

REDEVELOPMENT OF SUPERFUND SITES

2003 GENERAL SESSION

STATE OF UTAH

Sponsor: D. Chris Butters

This act modifies the Redevelopment Agencies Act. The act expands the criteria for blight to include a superfund site. The act makes an exception to a size restriction on project areas for the case of a superfund site. The act authorizes the use of tax increment funds for a superfund site without taxing entity approval.

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

AMENDS:

17B-4-102, as last amended by Chapters 185 and 205, Laws of Utah 2002

17B-4-403, as last amended by Chapter 205, Laws of Utah 2002

17B-4-404, as enacted by Chapter 133, Laws of Utah 2001

17B-4-505, as last amended by Chapter 185, Laws of Utah 2002

17B-4-602, as enacted by Chapter 133, Laws of Utah 2001

17B-4-604, as enacted by Chapter 133, Laws of Utah 2001

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

Section 1. Section **17B-4-102** is amended to read:

17B-4-102. Definitions.

(1) "Agency" means a separate body corporate and politic, created under Section 17B-4-201 or previous law, that is a political subdivision of the state, that is created to undertake or promote redevelopment, economic development, or education housing development, or any combination of them, as provided in this chapter, and whose geographic boundaries are coterminous with:

(a) for an agency created by a county, the unincorporated area of the county; and

(b) for an agency created by a city or town, the boundaries of the city or town.

(2) "Assessment property owner" or "assessment owner of property" means the owner



28 of real property as shown on the assessment roll of the county in which the property is located,
29 equalized as of the previous November 1.

30 (3) "Assessment roll" has the meaning as defined in Section 59-2-102.

31 (4) "Base taxable value" means the taxable value of the property within a project area
32 from which tax increment will be collected, as shown upon the assessment roll last equalized
33 before:

34 (a) for a pre-July 1, 1993 project area plan, the effective date of the project area plan;
35 or

36 (b) for a post-June 30, 1993 project area plan:

37 (i) the date of the taxing entity committee's approval of the first project area budget; or

38 (ii) if no taxing entity committee approval is required for the project area budget, the
39 later of:

40 (A) the date the project area plan is adopted by the community legislative body; and

41 (B) the date the agency adopts the first project area budget.

42 (5) "Blight" or "blighted" means the condition of an area that meets the requirements of
43 Subsection 17B-4-604(1).

44 (6) "Blight hearing" means a public hearing under Subsection 17B-4-601(3) and
45 Section 17B-4-603 regarding the existence or nonexistence of blight within the proposed
46 redevelopment project area.

47 (7) "Blight study" means a study to determine the existence or nonexistence of blight
48 within a survey area as provided in Section 17B-4-602.

49 (8) "Board" means the governing body of an agency, as provided in Section 17B-4-203.

50 (9) "Budget hearing" means the public hearing on a draft project area budget required
51 under Subsection 17B-4-501(2)(e).

52 (10) "Community" means a county, city, or town.

53 (11) "Economic development" means to promote the creation or retention of public or
54 private jobs within the state through:

55 (a) planning, design, development, construction, rehabilitation, business relocation, or
56 any combination of these, within part or all of a project area; and

57 (b) the provision of office, industrial, manufacturing, warehousing, distribution,
58 parking, public, or other facilities, or other improvements that benefit the state or a community.

59 (12) "Education housing development" means the provision of high density housing
60 within a project area that is adjacent to a public or private institution of higher education.

61 (13) "Loan fund board" means the Olene Walker Housing Loan Fund Board,
62 established under Title 9, Chapter 4, Part 7, Olene Walker Housing Loan Fund.

63 (14) "Plan hearing" means the public hearing on a draft project area plan required
64 under Subsection 17B-4-402(1)(e).

65 (15) "Post-June 30, 1993 project area plan" means a redevelopment, economic
66 development, or education housing development project area plan adopted on or after July 1,
67 1993, whether or not amended subsequent to its adoption.

68 (16) "Pre-July 1, 1993 project area plan" means a redevelopment project area plan
69 adopted before July 1, 1993, whether or not amended subsequent to its adoption.

70 (17) "Private," with respect to real property, means:

71 (a) not owned by the United States or any agency of the federal government, a public
72 entity, or any other governmental entity; and

73 (b) not dedicated to public use.

74 (18) "Project area" means the geographic area described in a project area plan or draft
75 project area plan where the redevelopment, economic development, or education housing
76 development set forth in the project area plan or draft project area plan takes place or is
77 proposed to take place.

78 (19) "Project area budget" means a multiyear projection of annual or cumulative
79 revenues and expenses and other fiscal matters pertaining to a redevelopment, economic
80 development, or education housing development project area that includes:

81 (a) the base taxable value of property in the project area;

82 (b) the projected tax increment expected to be generated within the project area;

83 (c) the amount of tax increment expected to be shared with other taxing entities;

84 (d) the amount of tax increment expected to be used to implement the project area plan,
85 including the estimated amount of tax increment to be used for land acquisition, public
86 improvements, infrastructure improvements, and loans, grants, or other incentives to private
87 and public entities;

88 (e) the tax increment expected to be used to cover the cost of administering the project
89 area plan;

90 (f) if the area from which tax increment is to be collected is less than the entire project
91 area, a legal description of the portion of the project area from which tax increment will be
92 collected; and

93 (g) for property that the agency owns and expects to sell, the expected total cost of the
94 property to the agency and the expected selling price.

95 (20) "Project area plan" means a written plan under Part 4, Project Area Plan, that, after
96 its effective date, guides and controls the redevelopment, economic development, or education
97 housing development activities within the project area.

98 (21) "Property tax" includes privilege tax and each levy on an ad valorem basis on
99 tangible or intangible personal or real property.

100 (22) "Public entity" means:

101 (a) the state, including any of its departments or agencies; or

102 (b) a political subdivision of the state, including a county, city, town, school district,
103 special district, local district, or interlocal cooperation entity.

104 (23) "Public input hearing" means the public hearing required under Subsection
105 17B-4-402(1)(h)(ii) regarding a proposed redevelopment project.

106 (24) "Record property owner" or "record owner of property" means the owner of real
107 property as shown on the records of the recorder of the county in which the property is located
108 and includes a purchaser under a real estate contract if the contract is recorded in the office of
109 the recorder of the county in which the property is located or the purchaser gives written notice
110 of the real estate contract to the agency.

111 (25) "Redevelopment" means the development activities under a project area plan
112 within a redevelopment project area, including:

113 (a) planning, design, development, demolition, clearance, construction, rehabilitation,
114 or any combination of these, of part or all of a project area;

115 (b) the provision of residential, commercial, industrial, public, or other structures or
116 spaces, including recreational and other facilities incidental or appurtenant to them;

117 (c) altering, improving, modernizing, demolishing, reconstructing, or rehabilitating, or
118 any combination of these, existing structures in a project area;

119 (d) providing open space, including streets and other public grounds and space around
120 buildings;

121 (e) providing public or private buildings, infrastructure, structures, and improvements;
122 and

123 (f) providing improvements of public or private recreation areas and other public
124 grounds.

125 (26) "Superfund site":

126 (a) means an area included in the National Priorities List under the Comprehensive
127 Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. Sec. 9605; and

128 (b) includes an area formerly included in the National Priorities List, as described in
129 Subsection (26)(a), but removed from the list following remediation that leaves on site the
130 waste that caused the area to be included in the National Priorities List.

131 [~~(26)~~] (27) "Survey area" means an area designated by a survey area resolution for
132 study to determine whether one or more redevelopment projects within the area are feasible.

133 [~~(27)~~] (28) "Survey area resolution" means a resolution adopted by the agency board
134 under Subsection 17B-4-401(1)(a) designating a survey area.

135 [~~(28)~~] (29) (a) "Tax increment" means, except as provided in Subsection [~~(28)~~] (29)(b),
136 the difference between:

137 (i) the amount of property tax revenues generated each tax year by all taxing entities
138 from the area within a project area designated in the project area plan as the area from which
139 tax increment is to be collected, using the current assessed value of the property; and

140 (ii) the amount of property tax revenues that would be generated from that same area
141 using the base taxable value of the property.

142 (b) "Tax increment" does not include taxes levied and collected under Section
143 59-2-906.1 on or after January 1, 1994 upon the taxable property in the project area unless:

144 (i) the project area plan was adopted before May 4, 1993, whether or not the project
145 area plan was subsequently amended; and

146 (ii) the taxes were pledged to support bond indebtedness or other contractual
147 obligations of the agency.

148 [~~(29)~~] (30) "Taxing entity" means a public entity that levies a tax on property within a
149 project area or proposed project area.

150 [~~(30)~~] (31) "Taxing entity committee" means a committee representing the interests of
151 taxing entities, created as provided in Section 17B-4-1002.

152 Section 2. Section **17B-4-403** is amended to read:

153 **17B-4-403. Project area plan requirements.**

154 (1) Each project area plan and draft project area plan shall:

155 (a) describe the boundaries of the project area;

156 (b) contain a general statement of the land uses, layout of principal streets, population
157 densities, and building intensities of the project area and how they will be affected by the
158 redevelopment, economic development, or education housing development;

159 (c) state the standards that will guide the redevelopment, economic development, or
160 education housing development;

161 (d) show how the purposes of this chapter will be attained by the redevelopment,
162 economic development, or education housing development;

163 (e) be consistent with the general plan of the community in which the project area is
164 located and show that the redevelopment, economic development, or education housing
165 development will conform to the community's general plan;

166 (f) if the agency board made a finding of blight under Subsection 17B-4-601(4)(b):

167 (i) describe how the redevelopment will reduce or eliminate blight in the project area;

168 and

169 (ii) if the agency is to have the power of eminent domain under the project area plan:

170 (A) provide record owners of property located within the redevelopment project area
171 and their tenants reasonable opportunities to participate in the redevelopment if the record
172 property owner or tenant enters into a participation agreement with the agency;

173 (B) state that the agency has adopted or will adopt guidelines setting forth and
174 governing the opportunities of record property owners and tenants to participate in the
175 redevelopment, as required by Subsection 17B-4-402(1)(h)(iv); and

176 (C) include a plan for the relocation of any families and persons who will be
177 temporarily or permanently displaced from housing facilities in the redevelopment project area;

178 (g) if the project area plan is for economic development, describe how the economic
179 development will create additional jobs;

180 (h) if the project area plan is for education housing development, describe how the
181 education housing development will meet the needs of the community in which the project area
182 is located;

- 183 (i) describe any specific project or projects that are the object of the proposed
184 redevelopment, economic development, or education housing development;
- 185 (j) identify how private developers, if any, will be selected to undertake the
186 redevelopment, economic development, or education housing development and identify each
187 private developer currently involved in the redevelopment, economic development, or
188 education housing development process;
- 189 (k) contain a time limit of no more than three years after adoption of the project area
190 plan for the agency to commence implementation of the project area plan, unless the project
191 area plan is adopted again as if it were an amended project area plan under Section 17B-4-411;
- 192 (l) if the project area plan authorizes the use of eminent domain, contain a time limit of
193 no more than five years after the effective date of the project area plan for the agency to
194 commence acquisition of property through the use of eminent domain;
- 195 (m) if the project area plan provides for tax increment to be paid to the agency:
- 196 (i) contain a time limit of no more than 25 years for tax increment to be paid to the
197 agency from the project area unless the taxing entity committee consents to a longer period;
198 and
- 199 (ii) contain a provision that the project area may not exceed 100 acres of private real
200 property unless:
- 201 (A) the agency obtains the consent of the taxing entity committee; or
202 (B) the project area is a superfund site;
- 203 (n) state the reasons for the selection of the project area;
- 204 (o) describe the physical, social, and economic conditions existing in the project area;
- 205 (p) provide a financial analysis describing the proposed method of financing the
206 proposed redevelopment, economic development, or education housing development;
- 207 (q) describe any tax incentives offered private entities for facilities located in the
208 project area;
- 209 (r) contain the report and state any recommendations of the community's planning
210 commission;
- 211 (s) include an analysis, as provided in Subsection (2), of whether adoption of the
212 project area plan is:
- 213 (i) for a redevelopment project area plan, necessary and appropriate to reduce or

214 eliminate blight; or

215 (ii) for an economic development or education housing development project area plan,
216 beneficial under a benefit analysis;

217 (t) if any of the existing buildings or uses in the project area are included in or eligible
218 for inclusion in the National Register of Historic Places or the State Register, state that the
219 agency shall comply with Subsection 9-8-404(1) as though the agency were a state agency; and

220 (u) include other information that the agency determines to be necessary or advisable.

221 (2) Each analysis under Subsection (1)(s)(ii) shall consider:

222 (a) the benefit of any financial assistance or other public subsidy proposed to be
223 provided by the agency, including:

224 (i) an evaluation of the reasonableness of the costs of economic development or
225 education housing development;

226 (ii) efforts the agency has made or will make to maximize private investment;

227 (iii) the rationale for use of tax increment, including an analysis of whether the
228 proposed development might reasonably be expected to occur in the foreseeable future solely
229 through private investment; and

230 (iv) an estimate of the total amount of tax increment that will be expended in
231 undertaking economic development or education housing development and the length of time
232 for which it will be expended; and

233 (b) the anticipated public benefit to be derived from the economic development or
234 education housing development, including:

235 (i) the beneficial influences upon the tax base of the community;

236 (ii) the associated business and economic activity likely to be stimulated; and

237 (iii) in the case of economic development, the number of jobs or employment
238 anticipated to be generated or preserved.

239 Section 3. Section **17B-4-404** is amended to read:

240 **17B-4-404. Limit on size of project area in certain project area plans.**

241 A project area under a project area plan that provides for tax increment funds to be paid
242 to the agency may not exceed 100 acres of private real property unless:

243 (1) the agency obtains the consent of the taxing entity committee; [~~or~~]

244 (2) the project area plan was adopted on or before April 1, 1983[~~;~~]; or

245 (3) the project area is a superfund site.

246 Section 4. Section **17B-4-505** is amended to read:

247 **17B-4-505. Consent of taxing entity committee.**

248 (1) (a) Except as provided in [~~Subsection~~] Subsections (1)(b) and (c) and subject to
249 Subsection (2), each agency shall obtain the consent of the taxing entity committee for each
250 project area budget under a post-June 30, 1993 project area plan before the agency may collect
251 any tax increment from the project area.

252 (b) For a project area budget adopted from July 1, 1998 through May 1, 2000 that
253 allocates 20% or more of the tax increment for housing as provided in Section 17B-4-1010, an
254 agency:

255 (i) need not obtain the consent of the taxing entity committee for the project area
256 budget; and

257 (ii) may not collect any tax increment from all or part of the project area until after:

258 (A) the loan fund board has certified the project area budget as complying with the
259 requirements of Section 17B-4-1010; and

260 (B) the agency board has approved and adopted the project area budget by a two-thirds
261 vote.

262 (c) The requirement under Subsection (1)(a) to obtain the consent of the taxing entity
263 committee does not apply to a project area budget under a project area plan for a project area
264 that is a superfund site.

265 (2) (a) Before a taxing entity committee may consent to a project area budget adopted
266 on or after May 1, 2000 that is required under Subsection 17B-4-504(1)(a) to allocate 20% of
267 tax increment for housing, the agency shall:

268 (i) adopt a housing plan showing the uses for the housing funds; and

269 (ii) provide a copy of the housing plan to the taxing entity committee and the loan fund
270 board.

271 (b) If an agency amends a housing plan prepared under Subsection (2)(a), the agency
272 shall provide a copy of the amendment to the taxing entity committee and the loan fund board.

273 Section 5. Section **17B-4-602** is amended to read:

274 **17B-4-602. Blight study -- Requirements -- Deadline.**

275 (1) Each blight study required under Subsection 17B-4-601(1) shall:

- 276 (a) provide data so the board may determine:
- 277 (i) whether the conditions described in Subsections 17B-4-604(1)(a)(i) and ~~(b)~~ (ii)
- 278 exist in part or all of the survey area; ~~and~~
- 279 (ii) whether the factors listed in Subsection 17B-4-604(1)~~(c)~~ (a)(iii) are present in the
- 280 survey area; and
- 281 (iii) whether the survey area contains a superfund site;
- 282 (b) include a written report setting forth:
- 283 (i) the conclusions reached; and
- 284 (ii) any other information requested by the agency to determine whether a
- 285 redevelopment project area is feasible; and

286 (c) be completed within one year after the adoption of the survey area resolution.

287 (2) (a) If a blight study is not completed within one year after the adoption of the
 288 resolution under Subsection 17B-4-401(1)(a) designating a survey area, the agency may not
 289 approve a redevelopment project area plan based on that blight study unless it first adopts a
 290 new resolution under Subsection 17B-4-401(1)(a).

291 (b) A new resolution under Subsection (2)(a) shall in all respects be considered to be a
 292 resolution under Subsection 17B-4-401(1)(a) adopted for the first time, except that any actions
 293 taken toward completing a blight study under the resolution that the new resolution replaces
 294 shall be considered to have been taken under the new resolution.

295 Section 6. Section **17B-4-604** is amended to read:

296 **17B-4-604. Conditions on board determination of blight -- Conditions of blight**
 297 **caused by the developer.**

298 (1) An agency board may not make a finding of blight in a resolution under Subsection
 299 17B-4-601(4)(b) unless the board finds that the redevelopment project area:

300 (a) (i) contains buildings or improvements used or intended to be used for residential,
 301 commercial, industrial, or other urban purposes, or any combination of those uses;

302 ~~(b)~~ (ii) contains buildings or improvements on at least 50% of the number of parcels
 303 of private real property whose acreage is at least 50% of the acreage of the private real property
 304 within the proposed redevelopment project area; and

305 ~~(c)~~ (iii) is unfit or unsafe to occupy or may be conducive to ill health, transmission of
 306 disease, infant mortality, juvenile delinquency, or crime because of any three or more of the

307 following factors:

- 308 ~~[(i)]~~ (A) defective character of physical construction;
- 309 ~~[(ii)]~~ (B) high density of population or overcrowding;
- 310 ~~[(iii)]~~ (C) inadequate ventilation, light, or spacing between buildings;
- 311 ~~[(iv)]~~ (D) mixed character and shifting of uses, resulting in obsolescence, deterioration,
- 312 or dilapidation;
- 313 ~~[(v)]~~ (E) economic deterioration or continued disuse;
- 314 ~~[(vi)]~~ (F) lots of irregular shape or inadequate size for proper usefulness and
- 315 development, or laying out of lots in disregard of the contours and other physical characteristics
- 316 of the ground and surrounding conditions;
- 317 ~~[(vii)]~~ (G) inadequate sanitation or public facilities which may include streets, open
- 318 spaces, and utilities;
- 319 ~~[(viii)]~~ (H) areas that are subject to being submerged by water; and
- 320 ~~[(ix)]~~ (I) existence of any hazardous or solid waste, defined as any substance defined,
- 321 regulated, or listed as a hazardous substance, hazardous material, hazardous waste, toxic waste,
- 322 pollutant, contaminant, or toxic substance, or identified as hazardous to human health or the
- 323 environment under state or federal law or regulation[-]; or
- 324 (b) is a superfund site.
- 325 (2) (a) For purposes of Subsection (1), if a developer involved in the redevelopment
- 326 project causes a condition listed in Subsection (1)~~[(e)]~~ (a)(iii) within the project area, the
- 327 condition caused by the developer may not be used in the determination of blight.
- 328 (b) Subsection (2)(a) does not apply to a condition that was caused by an owner or
- 329 tenant who becomes a developer under Section 17B-4-901.

Legislative Review Note

as of 11-25-02 12:39 PM

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

Office of Legislative Research and General Counsel

State Impact

No immediate fiscal impact. To the extent that increment financing is used, future revenue would be diverted from local government to the RDA.

Individual and Business Impact

No immediate fiscal impact.

Office of the Legislative Fiscal Analyst