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HOMELESS SERVICES AMENDMENTS

2018 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Steve Eliason

Senate Sponsor: Todd Weiler

LONG TITLE

General Description:

This bill amends sales and use tax provisions and provisions related to the Housing and Community Development Division.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ allows redevelopment agencies to transfer funds to counties and cities under certain circumstances;
- ▶ requires the Housing and Community Development Division to calculate an annual local contribution amount from municipalities in the state and provide the information to the State Tax Commission;
- ▶ requires the State Tax Commission to retain certain local option sales taxes and deposit them into the Homeless to Housing Reform Restricted Account;
- ▶ amends provisions related to how money in the Homeless to Housing Reform Restricted Account may be spent by the Housing and Community Development Division; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

This bill appropriates:

- ▶ to the General Fund Restricted -- Homeless to Housing Reform Restricted Account,



28 as an ongoing appropriation:

- 29 • from the General Fund, \$3,300,000; and
- 30 ▶ to the Department of Workforce Services -- Housing and Community Development,

31 as an ongoing appropriation:

- 32 • from the General Fund Restricted -- Homeless to Housing Reform Restricted
- 33 Account, \$3,300,000.

34 **Other Special Clauses:**

35 None

36 **Utah Code Sections Affected:**

37 AMENDS:

- 38 **17C-1-409**, as last amended by Laws of Utah 2016, Chapter 350
- 39 **17C-1-411**, as last amended by Laws of Utah 2016, Chapter 350
- 40 **17C-1-412**, as last amended by Laws of Utah 2016, Chapter 350
- 41 **35A-8-505**, as last amended by Laws of Utah 2016, Chapter 131
- 42 **35A-8-604**, as last amended by Laws of Utah 2017, Chapter 21
- 43 **35A-8-605**, as enacted by Laws of Utah 2016, Chapter 278
- 44 **59-12-205**, as last amended by Laws of Utah 2017, Chapters 230 and 385

45 ENACTS:

- 46 **35A-8-606**, Utah Code Annotated 1953



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

49 Section 1. Section **17C-1-409** is amended to read:

50 **17C-1-409. Allowable uses of agency funds.**

51 (1) (a) An agency may use agency funds:

- 52 (i) for any purpose authorized under this title;
- 53 (ii) for administrative, overhead, legal, or other operating expenses of the agency,
- 54 including consultant fees and expenses under Subsection **17C-2-102**(1)(b)(ii)(B) or funding for
- 55 a business resource center;

56 (iii) to pay for, including financing or refinancing, all or part of:

- 57 (A) project area development in a project area, including environmental remediation
- 58 activities occurring before or after adoption of the project area plan;

59 (B) housing-related expenditures, projects, or programs as described in Section
60 17C-1-411 or 17C-1-412;

61 (C) an incentive or other consideration paid to a participant under a participation
62 agreement;

63 (D) subject to Subsections (1)(c) and (4), the value of the land for and the cost of the
64 installation and construction of any publicly owned building, facility, structure, landscaping, or
65 other improvement within the project area from which the project area funds are collected; or

66 (E) the cost of the installation of publicly owned infrastructure and improvements
67 outside the project area from which the project area funds are collected if the board and the
68 community legislative body determine by resolution that the publicly owned infrastructure and
69 improvements benefit the project area; ~~or~~

70 (iv) in an urban renewal project area that includes some or all of an inactive industrial
71 site and subject to Subsection (1)(e), to reimburse the Department of Transportation created
72 under Section 72-1-201, or a public transit district created under Title 17B, Chapter 2a, Part 8,
73 Public Transit District Act, for the cost of:

74 (A) construction of a public road, bridge, or overpass;

75 (B) relocation of a railroad track within the urban renewal project area; or

76 (C) relocation of a railroad facility within the urban renewal project area~~[-];~~ or

77 (v) subject to Subsection (5), to transfer funds to a community that created the agency.

78 (b) The determination of the board and the community legislative body under
79 Subsection (1)(a)(iii)(E) regarding benefit to the project area shall be final and conclusive.

80 (c) An agency may not use project area funds received from a taxing entity for the
81 purposes stated in Subsection (1)(a)(iii)(D) under an urban renewal project area plan, an
82 economic development project area plan, or a community reinvestment project area plan
83 without the community legislative body's consent.

84 (d) (i) Subject to Subsection (1)(d)(ii), an agency may loan project area funds from a
85 project area fund to another project area fund if:

86 (A) the board approves; and

87 (B) the community legislative body approves.

88 (ii) An agency may not loan project area funds under Subsection (1)(d)(i) unless the
89 projections for agency funds are sufficient to repay the loan amount.

90 (iii) A loan described in Subsection (1)(d) is not subject to Title 10, Chapter 5,
91 Uniform Fiscal Procedures Act for Utah Towns, Title 10, Chapter 6, Uniform Fiscal
92 Procedures Act for Utah Cities, Title 17, Chapter 36, Uniform Fiscal Procedures Act for
93 Counties, or Title 17B, Chapter 1, Part 6, Fiscal Procedures for Local Districts.

94 (e) Before an agency may pay any tax increment or sales tax revenue under Subsection
95 (1)(a)(iv), the agency shall enter into an interlocal agreement defining the terms of the
96 reimbursement with:

97 (i) the Department of Transportation; or

98 (ii) a public transit district.

99 (2) (a) Sales and use tax revenue that an agency receives from a taxing entity is not
100 subject to the prohibition or limitations of Title 11, Chapter 41, Prohibition on Sales and Use
101 Tax Incentive Payments Act.

102 (b) An agency may use sales and use tax revenue that the agency receives under an
103 interlocal agreement under Section [17C-4-201](#) or [17C-5-204](#) for the uses authorized in the
104 interlocal agreement.

105 (3) (a) An agency may contract with the community that created the agency or another
106 public entity to use agency funds to reimburse the cost of items authorized by this title to be
107 paid by the agency that are paid by the community or other public entity.

108 (b) If land is acquired or the cost of an improvement is paid by another public entity
109 and the land or improvement is leased to the community, an agency may contract with and
110 make reimbursement from agency funds to the community.

111 (4) Notwithstanding any other provision of this title, an agency may not use project
112 area funds to construct a local government building unless the taxing entity committee or each
113 taxing entity party to an interlocal agreement with the agency consents.

114 (5) The total amount an agency transfers in a calendar year to a community under
115 Subsections (1)(a)(v), [17C-1-411\(1\)\(d\)](#), and [17C-1-412\(1\)\(a\)\(x\)](#) may not exceed the
116 community's annual local contribution calculated by the Department of Workforce Services in
117 accordance with Section [35A-8-606](#).

118 Section 2. Section [17C-1-411](#) is amended to read:

119 **17C-1-411. Use of project area funds for housing-related improvements and for**
120 **relocating mobile home park residents -- Funds to be held in separate accounts.**

- 121 (1) An agency may use project area funds:
- 122 (a) to pay all or part of the value of the land for and the cost of installation,
- 123 construction, or rehabilitation of any housing-related building, facility, structure, or other
- 124 housing improvement, including infrastructure improvements related to housing, located in any
- 125 project area within the agency's boundaries;
- 126 (b) outside of a project area for the purpose of:
- 127 (i) replacing housing units lost by project area development; or
- 128 (ii) increasing, improving, or preserving the affordable housing supply within the
- 129 boundary of the agency; [or]
- 130 (c) for relocating mobile home park residents displaced by project area development,
- 131 whether inside or outside a project area[-]; or
- 132 (d) subject to Subsection (4), to transfer funds to a community that created the agency.
- 133 (2) (a) Each agency shall create a housing fund and separately account for project area
- 134 funds allocated under this section.
- 135 (b) Interest earned by the housing fund described in Subsection (2)(a), and any
- 136 payments or repayments made to the agency for loans, advances, or grants of any kind from the
- 137 housing fund, shall accrue to the housing fund.
- 138 (c) An agency that designates a housing fund under this section shall use the housing
- 139 fund for the purposes set forth in this section or Section [17C-1-412](#).
- 140 (3) An agency may lend, grant, or contribute funds from the housing fund to a person,
- 141 public entity, housing authority, private entity or business, or nonprofit corporation for
- 142 affordable housing or homeless assistance.
- 143 (4) The total amount an agency transfers in a calendar year to a community under
- 144 Subsections (1)(d), [17C-1-409\(1\)\(a\)\(v\)](#), and [17C-1-412\(1\)\(a\)\(x\)](#) may not exceed the
- 145 community's annual local contribution calculated by the Department of Workforce Services in
- 146 accordance with Section [35A-8-606](#).
- 147 Section 3. Section [17C-1-412](#) is amended to read:
- 148 **17C-1-412. Use of housing allocation -- Separate accounting required -- Issuance**
- 149 **of bonds for housing -- Action to compel agency to provide housing allocation.**
- 150 (1) (a) An agency shall use the agency's housing allocation, if applicable, to:
- 151 (i) pay part or all of the cost of land or construction of income targeted housing within

152 the boundary of the agency, if practicable in a mixed income development or area;

153 (ii) pay part or all of the cost of rehabilitation of income targeted housing within the

154 boundary of the agency;

155 (iii) lend, grant, or contribute money to a person, public entity, housing authority,

156 private entity or business, or nonprofit corporation for income targeted housing within the

157 boundary of the agency;

158 (iv) plan or otherwise promote income targeted housing within the boundary of the

159 agency;

160 (v) pay part or all of the cost of land or installation, construction, or rehabilitation of

161 any building, facility, structure, or other housing improvement, including infrastructure

162 improvements, related to housing located in a project area where blight has been found to exist;

163 (vi) replace housing units lost as a result of the project area development;

164 (vii) make payments on or establish a reserve fund for bonds:

165 (A) issued by the agency, the community, or the housing authority that provides

166 income targeted housing within the community; and

167 (B) all or part of the proceeds of which are used within the community for the purposes

168 stated in Subsection (1)(a)(i), (ii), (iii), (iv), (v), or (vi);

169 (viii) if the community's fair share ratio at the time of the first adoption of the project

170 area budget is at least 1.1 to 1.0, make payments on bonds:

171 (A) that were previously issued by the agency, the community, or the housing authority

172 that provides income targeted housing within the community; and

173 (B) all or part of the proceeds of which were used within the community for the

174 purposes stated in Subsection (1)(a)(i), (ii), (iii), (iv), (v), or (vi); ~~or~~

175 (ix) relocate mobile home park residents displaced by project area development~~[-];~~ or

176 (x) subject to Subsection (6), transfer funds to a community that created the agency.

177 (b) As an alternative to the requirements of Subsection (1)(a), an agency may pay all or

178 any portion of the agency's housing allocation to:

179 (i) the community for use as described in Subsection (1)(a);

180 (ii) a housing authority that provides income targeted housing within the community

181 for use in providing income targeted housing within the community;

182 (iii) a housing authority established by the county in which the agency is located for

183 providing:

184 (A) income targeted housing within the county;

185 (B) permanent housing, permanent supportive housing, or a transitional facility, as
186 defined in Section 35A-5-302, within the county; or

187 (C) homeless assistance within the county; or

188 (iv) the Olene Walker Housing Loan Fund, established under Title 35A, Chapter 8,
189 Part 5, Olene Walker Housing Loan Fund, for use in providing income targeted housing within
190 the community.

191 (2) The agency shall create a housing fund and separately account for the agency's
192 housing allocation, together with all interest earned by the housing allocation and all payments
193 or repayments for loans, advances, or grants from the housing allocation.

194 (3) An agency may:

195 (a) issue bonds to finance a housing-related project under this section, including the
196 payment of principal and interest upon advances for surveys and plans or preliminary loans;
197 and

198 (b) issue refunding bonds for the payment or retirement of bonds under Subsection
199 (3)(a) previously issued by the agency.

200 (4) (a) Except as provided in Subsection (4)(b), an agency shall allocate money to the
201 housing fund each year in which the agency receives sufficient tax increment to make a
202 housing allocation required by the project area budget.

203 (b) Subsection (4)(a) does not apply in a year in which tax increment is insufficient.

204 (5) (a) Except as provided in Subsection (4)(b), if an agency fails to provide a housing
205 allocation in accordance with the project area budget and, if applicable, the housing plan
206 adopted under Subsection 17C-2-204(2), the loan fund board may bring legal action to compel
207 the agency to provide the housing allocation.

208 (b) In an action under Subsection (5)(a), the court:

209 (i) shall award the loan fund board reasonable attorney fees, unless the court finds that
210 the action was frivolous; and

211 (ii) may not award the agency the agency's attorney fees, unless the court finds that the
212 action was frivolous.

213 (6) The total amount an agency transfers in a calendar year to a community under

214 Subsections (1)(a)(x), 17C-1-409(1)(a)(v), and 17C-1-411(1)(d) may not exceed the
215 community's annual local contribution calculated by the Department of Workforce Services in
216 accordance with Section 35A-8-606.

217 Section 4. Section 35A-8-505 is amended to read:

218 **35A-8-505. Activities authorized to receive fund money -- Powers of the executive**
219 **director.**

220 At the direction of the board, the executive director may:

221 (1) provide fund money to any of the following activities:

222 (a) the acquisition, rehabilitation, or new construction of low-income housing units;

223 (b) matching funds for social services projects directly related to providing housing for
224 special-need renters in assisted projects;

225 (c) the development and construction of accessible housing designed for low-income
226 persons;

227 (d) the construction or improvement of a shelter or transitional housing facility that
228 provides services intended to prevent or minimize homelessness among members of a specific
229 homeless subpopulation; [~~and~~]

230 (e) the purchase of an existing facility to provide temporary or transitional housing for
231 the homeless in an area that does not require rezoning before providing such temporary or
232 transitional housing; and

233 [~~(e)~~] (f) other activities that will assist in minimizing homelessness or improving the
234 availability or quality of housing in the state for low-income persons;

235 (2) do any act necessary or convenient to the exercise of the powers granted by this part
236 or reasonably implied from those granted powers, including:

237 (a) making or executing contracts and other instruments necessary or convenient for
238 the performance of the executive director and board's duties and the exercise of the executive
239 director and board's powers and functions under this part, including contracts or agreements for
240 the servicing and originating of mortgage loans;

241 (b) procuring insurance against a loss in connection with property or other assets held
242 by the fund, including mortgage loans, in amounts and from insurers it considers desirable;

243 (c) entering into agreements with a department, agency, or instrumentality of the
244 United States or this state and with mortgagors and mortgage lenders for the purpose of

245 planning and regulating and providing for the financing and refinancing, purchase,
246 construction, reconstruction, rehabilitation, leasing, management, maintenance, operation, sale,
247 or other disposition of residential housing undertaken with the assistance of the department
248 under this part;

249 (d) proceeding with a foreclosure action, to own, lease, clear, reconstruct, rehabilitate,
250 repair, maintain, manage, operate, assign, encumber, sell, or otherwise dispose of real or
251 personal property obtained by the fund due to the default on a mortgage loan held by the fund
252 in preparation for disposition of the property, taking assignments of leases and rentals,
253 proceeding with foreclosure actions, and taking other actions necessary or incidental to the
254 performance of its duties; and

255 (e) selling, at a public or private sale, with public bidding, a mortgage or other
256 obligation held by the fund.

257 Section 5. Section **35A-8-604** is amended to read:

258 **35A-8-604. Uses of Homeless to Housing Reform Restricted Account.**

259 (1) With the concurrence of the division and in accordance with this section, the
260 Homeless Coordinating Committee members designated in Subsection **35A-8-601(2)** may
261 award ongoing or one-time grants or contracts funded from the Homeless to Housing Reform
262 Restricted Account created in Section **35A-8-605**.

263 (2) Before final approval of a grant or contract awarded under this section, the
264 Homeless Coordinating Committee and the division shall provide written information
265 regarding the grant or contract to, and shall consider the recommendations of, the Executive
266 Appropriations Committee.

267 (3) As a condition of receiving money, including any ongoing money, from the
268 [~~Homeless to Housing Reform Restricted Account~~] restricted account, an entity awarded a
269 grant or contract under this section shall provide detailed and accurate reporting on at least an
270 annual basis to the division and the Homeless Coordinating Committee that describes:

271 (a) how money provided from the [~~Homeless to Housing Reform Restricted Account~~]
272 restricted account has been spent by the entity; and

273 (b) the progress towards measurable outcome-based benchmarks agreed to between the
274 entity and the Homeless Coordinating Committee before the awarding of the grant or contract.

275 (4) In determining the awarding of a grant or contract under this section, the Homeless

276 Coordinating Committee, with the concurrence of the division, shall:

277 (a) ensure that the services to be provided through the grant or contract will be
278 provided in a cost-effective manner;

279 (b) consider the advice of committee members designated in Subsection 35A-8-601(3);

280 (c) give priority to a project or contract that will include significant additional or
281 matching funds from a private organization, nonprofit organization, or local government entity;

282 (d) ensure that the project or contract will target the distinct housing needs of one or
283 more at-risk or homeless subpopulations, which may include:

284 (i) families with children;

285 (ii) transitional-aged youth;

286 (iii) single men or single women;

287 (iv) veterans;

288 (v) victims of domestic violence;

289 (vi) individuals with behavioral health disorders, including mental health or substance
290 use disorders;

291 (vii) individuals who are medically frail or terminally ill;

292 (viii) individuals exiting prison or jail; or

293 (ix) individuals who are homeless without shelter; and

294 (e) consider whether the project will address one or more of the following goals:

295 (i) diverting homeless or imminently homeless individuals and families from
296 emergency shelters by providing better housing-based solutions;

297 (ii) meeting the basic needs of homeless individuals and families in crisis;

298 (iii) providing homeless individuals and families with needed stabilization services;

299 (iv) decreasing the state's homeless rate;

300 (v) implementing a coordinated entry system with consistent assessment tools to
301 provide appropriate and timely access to services for homeless individuals and families;

302 (vi) providing access to caseworkers or other individualized support for homeless
303 individuals and families;

304 (vii) encouraging employment and increased financial stability for individuals and
305 families being diverted from or exiting homelessness;

306 (viii) creating additional affordable housing for state residents;

307 (ix) providing services and support to prevent homelessness among at-risk individuals
308 and adults;

309 (x) providing services and support to prevent homelessness among at-risk children,
310 adolescents, and young adults; and

311 (xi) preventing the reoccurrence of homelessness among individuals and families
312 exiting homelessness.

313 (5) In addition to the other provisions of this section, in determining the awarding of a
314 grant or contract under this section to design, build, create, or renovate a facility that will
315 provide shelter or other resources for the homeless, the Homeless Coordinating Committee,
316 with the concurrence of the division, may consider whether the facility will be:

317 (a) located near mass transit services;

318 (b) located in an area that meets or will meet all zoning regulations before a final
319 dispersal of funds;

320 (c) safe and welcoming both for individuals using the facility and for members of the
321 surrounding community; and

322 (d) located in an area with access to employment, job training, and positive activities.

323 (6) In accordance with Subsection (5), and subject to the approval of the Homeless
324 Coordinating Committee with the concurrence of the division, the following may recommend a
325 site location, acquire a site location, and hold title to real property, buildings, fixtures, and
326 appurtenances of a facility that provides or will provide shelter or other resources for the
327 homeless:

328 (a) the county executive of a county of the first class on behalf of the county of the first
329 class, if the facility is or will be located in the county of the first class in a location other than
330 Salt Lake City;

331 (b) the state;

332 (c) a nonprofit entity approved by the Homeless Coordinating Committee with the
333 concurrence of the division; and

334 (d) a mayor of a municipality on behalf of the municipality where a facility is or will be
335 located.

336 (7) Subject to the requirements of Subsections (5) and (6), on or before March 30,
337 2017, the county executive of a county of the first class shall make a recommendation to the

338 Homeless Coordinating Committee identifying a site location for one facility within the county
339 of the first class that will provide shelter for the homeless in a location other than Salt Lake
340 City.

- 341 (8) (a) As used in this Subsection (8), "homeless shelter" means a facility that:
342 (i) is located within a municipality;
343 (ii) provides temporary shelter year-round to homeless individuals; and
344 (iii) has the capacity to provide temporary shelter to at least 50 individuals per night.

345 (b) In addition to the other provisions of this section, the Homeless Coordinating
346 Committee, with the concurrence of the division, may award a grant or contract:

- 347 (i) to a municipality to improve sidewalks, pathways, or roadways near a homeless
348 shelter to provide greater safety to homeless individuals; and
349 (ii) to a municipality to hire one or more peace officers to provide greater safety to
350 homeless individuals.

351 (9) If a qualified homeless shelter as defined in Section 35A-8-606 commits to provide
352 matching funds equal to the total grant awarded under this Subsection (9), the Homeless
353 Coordinating Committee, with the concurrence of the division, may award money for the
354 ongoing operations of the qualified homeless shelter.

355 [~~9~~] (10) The division may expend money from the [~~Homeless to Housing Reform~~
356 ~~Restricted Account~~] restricted account to offset actual division and Homeless Coordinating
357 Committee expenses related to administering this section.

358 Section 6. Section 35A-8-605 is amended to read:

359 **35A-8-605. Homeless to Housing Reform Restricted Account.**

360 (1) There is created a restricted account within the General Fund known as the
361 Homeless to Housing Reform Restricted Account.

362 (2) The restricted account shall be administered by the division for the purposes
363 described in Section 35A-8-604.

364 (3) The state treasurer shall invest the money in the restricted account according to the
365 procedures and requirements of Title 51, Chapter 7, State Money Management Act, except that
366 interest and other earnings derived from the restricted account shall be deposited in the
367 restricted account.

368 (4) The restricted account shall be funded by:

369 (a) appropriations made to the account by the Legislature; [~~and~~]
370 (b) the annual local contribution deposited into the restricted account by the State Tax
371 Commission as described in Section 35A-8-606; and

372 [~~(b)~~] (c) private donations, grants, gifts, bequests, or money made available from any
373 other source to implement this section and Section 35A-8-604.

374 (5) Subject to appropriation, the director shall use restricted account money;

375 (a) as described in Section 35A-8-604[-]; and

376 (b) from the annual local contribution described in Section 35A-8-606, and an
377 additional amount equal to the annual local contribution, to fund the activities described in
378 Subsection 35A-8-604(9).

379 (6) The Homeless Coordinating Committee, in cooperation with the division, shall
380 submit an annual written report to the department that gives a complete accounting of the use
381 of money from the restricted account for inclusion in the annual report described in Section
382 35A-1-109.

383 Section 7. Section **35A-8-606** is enacted to read:

384 **35A-8-606. Annual local contribution to restricted account.**

385 (1) As used in this section:

386 (a) "Affordable housing" means, as determined by the department, the number of
387 housing units within a county or municipality where a household whose income is at or below
388 50% of area median income is able to live in a unit without spending more than 30% of their
389 income on housing costs.

390 (b) "Annual local contribution" means an annual amount calculated for each county
391 and municipality in the state by the department in accordance with this section that will be
392 withheld by the State Tax Commission from the local portion of a municipality or county's
393 local sales tax distribution under Section 59-12-205 and deposited in the restricted account for
394 the uses described in Subsection 35A-8-604(9).

395 (c) "Consumer Price Index" means the Consumer Price Index for All Urban Consumers
396 as published by the Bureau of Labor Statistics of the United States Department of Labor.

397 (d) "County" means the unincorporated area of a county.

398 (e) "Large county" means the unincorporated area of a county of the first, second, or
399 third class.

- 400 (f) "Large homeless shelter" means a facility that:
401 (i) provides temporary shelter to homeless individuals;
402 (ii) operates year round; and
403 (iii) has the capacity to provide, and offers to provide, temporary shelter and beds for at
404 least 200 individuals per night.
- 405 (g) "Large municipality" means a city located within:
406 (i) a county of the first class; or
407 (ii) a county of the second or third class and that has a population of 5,000 or more.
- 408 (h) "Low-income housing" means, as determined by the department, the number of
409 Section 42, Internal Revenue Code, housing units within a county or municipality.
- 410 (i) "Municipality" means a city or town.
- 411 (j) "Qualified homeless shelter" means a facility that:
412 (i) is a large homeless shelter; and
413 (ii) is located within a county of the first class.
- 414 (k) "Rural county" means the unincorporated area of a county of the fourth, fifth, or
415 sixth class.
- 416 (l) "Rural municipality" means a city or town located within a county of the fourth,
417 fifth, or sixth class.
- 418 (m) "Small municipality" means a city or town located within a county of the second or
419 third class and that has a population of less than 5,000.
- 420 (2) The department shall calculate the initial annual contribution amount for each
421 municipality and county in the state as follows:
- 422 (a) for a rural county, the department shall calculate the rural county's annual local
423 contribution by multiplying:
- 424 (i) \$1; and
425 (ii) the population of the unincorporated area of the rural county;
- 426 (b) for a rural municipality, the department shall calculate the rural municipality's
427 annual local contribution by multiplying:
- 428 (i) \$1; and
429 (ii) the population of the rural municipality;
- 430 (c) for a small municipality, the department shall calculate the small municipality's

431 annual local contribution by multiplying:

432 (i) \$1; and

433 (ii) the population of the small municipality;

434 (d) for a large county that has both a higher percentage of affordable housing and a

435 higher percentage of low-income housing than the statewide average, the department shall

436 calculate the large county's annual local contribution by multiplying:

437 (i) \$0; and

438 (ii) the population of the unincorporated area of the large county;

439 (e) for a large county that has a higher percentage of affordable housing or a higher

440 percentage of low-income housing than the statewide average, but not both, the department

441 shall calculate the large county's annual local contribution by multiplying:

442 (i) 50 cents; and

443 (ii) the population of the unincorporated area of the large county;

444 (f) for a large county that has both a lower percentage of affordable housing and a

445 lower percentage of low-income housing than the statewide average, the department shall

446 calculate the large county's annual local contribution by multiplying:

447 (i) \$2; and

448 (ii) the population of the unincorporated area of the large county;

449 (g) for a large municipality that has both a higher percentage of affordable housing and

450 a higher percentage of low-income housing than the statewide average, the department shall

451 calculate the large municipality's annual local contribution by multiplying:

452 (i) \$0; and

453 (ii) the population of the large municipality;

454 (h) for a large municipality that has a higher percentage of affordable housing or a

455 higher percentage of low-income housing than the statewide average, but not both, the

456 department shall calculate the large municipality's annual local contribution by multiplying:

457 (i) 50 cents; and

458 (ii) the population of the large municipality; and

459 (i) for a large municipality that has both a lower percentage of affordable housing and a

460 lower percentage of low-income housing than the statewide average, the department shall

461 calculate the large municipality's annual local contribution by multiplying:

- 462 (i) \$2; and
463 (ii) the population of the large municipality.
464 (3) The department shall make the following adjustments to the initial annual local
465 contribution amount described in Subsection (2):
466 (a) if a municipality has a large homeless shelter within its boundaries, the division
467 shall replace the municipality's initial annual local contribution calculation and calculate the
468 municipality's annual local contribution by multiplying:
469 (i) \$0; and
470 (ii) the population of the municipality;
471 (b) if a municipality provides evidence before September 1 to the department that the
472 municipality has given Community Development Block Grant Money awarded to the
473 municipality by the United States Department of Housing and Urban Development to a
474 qualified homeless shelter during the calendar year, the division shall calculate the
475 municipality's annual local contribution by subtracting the amount of that spending from the
476 initial annual local contribution calculation; and
477 (c) if a municipality or a county has an initial annual local contribution calculation that
478 is more than \$200,000, the annual local contribution shall be reduced to \$200,000.
479 (4) The total local contribution amount from all counties and municipalities shall equal
480 at least \$3,300,000.
481 (5) If, after the calculation described in Subsections (2) and (3), the initial total local
482 contribution amount equals less than \$3,300,000, the department shall proportionally adjust the
483 local contribution amount of municipalities and counties that have an initial annual local
484 contribution calculation amount greater than \$0 so that the final total local contribution amount
485 equals \$3,300,000.
486 (6) On or before October 1 of each year, the department shall:
487 (a) calculate the final annual contribution amount for each county and municipality;
488 (b) send the final annual contribution amount for each county and municipality to the
489 State Tax Commission; and
490 (c) publish the final annual contribution amount for each county and municipality on
491 the department's website.
492 (7) For calculations made in 2019 and every year thereafter, the department shall adjust

493 the monetary amounts under Subsections (2), (3)(a), (3)(c), (4), and (5) for inflation using the
494 Consumer Price Index.

495 (8) (a) Population figures for purposes of this section shall be based on the most recent
496 official census or census estimate of the United States Census Bureau.

497 (b) If a needed population estimate is not available from the United States Census
498 Bureau, population figures shall be derived from the estimate from the Utah Population
499 Estimates Committee.

500 (c) The population of a county for purposes of this section shall be determined only
501 from the unincorporated area of the county.

502 (9) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
503 department may make rules in accordance with this section to calculate and administer the
504 annual local contribution described in this section.

505 Section 8. Section **59-12-205** is amended to read:

506 **59-12-205. Ordinances to conform with statutory amendments -- Distribution of**
507 **tax revenue -- Determination of population.**

508 (1) To maintain in effect sales and use tax ordinances adopted pursuant to Section
509 **59-12-204**, a county, city, or town shall adopt amendments to the county's, city's, or town's
510 sales and use tax ordinances:

511 (a) within 30 days of the day on which the state makes an amendment to an applicable
512 provision of Part 1, Tax Collection; and

513 (b) as required to conform to the amendments to Part 1, Tax Collection.

514 (2) Except as provided in Subsections (3) through [~~(6)~~] (7) and subject to Subsection
515 [~~(7)~~] (8):

516 (a) 50% of each dollar collected from the sales and use tax authorized by this part shall
517 be distributed to each county, city, and town on the basis of the percentage that the population
518 of the county, city, or town bears to the total population of all counties, cities, and towns in the
519 state; and

520 (b) (i) except as provided in Subsection (2)(b)(ii), 50% of each dollar collected from
521 the sales and use tax authorized by this part shall be distributed to each county, city, and town
522 on the basis of the location of the transaction as determined under Sections **59-12-211** through
523 **59-12-215**; and

524 (ii) 50% of each dollar collected from the sales and use tax authorized by this part
525 within a project area described in a project area plan adopted by the military installation
526 development authority under Title 63H, Chapter 1, Military Installation Development
527 Authority Act, shall be distributed to the military installation development authority created in
528 Section 63H-1-201.

529 (3) (a) Beginning on July 1, 2017, and ending on June 30, 2022, the commission shall
530 distribute annually to a county, city, or town the distribution required by this Subsection (3) if:

531 (i) the county, city, or town is a:

532 (A) county of the third, fourth, fifth, or sixth class;

533 (B) city of the fifth class; or

534 (C) town;

535 (ii) the county, city, or town received a distribution under this section for the calendar
536 year beginning on January 1, 2008, that was less than the distribution under this section that the
537 county, city, or town received for the calendar year beginning on January 1, 2007;

538 (iii) (A) for a county described in Subsection (3)(a)(i)(A), the county had located
539 within the unincorporated area of the county for one or more days during the calendar year
540 beginning on January 1, 2008, an establishment described in NAICS Industry Group 2121,
541 Coal Mining, or NAICS Code 213113, Support Activities for Coal Mining, of the 2002 North
542 American Industry Classification System of the federal Executive Office of the President,
543 Office of Management and Budget; or

544 (B) for a city described in Subsection (3)(a)(i)(B) or a town described in Subsection
545 (3)(a)(i)(C), the city or town had located within the city or town for one or more days during
546 the calendar year beginning on January 1, 2008, an establishment described in NAICS Industry
547 Group 2121, Coal Mining, or NAICS Code 213113, Support Activities for Coal Mining, of the
548 2002 North American Industry Classification System of the federal Executive Office of the
549 President, Office of Management and Budget; and

550 (iv) (A) for a county described in Subsection (3)(a)(i)(A), at least one establishment
551 described in Subsection (3)(a)(iii)(A) located within the unincorporated area of the county for
552 one or more days during the calendar year beginning on January 1, 2008, was not the holder of
553 a direct payment permit under Section 59-12-107.1; or

554 (B) for a city described in Subsection (3)(a)(i)(B) or a town described in Subsection

555 (3)(a)(i)(C), at least one establishment described in Subsection (3)(a)(iii)(B) located within a
556 city or town for one or more days during the calendar year beginning on January 1, 2008, was
557 not the holder of a direct payment permit under Section [59-12-107.1](#).

558 (b) The commission shall make the distribution required by this Subsection (3) to a
559 county, city, or town described in Subsection (3)(a):

560 (i) from the distribution required by Subsection (2)(a); and

561 (ii) before making any other distribution required by this section.

562 (c) (i) For purposes of this Subsection (3), the distribution is the amount calculated by
563 multiplying the fraction calculated under Subsection (3)(c)(ii) by \$333,583.

564 (ii) For purposes of Subsection (3)(c)(i):

565 (A) the numerator of the fraction is the difference calculated by subtracting the
566 distribution a county, city, or town described in Subsection (3)(a) received under this section
567 for the calendar year beginning on January 1, 2008, from the distribution under this section that
568 the county, city, or town received for the calendar year beginning on January 1, 2007; and

569 (B) the denominator of the fraction is \$333,583.

570 (d) A distribution required by this Subsection (3) is in addition to any other distribution
571 required by this section.

572 (4) (a) For fiscal years beginning with fiscal year 1983-84 and ending with fiscal year
573 2005-06, a county, city, or town may not receive a tax revenue distribution less than .75% of
574 the taxable sales within the boundaries of the county, city, or town.

575 (b) The commission shall proportionally reduce monthly distributions to any county,
576 city, or town that, but for the reduction, would receive a distribution in excess of 1% of the
577 sales and use tax revenue collected within the boundaries of the county, city, or town.

578 (5) (a) As used in this Subsection (5):

579 (i) "Eligible county, city, or town" means a county, city, or town that receives \$2,000 or
580 more in tax revenue distributions in accordance with Subsection (4) for each of the following
581 fiscal years:

582 (A) fiscal year 2002-03;

583 (B) fiscal year 2003-04; and

584 (C) fiscal year 2004-05.

585 (ii) "Minimum tax revenue distribution" means the greater of:

586 (A) the total amount of tax revenue distributions an eligible county, city, or town
587 receives from a tax imposed in accordance with this part for fiscal year 2000-01; or

588 (B) the total amount of tax revenue distributions an eligible county, city, or town
589 receives from a tax imposed in accordance with this part for fiscal year 2004-05.

590 (b) (i) Except as provided in Subsection (5)(b)(ii), beginning with fiscal year 2006-07
591 and ending with fiscal year 2012-13, an eligible county, city, or town shall receive a tax
592 revenue distribution for a tax imposed in accordance with this part equal to the greater of:

593 (A) the payment required by Subsection (2); or

594 (B) the minimum tax revenue distribution.

595 (ii) If the tax revenue distribution required by Subsection (5)(b)(i) for an eligible
596 county, city, or town is equal to the amount described in Subsection (5)(b)(i)(A) for three
597 consecutive fiscal years, for fiscal years beginning with the fiscal year immediately following
598 that three consecutive fiscal year period, the eligible county, city, or town shall receive the tax
599 revenue distribution equal to the payment required by Subsection (2).

600 (c) For a fiscal year beginning with fiscal year 2013-14 and ending with fiscal year
601 2015-16, an eligible county, city, or town shall receive the minimum tax revenue distribution
602 for that fiscal year if for fiscal year 2012-13 the payment required by Subsection (2) to that
603 eligible county, city, or town is less than or equal to the product of:

604 (i) the minimum tax revenue distribution; and

605 (ii) .90.

606 (6) (a) As used in this Subsection (6):

607 (i) "Eligible county, city, or town" means a county, city, or town that:

608 (A) receives, in accordance with Subsection (4), \$2,000 or more in tax revenue
609 distributions for fiscal year 2002-03;

610 (B) receives, in accordance with Subsection (4), \$2,000 or more in tax revenue
611 distributions for fiscal year 2003-04;

612 (C) receives, in accordance with Subsection (4), \$2,000 or more in tax revenue
613 distributions for fiscal year 2004-05;

614 (D) for a fiscal year beginning with fiscal year 2012-13 and ending with fiscal year
615 2015-16, does not receive a tax revenue distribution described in Subsection (5) equal to the
616 amount described in Subsection (5)(b)(i)(A) for three consecutive fiscal years; and

617 (E) does not impose a sales and use tax under Section [59-12-2103](#) on or before July 1,
618 2016.

619 (ii) "Minimum tax revenue distribution" means the total amount of tax revenue
620 distributions an eligible county, city, or town receives from a tax imposed in accordance with
621 this part for fiscal year 2004-05.

622 (b) Beginning with fiscal year 2016-17, an eligible county, city, or town shall receive a
623 tax revenue distribution for a tax imposed in accordance with this part equal to the greater of:

624 (i) the payment required by Subsection (2); or

625 (ii) the minimum tax revenue distribution.

626 (7) (a) As used in this subsection:

627 (i) "Annual local contribution" means the same as that term is defined in Section
628 [35A-8-606](#).

629 (ii) "Department" means the Department of Workforce Services created in Section
630 [35A-1-103](#).

631 (iii) "Monthly local contribution" means the annual local contribution divided by 12 for
632 each county, city, and town in the state.

633 (b) For each tax revenue distribution the commission makes under this section on or
634 after January 1, 2019, the commission shall:

635 (i) retain an amount of each county's, city's, and town's distribution equal to the
636 monthly local contribution; and

637 (ii) deposit the amount the commission retains into the Homeless to Housing Reform
638 Restricted Account created in Section [35A-8-605](#).

639 (c) On or before October 1 of each year, the department shall provide the commission
640 with the annual local contribution that the commission will use to determine how much tax
641 revenue to retain from distributions made in the following calendar year.

642 (d) The commission may use the annual local contribution the commission used for the
643 previous calendar year to determine how much tax revenue to retain under this Subsection (7)
644 if:

645 (i) the department does not provide an updated annual local contribution; or

646 (ii) (A) the department provides an annual local contribution after October 1; and

647 (B) the commission does not have sufficient time to incorporate the new annual local

648 contribution into its distribution model.

649 ~~[(7)]~~ (8) (a) Population figures for purposes of this section shall be based on the most
 650 recent official census or census estimate of the United States Census Bureau.

651 (b) If a needed population estimate is not available from the United States Census
 652 Bureau, population figures shall be derived from the estimate from the Utah Population
 653 Estimates Committee created by executive order of the governor.

654 (c) The population of a county for purposes of this section shall be determined only
 655 from the unincorporated area of the county.

656 Section 9. **Appropriation.**

657 For Item 1 and Item 2, the following sums of money are appropriated for the fiscal year
 658 beginning July 1, 2018, and ending June 30, 2019. These are additions to amounts previously
 659 appropriated for fiscal year 2019. Under the terms and conditions of Title 63J, Chapter 1,
 660 Budgetary Procedures Act, the Legislature appropriates the following sums of money from the
 661 funds or accounts indicated for the use and support of the government of the state of Utah.

662 ITEM 1

663 To Fund and Account Transfers -- General Fund Restricted -- Homeless to

664 Housing Reform Restricted Account

665 From General Fund \$3,300,000

666 Schedule of Programs:

667 General Fund Restricted -- Homeless to Housing Reform

668 Restricted Account \$3,300,000

669 ITEM 2

670 To Department of Workforce Services -- Housing and Community Development

671 From General Fund Restricted -- Homeless to Housing

672 Reform Restricted Account \$3,300,000

673 Schedule of Programs:

674 Homeless to Housing Reform Program \$3,300,000

675 The Legislature intends that:

676 (1) under Section [63J-1-603](#) appropriations provided under this section not lapse at the
 677 close of fiscal year 2019; and

678 (2) the appropriation to the Homeless to Housing Reform Restricted Account be used

679 for the purposes described in Subsection [35A-8-604\(9\)](#).

Legislative Review Note
Office of Legislative Research and General Counsel