

**TAX INCREMENT AMENDMENTS**

2019 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Curtis S. Bramble**

House Sponsor: \_\_\_\_\_

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**LONG TITLE**

**General Description:**

This bill amends provisions related to a Community Reinvestment Agency's collection of tax increment revenue.

**Highlighted Provisions:**

This bill:

- ▶ defines terms;
- ▶ clarifies the manner in which an agency may receive a taxing entity's tax revenue that results from a tax increase; and
- ▶ makes technical and conforming changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

AMENDS:

**17C-1-407**, as last amended by Laws of Utah 2016, Chapter 350

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

Section 1. Section **17C-1-407** is amended to read:

**17C-1-407. Limitations on tax increment.**



28 (1) (a) If the development of retail sales of goods is the primary objective of an urban  
29 renewal project area, tax increment from the urban renewal project area may not be paid to or  
30 used by an agency unless a finding of blight is made under Chapter 2, Part 3, Blight  
31 Determination in Urban Renewal Project Areas.

32 (b) Development of retail sales of goods does not disqualify an agency from receiving  
33 tax increment.

34 (c) After July 1, 2005, an agency may not receive or use tax increment generated from  
35 the value of property within an economic development project area that is attributable to the  
36 development of retail sales of goods, unless the tax increment was previously pledged to pay  
37 for bonds or other contractual obligations of the agency.

38 ~~[(2) (a) An agency may not be paid any portion of a taxing entity's taxes resulting from  
39 an increase in the taxing entity's tax rate that occurs after the taxing entity committee approves  
40 the project area budget unless, at the time the taxing entity committee approves the project area  
41 budget, the taxing entity committee approves payment of those increased taxes to the agency.]~~

42 (2) (a) For the purposes of this Subsection (2):

43 (i) "Final tax rate" means the rate used to determine the amount of taxes a taxing entity  
44 levies as described in the notice to a taxpayer under Subsection 59-2-1317(2).

45 (ii) "Increased tax revenue" means tax revenue attributable to a tax rate increase.

46 (iii) "Tax rate increase" means the amount calculated by subtracting a taxing entity's  
47 certified rate, as defined in Section 59-2-924, from the taxing entity's final tax rate.

48 (b) Except as provided in Subsection (2)(c), a county shall not pay an agency any  
49 portion of a taxing entity's increased tax revenue resulting from a tax rate increase that occurs  
50 after the approval of a project area budget.

51 (c) Notwithstanding Subsection (2)(b), a county may pay all or a portion of a taxing  
52 entity's increased tax revenue to an agency if, at the time of the project area budget approval,  
53 the taxing entity committee or each taxing entity that is a party to an agreement under Section  
54 17C-4-201 or 17C-5-204 consents to pay the agency the increased tax revenue.

55 ~~[(b)]~~ (d) If the taxing entity committee or each tax entity that is a party to an agreement  
56 under Section 17C-4-201 or 17C-5-204 does not [approve] consent to payment of the increased  
57 [taxes] tax revenue to the agency under Subsection (2)[(a)](c), the county shall distribute to the  
58 taxing entity the [taxes attributable to the tax rate increase] increased tax revenue in the same

59 manner as other property [~~taxes~~] tax revenue.

60 [~~(e)~~] (e) Notwithstanding any other provision of this section, if, before tax year 2013,  
61 increased [~~taxes are~~] tax revenue is paid to an agency without the [~~approval~~] consent of the  
62 taxing entity committee or each taxing entity that is a party to an agreement under Section  
63 17C-4-201 or 17C-5-204, and notwithstanding the law at the time that the tax revenue was  
64 collected or increased:

65 (i) the State Tax Commission, the county as the collector of the taxes, a taxing entity,  
66 or any other person or entity may not recover, directly or indirectly, the increased [~~taxes~~] tax  
67 revenue from the agency by adjustment of a tax rate used to calculate tax increment or  
68 otherwise;

69 (ii) the county is not liable to a taxing entity or any other person or entity for the  
70 increased [~~taxes~~] tax revenue that [~~were~~] was paid to the agency; and

71 (iii) tax increment, including the increased [~~taxes~~] tax revenue, shall continue to be  
72 paid to the agency subject to the same number of tax years, percentage of tax increment, and  
73 cumulative dollar amount of tax increment as approved in the project area budget and  
74 previously paid to the agency.

75 (3) Except as the taxing entity committee otherwise agrees, an agency may not receive  
76 tax increment under an urban renewal or economic development project area budget adopted  
77 on or after March 30, 2009:

78 (a) that exceeds the percentage of tax increment or cumulative dollar amount of tax  
79 increment specified in the project area budget; or

80 (b) for more tax years than specified in the project area budget.