Senator Wayne A. Harper proposes the following substitute bill:

HOUSING AND TRANSIT REINVESTMENT ZONE ACT

2021 GENERAL SESSION
STATE OF UTAH

Chief Sponsor: Wayne A. Harper

House Sponsor: ____________

LONG TITLE

General Description:
This bill enacts the Housing and Transit Reinvestment Zone Act.

Highlighted Provisions:
This bill:
- enacts the Housing and Transit Reinvestment Zone Act;
- defines terms;
- establishes objectives and requirements for a municipality or public transit county to create a housing and transit reinvestment zone to capture tax increment revenue within a defined area around a commuter rail station;
- requires a municipality or public transit county to submit a housing and transit reinvestment zone proposal to the Governor's Office of Economic Development;
- requires the Governor's Office of Economic Development to initiate an analysis of
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the feasibility, efficiency, rate of return, and other aspects of the proposed housing and transit reinvestment zone;

- creates and defines membership of a committee to review the proposed housing and transit reinvestment zone;

- requires the committee to evaluate the proposed housing and transit reinvestment zone and approve if certain criteria are met;

- requires participation from local taxing entities if the housing and transit reinvestment zone proposal meets the statutory requirements and is approved by the committee;

- defines permitted uses and administration of tax increment revenue generated pursuant to the housing and transit reinvestment zone;

- provides procedures for a housing and transit reinvestment zone that overlaps with a community reinvestment project;

- provides for certain protections of tax increment revenues;

- requires a certain portion of sales and use tax increment generated within a sales and use tax boundary that corresponds to the housing and transit reinvestment zone boundary to be deposited into the Transit and Transportation Investment Fund;

- amends provisions related to prioritization of certain funds related to transportation for a project that is part of an housing and transit reinvestment zone; and

- makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

59-12-103, as last amended by Laws of Utah 2020, Fifth Special Session, Chapter 20
72-1-102, as last amended by Laws of Utah 2020, Chapters 243 and 377
72-1-304, as last amended by Laws of Utah 2020, Chapter 377
72-2-124, as last amended by Laws of Utah 2020, Chapters 366 and 377
72-2-201, as last amended by Laws of Utah 2020, Chapter 366
ENACTS:

63N-3-601, Utah Code Annotated 1953
63N-3-602, Utah Code Annotated 1953
63N-3-603, Utah Code Annotated 1953
63N-3-604, Utah Code Annotated 1953
63N-3-605, Utah Code Annotated 1953
63N-3-606, Utah Code Annotated 1953
63N-3-607, Utah Code Annotated 1953
63N-3-608, Utah Code Annotated 1953
63N-3-609, Utah Code Annotated 1953
63N-3-610, Utah Code Annotated 1953

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

Section 1. Section 59-12-103 is amended to read:

59-12-103. Sales and use tax base -- Rates -- Effective dates -- Use of sales and use tax revenues.

(1) A tax is imposed on the purchaser as provided in this part on the purchase price or sales price for amounts paid or charged for the following transactions:

(a) retail sales of tangible personal property made within the state;

(b) amounts paid for:

(i) telecommunications service, other than mobile telecommunications service, that originates and terminates within the boundaries of this state;

(ii) mobile telecommunications service that originates and terminates within the boundaries of one state only to the extent permitted by the Mobile Telecommunications Sourcing Act, 4 U.S.C. Sec. 116 et seq.; or

(iii) an ancillary service associated with a:

(A) telecommunications service described in Subsection (1)(b)(i); or

(B) mobile telecommunications service described in Subsection (1)(b)(ii);

(c) sales of the following for commercial use:

(i) gas;

(ii) electricity;
(iii) heat;
(iv) coal;
(v) fuel oil; or
(vi) other fuels;
(d) sales of the following for residential use:
(i) gas;
(ii) electricity;
(iii) heat;
(iv) coal;
(v) fuel oil; or
(vi) other fuels;
(e) sales of prepared food;
(f) except as provided in Section 59-12-104, amounts paid or charged as admission or user fees for theaters, movies, operas, museums, planetariums, shows of any type or nature, exhibitions, concerts, carnivals, amusement parks, amusement rides, circuses, menageries, fairs, races, contests, sporting events, dances, boxing matches, wrestling matches, closed circuit television broadcasts, billiard parlors, pool parlors, bowling lanes, golf, miniature golf, golf driving ranges, batting cages, skating rinks, ski lifts, ski runs, ski trails, snowmobile trails, tennis courts, swimming pools, water slides, river runs, jeep tours, boat tours, scenic cruises, horseback rides, sports activities, or any other amusement, entertainment, recreation, exhibition, cultural, or athletic activity;
(g) amounts paid or charged for services for repairs or renovations of tangible personal property, unless Section 59-12-104 provides for an exemption from sales and use tax for:
(i) the tangible personal property; and
(ii) parts used in the repairs or renovations of the tangible personal property described in Subsection (1)(g)(i), regardless of whether:
(A) any parts are actually used in the repairs or renovations of that tangible personal property; or
(B) the particular parts used in the repairs or renovations of that tangible personal property are exempt from a tax under this chapter;
(h) except as provided in Subsection 59-12-104(7), amounts paid or charged for
assisted cleaning or washing of tangible personal property;
   (i) amounts paid or charged for tourist home, hotel, motel, or trailer court
accommodations and services that are regularly rented for less than 30 consecutive days;
   (j) amounts paid or charged for laundry or dry cleaning services;
   (k) amounts paid or charged for leases or rentals of tangible personal property if within
this state the tangible personal property is:
       (i) stored;
       (ii) used; or
       (iii) otherwise consumed;
   (l) amounts paid or charged for tangible personal property if within this state the
tangible personal property is:
       (i) stored;
       (ii) used; or
       (iii) consumed; and
   (m) amounts paid or charged for a sale:
       (i) (A) of a product transferred electronically; or
       (B) of a repair or renovation of a product transferred electronically; and
       (ii) regardless of whether the sale provides:
           (A) a right of permanent use of the product; or
           (B) a right to use the product that is less than a permanent use, including a right:
               (I) for a definite or specified length of time; and
               (II) that terminates upon the occurrence of a condition.

(2) (a) Except as provided in Subsections (2)(b) through (e), a state tax and a local tax
are imposed on a transaction described in Subsection (1) equal to the sum of:
   (i) a state tax imposed on the transaction at a tax rate equal to the sum of:
       (A) (I) through March 31, 2019, 4.70%; and
       (II) beginning on April 1, 2019, 4.70% plus the rate specified in Subsection (13)(a);
   and
       (B) (I) the tax rate the state imposes in accordance with Part 18, Additional State Sales
and Use Tax Act, if the location of the transaction as determined under Sections 59-12-211
through 59-12-215 is in a county in which the state imposes the tax under Part 18, Additional
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State Sales and Use Tax Act; and

(II) the tax rate the state imposes in accordance with Part 20, Supplemental State Sales and Use Tax Act, if the location of the transaction as determined under Sections 59-12-211 through 59-12-215 is in a city, town, or the unincorporated area of a county in which the state imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and

(ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the transaction under this chapter other than this part.

(b) Except as provided in Subsection (2)(d) or (e) and subject to Subsection (2)(j), a state tax and a local tax are imposed on a transaction described in Subsection (1)(d) equal to the sum of:

(i) a state tax imposed on the transaction at a tax rate of 2%; and

(ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the transaction under this chapter other than this part.

(c) Except as provided in Subsection (2)(d) or (e), a state tax and a local tax are imposed on amounts paid or charged for food and food ingredients equal to the sum of:

(i) a state tax imposed on the amounts paid or charged for food and food ingredients at a tax rate of 1.75%; and

(ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the amounts paid or charged for food and food ingredients under this chapter other than this part.

(d) (i) For a bundled transaction that is attributable to food and food ingredients and tangible personal property other than food and food ingredients, a state tax and a local tax is imposed on the entire bundled transaction equal to the sum of:

(A) a state tax imposed on the entire bundled transaction equal to the sum of:

(I) the tax rate described in Subsection (2)(a)(i)(A); and

(II) (Aa) the tax rate the state imposes in accordance with Part 18, Additional State Sales and Use Tax Act, if the location of the transaction as determined under Sections 59-12-211 through 59-12-215 is in a county in which the state imposes the tax under Part 18, Additional State Sales and Use Tax Act; and

(Bb) the tax rate the state imposes in accordance with Part 20, Supplemental State Sales and Use Tax Act, if the location of the transaction as determined under Sections 59-12-211 through 59-12-215 is in a city, town, or the unincorporated area of a county in which
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the state imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and

(B) a local tax imposed on the entire bundled transaction at the sum of the tax rates described in Subsection (2)(a)(ii).

(ii) If an optional computer software maintenance contract is a bundled transaction that consists of taxable and nontaxable products that are not separately itemized on an invoice or similar billing document, the purchase of the optional computer software maintenance contract is 40% taxable under this chapter and 60% nontaxable under this chapter.

(iii) Subject to Subsection (2)(d)(iv), for a bundled transaction other than a bundled transaction described in Subsection (2)(d)(i) or (ii):

(A) if the sales price of the bundled transaction is attributable to tangible personal property, a product, or a service that is subject to taxation under this chapter and tangible personal property, a product, or service that is not subject to taxation under this chapter, the entire bundled transaction is subject to taxation under this chapter unless:

(I) the seller is able to identify by reasonable and verifiable standards the tangible personal property, product, or service that is not subject to taxation under this chapter from the books and records the seller keeps in the seller's regular course of business; or

(II) state or federal law provides otherwise; or

(B) if the sales price of a bundled transaction is attributable to two or more items of tangible personal property, products, or services that are subject to taxation under this chapter at different rates, the entire bundled transaction is subject to taxation under this chapter at the higher tax rate unless:

(I) the seller is able to identify by reasonable and verifiable standards the tangible personal property, product, or service that is subject to taxation under this chapter at the lower tax rate from the books and records the seller keeps in the seller's regular course of business; or

(II) state or federal law provides otherwise.

(iv) For purposes of Subsection (2)(d)(iii), books and records that a seller keeps in the seller's regular course of business includes books and records the seller keeps in the regular course of business for nontax purposes.

(e) (i) Except as otherwise provided in this chapter and subject to Subsections (2)(e)(ii) and (iii), if a transaction consists of the sale, lease, or rental of tangible personal property, a product, or a service that is subject to taxation under this chapter, and the sale, lease, or rental
of tangible personal property, other property, a product, or a service that is not subject to taxation under this chapter, the entire transaction is subject to taxation under this chapter unless the seller, at the time of the transaction:

(A) separately states the portion of the transaction that is not subject to taxation under this chapter on an invoice, bill of sale, or similar document provided to the purchaser; or

(B) is able to identify by reasonable and verifiable standards, from the books and records the seller keeps in the seller's regular course of business, the portion of the transaction that is not subject to taxation under this chapter.

(ii) A purchaser and a seller may correct the taxability of a transaction if:

(A) after the transaction occurs, the purchaser and the seller discover that the portion of the transaction that is not subject to taxation under this chapter was not separately stated on an invoice, bill of sale, or similar document provided to the purchaser because of an error or ignorance of the law; and

(B) the seller is able to identify by reasonable and verifiable standards, from the books and records the seller keeps in the seller's regular course of business, the portion of the transaction that is not subject to taxation under this chapter.

(iii) For purposes of Subsections (2)(e)(i) and (ii), books and records that a seller keeps in the seller's regular course of business includes books and records the seller keeps in the regular course of business for nontax purposes.

(f) (i) If the sales price of a transaction is attributable to two or more items of tangible personal property, products, or services that are subject to taxation under this chapter at different rates, the entire purchase is subject to taxation under this chapter at the higher tax rate unless the seller, at the time of the transaction:

(A) separately states the items subject to taxation under this chapter at each of the different rates on an invoice, bill of sale, or similar document provided to the purchaser; or

(B) is able to identify by reasonable and verifiable standards the tangible personal property, product, or service that is subject to taxation under this chapter at the lower tax rate from the books and records the seller keeps in the seller's regular course of business.

(ii) For purposes of Subsection (2)(f)(i), books and records that a seller keeps in the seller's regular course of business includes books and records the seller keeps in the regular course of business for nontax purposes.
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(g) Subject to Subsections (2)(h) and (i), a tax rate repeal or tax rate change for a tax rate imposed under the following shall take effect on the first day of a calendar quarter:

(i) Subsection (2)(a)(i)(A);
(ii) Subsection (2)(b)(i);
(iii) Subsection (2)(c)(i); or

(h) (i) A tax rate increase takes effect on the first day of the first billing period that begins on or after the effective date of the tax rate increase if the billing period for the transaction begins before the effective date of a tax rate increase imposed under:

(A) Subsection (2)(a)(i)(A);
(B) Subsection (2)(b)(i);
(C) Subsection (2)(c)(i); or

(ii) The repeal of a tax or a tax rate decrease applies to a billing period if the billing statement for the billing period is rendered on or after the effective date of the repeal of the tax or the tax rate decrease imposed under:

(A) Subsection (2)(a)(i)(A);
(B) Subsection (2)(b)(i);
(C) Subsection (2)(c)(i); or

(i) (i) For a tax rate described in Subsection (2)(i)(ii), if a tax due on a catalogue sale is computed on the basis of sales and use tax rates published in the catalogue, a tax rate repeal or change in a tax rate takes effect:

(A) on the first day of a calendar quarter; and
(B) beginning 60 days after the effective date of the tax rate repeal or tax rate change.

(ii) Subsection (2)(i)(i) applies to the tax rates described in the following:

(A) Subsection (2)(a)(i)(A);
(B) Subsection (2)(b)(i);
(C) Subsection (2)(c)(i); or

(iii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
the commission may by rule define the term "catalogue sale."

(j) (i) For a location described in Subsection (2)(j)(ii), the commission shall determine the taxable status of a sale of gas, electricity, heat, coal, fuel oil, or other fuel based on the predominant use of the gas, electricity, heat, coal, fuel oil, or other fuel at the location.

(ii) Subsection (2)(j)(i) applies to a location where gas, electricity, heat, coal, fuel oil, or other fuel is furnished through a single meter for two or more of the following uses:

(A) a commercial use;
(B) an industrial use; or
(C) a residential use.

(3) (a) The following state taxes shall be deposited into the General Fund:

(i) the tax imposed by Subsection (2)(a)(i)(A);
(ii) the tax imposed by Subsection (2)(b)(i);
(iii) the tax imposed by Subsection (2)(c)(i); or
(iv) the tax imposed by Subsection (2)(d)(i)(A)(I).

(b) The following local taxes shall be distributed to a county, city, or town as provided in this chapter:

(i) the tax imposed by Subsection (2)(a)(ii);
(ii) the tax imposed by Subsection (2)(b)(ii);
(iii) the tax imposed by Subsection (2)(c)(ii); and
(iv) the tax imposed by Subsection (2)(d)(i)(B).

(4) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1, 2003, the lesser of the following amounts shall be expended as provided in Subsections (4)(b) through (g):

(i) for taxes listed under Subsection (3)(a), the amount of tax revenue generated:
   (A) by a 1/16% tax rate on the transactions described in Subsection (1); and
   (B) for the fiscal year; or
(ii) $17,500,000.

(b) (i) For a fiscal year beginning on or after July 1, 2003, 14% of the amount described in Subsection (4)(a) shall be transferred each year as dedicated credits to the Department of Natural Resources to:

(A) implement the measures described in Subsections 79-2-303(3)(a) through (d) to
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protect sensitive plant and animal species; or

(B) award grants, up to the amount authorized by the Legislature in an appropriations act, to political subdivisions of the state to implement the measures described in Subsections 79-2-303(3)(a) through (d) to protect sensitive plant and animal species.

(ii) Money transferred to the Department of Natural Resources under Subsection (4)(b)(i) may not be used to assist the United States Fish and Wildlife Service or any other person to list or attempt to have listed a species as threatened or endangered under the Endangered Species Act of 1973, 16 U.S.C. Sec. 1531 et seq.

(iii) At the end of each fiscal year:

(A) 50% of any unexpended dedicated credits shall lapse to the Water Resources Conservation and Development Fund created in Section 73-10-24;

(B) 25% of any unexpended dedicated credits shall lapse to the Utah Wastewater Loan Program Subaccount created in Section 73-10c-5; and

(C) 25% of any unexpended dedicated credits shall lapse to the Drinking Water Loan Program Subaccount created in Section 73-10c-5.

(c) For a fiscal year beginning on or after July 1, 2003, 3% of the amount described in Subsection (4)(a) shall be deposited each year in the Agriculture Resource Development Fund created in Section 4-18-106.

(d) (i) For a fiscal year beginning on or after July 1, 2003, 1% of the amount described in Subsection (4)(a) shall be transferred each year as dedicated credits to the Division of Water Rights to cover the costs incurred in hiring legal and technical staff for the adjudication of water rights.

(ii) At the end of each fiscal year:

(A) 50% of any unexpended dedicated credits shall lapse to the Water Resources Conservation and Development Fund created in Section 73-10-24;

(B) 25% of any unexpended dedicated credits shall lapse to the Utah Wastewater Loan Program Subaccount created in Section 73-10c-5; and

(C) 25% of any unexpended dedicated credits shall lapse to the Drinking Water Loan Program Subaccount created in Section 73-10c-5.

(e) (i) For a fiscal year beginning on or after July 1, 2003, 41% of the amount described in Subsection (4)(a) shall be deposited into the Water Resources Conservation and

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Development Fund created in Section 73-10-24 for use by the Division of Water Resources.

(ii) In addition to the uses allowed of the Water Resources Conservation and Development Fund under Section 73-10-24, the Water Resources Conservation and Development Fund may also be used to:

(A) conduct hydrologic and geotechnical investigations by the Division of Water Resources in a cooperative effort with other state, federal, or local entities, for the purpose of quantifying surface and ground water resources and describing the hydrologic systems of an area in sufficient detail so as to enable local and state resource managers to plan for and accommodate growth in water use without jeopardizing the resource;

(B) fund state required dam safety improvements; and

(C) protect the state's interest in interstate water compact allocations, including the hiring of technical and legal staff.

(f) For a fiscal year beginning on or after July 1, 2003, 20.5% of the amount described in Subsection (4)(a) shall be deposited into the Utah Wastewater Loan Program Subaccount created in Section 73-10c-5 for use by the Water Quality Board to fund wastewater projects.

(g) For a fiscal year beginning on or after July 1, 2003, 20.5% of the amount described in Subsection (4)(a) shall be deposited into the Drinking Water Loan Program Subaccount created in Section 73-10c-5 for use by the Division of Drinking Water to:

(i) provide for the installation and repair of collection, treatment, storage, and distribution facilities for any public water system, as defined in Section 19-4-102;

(ii) develop underground sources of water, including springs and wells; and

(iii) develop surface water sources.

(5) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1, 2006, the difference between the following amounts shall be expended as provided in this Subsection (5), if that difference is greater than $1:

(i) for taxes listed under Subsection (3)(a), the amount of tax revenue generated for the fiscal year by a 1/16% tax rate on the transactions described in Subsection (1); and

(ii) $17,500,000.

(b) (i) The first $500,000 of the difference described in Subsection (5)(a) shall be:

(A) transferred each fiscal year to the Department of Natural Resources as dedicated credits; and
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(B) expended by the Department of Natural Resources for watershed rehabilitation or restoration.

(ii) At the end of each fiscal year, 100% of any unexpended dedicated credits described in Subsection (5)(b)(i) shall lapse to the Water Resources Conservation and Development Fund created in Section 73-10-24.

(c) (i) After making the transfer required by Subsection (5)(b)(i), $150,000 of the remaining difference described in Subsection (5)(a) shall be:

(A) transferred each fiscal year to the Division of Water Resources as dedicated credits; and

(B) expended by the Division of Water Resources for cloud-seeding projects authorized by Title 73, Chapter 15, Modification of Weather.

(ii) At the end of each fiscal year, 100% of any unexpended dedicated credits described in Subsection (5)(c)(i) shall lapse to the Water Resources Conservation and Development Fund created in Section 73-10-24.

(d) After making the transfers required by Subsections (5)(b) and (c), 85% of the remaining difference described in Subsection (5)(a) shall be deposited into the Water Resources Conservation and Development Fund created in Section 73-10-24 for use by the Division of Water Resources for:

(i) preconstruction costs:

(A) as defined in Subsection 73-26-103(6) for projects authorized by Title 73, Chapter 26, Bear River Development Act; and

(B) as defined in Subsection 73-28-103(8) for the Lake Powell Pipeline project authorized by Title 73, Chapter 28, Lake Powell Pipeline Development Act;

(ii) the cost of employing a civil engineer to oversee any project authorized by Title 73, Chapter 26, Bear River Development Act;

(iii) the cost of employing a civil engineer to oversee the Lake Powell Pipeline project authorized by Title 73, Chapter 28, Lake Powell Pipeline Development Act; and

(iv) other uses authorized under Sections 73-10-24, 73-10-25.1, and 73-10-30, and Subsection (4)(e)(ii) after funding the uses specified in Subsections (5)(d)(i) through (iii).

(e) After making the transfers required by Subsections (5)(b) and (c) and subject to Subsection (5)(f), 15% of the remaining difference described in Subsection (5)(a) shall be
transferred each year as dedicated credits to the Division of Water Rights to cover the costs incurred for employing additional technical staff for the administration of water rights.

(f) At the end of each fiscal year, any unexpended dedicated credits described in Subsection (5)(e) over $150,000 lapse to the Water Resources Conservation and Development Fund created in Section 73-10-24.

(6) Notwithstanding Subsection (3)(a) and for taxes listed under Subsection (3)(a), the amount of revenue generated by a 1/16% tax rate on the transactions described in Subsection (1) for the fiscal year shall be deposited as follows:

(a) for fiscal year 2016-17 only, 100% of the revenue described in this Subsection (6) shall be deposited into the Transportation Investment Fund of 2005 created by Section 72-2-124;

(b) for fiscal year 2017-18 only:
   (i) 80% of the revenue described in this Subsection (6) shall be deposited into the Transportation Investment Fund of 2005 created by Section 72-2-124; and
   (ii) 20% of the revenue described in this Subsection (6) shall be deposited into the Water Infrastructure Restricted Account created by Section 73-10g-103;

(c) for fiscal year 2018-19 only:
   (i) 60% of the revenue described in this Subsection (6) shall be deposited into the Transportation Investment Fund of 2005 created by Section 72-2-124; and
   (ii) 40% of the revenue described in this Subsection (6) shall be deposited into the Water Infrastructure Restricted Account created by Section 73-10g-103;

(d) for fiscal year 2019-20 only:
   (i) 40% of the revenue described in this Subsection (6) shall be deposited into the Transportation Investment Fund of 2005 created by Section 72-2-124; and
   (ii) 60% of the revenue described in this Subsection (6) shall be deposited into the Water Infrastructure Restricted Account created by Section 73-10g-103;

(e) for fiscal year 2020-21 only:
   (i) 20% of the revenue described in this Subsection (6) shall be deposited into the Transportation Investment Fund of 2005 created by Section 72-2-124; and
   (ii) 80% of the revenue described in this Subsection (6) shall be deposited into the Water Infrastructure Restricted Account created by Section 73-10g-103; and
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(f) for a fiscal year beginning on or after July 1, 2021, 100% of the revenue described in this Subsection (6) shall be deposited into the Water Infrastructure Restricted Account created by Section 73-10g-103.

(7) (a) Notwithstanding Subsection (3)(a), in addition to the amounts deposited in Subsection (6), and subject to Subsection (7)(b), for a fiscal year beginning on or after July 1, 2012, the Division of Finance shall deposit into the Transportation Investment Fund of 2005 created by Section 72-2-124:

(i) a portion of the taxes listed under Subsection (3)(a) in an amount equal to 8.3% of the revenues collected from the following taxes, which represents a portion of the approximately 17% of sales and use tax revenues generated annually by the sales and use tax on vehicles and vehicle-related products:
   - (A) the tax imposed by Subsection (2)(a)(i)(A) at a 4.7% rate;
   - (B) the tax imposed by Subsection (2)(b)(i);
   - (C) the tax imposed by Subsection (2)(c)(i); and
   - (D) the tax imposed by Subsection (2)(d)(i)(A)(I); plus

(ii) an amount equal to 30% of the growth in the amount of revenues collected in the current fiscal year from the sales and use taxes described in Subsections (7)(a)(i)(A) through (D) that exceeds the amount collected from the sales and use taxes described in Subsections (7)(a)(i)(A) through (D) in the 2010-11 fiscal year.

(b)(i) Subject to Subsections (7)(b)(ii) and (iii), in any fiscal year that the portion of the sales and use taxes deposited under Subsection (7)(a) represents an amount that is a total lower percentage of the sales and use taxes described in Subsections (7)(a)(i)(A) through (D) generated in the current fiscal year than the total percentage of sales and use taxes deposited in the previous fiscal year, the Division of Finance shall deposit an amount under Subsection (7)(a) equal to the product of:

   (A) the total percentage of sales and use taxes deposited under Subsection (7)(a) in the previous fiscal year; and

   (B) the total sales and use tax revenue generated by the taxes described in Subsections (7)(a)(i)(A) through (D) in the current fiscal year.

(ii) In any fiscal year in which the portion of the sales and use taxes deposited under Subsection (7)(a) would exceed 17% of the revenues collected from the sales and use taxes
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described in Subsections (7)(a)(i)(A) through (D) in the current fiscal year, the Division of Finance shall deposit 17% of the revenues collected from the sales and use taxes described in Subsections (7)(a)(i)(A) through (D) for the current fiscal year under Subsection (7)(a).

(iii) In all subsequent fiscal years after a year in which 17% of the revenues collected from the sales and use taxes described in Subsections (7)(a)(i)(A) through (D) was deposited under Subsection (7)(a), the Division of Finance shall annually deposit 17% of the revenues collected from the sales and use taxes described in Subsections (7)(a)(i)(A) through (D) in the current fiscal year under Subsection (7)(a).

(8) (a) Notwithstanding Subsection (3)(a), and in addition to the amounts deposited under Subsections (6) and (7), for the 2016-17 fiscal year only, the Division of Finance shall deposit $64,000,000 of the revenues generated by the taxes listed under Subsection (3)(a) into the Transportation Investment Fund of 2005 created by Section 72-2-124.

(b) Notwithstanding Subsection (3)(a), and in addition to the amounts deposited under Subsections (6) and (7), for the 2017-18 fiscal year only, the Division of Finance shall deposit $63,000,000 of the revenues generated by the taxes listed under Subsection (3)(a) into the Transportation Investment Fund of 2005 created by Section 72-2-124.

(c) (i) Notwithstanding Subsection (3)(a), in addition to the amounts deposited under Subsections (6) and (7), and subject to Subsection (8)(c)(ii), for a fiscal year beginning on or after July 1, 2018, the commission shall annually deposit into the Transportation Investment Fund of 2005 created by Section 72-2-124 a portion of the taxes listed under Subsection (3)(a) in an amount equal to 3.68% of the revenues collected from the following taxes:

(A) the tax imposed by Subsection (2)(a)(i)(A) at a 4.7% rate;

(B) the tax imposed by Subsection (2)(b)(i);

(C) the tax imposed by Subsection (2)(c)(i); and

(D) the tax imposed by Subsection (2)(d)(i)(A)(I).

(ii) For a fiscal year beginning on or after July 1, 2019, the commission shall annually reduce the deposit into the Transportation Investment Fund of 2005 under Subsection (8)(c)(i) by an amount that is equal to 35% of the amount of revenue generated in the current fiscal year by the portion of the tax imposed on motor and special fuel that is sold, used, or received for sale or use in this state that exceeds 29.4 cents per gallon.

(iii) The commission shall annually deposit the amount described in Subsection
(8)(c)(ii) into the Transit and Transportation Investment Fund created in Section 72-2-124.

(9) Notwithstanding Subsection (3)(a), for each fiscal year beginning with fiscal year 2009-10, $533,750 shall be deposited into the Qualified Emergency Food Agencies Fund created by Section 35A-8-1009 and expended as provided in Section 35A-8-1009.

(10) (a) Notwithstanding Subsection (3)(a), except as provided in Subsection (10)(c), in addition to any amounts deposited under Subsections (6), (7), and (8), and for the 2016-17 fiscal year only, the Division of Finance shall deposit into the Transportation Investment Fund of 2005 created by Section 72-2-124 the amount of tax revenue generated by a .05% tax rate on the transactions described in Subsection (1).

(b) Notwithstanding Subsection (3)(a), except as provided in Subsection (10)(c), and in addition to any amounts deposited under Subsections (6), (7), and (8), the Division of Finance shall deposit into the Transportation Investment Fund of 2005 created by Section 72-2-124 the amount of revenue described as follows:

   (i) for fiscal year 2017-18 only, 83.33% of the amount of revenue generated by a .05% tax rate on the transactions described in Subsection (1);

   (ii) for fiscal year 2018-19 only, 66.67% of the amount of revenue generated by a .05% tax rate on the transactions described in Subsection (1);

   (iii) for fiscal year 2019-20 only, 50% of the amount of revenue generated by a .05% tax rate on the transactions described in Subsection (1);

   (iv) for fiscal year 2020-21 only, 33.33% of the amount of revenue generated by a .05% tax rate on the transactions described in Subsection (1); and

   (v) for fiscal year 2021-22 only, 16.67% of the amount of revenue generated by a .05% tax rate on the transactions described in Subsection (1).

(c) For purposes of Subsections (10)(a) and (b), the Division of Finance may not deposit into the Transportation Investment Fund of 2005 any tax revenue generated by amounts paid or charged for food and food ingredients, except for tax revenue generated by a bundled transaction attributable to food and food ingredients and tangible personal property other than food and food ingredients described in Subsection (2)(d).

(11) Notwithstanding Subsection (3)(a), beginning the second fiscal year after the fiscal year during which the Division of Finance receives notice under Section 63N-2-510 that construction on a qualified hotel, as defined in Section 63N-2-502, has begun, the Division of
Finance shall, for two consecutive fiscal years, annually deposit $1,900,000 of the revenue generated by the taxes listed under Subsection (3)(a) into the Hotel Impact Mitigation Fund, created in Section 63N-2-512.

(12) (a) Notwithstanding Subsection (3)(a), for the 2016-17 fiscal year only, the Division of Finance shall deposit $26,000,000 of the revenues generated by the taxes listed under Subsection (3)(a) into the Throughput Infrastructure Fund created by Section 35A-8-308.

(b) Notwithstanding Subsection (3)(a), for the 2017-18 fiscal year only, the Division of Finance shall deposit $27,000,000 of the revenues generated by the taxes listed under Subsection (3)(a) into the Throughput Infrastructure Fund created by Section 35A-8-308.

(13) (a) The rate specified in this subsection is 0.15%.

(b) Notwithstanding Subsection (3)(a), the Division of Finance shall:

(i) on or before September 30, 2019, transfer the amount of revenue collected from the rate described in Subsection (13)(a) beginning on April 1, 2019, and ending on June 30, 2019, on the transactions that are subject to the sales and use tax under Subsection (2)(a)(i)(A) into the Medicaid Expansion Fund created in Section 26-36b-208; and

(ii) for a fiscal year beginning on or after July 1, 2019, annually transfer the amount of revenue collected from the rate described in Subsection (13)(a) on the transactions that are subject to the sales and use tax under Subsection (2)(a)(i)(A) into the Medicaid Expansion Fund created in Section 26-36b-208.

(14) Notwithstanding Subsection (3)(a), for each fiscal year beginning with fiscal year 2020-21, the Division of Finance shall deposit $200,000 into the General Fund as a dedicated credit solely for use of the Search and Rescue Financial Assistance Program created in, and expended in accordance with, Title 53, Chapter 2a, Part 11, Search and Rescue Act.

(15) (a) For each fiscal year beginning with fiscal year 2020-21, the Division of Finance shall annually transfer $1,813,400 of the revenue deposited into the Transportation Investment Fund of 2005 under Subsections (6) through (8) to the General Fund.

(b) If the total revenue deposited into the Transportation Investment Fund of 2005 under Subsections (6) through (8) is less than $1,813,400 for a fiscal year, the Division of Finance shall transfer the total revenue deposited into the Transportation Investment Fund of 2005 under Subsections (6) through (8) during the fiscal year to the General Fund.

(16) Notwithstanding Subsection (3)(a), and as described in Section 63N-3-610, the
commission, at least annually, shall transfer an amount equal to 15% of the incremental state sales and use tax within an established sales and use tax boundary, as defined in Section 63N-3-602, into the Transit Transportation Investment Fund created in Section 72-2-124.

Section 63N-3-601 is enacted to read:

Part 6. Housing and Transit Reinvestment Zone Act

63N-3-601. Title.
This part is known as the "Housing and Transit Reinvestment Zone Act."

Section 63N-3-602 is enacted to read:

63N-3-602. Definitions.
As used in this part:
(1) "Affordable housing" means the same as that term is defined in Section 11-38-102.
(2) "Agency" means the same as that term is defined in Section 17C-1-102.
(3) "Base taxable value" means a property's taxable value as shown upon the assessment roll last equalized during the base year.
(4) "Base year" means, for a proposed housing and transit reinvestment zone area, a year determined by the last equalized tax roll before the adoption of the housing and transit reinvestment zone.
(5) (a) "Commuter rail" means a heavy-rail passenger rail transit facility operated by a large public transit district.
   (b) "Commuter rail" does not include a light-rail passenger rail facility of a large public transit district.
(6) "Commuter rail station" means an existing or proposed station, stop, or terminal along an existing commuter rail line, or along an extension to an existing commuter rail line or new commuter rail line that is included in a metropolitan planning organization's adopted long-range transportation plan.
(7) "Dwelling unit" means one or more rooms arranged for the use of one or more individuals living together, as a single housekeeping unit normally having cooking, living, sanitary, and sleeping facilities.
(8) "Enhanced development" means the construction of mixed uses including housing, commercial uses, and related facilities, at an average density of 50 dwelling units or more per acre on the developable acres.
(9) "Enhanced development costs" means extra costs associated with structured parking costs, vertical construction costs, horizontal construction costs, life safety costs, structural costs, conveyor or elevator costs, and other costs incurred due to the increased height of buildings or enhanced development.

(10) "Horizontal construction costs" means the additional costs associated with earthwork, over excavation, utility work, transportation infrastructure, and landscaping to achieve enhanced development in the housing and transit reinvestment zone.

(11) "Housing and transit reinvestment zone" means a housing and transit reinvestment zone created pursuant to this part.

(12) "Housing and transit reinvestment zone committee" means a housing and transit reinvestment committee created pursuant to Section 63N-3-605.

(13) "Large public transit district" means the same as that term is defined in Section 17B-2a-802.

(14) "Metropolitan planning organization" means the same as that term is defined in Section 72-1-208.5.

(15) "Mixed use development" means development with a mix of multi-family residential use and at least one additional land use.

(16) "Municipality" means the same as that term is defined in Section 10-1-104.

(17) "Participant" means the same as that term is defined in Section 17C-1-102.

(18) "Participation agreement" means the same as that term is defined in Section 17C-1-102.

(19) "Public transit county" means a county that has created a small public transit district.

(20) "Public transit hub" means a public transit depot or station where four or more routes serving separate parts of the county-created transit district stop to transfer riders between routes.

(21) "Sales and use tax base year" means a sales and use tax year determined by the last fiscal year pertaining to the tax imposed in Section 59-12-103 before the adoption of the housing and transit reinvestment zone.

(22) "Sales and use tax boundary" means a boundary created as described in Section 63N-3-604, based on state sales and use tax collection that corresponds as closely as reasonably
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practicable to the housing and transit reinvestment zone boundary.

(23) "Sales and use tax increment" means the difference between:

(a) the amount of state sales and use tax revenue generated each fiscal year by the sales
and use tax from the area within a housing and transit reinvestment zone designated in the
housing and transit reinvestment zone proposal as the area from which sales and use tax
increment is to be collected; and

(b) the amount of state sales and use tax revenue that would be generated from that
same area during the sales and use tax base year.

(24) "Sales and use tax revenue" means revenue that is generated from the tax imposed
under Section 59-12-103.

(25) "Small public transit district" means the same as that term is defined in Section
17B-2a 802.

(26) "Tax commission" means the State Tax Commission created in Section 59-1-201.

(27) "Tax increment" means the difference between:

(a) the amount of property tax revenue generated each tax year by a taxing entity from
the area within a housing and transit reinvestment zone designated in the housing and transit
reinvestment zone proposal as the area from which tax increment is to be collected,
using the current assessed value and each taxing entity's current certified tax rate as defined in
Section 59-2-924; and

(b) the amount of property tax revenue that would be generated from that same area
using the base taxable value and each taxing entity's current certified tax rate as defined in
Section 59-2-924.

(28) "Taxing entity" means the same as that term is defined in Section 17C-1-102.

(29) "Vertical construction costs" means the additional costs associated with
construction above four stories and structured parking to achieve enhanced development in the
housing and transit reinvestment zone.

Section 4. Section 63N-3-603 is enacted to read:

63N-3-603. Applicability, requirements, and limitations on a housing and transit
reinvestment zone.

(1) A housing and transit reinvestment zone proposal created under this part shall
promote the following objectives:
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(a) higher utilization of public transit;
(b) increasing availability of housing, including affordable housing;
(c) conservation of water resources through efficient land use;
(d) improving air quality by reducing fuel consumption and motor vehicle trips;
(e) encouraging transformative mixed-use development and investment in transportation and public transit infrastructure in strategic areas;
(f) strategic land use and municipal planning in major transit investment corridors as described in {Section} Subsections 10-9a-403(3) and (4); and
(g) increasing access to employment and educational opportunities.

(2) In order to accomplish the objectives described in Subsection (1), a municipality or public transit county that initiates the process to create a housing and transit reinvestment zone as described in this part shall ensure that the proposed plan for a housing and transit reinvestment zone includes:

(a) except as provided in Subsection (3), at least 10% of the proposed housing units within the housing and transit reinvestment zone are affordable housing units;
(b) a dedication of at least 51% of the developable acreage within the housing and transit reinvestment zone to residential development with {a minimum} an average of 50 multi-family dwelling units per acre; and
(c) mixed-use development.

(3) A municipality or public transit county that, at the time the housing and transit reinvestment zone plan is approved by the housing and transit reinvestment zone committee, meets the affordable housing guidelines of the United States Department of Housing and Urban Development at 60% area median income is exempt from the requirement described in Subsection (2)(a).

(4) A municipality or public transit county may only propose a housing and transit reinvestment zone that:
(a) creates a housing and transit reinvestment zone area that, subject to Subsection (5):
(i) (A) for a municipality, does not exceed a 1/3 mile radius of a commuter rail station; or
(B) for a public transit county, does not exceed a 1/3 mile radius of a public transit
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hub; and

(ii) has a total area of no more than 125 noncontiguous square acres;

(b) subject to Section 63N-3-607, proposes the capture of a maximum of 80% of each
taxing entity's tax increment above the base year for a term no more than 25 consecutive years
within a 45 year period; and

(c) the commencement of collection of tax increment, for all or a portion of the
housing and transit reinvestment zone, will be triggered by providing notice as described in
Subsection +17C-1-416(2)(a)(ii)(6), within +five+ two years of the date of approval of the
housing and transit reinvestment zone.

(5) If a parcel is bisected by the 1/3 mile radius, the full parcel may be included as part
of the housing and transit reinvestment zone area and will not count against the limitations
described in Subsection (4)(a).

(6) The notice of commencement of collection of tax increment required in Subsection
(4)(c) shall be sent by mail or electronically to:

(i) the tax commission;
(ii) the State Board of Education
(iii) the state auditor;
(iv) the auditor of the county in which the housing and transit reinvestment zone is
located;
(v) each taxing entity affected by the collection of tax increment from the housing and
transit reinvestment zone; and
(vii) the Governors Office of Economic Development.

Section +4+5. Section 63N-3-604 is enacted to read:

63N-3-604. Process for a proposal of a housing and transit reinvestment zone --
Analysis.

(1) Subject to approval of the housing and transit reinvestment zone committee as
described in Section 63N-3-605, in order to create a housing and transit reinvestment zone, a
municipality or public transit county that has general land use authority over the housing and
transit reinvestment zone area, shall:

(a) prepare a proposal for the housing and transit reinvestment zone that;
(i) demonstrates that the proposed housing and transit reinvestment zone will meet the
objectives described in Section 63N-3-603:

(ii) explains how the municipality or public transit investment county will achieve at least 10% of the proposed housing units within the housing and transit reinvestment zone as affordable housing;

(iii) defines the specific transportation infrastructure need, if any, and proposed improvements;

(iv) defines the boundaries of:

(A) the housing and transit reinvestment zone; and

(B) the sales and use tax boundary corresponding to the housing and transit reinvestment zone boundary, as described in Subsection 63N-3-610;

(v) identifies any development impediments that prevent the development from being a market-rate investment and proposed strategies for addressing each one;

(vi) describes the proposed development plan, including the requirements described in Sections 63N-3-603(2), (3), and (4);

(vii) establishes a base year and collection period to calculate the tax increment within the housing and transit reinvestment zone; and

(viii) establishes a sales and use tax base year and collection period to calculate the sales and use tax increment within the housing and transit reinvestment zone;

(ix) describes projected revenues generated from each taxing entity and proposed expenditures of revenue derived from the housing and transit reinvestment zone;

(x) includes an analysis of other applicable or eligible incentives, grants, or sources of revenue that can be used to reduce the finance gap;

(xi) proposes a finance schedule to align expected revenue with required financing costs and payments; and

(xii) provides a pro-forma for the planned development including the cost differential between surface parked multi-family development and higher density development of an average of 50 units per acre and other costs to increase density; and

(b) submit the housing and transit reinvestment zone proposal to the Governor's Office of Economic Development.

(2) Before submitting the proposed housing and transit reinvestment zone to the
Governor's Office of Economic Development as described in Subsection (1)(b), the municipality or public transit county proposing the housing and transit reinvestment zone shall ensure that the area of the proposed housing and transit reinvestment zone is zoned in such a manner to accommodate the requirements of a housing and transit reinvestment zone described in this section and the proposed construction.

(3) (a) After receiving the proposal as described in Subsection (1)(b), the Governor's Office of Economic Development shall, at the expense of the proposing municipality or public transit county as described in Subsection (5), contract with an independent entity to perform the gap analysis described in Subsection (3)(b).

(b) The gap analysis required in Subsection (3)(a) shall include:

(i) a description of the planned development;

(ii) a market analysis relative to other comparable project developments included in or adjacent to the municipality or public transit county absent the proposed housing and transit reinvestment zone;

(iii) an evaluation of the proposal to determine and a determination of the adequacy and efficiency of proposed:

(A) lease and rental rates;

(B) operation and maintenance expenditures;

(C) project costs and required market rates of return;

(D) financing requirements for debt and equity components;

(E) capture levels of tax increment; and

(F) time constraints on the duration of the housing and transit reinvestment zone; and

(iv) based on the market analysis and other findings, an opinion relative to the amount of potential public financing reasonably determined to be necessary to achieve the overall financing requirements of the proposed housing and transit reinvestment zone.

(4) After receiving the results from the analysis described in Subsection (3)(b), the municipality or public transit county proposing the housing and transit reinvestment zone may:

(a) amend the housing and transit reinvestment zone proposal based on the findings of the analysis described in Subsection (3)(b) and request that the Governor's Office of Economic Development submit the amended housing and transit reinvestment zone proposal to the
housing and transit reinvestment zone committee; or

(b) request that the Governor's Office of Economic Development submit the original housing and transit reinvestment zone proposal to the housing and transit reinvestment zone committee.

(5) (a) The Governor's Office of Economic Development may accept, as a dedicated credit, up to $100,000 from a municipality or public transit county for the costs of the gap analysis described in Section (3)(b).

(b) The Governor's Office of Economic Development may expend funds received from a municipality or public transit county as dedicated credits to pay for the costs associated with the gap analysis described in Subsection (3)(b).

Section 63N-3-605 is enacted to read:

**63N-3-605. Housing and Transit Reinvestment Zone Committee -- Creation.**

(1) For any housing and transit reinvestment zone proposed under this part, there is created a housing and transit reinvestment zone committee with membership described in Subsection (2).

(2) Each housing and transit reinvestment zone committee shall consist of the following members:

(a) one representative from the Governor's Office of Economic Development, designated by the executive director of the Governor's Office of Economic Development;

(b) one representative from each city that is a party to the proposed housing and transit reinvestment zone, designated by the chief executive officer of each respective city;

(c) one representative from the Department of Transportation created in Section 72-1-201, designated by the executive director of the Department of Transportation;

(d) one representative from a large public transit district that serves the proposed housing and transit reinvestment zone area, designated by the chair of the board of trustees large public transit district;

(e) one representative of each relevant metropolitan planning organization, designated by the chair of the metropolitan planning organization;

(f) one member designated by the president of the Senate;

(g) one member designated by the speaker of the House of Representatives;

(h) one member designated by the chair of the State Board of Education;
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(i) one member designated by the chief executive officer of each county affected by the housing and transit reinvestment zone;

(j) one representative designated by the school superintendent from the school district affected by the housing and transit reinvestment zone; and

(k) one representative, representing the largest participating local taxing entity, after the city, county, and school district.

(3) The individual designated by the Governor's Office of Economic Development as described in Subsection (2)(a) shall serve as chair of the housing and transit reinvestment zone committee.

(4) (a) A majority of the members of the housing and transit reinvestment zone committee constitutes a quorum of the housing and transit reinvestment zone committee.

(b) An action by a majority of a quorum of the housing and transit reinvestment zone committee is an action of the housing and transit reinvestment zone committee.

(5) After the Governor's Office of Economic Development receives the results of the analysis described in Section 63N-3-604, and after the Governor's Office of Economic Development has received a request from the submitting municipality or public transit county to submit the housing and transit reinvestment zone proposal to the housing and transit reinvestment zone committee, the Governor's Office of Economic Development shall notify each of the entities described in Subsection (2) of the formation of the housing and transit reinvestment zone committee.

(6) (a) The chair of the housing and transit reinvestment zone committee shall convene a public meeting to consider the proposed housing and transit reinvestment zone.

(b) A meeting of the housing and transit reinvestment zone committee is subject to Title 52, Chapter 4, Open and Public Meetings Act.

(7) (a) The proposing municipality or public transit county shall present the housing and transit reinvestment zone proposal to the housing and transit reinvestment zone committee in a public meeting.

(b) The housing and transit reinvestment zone committee shall:

(i) evaluate and verify whether the elements of a housing and transit reinvestment zone described in Subsections 63N-3-603(2) and (4) have been met; and

(ii) evaluate the proposed housing and transit reinvestment zone relative to the analysis
(8) The housing and transit reinvestment zone committee may:

(a) request changes to the housing and transit reinvestment zone proposal based on the analysis described in Section 63N-3-604; or

(b) vote to approve or deny the proposal.

(9) If approved by the committee:

(a) the proposed housing and transit reinvestment zone is established according to the terms of the housing and transit reinvestment proposal; and

(b) affected local taxing entities are required to participate according to the terms of the housing and transit reinvestment zone proposal.

(10) A housing and transit reinvestment zone plan may be amended by following the same procedure as approving a housing and transit reinvestment proposal.

Section 63N-3-606 is enacted to read:

63N-3-606. Notice requirements.

(1) In approving a housing and transit reinvestment zone proposal the housing and transit reinvestment zone committee shall follow the hearing and notice requirements for creating a housing and transit reinvestment zone area proposal.

(2) Within 30 days after the housing and transit reinvestment zone committee approves a proposed housing and transit reinvestment zone, the municipality or public transit county shall:

(a) record with the recorder of the county in which the housing and transit reinvestment zone is located a document containing:

(i) a description of the land within the housing and transit reinvestment zone;

(ii) a statement that the proposed housing and transit reinvestment zone has been approved; and

(iii) the date of adoption;

(b) transmit a copy of the description of the land within the housing and transit reinvestment zone and an accurate map or plat indicating the boundaries of the housing and transit reinvestment zone to the Automated Geographic Reference Center created under Section 63F-1-506; and

(c) transmit a copy of the approved housing and transit reinvestment zone plan, map,
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and description of the land within the housing and transit reinvestment zone, to:

   (i) the auditor, recorder, attorney, surveyor, and assessor of the county in which any
   part of the housing and transit reinvestment zone is located;

   (ii) the officer or officers performing the function of auditor or assessor for each taxing
   entity that does not use the county assessment roll or collect the taxing entity's taxes through
   the county;

   (iii) the legislative body or governing board of each taxing entity;

   (iv) the [State Tax Commission] tax commission; and

   (v) the State Board of Education.

Section 7. Section 63N-3-607 is enacted to read:

63N-3-607. Payment, use, and administration of revenue from a housing and transit reinvestment zone.

   (1) A municipality or public transit county may receive and use tax increment and
   housing and transit reinvestment zone funds in accordance with this part.

   (2) (a) A county that collects property tax on property located within a housing and
   transit reinvestment zone shall, in accordance with Section 59-2-1365, distribute to the
   municipality or public transit county any tax increment the municipality or public transit county
   is authorized to receive.

   (b) Tax increment distributed to a municipality or public transit county in accordance
   with Subsection (2)(a) is not revenue of the taxing entity or municipality or public transit
   county.

   (c) (i) Tax increment paid to the municipality or public transit county are housing and
   transit reinvestment zone funds and shall be administered by an agency created by the
   municipality or public transit county within which the housing and transit reinvestment zone is
   located.

   (ii) Before an agency may receive housing and transit reinvestment zone funds from
   the municipality or public transit county, the municipality or public transit county and the
   agency shall enter into an interlocal agreement with terms that:

   (A) are consistent with the approval of the housing and transit reinvestment zone
   committee; and

   (B) meet the requirements in of Section 63N-3-603.
(3) (a) A municipality or public transit county and agency shall use housing and transit reinvestment zone funds within, or for the direct benefit of, the housing and transit reinvestment zone.

(b) If any housing and transit reinvestment zone funds will be used outside of the housing and transit reinvestment zone there must be a finding in the approved proposal for a housing and transit reinvestment zone that the use of the housing and transit reinvestment zone funds outside of the housing and transit reinvestment zone will directly benefit the housing and transit reinvestment zone.

(4) A municipality or public transit county shall use housing and transit reinvestment zone funds to achieve the purposes described in Subsections 63N-3-603(1) and (2), by paying all or part of the costs of any of the following:

(a) structured parking within the housing and transit reinvestment zone;
(b) increased building and infrastructure costs caused by densification;
(c) horizontal construction costs;
(d) vertical construction costs;
(e) income targeted housing costs;
(f) structured parking within the housing and transit reinvestment zone; or
(g) the costs of the municipality or public transit county to create and administer the housing and transit reinvestment zone, which may not exceed 1% of the total housing and transit reinvestment zone funds.

(5) Housing and transit reinvestment zone funds may be paid to a participant, if the housing and transit reinvestment zone and participant enter into a participation agreement which requires the participant to utilize the housing and transit reinvestment zone funds as allowed in this section.

(6) Housing and transit reinvestment zone funds may be used to pay all of the costs of bonds issued by the municipality or public transit county in accordance with Title 17C, Chapter 1, Part 5, Agency Bonds, including the cost to issue and repay the bonds including interest.
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(7) A municipality or public transit county may create one or more public infrastructure districts within the housing and transit reinvestment zone under Title 17B, Chapter 2a, Part 12, Public Infrastructure District Act, and pledge and utilize the housing and transit reinvestment zone funds to guarantee the payment of public infrastructure bonds issued by a public infrastructure district.

Section 8. Section 63N-3-608 is enacted to read:

63N-3-608. Applicability to an existing community reinvestment project.

For a housing and transit reinvestment zone created under this part that overlaps any portion of an existing inactive industrial site community reinvestment project area plan created pursuant to Title 17C, Limited Purpose Local Government Entities - Community Reinvestment Agency Act:

(1) if the community reinvestment project area plan captures less than 80% of the tax increment from a taxing entity, or if a taxing entity is not participating in the community reinvestment project area plan, the housing and transit reinvestment zone may capture the difference between:

(a) 80%; and

(b) the percentage of tax increment captured pursuant to the community reinvestment project area plan; and

(2) if a community reinvestment project area plan expires before the housing and transit reinvestment zone, the housing and transit reinvestment zone may capture the tax increment allocated to the community reinvestment project area plan for any remaining portion of the term of the housing and transit reinvestment zone.

Section 10. Section 63N-3-609 is enacted to read:

63N-3-609. Tax increment protections.

(1) Upon petition by a participating taxing entity or on the initiative of the housing and transit reinvestment zone committee creating a housing and transit reinvestment zone, a housing and transit reinvestment zone may suspend or terminate the collection of tax increment in a housing and transit reinvestment zone if the housing and transit reinvestment zone committee determines, by clear and convincing evidence, presented in a public meeting of the housing and transit reinvestment zone committee, that:

(a) a substantial portion of the tax increment collected in the housing and transit
reinvestment zone has not or will not be used for the purposes provided in Section 63N-3-607; and

(b)(i) the housing and transit reinvestment zone has no indebtedness; or
(ii) the housing and transit reinvestment zone has no binding financial obligations.

(2) A housing and transit reinvestment zone may not collect tax increments in excess of the tax increment projections or limitations set forth in the housing and transit reinvestment proposal.

(3) The agency administering the tax increment collected in a housing and transit reinvestment zone under Subsection 63N-3-607(2)(c), shall have standing in a court with proper jurisdiction to enforce provisions of the housing and transit reinvestment zone proposal, participation agreements, and other agreements for the use of the tax increment collected.

(4) The agency administering tax increment from a housing and transit reinvestment zone under Subsection 63N-3-607(2)(c) which is collecting tax increment shall follow the reporting requirements described in Section 17C-1-603 and the audit requirements described in Sections 17C-1-604 and 17C-1-605.

(5) For each housing and transit reinvestment zone collecting tax increment within a county, the county auditor shall follow the reporting requirement found in Section 17C-1-606.

Section 11. Section 63N-3-610 is enacted to read:

63N-3-610. Sales and use tax increment in a housing and transit reinvestment zone.

(1) A housing and transit reinvestment proposal shall, in consultation with the tax commission:

(a) create a sales and use tax boundary as described in Subsection (2); and
(b) establish a sales and use tax base year and collection period to calculate and transfer the state sales and use tax increment within the housing and transit reinvestment zone.

(2) (a) The municipality or public transit county, in consultation with the tax commission, shall establish a sales and use tax boundary that:

(i) is based on state sales and use tax collection boundaries; and
(ii) follows as closely as reasonably practicable the boundary of the housing and transit reinvestment zone.

(b) The municipality or public transit county shall include the sales and use tax
boundary in the housing and transit reinvestment zone proposal as described in Section 63N-3-604.

(3) The tax commission shall, at least annually, transfer an amount equal to 15% of the incremental state sales and use tax within an established sales and use tax boundary into the Transit Transportation Investment Fund created in Section 72-2-124.

(4) (a) The requirement described in Subsection (3) to transfer incremental sales tax revenue shall take effect:

(i) on the first day of a calendar quarter; and
(ii) after a 60-day waiting period beginning on the date the commission receives notice from the municipality or public transit county meeting the requirements of Subsection (4)(b).

(b) The notice described in Subsection (4)(a) shall include:

(i) a statement that the housing and transit reinvestment zone will be established under this part;
(ii) the approval date and effective date of the housing and transit reinvestment zone; and
(iii) the definitions of the sales and use tax boundary and sales and use tax base year.

Section 12. Section 72-1-102 is amended to read:

72-1-102. Definitions.
As used in this title:

(1) "Circulator alley" means a publicly owned passageway:

(a) with a right-of-way width of 20 feet or greater;
(b) located within a master planned community;
(c) established by the city having jurisdictional authority as part of the street network for traffic circulation that may also be used for:

(i) garbage collection;
(ii) access to residential garages; or
(iii) access rear entrances to a commercial establishment; and
(d) constructed with a bituminous or concrete pavement surface.

(2) "Commission" means the Transportation Commission created under Section 72-1-301.

(3) "Construction" means the construction, reconstruction, replacement, and
improvement of the highways, including the acquisition of rights-of-way and material sites.

(4) "Department" means the Department of Transportation created in Section 72-1-201.

(5) "Executive director" means the executive director of the department appointed under Section 72-1-202.

(6) "Farm tractor" has the meaning set forth in Section 41a-1-102.

(7) "Federal aid primary highway" means that portion of connected main highways located within this state officially designated by the department and approved by the United States Secretary of Transportation under Title 23, Highways, U.S.C.

(8) "Highway" means any public road, street, alley, lane, court, place, viaduct, tunnel, culvert, bridge, or structure laid out or erected for public use, or dedicated or abandoned to the public, or made public in an action for the partition of real property, including the entire area within the right-of-way.

(9) "Highway authority" means the department or the legislative, executive, or governing body of a county or municipality.

(10) "Housing and transit reinvestment zone" means the same as that term is defined in Section 63N-3-602.

[(11) "Implement of husbandry" has the meaning set forth in Section 41a-1-102.]

[(12) "Interstate system" means any highway officially designated by the department and included as part of the national interstate and defense highways, as provided in the Federal Aid Highway Act of 1956 and any supplemental acts or amendments.

[(13) "Limited-access facility" means a highway especially designated for through traffic, and over, from, or to which neither owners nor occupants of abutting lands nor other persons have any right or easement, or have only a limited right or easement of access, light, air, or view.

[(14) "Master planned community" means a land use development:
(a) designated by the city as a master planned community; and
(b) comprised of a single development agreement for a development larger than 500 acres.

[(15) "Motor vehicle" has the same meaning set forth in Section 41a-1-102.

[(16) "Municipality" has the same meaning set forth in Section 10-1-104.

[(17) "National highway systems highways" means that portion of connected

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main highways located within this state officially designated by the department and approved by the United States Secretary of Transportation under Title 23, Highways, U.S.C.

[(17)] (18) (a) "Port-of-entry" means a fixed or temporary facility constructed, operated, and maintained by the department where drivers, vehicles, and vehicle loads are checked or inspected for compliance with state and federal laws as specified in Section 72-9-501.

(b) "Port-of-entry" includes inspection and checking stations and weigh stations.

[(18)] (19) "Port-of-entry agent" means a person employed at a port-of-entry to perform the duties specified in Section 72-9-501.

[(19)] (20) "Public transit" means the same as that term is defined in Section 17B-2a-802.

[(20)] (21) "Public transit facility" means a transit vehicle, transit station, depot, passenger loading or unloading zone, parking lot, or other facility:

(a) leased by or operated by or on behalf of a public transit district; and

(b) related to the public transit services provided by the district, including:

(i) railway or other right-of-way;

(ii) railway line; and

(iii) a reasonable area immediately adjacent to a designated stop on a route traveled by a transit vehicle.

[(21)] (22) "Right-of-way" means real property or an interest in real property, usually in a strip, acquired for or devoted to a highway.

[(22)] (23) "Sealed" does not preclude acceptance of electronically sealed and submitted bids or proposals in addition to bids or proposals manually sealed and submitted.

[(23)] (24) "Semitrailer" has the meaning set forth in Section 41-1a-102.

[(24)] (25) "SR" means state route and has the same meaning as state highway as defined in this section.

[(25)] (26) "State highway" means those highways designated as state highways in Title 72, Chapter 4, Designation of State Highways Act.

[(26)] (27) "State transportation purposes" has the meaning set forth in Section 72-5-102.

[(27)] (28) "State transportation systems" means all streets, alleys, roads, highways,
 pathways, and thoroughfares of any kind, including connected structures, airports, aerial corridor infrastructure, spaceports, public transit facilities, and all other modes and forms of conveyance used by the public.

[(28)] (29) "Trailer" has the meaning set forth in Section 41-1a-102.

(30) "Transportation reinvestment zone" means a transportation reinvestment zone created pursuant to Section 11-13-227.

[(29)] (31) "Truck tractor" has the meaning set forth in Section 41-1a-102.

[(30)] (32) "UDOT" means the Utah Department of Transportation.

[(31)] (33) "Vehicle" has the same meaning set forth in Section 41-1a-102.

Section 72-1-304 is amended to read:

72-1-304. Written project prioritization process for new transportation capacity projects -- Rulemaking.

(1) (a) The Transportation Commission, in consultation with the department and the metropolitan planning organizations as defined in Section 72-1-208.5, shall develop a written prioritization process for the prioritization of:

(i) new transportation capacity projects that are or will be part of the state highway system under Chapter 4, Part 1, State Highways;

(ii) paved pedestrian or paved nonmotorized transportation projects that:

(A) mitigate traffic congestion on the state highway system; and

(B) are part of an active transportation plan approved by the department;

(iii) public transit projects that add capacity to the public transit systems within the state; and

(iv) pedestrian or nonmotorized transportation projects that provide connection to a public transit system.

(b) (i) A local government or district may nominate a project for prioritization in accordance with the process established by the commission in rule.

(ii) If a local government or district nominates a project for prioritization by the commission, the local government or district shall provide data and evidence to show that:

(A) the project will advance the purposes and goals described in Section 72-1-211;

(B) for a public transit project, the local government or district has an ongoing funding source for operations and maintenance of the proposed development; and
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(C) the local government or district will provide 40% of the costs for the project as required by Subsection 72-2-124(4)(a)(viii) or 72-2-124(9)(e).

(2) The following shall be included in the written prioritization process under Subsection (1):
   (a) a description of how the strategic initiatives of the department adopted under Section 72-1-211 are advanced by the written prioritization process;
   (b) a definition of the type of projects to which the written prioritization process applies;
   (c) specification of a weighted criteria system that is used to rank proposed projects and how it will be used to determine which projects will be prioritized;
   (d) specification of the data that is necessary to apply the weighted ranking criteria; and
   (e) any other provisions the commission considers appropriate, which may include consideration of:
      (i) regional and statewide economic development impacts, including improved local access to:
         (A) employment;
         (B) educational facilities;
         (C) recreation;
         (D) commerce; and
         (E) residential areas, including moderate income housing as demonstrated in the local government's or district's general plan pursuant to Section 10-9a-403 or 17-27a-403;
      (ii) the extent to which local land use plans relevant to a project support and accomplish the strategic initiatives adopted under Section 72-1-211; and
      (iii) any matching funds provided by a political subdivision or public transit district in addition to the 40% required by Subsections 72-2-124(4)(a)(viii) and 72-2-124(9)(e).

(3)(a) When prioritizing a public transit project that increases capacity, the commission:
   (i) may give priority consideration to projects that are part of a transit-oriented development or transit-supportive development as defined in Section 17B-2a-802[.]; and
   (ii) shall give priority consideration to projects that are part of a housing and transit reinvestment zone created pursuant to Title 63N, Chapter 3, Part 6, Housing and Transit
(b) When prioritizing a transportation project that increases capacity, the commission may give priority consideration to projects that are:

(i) part of a transportation reinvestment zone created under Section 11-13-227 if:

(A) the state is a participant in the transportation reinvestment zone; or

(B) the commission finds that the transportation reinvestment zone provides a benefit to the state transportation system; or

(ii) part of a housing and transit reinvestment zone created pursuant to Title 63N.

Chapter 3, Part 6, Housing and Transit Reinvestment Zone Act.

(4) In developing the written prioritization process, the commission:

(a) shall seek and consider public comment by holding public meetings at locations throughout the state; and

(b) may not consider local matching dollars as provided under Section 72-2-123 unless the state provides an equal opportunity to raise local matching dollars for state highway improvements within each county.

(5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the Transportation Commission, in consultation with the department, shall make rules establishing the written prioritization process under Subsection (1).

(6) The commission shall submit the proposed rules under this section to a committee or task force designated by the Legislative Management Committee for review prior to taking final action on the proposed rules or any proposed amendment to the rules described in Subsection (5).

Section 14. Section 72-2-124 is amended to read:


(1) There is created a capital projects fund entitled the Transportation Investment Fund of 2005.

(2) The fund consists of money generated from the following sources:

(a) any voluntary contributions received for the maintenance, construction, reconstruction, or renovation of state and federal highways;

(b) appropriations made to the fund by the Legislature;

(c) registration fees designated under Section 41-1a-1201;
(d) the sales and use tax revenues deposited into the fund in accordance with Section 59-12-103; and

(e) revenues transferred to the fund in accordance with Section 72-2-106.

(3) (a) The fund shall earn interest.

(b) All interest earned on fund money shall be deposited into the fund.

(4) (a) Except as provided in Subsection (4)(b), the executive director may only use fund money to pay:

(i) the costs of maintenance, construction, reconstruction, or renovation to state and federal highways prioritized by the Transportation Commission through the prioritization process for new transportation capacity projects adopted under Section 72-1-304;

(ii) the costs of maintenance, construction, reconstruction, or renovation to the highway projects described in Subsections 63B-18-401(2), (3), and (4);

(iii) principal, interest, and issuance costs of bonds authorized by Section 63B-18-401 minus the costs paid from the County of the First Class Highway Projects Fund in accordance with Subsection 72-2-121(4)(e);

(iv) for a fiscal year beginning on or after July 1, 2013, to transfer to the 2010 Salt Lake County Revenue Bond Sinking Fund created by Section 72-2-121.3 the amount certified by Salt Lake County in accordance with Subsection 72-2-121.3(4)(c) as necessary to pay the debt service on $30,000,000 of the revenue bonds issued by Salt Lake County;

(v) principal, interest, and issuance costs of bonds authorized by Section 63B-16-101 for projects prioritized in accordance with Section 72-2-125;

(vi) all highway general obligation bonds that are intended to be paid from revenues in the Centennial Highway Fund created by Section 72-2-118;

(vii) for fiscal year 2015-16 only, to transfer $25,000,000 to the County of the First Class Highway Projects Fund created in Section 72-2-121 to be used for the purposes described in Section 72-2-121; and

(viii) if a political subdivision provides a contribution equal to or greater than 40% of the costs needed for construction, reconstruction, or renovation of paved pedestrian or paved nonmotorized transportation for projects that:

(A) mitigate traffic congestion on the state highway system;

(B) are part of an active transportation plan approved by the department; and
(C) are prioritized by the commission through the prioritization process for new transportation capacity projects adopted under Section 72-1-304.

(b) The executive director may use fund money to exchange for an equal or greater amount of federal transportation funds to be used as provided in Subsection (4)(a).

(5) (a) Except as provided in Subsection (5)(b), the executive director may not program fund money to a project prioritized by the commission under Section 72-1-304, including fund money from the Transit Transportation Investment Fund, within the boundaries of a municipality that is required to adopt a moderate income housing plan element as part of the municipality's general plan as described in Subsection 10-9a-401(3), if the municipality has failed to adopt a moderate income housing plan element as part of the municipality's general plan or has failed to implement the requirements of the moderate income housing plan as determined by the results of the Department of Workforce Service's review of the annual moderate income housing report described in Subsection 35A-8-803(1)(a)(vii).

(b) Within the boundaries of a municipality that is required under Subsection 10-9a-401(3) to plan for moderate income housing growth but has failed to adopt a moderate income housing plan element as part of the municipality's general plan or has failed to implement the requirements of the moderate income housing plan as determined by the results of the Department of Workforce Service's review of the annual moderate income housing report described in Subsection 35A-8-803(1)(a)(vii), the executive director:

(i) may program fund money in accordance with Subsection (4)(a) for a limited-access facility or interchange connecting limited-access facilities;

(ii) may not program fund money for the construction, reconstruction, or renovation of an interchange on a limited-access facility;

(iii) may program Transit Transportation Investment Fund money for a multi-community fixed guideway public transportation project; and

(iv) may not program Transit Transportation Investment Fund money for the construction, reconstruction, or renovation of a station that is part of a fixed guideway public transportation project.

(c) Subsections (5)(a) and (b) do not apply to a project programmed by the executive director before May 1, 2020, for projects prioritized by the commission under Section 72-1-304.
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(6) (a) Except as provided in Subsection (6)(b), the executive director may not program fund money to a project prioritized by the commission under Section 72-1-304, including fund money from the Transit Transportation Investment Fund, within the boundaries of the unincorporated area of a county, if the county is required to adopt a moderate income housing plan element as part of the county's general plan as described in Subsection 17-27a-401(3) and if the county has failed to adopt a moderate income housing plan element as part of the county's general plan or has failed to implement the requirements of the moderate income housing plan as determined by the results of the Department of Workforce Service's review of the annual moderate income housing report described in Subsection 35A-8-803(1)(a)(vii).

(b) Within the boundaries of the unincorporated area of a county where the county is required under Subsection 17-27a-401(3) to plan for moderate income housing growth but has failed to adopt a moderate income housing plan element as part of the county's general plan or has failed to implement the requirements of the moderate income housing plan as determined by the results of the Department of Workforce Service's review of the annual moderate income housing report described in Subsection 35A-8-803(1)(a)(vii), the executive director:

(i) may program fund money in accordance with Subsection (4)(a) for a limited-access facility to a project prioritized by the commission under Section 72-1-304;

(ii) may not program fund money for the construction, reconstruction, or renovation of an interchange on a limited-access facility;

(iii) may program Transit Transportation Investment Fund money for a multi-community fixed guideway public transportation project; and

(iv) may not program Transit Transportation Investment Fund money for the construction, reconstruction, or renovation of a station that is part of a fixed guideway public transportation project.

(c) Subsections (5)(a) and (b) do not apply to a project programmed by the executive director before July 1, 2020, for projects prioritized by the commission under Section 72-1-304.

(7) (a) Before bonds authorized by Section 63B-18-401 or 63B-27-101 may be issued in any fiscal year, the department and the commission shall appear before the Executive Appropriations Committee of the Legislature and present the amount of bond proceeds that the department needs to provide funding for the projects identified in Subsections 63B-18-401(2),
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(3), and (4) or Subsection 63B-27-101(2) for the current or next fiscal year.

(b) The Executive Appropriations Committee of the Legislature shall review and comment on the amount of bond proceeds needed to fund the projects.

(b) The Executive Appropriations Committee of the Legislature shall review and comment on the amount of bond proceeds needed to fund the projects.

(8) The Division of Finance shall, from money deposited into the fund, transfer the amount of funds necessary to pay principal, interest, and issuance costs of bonds authorized by Section 63B-18-401 or 63B-27-101 in the current fiscal year to the appropriate debt service or sinking fund.

(9) (a) There is created in the Transportation Investment Fund of 2005 the Transit Transportation Investment Fund.

(b) The fund shall be funded by:

(i) contributions deposited into the fund in accordance with Section 59-12-103;

(ii) appropriations into the account by the Legislature;

(iii) deposits of sales and use tax increment related to a housing and transit reinvestment zone as described in Section 63N-3-610;

(iv) private contributions; and

(v) donations or grants from public or private entities.

(c) (i) The fund shall earn interest.

(ii) All interest earned on fund money shall be deposited into the fund.

(d) Subject to Subsection (9)(e), the Legislature may appropriate money from the fund for public transit capital development of new capacity projects to be used as prioritized by the commission.

(e) (i) The Legislature may only appropriate money from the fund for a public transit capital development project or pedestrian or nonmotorized transportation project that provides connection to the public transit system if the public transit district or political subdivision provides funds of equal to or greater than 40% of the costs needed for the project.

(ii) A public transit district or political subdivision may use money derived from a loan granted pursuant to Title 72, Chapter 2, Part 2, State Infrastructure Bank Fund, to provide all or part of the 40% requirement described in Subsection (9)(e)(i) if:

(A) the loan is approved by the commission as required in Title 72, Chapter 2, Part 2, State Infrastructure Bank Fund; and

(B) the proposed capital project has been prioritized by the commission pursuant to
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Section 72-1-303.

Section 72-2-201 is amended to read:

72-2-201. Definitions.

As used in this part:

(1) "Fund" means the State Infrastructure Bank Fund created under Section 72-2-202.
(2) "Infrastructure assistance" means any use of fund money, except an infrastructure loan, to provide financial assistance for transportation projects, including:
   (a) capital reserves and other security for bond or debt instrument financing; or
   (b) any letters of credit, lines of credit, bond insurance, or loan guarantees obtained by a public entity to finance transportation projects.
(3) "Infrastructure loan" means a loan of fund money to finance a transportation project.
(4) "Public entity" means a state agency, county, municipality, local district, special service district, an intergovernmental entity organized under state law, or the military installation development authority created in Section 63H-1-201.
(5) "Transportation project":
   (a) means a project:
      (i) to improve a state or local highway;
      (ii) to improve a public transportation facility or nonmotorized transportation facility;
      (iii) to construct or improve parking facilities; [or]
      (iv) that is subject to a transportation reinvestment zone agreement pursuant to Section 11-13-227 if the state is party to the agreement; or
      (v) that is part of a housing and transit reinvestment zone created pursuant to Title 63N, Chapter 3, Part 6, Housing and Transit Reinvestment Zone Act;
   (b) includes the costs of acquisition, construction, reconstruction, rehabilitation, equipping, and fixturing; and
   (c) may only include a project if the project is part of:
      (i) the statewide long range plan;
      (ii) a regional transportation plan of the area metropolitan planning organization if a metropolitan planning organization exists for the area; or
      (iii) a local government general plan or economic development initiative.
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