

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

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

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

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

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

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

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

227 (ii) for an agency in a city of the first class, the installation or construction of a recreational  
228 facility, as defined in Subsection 59-12-702(3), or a cultural facility has begun on or before June  
229 30, 2002.

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

233 (8) If a school district board votes not to appoint representatives to the taxing agency  
234 committee under Subsection (2)(a)(ii)(A), all of the taxes levied and collected upon taxable  
235 property in the redevelopment project by the school district are exempt from Subsection (4) and  
236 the agency may not collect tax increment from taxes levied by the school district in the project  
237 area.

238 **Section 2. Effective date.**

239 This act takes effect on June 1, 2001.

240 **Section 3. Coordination clause.**

241 If this bill and 1st Substitute H.B. 7, Recodification and Amendments of Redevelopment  
242 Agencies Statutes, both pass, it is the intent of the Legislature that the Office of Legislative



243 Research and General Counsel, in preparing the Utah Code database for publication, add the  
244 following as Subsections (7) and (8) in Section 17B-4-1002 as enacted in 1st Substitute H.B. 7:

245 "(7) Each time a school district representative or a representative of the State Board of  
246 Education votes as a member of a taxing entity committee to allow an agency to be paid tax  
247 increment or to increase the amount or length of time that an agency may be paid tax increment,  
248 that representative shall, within 45 days after the vote, provide to the representative's respective  
249 school board an explanation in writing of the representative's vote and the reasons for the vote.

250 (8) (a) The assessor of each county in which the agency is located shall provide a written  
251 report to the taxing entity committee stating, with respect to property within each project area:

252 (i) the base taxable value, as adjusted by any adjustments under Section 17B-4-1006; and

253 (ii) the assessed value.

254 (b) With respect to the information required under Subsection (8)(a), the agency shall  
255 provide:

256 (i) actual amounts for each year from the adoption of the project area plan to the time of  
257 the report; and

258 (ii) estimated amounts for each year beginning the year after the time of the report and  
259 ending the time that the agency expects no longer to be paid tax increment from property within  
260 the project area.

261 (c) The assessor of the county in which the agency is located shall provide a report under  
262 this Subsection (8):

263 (i) at least annually; and

264 (ii) upon request of the taxing entity committee, before a taxing entity committee meeting  
265 at which the committee will consider whether to allow the agency to be paid tax increment or to  
266 increase the amount or length of time that the agency may be paid tax increment."