

**TAX INCREMENT AMENDMENTS**

2015 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Jeremy A. Peterson**

Senate Sponsor: Curtis S. Bramble

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**LONG TITLE**

**General Description:**

This bill addresses tax increment under community development and renewal agency provisions.

**Highlighted Provisions:**

This bill:

- ▶ modifies the definition of "tax increment"; and
- ▶ makes technical and conforming changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

AMENDS:

**17C-1-102**, as last amended by Laws of Utah 2012, Chapters 212 and 235

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

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

**17C-1-102. Definitions.**

As used in this title:

(1) "Adjusted tax increment" means:

(a) for tax increment under a pre-July 1, 1993, project area plan, tax increment under Section **17C-1-403**, excluding tax increment under Subsection **17C-1-403(3)**; and

30 (b) for tax increment under a post-June 30, 1993, project area plan, tax increment under  
31 Section 17C-1-404, excluding tax increment under Section 17C-1-406.

32 (2) "Affordable housing" means housing to be owned or occupied by persons and  
33 families of low or moderate income, as determined by resolution of the agency.

34 (3) "Agency" or "community development and renewal agency" means a separate body  
35 corporate and politic, created under Section 17C-1-201 or as a redevelopment agency under  
36 previous law, that is a political subdivision of the state, that is created to undertake or promote  
37 urban renewal, economic development, or community development, or any combination of  
38 them, as provided in this title, and whose geographic boundaries are coterminous with:

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

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

41 (4) "Annual income" has the meaning as defined under regulations of the United States  
42 Department of Housing and Urban Development, 24 C.F.R. Sec. 5.609, as amended or as  
43 superseded by replacement regulations.

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

45 (6) "Base taxable value" means:

46 (a) unless otherwise designated by the taxing entity committee in accordance with  
47 Subsection 17C-1-402(4)(b)(ix), for an urban renewal or economic development project area,  
48 the taxable value of the property within a project area from which tax increment will be  
49 collected, as shown upon the assessment roll last equalized before:

50 (i) for a pre-July 1, 1993, project area plan, the effective date of the project area plan;

51 (ii) for a post-June 30, 1993, project area plan:

52 (A) the date of the taxing entity committee's approval of the first project area budget;

53 or

54 (B) if no taxing entity committee approval is required for the project area budget, the  
55 later of:

56 (I) the date the project area plan is adopted by the community legislative body; and

57 (II) the date the agency adopts the first project area budget;

58 (iii) for a project on an inactive industrial site, a year after the date on which the  
59 inactive industrial site is sold for remediation and development; or

60 (iv) for a project on an inactive airport site, a year after the later of:

61 (A) the date on which the inactive airport site is sold for remediation and development;

62 and

63 (B) the date on which the airport that had been operated on the inactive airport site  
64 ceased operations; and

65 (b) for a community development project area, the agreed value specified in a  
66 resolution or interlocal agreement under Subsection 17C-4-201(2).

67 (7) "Basic levy" means the portion of a school district's tax levy constituting the  
68 minimum basic levy under Section 59-2-902.

69 (8) "Blight" or "blighted" means the condition of an area that meets the requirements of  
70 Subsection 17C-2-303(1).

71 (9) "Blight hearing" means a public hearing under Subsection 17C-2-102(1)(a)(i)(C)  
72 and Section 17C-2-302 regarding the existence or nonexistence of blight within the proposed  
73 urban renewal project area.

74 (10) "Blight study" means a study to determine the existence or nonexistence of blight  
75 within a survey area as provided in Section 17C-2-301.

76 (11) "Board" means the governing body of an agency, as provided in Section  
77 17C-1-203.

78 (12) "Budget hearing" means the public hearing on a draft project area budget required  
79 under Subsection 17C-2-201(2)(d) for an urban renewal project area budget or Subsection  
80 17C-3-201(2)(d) for an economic development project area budget.

81 (13) "Closed military base" means land within a former military base that the Defense  
82 Base Closure and Realignment Commission has voted to close or realign when that action has  
83 been sustained by the President of the United States and Congress.

84 (14) "Combined incremental value" means the combined total of all incremental values  
85 from all urban renewal project areas, except project areas that contain some or all of a military

86 installation or inactive industrial site, within the agency's boundaries under adopted project area  
87 plans and adopted project area budgets at the time that a project area budget for a new urban  
88 renewal project area is being considered.

89 (15) "Community" means a county, city, or town.

90 (16) "Community development" means development activities within a community,  
91 including the encouragement, promotion, or provision of development.

92 (17) "Contest" means to file a written complaint in the district court of the county in  
93 which the person filing the complaint resides.

94 (18) "Economic development" means to promote the creation or retention of public or  
95 private jobs within the state through:

96 (a) planning, design, development, construction, rehabilitation, business relocation, or  
97 any combination of these, within a community; and

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

100 (19) "Fair share ratio" means the ratio derived by:

101 (a) for a city or town, comparing the percentage of all housing units within the city or  
102 town that are publicly subsidized income targeted housing units to the percentage of all  
103 housing units within the whole county that are publicly subsidized income targeted housing  
104 units; or

105 (b) for the unincorporated part of a county, comparing the percentage of all housing  
106 units within the unincorporated county that are publicly subsidized income targeted housing  
107 units to the percentage of all housing units within the whole county that are publicly subsidized  
108 income targeted housing units.

109 (20) "Family" has the meaning as defined under regulations of the United States  
110 Department of Housing and Urban Development, 24 C.F.R. Section 5.403, as amended or as  
111 superseded by replacement regulations.

112 (21) "Greenfield" means land not developed beyond agricultural or forestry use.

113 (22) "Hazardous waste" means any substance defined, regulated, or listed as a

114 hazardous substance, hazardous material, hazardous waste, toxic waste, pollutant, contaminant,  
115 or toxic substance, or identified as hazardous to human health or the environment, under state  
116 or federal law or regulation.

117 (23) "Housing funds" means the funds allocated in an urban renewal project area  
118 budget under Section 17C-2-203 for the purposes provided in Subsection 17C-1-412(1).

119 (24) (a) "Inactive airport site" means land that:

120 (i) consists of at least 100 acres;

121 (ii) is occupied by an airport:

122 (A) (I) that is no longer in operation as an airport; or

123 (II) (Aa) that is scheduled to be decommissioned; and

124 (Bb) for which a replacement commercial service airport is under construction; and

125 (B) that is owned or was formerly owned and operated by a public entity; and

126 (iii) requires remediation because:

127 (A) of the presence of hazardous waste or solid waste; or

128 (B) the site lacks sufficient public infrastructure and facilities, including public roads,  
129 electric service, water system, and sewer system, needed to support development of the site.

130 (b) "Inactive airport site" includes a perimeter of up to 2,500 feet around the land  
131 described in Subsection (24)(a).

132 (25) (a) "Inactive industrial site" means land that:

133 (i) consists of at least 1,000 acres;

134 (ii) is occupied by an inactive or abandoned factory, smelter, or other heavy industrial  
135 facility; and

136 (iii) requires remediation because of the presence of hazardous waste or solid waste.

137 (b) "Inactive industrial site" includes a perimeter of up to 1,500 feet around the land  
138 described in Subsection (25)(a).

139 (26) "Income targeted housing" means housing to be owned or occupied by a family  
140 whose annual income is at or below 80% of the median annual income for the county in which  
141 the housing is located.

142 (27) "Incremental value" means a figure derived by multiplying the marginal value of  
143 the property located within an urban renewal project area on which tax increment is collected  
144 by a number that represents the percentage of adjusted tax increment from that project area that  
145 is paid to the agency.

146 (28) "Loan fund board" means the Olene Walker Housing Loan Fund Board,  
147 established under Title 35A, Chapter 8, Part 5, Olene Walker Housing Loan Fund.

148 (29) "Marginal value" means the difference between actual taxable value and base  
149 taxable value.

150 (30) "Military installation project area" means a project area or a portion of a project  
151 area located within a federal military installation ordered closed by the federal Defense Base  
152 Realignment and Closure Commission.

153 (31) (a) "Municipal building" means a building owned and operated by a municipality  
154 for the purpose of providing one or more primary municipal functions, including:

- 155 (i) a fire station;
- 156 (ii) a police station;
- 157 (iii) a city hall; or
- 158 (iv) a court or other judicial building.

159 (b) "Municipal building" does not include a building the primary purpose of which is  
160 cultural or recreational in nature.

161 (32) "Plan hearing" means the public hearing on a draft project area plan required  
162 under Subsection 17C-2-102(1)(a)(vi) for an urban renewal project area plan, Subsection  
163 17C-3-102(1)(d) for an economic development project area plan, and Subsection  
164 17C-4-102(1)(d) for a community development project area plan.

165 (33) "Post-June 30, 1993, project area plan" means a project area plan adopted on or  
166 after July 1, 1993, whether or not amended subsequent to its adoption.

167 (34) "Pre-July 1, 1993, project area plan" means a project area plan adopted before July  
168 1, 1993, whether or not amended subsequent to its adoption.

169 (35) "Private," with respect to real property, means:

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

172 (b) not dedicated to public use.

173 (36) "Project area" means the geographic area described in a project area plan or draft  
174 project area plan where the urban renewal, economic development, or community  
175 development, as the case may be, set forth in the project area plan or draft project area plan  
176 takes place or is proposed to take place.

177 (37) "Project area budget" means a multiyear projection of annual or cumulative  
178 revenues and expenses and other fiscal matters pertaining to a urban renewal or economic  
179 development project area that includes:

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

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

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

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

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

189 (f) if the area from which tax increment is to be collected is less than the entire project  
190 area:

191 (i) the tax identification numbers of the parcels from which tax increment will be  
192 collected; or

193 (ii) a legal description of the portion of the project area from which tax increment will  
194 be collected;

195 (g) for property that the agency owns and expects to sell, the expected total cost of the  
196 property to the agency and the expected selling price; and

197 (h) (i) for an urban renewal project area, the information required under Subsection

198 17C-2-201(1)(b); and

199 (ii) for an economic development project area, the information required under  
200 Subsection 17C-3-201(1)(b).

201 (38) "Project area plan" means a written plan under Chapter 2, Part 1, Urban Renewal  
202 Project Area Plan, Chapter 3, Part 1, Economic Development Project Area Plan, or Chapter 4,  
203 Part 1, Community Development Project Area Plan, as the case may be, that, after its effective  
204 date, guides and controls the urban renewal, economic development, or community  
205 development activities within a project area.

206 (39) "Property tax" includes privilege tax and each levy on an ad valorem basis on  
207 tangible or intangible personal or real property.

208 (40) "Public entity" means:

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

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

212 (41) "Publicly owned infrastructure and improvements" means water, sewer, storm  
213 drainage, electrical, and other similar systems and lines, streets, roads, curb, gutter, sidewalk,  
214 walkways, parking facilities, public transportation facilities, and other facilities, infrastructure,  
215 and improvements benefitting the public and to be publicly owned or publicly maintained or  
216 operated.

217 (42) "Record property owner" or "record owner of property" means the owner of real  
218 property as shown on the records of the recorder of the county in which the property is located  
219 and includes a purchaser under a real estate contract if the contract is recorded in the office of  
220 the recorder of the county in which the property is located or the purchaser gives written notice  
221 of the real estate contract to the agency.

222 (43) "Superfund site":

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

225 (b) includes an area formerly included in the National Priorities List, as described in



226 Subsection (43)(a), but removed from the list following remediation that leaves on site the  
227 waste that caused the area to be included in the National Priorities List.

228 (44) "Survey area" means an area designated by a survey area resolution for study to  
229 determine whether one or more urban renewal projects within the area are feasible.

230 (45) "Survey area resolution" means a resolution adopted by the agency board under  
231 Subsection 17C-2-101(1)(a) designating a survey area.

232 (46) "Taxable value" means the value of property as shown on the last equalized  
233 assessment roll as certified by the county assessor.

234 (47) (a) [~~"Tax~~] Except as provided in Subsection (47)(b), "tax increment" means[;  
235 ~~except as provided in Subsection (47)(b),]~~ the difference between:

236 (i) the amount of property tax revenues generated each tax year by all taxing entities  
237 from the area within a project area designated in the project area plan as the area from which  
238 tax increment is to be collected[;];

239 (A) using the current assessed value of the property; and

240 (B) that are paid to the agency from funds from all of the tax levies used in establishing  
241 the certified tax rate in accordance with Section 59-2-924 of the taxing entity within which the  
242 agency is located, including funds that are restricted for a particular use by statute to the extent  
243 bond covenants are not impaired; and

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

246 (b) "Tax increment" does not include taxes levied and collected under Section  
247 59-2-1602 on or after January 1, 1994, upon the taxable property in the project area unless:

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

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

252 (48) "Taxing entity" means a public entity that levies a tax on a parcel or parcels of  
253 property located within a community.

254 (49) "Taxing entity committee" means a committee representing the interests of taxing  
255 entities, created as provided in Section 17C-1-402.

256 (50) "Unincorporated" means not within a city or town.

257 (51) (a) "Urban renewal" means the development activities under a project area plan  
258 within an urban renewal project area, including:

259 (i) planning, design, development, demolition, clearance, construction, rehabilitation,  
260 environmental remediation, or any combination of these, of part or all of a project area;

261 (ii) the provision of residential, commercial, industrial, public, or other structures or  
262 spaces, including recreational and other facilities incidental or appurtenant to them;

263 (iii) altering, improving, modernizing, demolishing, reconstructing, or rehabilitating, or  
264 any combination of these, existing structures in a project area;

265 (iv) providing open space, including streets and other public grounds and space around  
266 buildings;

267 (v) providing public or private buildings, infrastructure, structures, and improvements;  
268 and

269 (vi) providing improvements of public or private recreation areas and other public  
270 grounds.

271 (b) "Urban renewal" means "redevelopment," as defined under the law in effect before  
272 May 1, 2006, if the context requires.