

Representative Stephen G. Handy proposes the following substitute bill:

HOUSING AND TRANSIT REINVESTMENT ZONE

AMENDMENTS

2022 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Wayne A. Harper

House Sponsor: Stephen G. Handy

LONG TITLE

General Description:

This bill amends provisions related to housing and transit reinvestment zones.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ allows housing and transit reinvestment zones around light rail and bus rapid transit facilities;
- ▶ amends provisions related to the size limitations and number of allowed housing and transit reinvestment zones;
- ▶ requires equal participation by all local taxing entities;
- ▶ defines the term of each type of housing and transit reinvestment zone;
- ▶ amends the membership of the housing and transit reinvestment zone committee;
- ▶ requires relevant zoning changes be made before the housing and transit reinvestment zone may be approved by the committee;
- ▶ amends provisions related to the efficiency and feasibility analysis of a housing and transit reinvestment zone; and
- ▶ makes technical changes.



26 **Money Appropriated in this Bill:**

27 None

28 **Other Special Clauses:**

29 None

30 **Utah Code Sections Affected:**

31 AMENDS:

32 **59-2-924**, as last amended by Laws of Utah 2021, Chapters 214 and 388

33 **59-12-103**, as last amended by Laws of Utah 2021, Chapters 367, 387, and 411

34 **63N-3-602**, as enacted by Laws of Utah 2021, Chapter 411

35 **63N-3-603**, as last amended by Laws of Utah 2021, First Special Session, Chapter 3

36 **63N-3-604**, as enacted by Laws of Utah 2021, Chapter 411

37 **63N-3-605**, as enacted by Laws of Utah 2021, Chapter 411

38 **63N-3-607**, as enacted by Laws of Utah 2021, Chapter 411

39 **63N-3-610**, as enacted by Laws of Utah 2021, Chapter 411



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

42 Section 1. Section **59-2-924** is amended to read:

43 **59-2-924. Definitions -- Report of valuation of property to county auditor and**
44 **commission -- Transmittal by auditor to governing bodies -- Calculation of certified tax**
45 **rate -- Rulemaking authority -- Adoption of tentative budget -- Notice provided by the**
46 **commission.**

47 (1) As used in this section:

48 (a) (i) "Ad valorem property tax revenue" means revenue collected in accordance with
49 this chapter.

50 (ii) "Ad valorem property tax revenue" does not include:

51 (A) interest;

52 (B) penalties;

53 (C) collections from redemptions; or

54 (D) revenue received by a taxing entity from personal property that is semiconductor
55 manufacturing equipment assessed by a county assessor in accordance with Part 3, County
56 Assessment.

57 (b) "Adjusted tax increment" means the same as that term is defined in Section
58 [17C-1-102](#).

59 (c) (i) "Aggregate taxable value of all property taxed" means:

60 (A) the aggregate taxable value of all real property a county assessor assesses in
61 accordance with Part 3, County Assessment, for the current year;

62 (B) the aggregate taxable value of all real and personal property the commission
63 assesses in accordance with Part 2, Assessment of Property, for the current year; and

64 (C) the aggregate year end taxable value of all personal property a county assessor
65 assesses in accordance with Part 3, County Assessment, contained on the prior year's tax rolls
66 of the taxing entity.

67 (ii) "Aggregate taxable value of all property taxed" does not include the aggregate year
68 end taxable value of personal property that is:

69 (A) semiconductor manufacturing equipment assessed by a county assessor in
70 accordance with Part 3, County Assessment; and

71 (B) contained on the prior year's tax rolls of the taxing entity.

72 (d) "Base taxable value" means:

73 (i) for an authority created under Section [11-58-201](#), the same as that term is defined in
74 Section [11-58-102](#);

75 (ii) for an agency created under Section [17C-1-201.5](#), the same as that term is defined
76 in Section [17C-1-102](#);

77 (iii) for an authority created under Section [63H-1-201](#), the same as that term is defined
78 in Section [63H-1-102](#); [or]

79 (iv) for a host local government, the same as that term is defined in Section
80 [63N-2-502](#)[~~;~~]; or

81 (v) for a housing and transit reinvestment zone created under Title 63N, Chapter 3, Part
82 6, Housing and Transit Reinvestment Zone Act, a property's taxable value as shown upon the
83 assessment roll last equalized during the base year, as that term is defined in Section
84 [63N-3-602](#).

85 (e) "Centrally assessed benchmark value" means an amount equal to the highest year
86 end taxable value of real and personal property the commission assesses in accordance with
87 Part 2, Assessment of Property, for a previous calendar year that begins on or after January 1,

88 2015, adjusted for taxable value attributable to:

89 (i) an annexation to a taxing entity; or

90 (ii) an incorrect allocation of taxable value of real or personal property the commission
91 assesses in accordance with Part 2, Assessment of Property.

92 (f) (i) "Centrally assessed new growth" means the greater of:

93 (A) zero; or

94 (B) the amount calculated by subtracting the centrally assessed benchmark value
95 adjusted for prior year end incremental value from the taxable value of real and personal
96 property the commission assesses in accordance with Part 2, Assessment of Property, for the
97 current year, adjusted for current year incremental value.

98 (ii) "Centrally assessed new growth" does not include a change in value as a result of a
99 change in the method of apportioning the value prescribed by the Legislature, a court, or the
100 commission in an administrative rule or administrative order.

101 (g) "Certified tax rate" means a tax rate that will provide the same ad valorem property
102 tax revenue for a taxing entity as was budgeted by that taxing entity for the prior year.

103 (h) "Community reinvestment agency" means the same as that term is defined in
104 Section [17C-1-102](#).

105 (i) "Eligible new growth" means the greater of:

106 (i) zero; or

107 (ii) the sum of:

108 (A) locally assessed new growth;

109 (B) centrally assessed new growth; and

110 (C) project area new growth or hotel property new growth.

111 (j) "Host local government" means the same as that term is defined in Section
112 [63N-2-502](#).

113 (k) "Hotel property" means the same as that term is defined in Section [63N-2-502](#).

114 (l) "Hotel property new growth" means an amount equal to the incremental value that
115 is no longer provided to a host local government as incremental property tax revenue.

116 (m) "Incremental property tax revenue" means the same as that term is defined in
117 Section [63N-2-502](#).

118 (n) "Incremental value" means:

- 119 (i) for an authority created under Section 11-58-201, the amount calculated by
120 multiplying:
- 121 (A) the difference between the taxable value and the base taxable value of the property
122 that is located within a project area and on which property tax differential is collected; and
123 (B) the number that represents the percentage of the property tax differential that is
124 paid to the authority;
- 125 (ii) for an agency created under Section 17C-1-201.5, the amount calculated by
126 multiplying:
- 127 (A) the difference between the taxable value and the base taxable value of the property
128 located within a project area and on which tax increment is collected; and
129 (B) the number that represents the adjusted tax increment from that project area that is
130 paid to the agency;
- 131 (iii) for an authority created under Section 63H-1-201, the amount calculated by
132 multiplying:
- 133 (A) the difference between the taxable value and the base taxable value of the property
134 located within a project area and on which property tax allocation is collected; and
135 (B) the number that represents the percentage of the property tax allocation from that
136 project area that is paid to the authority; ~~or~~
- 137 (iv) for a housing and transit reinvestment zone created pursuant to Title 63N, Chapter
138 3, Part 6, Housing and Transit Reinvestment Zone Act, an amount calculated by multiplying:
- 139 (A) the difference between the taxable value and the base taxable value of the property
140 that is located within a housing and transit reinvestment zone and on which tax increment is
141 collected; and
- 142 (B) the number that represents the percentage of the tax increment that is paid to the
143 housing and transit reinvestment zone; or
- 144 ~~(iv)~~ (v) for a host local government, an amount calculated by multiplying:
- 145 (A) the difference between the taxable value and the base taxable value of the hotel
146 property on which incremental property tax revenue is collected; and
147 (B) the number that represents the percentage of the incremental property tax revenue
148 from that hotel property that is paid to the host local government.
- 149 (o) (i) "Locally assessed new growth" means the greater of:

- 150 (A) zero; or
- 151 (B) the amount calculated by subtracting the year end taxable value of real property the
152 county assessor assesses in accordance with Part 3, County Assessment, for the previous year,
153 adjusted for prior year end incremental value from the taxable value of real property the county
154 assessor assesses in accordance with Part 3, County Assessment, for the current year, adjusted
155 for current year incremental value.
- 156 (ii) "Locally assessed new growth" does not include a change in:
- 157 (A) value as a result of factoring in accordance with Section 59-2-704, reappraisal, or
158 another adjustment;
- 159 (B) assessed value based on whether a property is allowed a residential exemption for a
160 primary residence under Section 59-2-103;
- 161 (C) assessed value based on whether a property is assessed under Part 5, Farmland
162 Assessment Act; or
- 163 (D) assessed value based on whether a property is assessed under Part 17, Urban
164 Farming Assessment Act.
- 165 (p) "Project area" means:
- 166 (i) for an authority created under Section 11-58-201, the same as that term is defined in
167 Section 11-58-102;
- 168 (ii) for an agency created under Section 17C-1-201.5, the same as that term is defined
169 in Section 17C-1-102; or
- 170 (iii) for an authority created under Section 63H-1-201, the same as that term is defined
171 in Section 63H-1-102.
- 172 (q) "Project area new growth" means:
- 173 (i) for an authority created under Section 11-58-201, an amount equal to the
174 incremental value that is no longer provided to an authority as property tax differential;
- 175 (ii) for an agency created under Section 17C-1-201.5, an amount equal to the
176 incremental value that is no longer provided to an agency as tax increment; ~~or~~
- 177 (iii) for an authority created under Section 63H-1-201, an amount equal to the
178 incremental value that is no longer provided to an authority as property tax allocation[-]; or
- 179 (iv) for a housing and transit reinvestment zone created under Title 63N, Chapter 3,
180 Part 6, Housing and Transit Reinvestment Zone Act, an amount equal to the incremental value

181 that is no longer provided to a housing and transit reinvestment zone as tax increment.

182 (r) "Project area incremental revenue" means the same as that term is defined in
183 Section [17C-1-1001](#).

184 (s) "Property tax allocation" means the same as that term is defined in Section
185 [63H-1-102](#).

186 (t) "Property tax differential" means the same as that term is defined in Section
187 [11-58-102](#).

188 (u) "Qualifying exempt revenue" means revenue received:

189 (i) for the previous calendar year;

190 (ii) by a taxing entity;

191 (iii) from tangible personal property contained on the prior year's tax rolls that is
192 exempt from property tax under Subsection [59-2-1115\(2\)\(b\)](#) for a calendar year beginning on
193 January 1, 2022; and

194 (iv) on the aggregate 2021 year end taxable value of the tangible personal property that
195 exceeds \$15,300.

196 (v) "Tax increment" means:

197 (A) for a project created under Section [17C-1-201.5](#), the same as that term is defined in
198 Section [17C-1-102](#)[?]; or

199 (B) for a housing and transit reinvestment zone created under Title 63N, Chapter 3,
200 Part 6, Housing and Transit Reinvestment Zone Act, the same as that term is defined in Section
201 [63N-3-602](#).

202 (2) Before June 1 of each year, the county assessor of each county shall deliver to the
203 county auditor and the commission the following statements:

204 (a) a statement containing the aggregate valuation of all taxable real property a county
205 assessor assesses in accordance with Part 3, County Assessment, for each taxing entity; and

206 (b) a statement containing the taxable value of all personal property a county assessor
207 assesses in accordance with Part 3, County Assessment, from the prior year end values.

208 (3) The county auditor shall, on or before June 8, transmit to the governing body of
209 each taxing entity:

210 (a) the statements described in Subsections (2)(a) and (b);

211 (b) an estimate of the revenue from personal property;

212 (c) the certified tax rate; and

213 (d) all forms necessary to submit a tax levy request.

214 (4) (a) Except as otherwise provided in this section, the certified tax rate shall be
215 calculated by dividing the ad valorem property tax revenue that a taxing entity budgeted for the
216 prior year minus the qualifying exempt revenue by the amount calculated under Subsection
217 (4)(b).

218 (b) For purposes of Subsection (4)(a), the legislative body of a taxing entity shall
219 calculate an amount as follows:

220 (i) calculate for the taxing entity the difference between:

221 (A) the aggregate taxable value of all property taxed; and

222 (B) any adjustments for current year incremental value;

223 (ii) after making the calculation required by Subsection (4)(b)(i), calculate an amount
224 determined by increasing or decreasing the amount calculated under Subsection (4)(b)(i) by the
225 average of the percentage net change in the value of taxable property for the equalization
226 period for the three calendar years immediately preceding the current calendar year;

227 (iii) after making the calculation required by Subsection (4)(b)(ii), calculate the product
228 of:

229 (A) the amount calculated under Subsection (4)(b)(ii); and

230 (B) the percentage of property taxes collected for the five calendar years immediately
231 preceding the current calendar year; and

232 (iv) after making the calculation required by Subsection (4)(b)(iii), calculate an amount
233 determined by:

234 (A) multiplying the percentage of property taxes collected for the five calendar years
235 immediately preceding the current calendar year by eligible new growth; and

236 (B) subtracting the amount calculated under Subsection (4)(b)(iv)(A) from the amount
237 calculated under Subsection (4)(b)(iii).

238 (5) A certified tax rate for a taxing entity described in this Subsection (5) shall be
239 calculated as follows:

240 (a) except as provided in Subsection (5)(b) or (c), for a new taxing entity, the certified
241 tax rate is zero;

242 (b) for a municipality incorporated on or after July 1, 1996, the certified tax rate is:

243 (i) in a county of the first, second, or third class, the levy imposed for municipal-type
244 services under Sections 17-34-1 and 17-36-9; and

245 (ii) in a county of the fourth, fifth, or sixth class, the levy imposed for general county
246 purposes and such other levies imposed solely for the municipal-type services identified in
247 Section 17-34-1 and Subsection 17-36-3(23);

248 (c) for a community reinvestment agency that received all or a portion of a taxing
249 entity's project area incremental revenue in the prior year under Title 17C, Chapter 1, Part 10,
250 Agency Taxing Authority, the certified tax rate is calculated as described in Subsection (4)
251 except that the commission shall treat the total revenue transferred to the community
252 reinvestment agency as ad valorem property tax revenue that the taxing entity budgeted for the
253 prior year; and

254 (d) for debt service voted on by the public, the certified tax rate is the actual levy
255 imposed by that section, except that a certified tax rate for the following levies shall be
256 calculated in accordance with Section 59-2-913 and this section:

257 (i) a school levy provided for under Section 53F-8-301, 53F-8-302, or 53F-8-303; and

258 (ii) a levy to pay for the costs of state legislative mandates or judicial or administrative
259 orders under Section 59-2-1602.

260 (6) (a) A judgment levy imposed under Section 59-2-1328 or 59-2-1330 may be
261 imposed at a rate that is sufficient to generate only the revenue required to satisfy one or more
262 eligible judgments.

263 (b) The ad valorem property tax revenue generated by a judgment levy described in
264 Subsection (6)(a) may not be considered in establishing a taxing entity's aggregate certified tax
265 rate.

266 (7) (a) For the purpose of calculating the certified tax rate, the county auditor shall use:

267 (i) the taxable value of real property:

268 (A) the county assessor assesses in accordance with Part 3, County Assessment; and

269 (B) contained on the assessment roll;

270 (ii) the year end taxable value of personal property:

271 (A) a county assessor assesses in accordance with Part 3, County Assessment; and

272 (B) contained on the prior year's assessment roll; and

273 (iii) the taxable value of real and personal property the commission assesses in

274 accordance with Part 2, Assessment of Property.

275 (b) For purposes of Subsection (7)(a), taxable value does not include eligible new
276 growth.

277 (8) (a) On or before June 30, a taxing entity shall annually adopt a tentative budget.

278 (b) If a taxing entity intends to exceed the certified tax rate, the taxing entity shall
279 notify the county auditor of:

280 (i) the taxing entity's intent to exceed the certified tax rate; and

281 (ii) the amount by which the taxing entity proposes to exceed the certified tax rate.

282 (c) The county auditor shall notify property owners of any intent to levy a tax rate that
283 exceeds the certified tax rate in accordance with Sections 59-2-919 and 59-2-919.1.

284 (9) (a) Subject to Subsection (9)(d), the commission shall provide notice, through
285 electronic means on or before July 31, to a taxing entity and the Revenue and Taxation Interim
286 Committee if:

287 (i) the amount calculated under Subsection (9)(b) is 10% or more of the year end
288 taxable value of the real and personal property the commission assesses in accordance with
289 Part 2, Assessment of Property, for the previous year, adjusted for prior year end incremental
290 value; and

291 (ii) the amount calculated under Subsection (9)(c) is 50% or more of the total year end
292 taxable value of the real and personal property of a taxpayer the commission assesses in
293 accordance with Part 2, Assessment of Property, for the previous year.

294 (b) For purposes of Subsection (9)(a)(i), the commission shall calculate an amount by
295 subtracting the taxable value of real and personal property the commission assesses in
296 accordance with Part 2, Assessment of Property, for the current year, adjusted for current year
297 incremental value, from the year end taxable value of the real and personal property the
298 commission assesses in accordance with Part 2, Assessment of Property, for the previous year,
299 adjusted for prior year end incremental value.

300 (c) For purposes of Subsection (9)(a)(ii), the commission shall calculate an amount by
301 subtracting the total taxable value of real and personal property of a taxpayer the commission
302 assesses in accordance with Part 2, Assessment of Property, for the current year, from the total
303 year end taxable value of the real and personal property of a taxpayer the commission assesses
304 in accordance with Part 2, Assessment of Property, for the previous year.

305 (d) The notification under Subsection (9)(a) shall include a list of taxpayers that meet
306 the requirement under Subsection (9)(a)(ii).

307 Section 2. Section **59-12-103** is amended to read:

308 **59-12-103. Sales and use tax base -- Rates -- Effective dates -- Use of sales and use**
309 **tax revenues.**

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

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

313 (b) amounts paid for:

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

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

319 (iii) an ancillary service associated with a:

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

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

322 (c) sales of the following for commercial use:

323 (i) gas;

324 (ii) electricity;

325 (iii) heat;

326 (iv) coal;

327 (v) fuel oil; or

328 (vi) other fuels;

329 (d) sales of the following for residential use:

330 (i) gas;

331 (ii) electricity;

332 (iii) heat;

333 (iv) coal;

334 (v) fuel oil; or

335 (vi) other fuels;

336 (e) sales of prepared food;

337 (f) except as provided in Section 59-12-104, amounts paid or charged as admission or
338 user fees for theaters, movies, operas, museums, planetariums, shows of any type or nature,
339 exhibitions, concerts, carnivals, amusement parks, amusement rides, circuses, menageries,
340 fairs, races, contests, sporting events, dances, boxing matches, wrestling matches, closed circuit
341 television broadcasts, billiard parlors, pool parlors, bowling lanes, golf, miniature golf, golf
342 driving ranges, batting cages, skating rinks, ski lifts, ski runs, ski trails, snowmobile trails,
343 tennis courts, swimming pools, water slides, river runs, jeep tours, boat tours, scenic cruises,
344 horseback rides, sports activities, or any other amusement, entertainment, recreation,
345 exhibition, cultural, or athletic activity;

346 (g) amounts paid or charged for services for repairs or renovations of tangible personal
347 property, unless Section 59-12-104 provides for an exemption from sales and use tax for:

348 (i) the tangible personal property; and

349 (ii) parts used in the repairs or renovations of the tangible personal property described
350 in Subsection (1)(g)(i), regardless of whether:

351 (A) any parts are actually used in the repairs or renovations of that tangible personal
352 property; or

353 (B) the particular parts used in the repairs or renovations of that tangible personal
354 property are exempt from a tax under this chapter;

355 (h) except as provided in Subsection 59-12-104(7), amounts paid or charged for
356 assisted cleaning or washing of tangible personal property;

357 (i) amounts paid or charged for tourist home, hotel, motel, or trailer court
358 accommodations and services that are regularly rented for less than 30 consecutive days;

359 (j) amounts paid or charged for laundry or dry cleaning services;

360 (k) amounts paid or charged for leases or rentals of tangible personal property if within
361 this state the tangible personal property is:

362 (i) stored;

363 (ii) used; or

364 (iii) otherwise consumed;

365 (l) amounts paid or charged for tangible personal property if within this state the
366 tangible personal property is:

- 367 (i) stored;
- 368 (ii) used; or
- 369 (iii) consumed; and
- 370 (m) amounts paid or charged for a sale:
- 371 (i) (A) of a product transferred electronically; or
- 372 (B) of a repair or renovation of a product transferred electronically; and
- 373 (ii) regardless of whether the sale provides:
- 374 (A) a right of permanent use of the product; or
- 375 (B) a right to use the product that is less than a permanent use, including a right:
- 376 (I) for a definite or specified length of time; and
- 377 (II) that terminates upon the occurrence of a condition.
- 378 (2) (a) Except as provided in Subsections (2)(b) through (f), a state tax and a local tax
- 379 are imposed on a transaction described in Subsection (1) equal to the sum of:
- 380 (i) a state tax imposed on the transaction at a tax rate equal to the sum of:
- 381 (A) 4.70% plus the rate specified in Subsection (12)(a); and
- 382 (B) (I) the tax rate the state imposes in accordance with Part 18, Additional State Sales
- 383 and Use Tax Act, if the location of the transaction as determined under Sections [59-12-211](#)
- 384 through [59-12-215](#) is in a county in which the state imposes the tax under Part 18, Additional
- 385 State Sales and Use Tax Act; and
- 386 (II) the tax rate the state imposes in accordance with Part 20, Supplemental State Sales
- 387 and Use Tax Act, if the location of the transaction as determined under Sections [59-12-211](#)
- 388 through [59-12-215](#) is in a city, town, or the unincorporated area of a county in which the state
- 389 imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and
- 390 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
- 391 transaction under this chapter other than this part.
- 392 (b) Except as provided in Subsection (2)(e) or (f) and subject to Subsection (2)(k), a
- 393 state tax and a local tax are imposed on a transaction described in Subsection (1)(d) equal to
- 394 the sum of:
- 395 (i) a state tax imposed on the transaction at a tax rate of 2%; and
- 396 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
- 397 transaction under this chapter other than this part.

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

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

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

404 (d) Except as provided in Subsection (2)(e) or (f), a state tax is imposed on amounts
405 paid or charged for fuel to a common carrier that is a railroad for use in a locomotive engine at
406 a rate of 4.85%.

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

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

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

412 (II) (Aa) the tax rate the state imposes in accordance with Part 18, Additional State
413 Sales and Use Tax Act, if the location of the transaction as determined under Sections
414 59-12-211 through 59-12-215 is in a county in which the state imposes the tax under Part 18,
415 Additional State Sales and Use Tax Act; and

416 (Bb) the tax rate the state imposes in accordance with Part 20, Supplemental State
417 Sales and Use Tax Act, if the location of the transaction as determined under Sections
418 59-12-211 through 59-12-215 is in a city, town, or the unincorporated area of a county in which
419 the state imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and

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

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

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

428 (A) if the sales price of the bundled transaction is attributable to tangible personal

429 property, a product, or a service that is subject to taxation under this chapter and tangible
430 personal property, a product, or service that is not subject to taxation under this chapter, the
431 entire bundled transaction is subject to taxation under this chapter unless:

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

435 (II) state or federal law provides otherwise; or

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

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

443 (II) state or federal law provides otherwise.

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

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

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

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

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

459 (A) after the transaction occurs, the purchaser and the seller discover that the portion of

460 the transaction that is not subject to taxation under this chapter was not separately stated on an
461 invoice, bill of sale, or similar document provided to the purchaser because of an error or
462 ignorance of the law; and

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

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

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

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

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

478 (ii) For purposes of Subsection (2)(g)(i), books and records that a seller keeps in the
479 seller's regular course of business includes books and records the seller keeps in the regular
480 course of business for nontax purposes.

481 (h) Subject to Subsections (2)(i) and (j), a tax rate repeal or tax rate change for a tax
482 rate imposed under the following shall take effect on the first day of a calendar quarter:

483 (i) Subsection (2)(a)(i)(A);

484 (ii) Subsection (2)(b)(i);

485 (iii) Subsection (2)(c)(i); or

486 (iv) Subsection (2)(e)(i)(A)(I).

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

490 (A) Subsection (2)(a)(i)(A);

- 491 (B) Subsection (2)(b)(i);
- 492 (C) Subsection (2)(c)(i); or
- 493 (D) Subsection (2)(e)(i)(A)(I).
- 494 (ii) The repeal of a tax or a tax rate decrease applies to a billing period if the billing
- 495 statement for the billing period is rendered on or after the effective date of the repeal of the tax
- 496 or the tax rate decrease imposed under:
 - 497 (A) Subsection (2)(a)(i)(A);
 - 498 (B) Subsection (2)(b)(i);
 - 499 (C) Subsection (2)(c)(i); or
 - 500 (D) Subsection (2)(e)(i)(A)(I).
- 501 (j) (i) For a tax rate described in Subsection (2)(j)(ii), if a tax due on a catalogue sale is
- 502 computed on the basis of sales and use tax rates published in the catalogue, a tax rate repeal or
- 503 change in a tax rate takes effect:
 - 504 (A) on the first day of a calendar quarter; and
 - 505 (B) beginning 60 days after the effective date of the tax rate repeal or tax rate change.
- 506 (ii) Subsection (2)(j)(i) applies to the tax rates described in the following:
 - 507 (A) Subsection (2)(a)(i)(A);
 - 508 (B) Subsection (2)(b)(i);
 - 509 (C) Subsection (2)(c)(i); or
 - 510 (D) Subsection (2)(e)(i)(A)(I).
- 511 (iii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
- 512 the commission may by rule define the term "catalogue sale."
- 513 (k) (i) For a location described in Subsection (2)(k)(ii), the commission shall determine
- 514 the taxable status of a sale of gas, electricity, heat, coal, fuel oil, or other fuel based on the
- 515 predominant use of the gas, electricity, heat, coal, fuel oil, or other fuel at the location.
- 516 (ii) Subsection (2)(k)(i) applies to a location where gas, electricity, heat, coal, fuel oil,
- 517 or other fuel is furnished through a single meter for two or more of the following uses:
 - 518 (A) a commercial use;
 - 519 (B) an industrial use; or
 - 520 (C) a residential use.
- 521 (3) (a) The following state taxes shall be deposited into the General Fund:

- 522 (i) the tax imposed by Subsection (2)(a)(i)(A);
- 523 (ii) the tax imposed by Subsection (2)(b)(i);
- 524 (iii) the tax imposed by Subsection (2)(c)(i); and
- 525 (iv) the tax imposed by Subsection (2)(e)(i)(A)(I).

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

- 528 (i) the tax imposed by Subsection (2)(a)(ii);
- 529 (ii) the tax imposed by Subsection (2)(b)(ii);
- 530 (iii) the tax imposed by Subsection (2)(c)(ii); and
- 531 (iv) the tax imposed by Subsection (2)(e)(i)(B).

532 (c) The state tax imposed by Subsection (2)(d) shall be deposited into the General
533 Fund.

534 (4) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
535 2003, the lesser of the following amounts shall be expended as provided in Subsections (4)(b)
536 through (g):

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

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

- 544 (A) implement the measures described in Subsections 79-2-303(3)(a) through (d) to
545 protect sensitive plant and animal species; or
- 546 (B) award grants, up to the amount authorized by the Legislature in an appropriations
547 act, to political subdivisions of the state to implement the measures described in Subsections
548 79-2-303(3)(a) through (d) to protect sensitive plant and animal species.

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

553 (iii) At the end of each fiscal year:

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

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

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

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

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

567 (ii) At the end of each fiscal year:

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

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

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

574 (e) (i) For a fiscal year beginning on or after July 1, 2003, 41% of the amount described
575 in Subsection (4)(a) shall be deposited into the Water Resources Conservation and
576 Development Fund created in Section 73-10-24 for use by the Division of Water Resources.

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

580 (A) conduct hydrologic and geotechnical investigations by the Division of Water
581 Resources in a cooperative effort with other state, federal, or local entities, for the purpose of
582 quantifying surface and ground water resources and describing the hydrologic systems of an
583 area in sufficient detail so as to enable local and state resource managers to plan for and

584 accommodate growth in water use without jeopardizing the resource;

585 (B) fund state required dam safety improvements; and

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

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

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

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

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

597 (iii) develop surface water sources.

598 (5) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
599 2006, the difference between the following amounts shall be expended as provided in this
600 Subsection (5), if that difference is greater than \$1:

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

603 (ii) \$17,500,000.

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

605 (A) transferred each fiscal year to the Department of Natural Resources as dedicated
606 credits; and

607 (B) expended by the Department of Natural Resources for watershed rehabilitation or
608 restoration.

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

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

614 (A) transferred each fiscal year to the Division of Water Resources as dedicated

615 credits; and

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

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

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

625 (i) preconstruction costs:

626 (A) as defined in Subsection 73-26-103(6) for projects authorized by Title 73, Chapter
627 26, Bear River Development Act; and

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

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

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

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

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

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

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

646 (a) for fiscal year 2020-21 only:

647 (i) 20% of the revenue described in this Subsection (6) shall be deposited into the
648 Transportation Investment Fund of 2005 created by Section 72-2-124; and

649 (ii) 80% of the revenue described in this Subsection (6) shall be deposited into the
650 Water Infrastructure Restricted Account created by Section 73-10g-103; and

651 (b) for a fiscal year beginning on or after July 1, 2021, 100% of the revenue described
652 in this Subsection (6) shall be deposited into the Water Infrastructure Restricted Account
653 created by Section 73-10g-103.

654 (7) (a) Notwithstanding Subsection (3)(a), in addition to the amounts deposited in
655 Subsection (6), and subject to Subsection (7)(b), for a fiscal year beginning on or after July 1,
656 2012, the Division of Finance shall deposit into the Transportation Investment Fund of 2005
657 created by Section 72-2-124:

658 (i) a portion of the taxes listed under Subsection (3)(a) in an amount equal to 8.3% of
659 the revenues collected from the following taxes, which represents a portion of the
660 approximately 17% of sales and use tax revenues generated annually by the sales and use tax
661 on vehicles and vehicle-related products:

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

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

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

665 (D) the tax imposed by Subsection (2)(e)(i)(A)(I); plus

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

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

676 (A) the total percentage of sales and use taxes deposited under Subsection (7)(a) in the

677 previous fiscal year; and

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

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

685 (iii) Subject to Subsection (7)(b)(iv)(E), in all subsequent fiscal years after a year in
686 which 17% of the revenues collected from the sales and use taxes described in Subsections
687 (7)(a)(i)(A) through (D) was deposited under Subsection (7)(a), the Division of Finance shall
688 annually deposit 17% of the revenues collected from the sales and use taxes described in
689 Subsections (7)(a)(i)(A) through (D) in the current fiscal year under Subsection (7)(a).

690 (iv) (A) As used in this Subsection (7)(b)(iv), "additional growth revenue" means the
691 amount of relevant revenue collected in the current fiscal year that exceeds by more than 3%
692 the relevant revenue collected in the previous fiscal year.

693 (B) As used in this Subsection (7)(b)(iv), "combined amount" means the combined
694 total amount of money deposited into the Cottonwood Canyons fund under Subsections
695 (7)(b)(iv)(F) and [~~(8)(c)(iv)(F)~~] (8)(d)(vi) in any single fiscal year.

696 (C) As used in this Subsection (7)(b)(iv), "Cottonwood Canyons fund" means the
697 Cottonwood Canyons Transportation Investment Fund created in Subsection 72-2-124(10).

698 (D) As used in this Subsection (7)(b)(iv), "relevant revenue" means the portion of taxes
699 listed under Subsection (3)(a) that equals 17% of the revenue collected from taxes described in
700 Subsections (7)(a)(i)(A) through (D).

701 (E) For a fiscal year beginning on or after July 1, 2020, the commission shall annually
702 reduce the deposit under Subsection [~~(7)(c)(iii)~~] (7)(b)(iii) into the Transportation Investment
703 Fund of 2005 by an amount equal to the amount of the deposit under this Subsection (7)(b)(iv)
704 to the Cottonwood Canyons fund in the previous fiscal year plus 25% of additional growth
705 revenue, subject to the limit in Subsection (7)(b)(iv)(F).

706 (F) The commission shall annually deposit the amount described in Subsection
707 (7)(b)(iv)(E) into the Cottonwood Canyons fund, subject to an annual maximum combined

708 amount for any single fiscal year of \$20,000,000.

709 (G) If the amount of relevant revenue declines in a fiscal year compared to the previous
710 fiscal year, the commission shall decrease the amount of the contribution to the Cottonwood
711 Canyons fund under this Subsection (7)(b)(iv) in the same proportion as the decline in relevant
712 revenue.

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

- 719 (i) the tax imposed by Subsection (2)(a)(i)(A) at a 4.7% rate;
- 720 (ii) the tax imposed by Subsection (2)(b)(i);
- 721 (iii) the tax imposed by Subsection (2)(c)(i); and
- 722 (iv) the tax imposed by Subsection (2)(e)(i)(A)(I).

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

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

730 (d) (i) As used in this Subsection (8)(d), "additional growth revenue" means the
731 amount of relevant revenue collected in the current fiscal year that exceeds by more than 3%
732 the relevant revenue collected in the previous fiscal year.

733 (ii) As used in this Subsection (8)(d), "combined amount" means the combined total
734 amount of money deposited into the Cottonwood Canyons fund under Subsections (7)(b)(iv)(F)
735 and (8)(d)(vi) in any single fiscal year.

736 (iii) As used in this Subsection (8)(d), "Cottonwood Canyons fund" means the
737 Cottonwood Canyons Transportation Investment Fund created in Subsection 72-2-124(10).

738 (iv) As used in this Subsection (8)(d), "relevant revenue" means the portion of taxes

739 listed under Subsection (3)(a) that equals 3.68% of the revenue collected from taxes described
740 in Subsections (8)(a)(i) through (iv).

741 (v) For a fiscal year beginning on or after July 1, 2020, the commission shall annually
742 reduce the deposit under Subsection (8)(a) into the Transportation Investment Fund of 2005 by
743 an amount equal to the amount of the deposit under this Subsection (8)(d) to the Cottonwood
744 Canyons fund in the previous fiscal year plus 25% of additional growth revenue, subject to the
745 limit in Subsection (8)(d)(vi).

746 (vi) The commission shall annually deposit the amount described in Subsection
747 (8)(d)(v) into the Cottonwood Canyons fund, subject to an annual maximum combined amount
748 for any single fiscal year of \$20,000,000.

749 (vii) If the amount of relevant revenue declines in a fiscal year compared to the
750 previous fiscal year, the commission shall decrease the amount of the contribution to the
751 Cottonwood Canyons fund under this Subsection (8)(d) in the same proportion as the decline in
752 relevant revenue.

753 (9) Notwithstanding Subsection (3)(a), for each fiscal year beginning with fiscal year
754 2009-10, \$533,750 shall be deposited into the Qualified Emergency Food Agencies Fund
755 created by Section [35A-8-1009](#) and expended as provided in Section [35A-8-1009](#).

756 (10) (a) Notwithstanding Subsection (3)(a), except as provided in Subsection (10)(b),
757 and in addition to any amounts deposited under Subsections (6), (7), and (8), the Division of
758 Finance shall deposit into the Transportation Investment Fund of 2005 created by Section
759 [72-2-124](#) the amount of revenue described as follows:

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

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

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

769 (11) Notwithstanding Subsection (3)(a), beginning the second fiscal year after the

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

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

776 (b) Notwithstanding Subsection (3)(a), the Division of Finance shall, for a fiscal year
777 beginning on or after July 1, 2019, annually transfer the amount of revenue collected from the
778 rate described in Subsection (12)(a) on the transactions that are subject to the sales and use tax
779 under Subsection (2)(a)(i)(A) into the Medicaid Expansion Fund created in Section
780 26-36b-208.

781 (13) Notwithstanding Subsection (3)(a), for each fiscal year beginning with fiscal year
782 2020-21, the Division of Finance shall deposit \$200,000 into the General Fund as a dedicated
783 credit solely for use of the Search and Rescue Financial Assistance Program created in, and
784 expended in accordance with, Title 53, Chapter 2a, Part 11, Search and Rescue Act.

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

788 (b) If the total revenue deposited into the Transportation Investment Fund of 2005
789 under Subsections (6) through (8) is less than \$1,813,400 for a fiscal year, the Division of
790 Finance shall transfer the total revenue deposited into the Transportation Investment Fund of
791 2005 under Subsections (6) through (8) during the fiscal year to the General Fund.

792 (15) Notwithstanding Subsection (3)(a), and as described in Section 63N-3-610,
793 beginning the first day of the calendar quarter one year after the sales and use tax boundary for
794 a housing and transit reinvestment zone is established, the commission, at least annually, shall
795 transfer an amount equal to 15% of the sales and use tax increment within an established sales
796 and use tax boundary, as defined in Section 63N-3-602, into the Transit Transportation
797 Investment Fund created in Section 72-2-124.

798 Section 3. Section 63N-3-602 is amended to read:

799 **63N-3-602. Definitions.**

800 As used in this part:

801 (1) "Affordable housing" means the same as that term is defined in Section [11-38-102](#).

802 (2) "Agency" means the same as that term is defined in Section [17C-1-102](#).

803 (3) "Base taxable value" means a property's taxable value as shown upon the
804 assessment roll last equalized during the base year.

805 (4) "Base year" means, for a proposed housing and transit reinvestment zone area, a
806 year beginning the first day of the calendar quarter determined by the last equalized tax roll
807 before the adoption of the housing and transit reinvestment zone.

808 (5) "Bus rapid transit" means a high-quality bus-based transit system that delivers fast
809 and efficient service that may include dedicated lanes, busways, traffic signal priority,
810 off-board fare collection, elevated platforms, and enhanced stations.

811 [~~5~~] (6) (a) "Commuter rail" means a heavy-rail passenger rail transit facility operated
812 by a large public transit district.

813 (b) "Commuter rail" does not include a light-rail passenger rail facility of a large public
814 transit district.

815 [~~6~~] (7) "Commuter rail station" means a station, stop, or terminal along an existing
816 commuter rail line, or along an extension to an existing commuter rail line or new commuter
817 rail line that is included in a metropolitan planning organization's adopted long-range
818 transportation plan.

819 (8) (a) "Developable area" means the portion of land within a housing and transit
820 reinvestment zone available for development and construction of business and residential uses.

821 (b) "Developable area" does not include portions of land within a housing and transit
822 reinvestment zone that are allocated to:

823 (i) parks;

824 (ii) recreation facilities;

825 (iii) open space;

826 (iv) trails;

827 (v) publicly-owned roadway facilities; or

828 (vi) other public facilities.

829 [~~7~~] (9) "Dwelling unit" means one or more rooms arranged for the use of one or more
830 individuals living together, as a single housekeeping unit normally having cooking, living,
831 sanitary, and sleeping facilities.

832 ~~[(8)]~~ (10) "Enhanced development" means the construction of mixed uses including
833 housing, commercial uses, and related facilities~~[- at an average density of 50 dwelling units or~~
834 ~~more per acre on the developable acres].~~

835 ~~[(9)]~~ (11) "Enhanced development costs" means extra costs associated with structured
836 parking costs, vertical construction costs, horizontal construction costs, life safety costs,
837 structural costs, conveyor or elevator costs, and other costs incurred due to the increased height
838 of buildings or enhanced development.

839 ~~[(10)]~~ (12) "Horizontal construction costs" means the additional costs associated with
840 earthwork, over excavation, utility work, transportation infrastructure, and landscaping to
841 achieve enhanced development in the housing and transit reinvestment zone.

842 ~~[(11)]~~ (13) "Housing and transit reinvestment zone" means a housing and transit
843 reinvestment zone created pursuant to this part.

844 ~~[(12)]~~ (14) "Housing and transit reinvestment zone committee" means a housing and
845 transit reinvestment zone committee created pursuant to Section [63N-3-605](#).

846 ~~[(13)]~~ (15) "Large public transit district" means the same as that term is defined in
847 Section [17B-2a-802](#).

848 (16) "Light rail" means a passenger rail public transit system with right-of-way and
849 fixed rails:

850 (a) dedicated to exclusive use by light-rail public transit vehicles;

851 (b) that may cross streets at grade; and

852 (c) that may share parts of surface streets.

853 ~~[(14)]~~ (17) "Metropolitan planning organization" means the same as that term is
854 defined in Section [72-1-208.5](#).

855 ~~[(15)]~~ (18) "Mixed use development" means development with a mix of multi-family
856 residential use and at least one additional land use.

857 ~~[(16)]~~ (19) "Municipality" means the same as that term is defined in Section [10-1-104](#).

858 ~~[(17)]~~ (20) "Participant" means the same as that term is defined in Section [17C-1-102](#).

859 ~~[(18)]~~ (21) "Participation agreement" means the same as that term is defined in Section
860 [17C-1-102](#), except that the agency may not provide and the person may not receive a direct
861 subsidy.

862 ~~[(19)]~~ (22) "Public transit county" means a county that has created a small public

863 transit district.

864 ~~[(20)]~~ (23) "Public transit hub" means a public transit depot or station where four or
865 more routes serving separate parts of the county-created transit district stop to transfer riders
866 between routes.

867 ~~[(21)]~~ (24) "Sales and use tax base year" means a sales and use tax year determined by
868 the first year pertaining to the tax imposed in Section 59-12-103 after the sales and use tax
869 boundary for a housing and transit reinvestment zone is established.

870 ~~[(22)]~~ (25) "Sales and use tax boundary" means a boundary created as described in
871 Section 63N-3-604, based on state sales and use tax collection that corresponds as closely as
872 reasonably practicable to the housing and transit reinvestment zone boundary.

873 ~~[(23)]~~ (26) "Sales and use tax increment" means the difference between:

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

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

880 ~~[(24)]~~ (27) "Sales and use tax revenue" means revenue that is generated from the tax
881 imposed under Section 59-12-103.

882 ~~[(25)]~~ (28) "Small public transit district" means the same as that term is defined in
883 Section 17B-2a-802.

884 ~~[(26)]~~ (29) "Tax commission" means the State Tax Commission created in Section
885 59-1-201.

886 ~~[(27)]~~ (30) "Tax increment" means the difference between:

887 (a) the amount of property tax revenue generated each tax year by a taxing entity from
888 the area within a housing and transit reinvestment zone designated in the housing and transit
889 reinvestment zone proposal as the area from which tax increment is to be collected, using the
890 current assessed value and each taxing entity's current certified tax rate as defined in Section
891 59-2-924; and

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

894 Section ~~59-2-924~~.

895 ~~[(28)]~~ (31) "Taxing entity" means the same as that term is defined in Section
896 ~~17C-1-102~~.

897 ~~[(29)]~~ (32) "Vertical construction costs" means the additional costs associated with
898 construction above four stories and structured parking to achieve enhanced development in the
899 housing and transit reinvestment zone.

900 Section 4. Section **63N-3-603** is amended to read:

901 **63N-3-603. Applicability, requirements, and limitations on a housing and transit**
902 **reinvestment zone.**

903 (1) A housing and transit reinvestment zone proposal created under this part shall
904 promote the following objectives:

- 905 (a) higher utilization of public transit;
- 906 (b) increasing availability of housing, including affordable housing;
- 907 (c) conservation of water resources through efficient land use;
- 908 (d) improving air quality by reducing fuel consumption and motor vehicle trips;
- 909 (e) encouraging transformative mixed-use development and investment in
910 transportation and public transit infrastructure in strategic areas;
- 911 (f) strategic land use and municipal planning in major transit investment corridors as
912 described in Subsection ~~10-9a-403~~(2); and
- 913 (g) increasing access to employment and educational opportunities.

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

- 918 (a) except as provided in Subsection (3), at least 10% of the proposed [~~housing~~]
919 dwelling units within the housing and transit reinvestment zone are affordable housing units;
- 920 (b) [~~a dedication of~~] at least 51% of the developable area within the housing and transit
921 reinvestment zone [~~to residential development~~] includes residential uses with an average of 50
922 [~~multi-family~~] dwelling units per acre or greater; [~~and~~]
- 923 (c) mixed-use development[~~;~~]; and
- 924 (d) a mix of dwelling units to ensure that a reasonable percentage of the dwelling units

925 has more than one bedroom.

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

931 [~~(4)~~ A municipality or public transit county may only propose a housing and transit
932 reinvestment zone that:]

933 (4) (a) A municipality may only propose a housing and transit reinvestment zone at a
934 commuter rail station, and a public transit county may only propose a housing and transit
935 reinvestment zone at a public transit hub, that:

936 [~~(a)~~] (i) subject to Subsection (5)(a):

937 [~~(i)~~] (A) (I) except as provided in Subsection (4)(a)(i)(A)(II), for a municipality, does
938 not exceed a 1/3 mile radius of a commuter rail station; [or]

939 (II) for a municipality that is a city of the first class with a population greater than
940 150,000 that is within a county of the first class, with an opportunity zone created pursuant to
941 Section 1400Z-1, Internal Revenue Code, does not exceed a 1/2 mile radius of a commuter rail
942 station located within the opportunity zone; or

943 [~~(B)~~] (III) for a public transit county, does not exceed a 1/3 mile radius of a public
944 transit hub; and

945 [~~(ii)~~] (B) has a total area of no more than 125 noncontiguous [square] acres;

946 [~~(b)~~] (ii) subject to Section 63N-3-607, proposes the capture of a maximum of 80% of
947 each taxing entity's tax increment above the base year for a term of no more than 25
948 consecutive years on each parcel within a 45-year period not to exceed the tax increment
949 amount approved in the housing and transit reinvestment zone proposal; and

950 [~~(c)~~] (iii) the commencement of collection of tax increment, for all or a portion of the
951 housing and transit reinvestment zone, will be triggered by providing notice as described in
952 Subsection (6).

953 (b) A municipality or public transit county may only propose a housing and transit
954 reinvestment zone at a light rail station or bus rapid transit station that:

955 (i) subject to Subsection (5):

956 (A) does not exceed:
957 (I) except as provided in Subsection (4)(b)(i)(A)(II) or (III), a 1/4 mile radius of a bus
958 rapid transit station or light rail station;
959 (II) for a municipality that is a city of the first class with a population greater than
960 150,000 that is within a county of the first class, a 1/2 mile radius of a light rail station located
961 in an opportunity zone created pursuant to Section 1400Z-1, Internal Revenue Code; or
962 (III) a 1/2 mile radius of a light rail station located within a master-planned
963 development of 500 acres or more; and
964 (B) has a total area of no more than 100 noncontiguous acres;
965 (ii) subject to Subsection (4)(c) and Section [63N-3-607](#), proposes the capture of a
966 maximum of 80% of each taxing entity's tax increment above the base year for a term of no
967 more than 15 consecutive years on each parcel within a 30-year period not to exceed the tax
968 increment amount approved in the housing and transit reinvestment zone proposal; and
969 (iii) the commencement of collection of tax increment, for all or a portion of the
970 housing and transit reinvestment zone, will be triggered by providing notice as described in
971 Subsection (6).
972 (c) For a housing and transit reinvestment zone proposed by a public transit county at a
973 public transit hub, or for a housing and transit reinvestment zone proposed by a municipality at
974 a bus rapid transit station, if the proposed housing density within the housing and transit
975 reinvestment zone is between 35 and 49 dwelling units per acre, the maximum capture of each
976 taxing entity's tax increment above the base year is 60%.
977 (d) A municipality that is a city of the first class with a population greater than 150,000
978 in a county of the first class as described in Subsections (4)(a)(i)(A)(II) and (4)(b)(i)(A)(II) may
979 only propose one housing and transit reinvestment zone within an opportunity zone.
980 ~~[(5) H]~~ (5) (a) For a housing and transit reinvestment zone for a commuter rail station,
981 if a parcel is bisected by the ~~[1/3 mile radius]~~ relevant radius limitation, the full parcel may be
982 included as part of the housing and transit reinvestment zone area and will not count against the
983 limitations described in Subsection (4)(a)(i).
984 (b) For a housing and transit reinvestment zone for a light rail or bus rapid transit
985 station, if a parcel is bisected by the relevant radius limitation, the full parcel may be included
986 as part of the housing and transit reinvestment zone area and will not count against the

987 limitations described in Subsection (4)(b)(i).

988 (6) The notice of commencement of collection of tax increment required in Subsection
989 [~~(4)(c)~~] (4)(a)(iii) or (4)(b)(iii) shall be sent by mail or electronically to:

990 (a) the tax commission;

991 (b) the State Board of Education;

992 (c) the state auditor;

993 (d) the auditor of the county in which the housing and transit reinvestment zone is
994 located;

995 (e) each taxing entity affected by the collection of tax increment from the housing and
996 transit reinvestment zone; and

997 (f) the Governor's Office of Economic Opportunity.

998 (7) (a) The maximum number of housing and transit reinvestment zones at light rail
999 stations is eight in any given county.

1000 (b) The maximum number of housing and transit reinvestment zones at bus rapid
1001 transit stations is three in any given county.

1002 Section 5. Section **63N-3-604** is amended to read:

1003 **63N-3-604. Process for a proposal of a housing and transit reinvestment zone --**
1004 **Analysis.**

1005 (1) Subject to approval of the housing and transit reinvestment zone committee as
1006 described in Section **63N-3-605**, in order to create a housing and transit reinvestment zone, a
1007 municipality or public transit county that has general land use authority over the housing and
1008 transit reinvestment zone area, shall:

1009 (a) prepare a proposal for the housing and transit reinvestment zone that:

1010 (i) demonstrates that the proposed housing and transit reinvestment zone will meet the
1011 objectives described in Subsection **63N-3-603(1)**;

1012 (ii) explains how the municipality or public transit county will achieve the
1013 requirements of Subsection **63N-3-603(2)(a)**;

1014 (iii) defines the specific transportation infrastructure needs, if any, and proposed
1015 improvements;

1016 (iv) defines the boundaries of:

1017 (A) the housing and transit reinvestment zone; and

1018 (B) the sales and use tax boundary corresponding to the housing and transit
1019 reinvestment zone boundary, as described in Section 63N-3-610;

1020 (v) identifies any development impediments that prevent the development from being a
1021 market-rate investment and proposed strategies for addressing each one;

1022 (vi) describes the proposed development plan, including the requirements described in
1023 Subsections 63N-3-603(2) and (4);

1024 (vii) establishes a base year and collection period to calculate the tax increment within
1025 the housing and transit reinvestment zone;

1026 (viii) establishes a sales and use tax base year to calculate the sales and use tax
1027 increment within the housing and transit reinvestment zone;

1028 (ix) describes projected maximum revenues generated and the amount of tax increment
1029 capture from each taxing entity and proposed expenditures of revenue derived from the housing
1030 and transit reinvestment zone;

1031 (x) includes an analysis of other applicable or eligible incentives, grants, or sources of
1032 revenue that can be used to reduce the finance gap;

1033 (xi) evaluates possible benefits to active and public transportation availability and
1034 impacts on air quality;

1035 ~~[(xi)]~~ (xii) proposes a finance schedule to align expected revenue with required
1036 financing costs and payments; and

1037 ~~[(xii)]~~ (xiii) provides a pro-forma for the planned development including the cost
1038 differential between surface parked multi-family development and enhanced development that
1039 satisfies the requirements described in Subsections 63N-3-603(2), (3), and (4); and

1040 (b) submit the housing and transit reinvestment zone proposal to the Governor's Office
1041 of Economic Opportunity.

1042 ~~[(2) Before submitting the proposed housing and transit reinvestment zone to the~~
1043 ~~Governor's Office of Economic Opportunity as described in Subsection (1)(b), the municipality~~
1044 ~~or public transit county proposing the housing and transit reinvestment zone shall ensure that~~
1045 ~~the area of the proposed housing and transit reinvestment zone is zoned in such a manner to~~
1046 ~~accommodate the requirements of a housing and transit reinvestment zone described in this~~
1047 ~~section and the proposed development.]~~

1048 (2) As part of the proposal described in Subsection (1), a municipality or public transit

1049 county shall study and evaluate possible impacts of a proposed housing and transit
1050 reinvestment zone on parking within the city and housing and transit reinvestment zone.

1051 (3) (a) After receiving the proposal as described in Subsection (1)(b), the Governor's
1052 Office of Economic Opportunity shall, at the expense of the proposing municipality or public
1053 transit county as described in Subsection (5), contract with an independent entity to perform the
1054 gap analysis described in Subsection (3)(b).

1055 (b) The gap analysis required in Subsection (3)(a) shall include:

1056 (i) a description of the planned development;

1057 (ii) a market analysis relative to other comparable project developments included in or
1058 adjacent to the municipality or public transit county absent the proposed housing and transit
1059 reinvestment zone;

1060 (iii) an evaluation of the proposal to and a determination of the adequacy and efficiency
1061 of the proposal; [~~and~~]

1062 (iv) an evaluation of the proposed increment capture needed to cover the enhanced
1063 development costs associated with the housing and transit reinvestment zone proposal and
1064 enable the proposed development to occur; and

1065 [~~(iv)~~] (v) based on the market analysis and other findings, an opinion relative to the
1066 minimum amount of potential public financing reasonably determined to be necessary to
1067 achieve the objectives described in Subsection 63N-3-603(1).

1068 (4) After receiving the results from the analysis described in Subsection (3)(b), the
1069 municipality or public transit county proposing the housing and transit reinvestment zone may:

1070 (a) amend the housing and transit reinvestment zone proposal based on the findings of
1071 the analysis described in Subsection (3)(b) and request that the Governor's Office of Economic
1072 Opportunity submit the amended housing and transit reinvestment zone proposal to the housing
1073 and transit reinvestment zone committee; or

1074 (b) request that the Governor's Office of Economic Opportunity submit the original
1075 housing and transit reinvestment zone proposal to the housing and transit reinvestment zone
1076 committee.

1077 (5) (a) The Governor's Office of Economic Opportunity may accept, as a dedicated
1078 credit, up to \$20,000 from a municipality or public transit county for the costs of the gap
1079 analysis described in Subsection (3)(b).

1080 (b) The Governor's Office of Economic Opportunity may expend funds received from a
1081 municipality or public transit county as dedicated credits to pay for the costs associated with
1082 the gap analysis described in Subsection (3)(b).

1083 Section 6. Section **63N-3-605** is amended to read:

1084 **63N-3-605. Housing and Transit Reinvestment Zone Committee -- Creation.**

1085 (1) For any housing and transit reinvestment zone proposed under this part, there is
1086 created a housing and transit reinvestment zone committee with membership described in
1087 Subsection (2).

1088 (2) Each housing and transit reinvestment zone committee shall consist of the
1089 following members:

1090 (a) one representative from the Governor's Office of Economic Opportunity, designated
1091 by the executive director of the Governor's Office of Economic Opportunity;

1092 (b) one representative from each municipality that is a party to the proposed housing
1093 and transit reinvestment zone, designated by the chief executive officer of each respective
1094 municipality;

1095 (c) one representative from the Department of Transportation created in Section
1096 [72-1-201](#), designated by the executive director of the Department of Transportation;

1097 (d) one representative from a large public transit district that serves the proposed
1098 housing and transit reinvestment zone area, designated by the chair of the board of trustees of a
1099 large public transit district;

1100 ~~[(e) one representative of each relevant metropolitan planning organization, designated~~
1101 ~~by the chair of the metropolitan planning organization;]~~

1102 (e) one individual from the Office of the State Treasurer, designated by the state
1103 treasurer;

1104 (f) one member designated by the president of the Senate;

1105 (g) one member designated by the speaker of the House of Representatives;

1106 ~~[(h) one member designated by the chair of the State Board of Education;]~~

1107 (h) one individual from the tax commission, designated by the executive director of the
1108 tax commission;

1109 (i) one member designated by the chief executive officer of each county affected by the
1110 housing and transit reinvestment zone;

1111 (j) one representative designated by the school superintendent from the school district
1112 affected by the housing and transit reinvestment zone; and

1113 (k) one representative, representing the largest participating local taxing entity, after
1114 the municipality, county, and school district.

1115 (3) The individual designated by the Governor's Office of Economic Opportunity as
1116 described in Subsection (2)(a) shall serve as chair of the housing and transit reinvestment zone
1117 committee.

1118 (4) (a) A majority of the members of the housing and transit reinvestment zone
1119 committee constitutes a quorum of the housing and transit reinvestment zone committee.

1120 (b) An action by a majority of a quorum of the housing and transit reinvestment zone
1121 committee is an action of the housing and transit reinvestment zone committee.

1122 (5) After the Governor's Office of Economic Opportunity receives the results of the
1123 analysis described in Section 63N-3-604, and after the Governor's Office of Economic
1124 Opportunity has received a request from the submitting municipality or public transit county to
1125 submit the housing and transit reinvestment zone proposal to the housing and transit
1126 reinvestment zone committee, the Governor's Office of Economic Opportunity shall notify each
1127 of the entities described in Subsection (2) of the formation of the housing and transit
1128 reinvestment zone committee.

1129 (6) (a) The chair of the housing and transit reinvestment zone committee shall convene
1130 a public meeting to consider the proposed housing and transit reinvestment zone.

1131 (b) A meeting of the housing and transit reinvestment zone committee is subject to
1132 Title 52, Chapter 4, Open and Public Meetings Act.

1133 (7) (a) The proposing municipality or public transit county shall present the housing
1134 and transit reinvestment zone proposal to the housing and transit reinvestment zone committee
1135 in a public meeting.

1136 (b) The housing and transit reinvestment zone committee shall:

1137 (i) evaluate and verify whether the elements of a housing and transit reinvestment zone
1138 described in Subsections 63N-3-603(2) and (4) have been met; and

1139 (ii) evaluate the proposed housing and transit reinvestment zone relative to the analysis
1140 described in Subsection 63N-3-604(2).

1141 (8) (a) [The] Subject to Subsection (8)(b), the housing and transit reinvestment zone

1142 committee may:

1143 ~~[(a)]~~ (i) request changes to the housing and transit reinvestment zone proposal based on
1144 the analysis described in Section 63N-3-604; or

1145 ~~[(b)]~~ (ii) vote to approve or deny the proposal.

1146 (b) Before the housing and transit reinvestment zone committee may approve the
1147 housing and transit reinvestment zone proposal, the municipality or public transit county
1148 proposing the housing and transit reinvestment zone shall ensure that the area of the proposed
1149 housing and transit reinvestment zone is zoned in such a manner to accommodate the
1150 requirements of a housing and transit reinvestment zone described in this section and the
1151 proposed development.

1152 (9) If a housing and transit reinvestment zone is approved by the committee:

1153 (a) the proposed housing and transit reinvestment zone is established according to the
1154 terms of the housing and transit reinvestment zone proposal; ~~[and]~~

1155 (b) affected local taxing entities are required to participate according to the terms of the
1156 housing and transit reinvestment zone proposal~~[-];~~ and

1157 (c) each affected taxing municipality is required to participate at the same rate as a
1158 participating county.

1159 (10) A housing and transit reinvestment zone proposal may be amended by following
1160 the same procedure as approving a housing and transit reinvestment zone proposal.

1161 Section 7. Section 63N-3-607 is amended to read:

1162 **63N-3-607. Payment, use, and administration of revenue from a housing and**
1163 **transit reinvestment zone.**

1164 (1) A municipality or public transit county may receive and use tax increment and
1165 housing and transit reinvestment zone funds in accordance with this part.

1166 (2) (a) A county that collects property tax on property located within a housing and
1167 transit reinvestment zone shall, in accordance with Section 59-2-1365, distribute to the
1168 municipality or public transit county any tax increment the municipality or public transit county
1169 is authorized to receive up to the maximum approved by the housing and transit reinvestment
1170 zone committee.

1171 (b) Tax increment distributed to a municipality or public transit county in accordance
1172 with Subsection (2)(a) is not revenue of the taxing entity or municipality or public transit

1173 county.

1174 (c) (i) Tax increment paid to the municipality or public transit county are housing and
1175 transit reinvestment zone funds and shall be administered by an agency created by the
1176 municipality or public transit county within which the housing and transit reinvestment zone is
1177 located.

1178 (ii) Before an agency may receive housing and transit reinvestment zone funds from
1179 the municipality or public transit county, the municipality or public transit county and the
1180 agency shall enter into an interlocal agreement with terms that:

1181 (A) are consistent with the approval of the housing and transit reinvestment zone
1182 committee; and

1183 (B) meet the requirements of Section [63N-3-603](#).

1184 (3) (a) A municipality or public transit county and agency shall use housing and transit
1185 reinvestment zone funds within, or for the direct benefit of, the housing and transit
1186 reinvestment zone.

1187 (b) If any housing and transit reinvestment zone funds will be used outside of the
1188 housing and transit reinvestment zone there must be a finding in the approved proposal for a
1189 housing and transit reinvestment zone that the use of the housing and transit reinvestment zone
1190 funds outside of the housing and transit reinvestment zone will directly benefit the housing and
1191 transit reinvestment zone.

1192 (4) A municipality or public transit county shall use housing and transit reinvestment
1193 zone funds to achieve the purposes described in Subsections [63N-3-603](#)(1) and (2), by paying
1194 all or part of the costs of any of the following:

1195 (a) income targeted housing costs;

1196 (b) structured parking within the housing and transit reinvestment zone;

1197 (c) enhanced development costs;

1198 (d) horizontal construction costs;

1199 (e) vertical construction costs;

1200 (f) [~~land purchase~~] property acquisition costs within the housing and transit
1201 reinvestment zone; or

1202 (g) the costs of the municipality or public transit county to create and administer the
1203 housing and transit reinvestment zone, which may not exceed 1% of the total housing and

1204 transit reinvestment zone funds, plus the costs to complete the gap analysis described in
1205 Subsection [63N-3-604](#)~~(3)~~(2).

1206 (5) Housing and transit reinvestment zone funds may be paid to a participant, if the
1207 agency and participant enter into a participation agreement which requires the participant to
1208 utilize the housing and transit reinvestment zone funds as allowed in this section.

1209 (6) Housing and transit reinvestment zone funds may be used to pay all of the costs of
1210 bonds issued by the municipality or public transit county in accordance with Title 17C, Chapter
1211 1, Part 5, Agency Bonds, including the cost to issue and repay the bonds including interest.

1212 (7) A municipality or public transit county may create one or more public infrastructure
1213 districts within the housing and transit reinvestment zone under [~~Title 17B, Chapter 2a, Part~~
1214 ~~42~~] Title 17D, Chapter 4, Public Infrastructure District Act, and pledge and utilize the housing
1215 and transit reinvestment zone funds to guarantee the payment of public infrastructure bonds
1216 issued by a public infrastructure district.

1217 Section 8. Section **63N-3-610** is amended to read:

1218 **63N-3-610. Sales and use tax increment in a housing and transit reinvestment**
1219 **zone.**

1220 (1) A housing and transit reinvestment proposal shall, in consultation with the tax
1221 commission:

1222 (a) create a sales and use tax boundary as described in Subsection (2); and

1223 (b) establish a sales and use tax base year and collection period to calculate and transfer
1224 the state sales and use tax increment within the housing and transit reinvestment zone.

1225 (2) (a) The municipality or public transit county, in consultation with the tax
1226 commission, shall establish a sales and use tax boundary that:

1227 (i) is based on state sales and use tax collection boundaries; and

1228 (ii) follows as closely as reasonably practicable the boundary of the housing and transit
1229 reinvestment zone.

1230 (b) The municipality or public transit county shall include the sales and use tax
1231 boundary in the housing and transit reinvestment zone proposal as described in Section
1232 [63N-3-604](#).

1233 (3) Beginning the first day of the calendar quarter one year after the sales and use tax
1234 boundary for a housing and transit reinvestment zone is established, the tax commission shall,

1235 at least annually, transfer an amount equal to 15% of the sales and use tax increment within an
1236 established sales and use tax boundary into the Transit Transportation Investment Fund created
1237 in Section [72-2-124](#).

1238 (4) (a) The requirement described in Subsection (3) to transfer incremental sales tax
1239 revenue shall take effect:

1240 (i) on the first day of a calendar quarter; and

1241 (ii) after a 90-day waiting period, beginning on the date the commission receives notice
1242 from the municipality or public transit county meeting the requirements of Subsection (4)(b).

1243 (b) The notice described in Subsection (4)(a) shall include:

1244 (i) a statement that the housing and transit reinvestment zone will be established under
1245 this part;

1246 (ii) the approval date and effective date of the housing and transit reinvestment zone;

1247 and

1248 (iii) the definitions of the sales and use tax boundary and sales and use tax base year.