

Senator Wayne A. Harper proposes the following substitute bill:

FIRST HOME INVESTMENT ZONE ACT

2024 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Wayne A. Harper

House Sponsor: Calvin R. Musselman

LONG TITLE

General Description:

This bill enacts the First Home Investment Zone Act.

Highlighted Provisions:

This bill:

- ▶ enacts the First Home Investment Zone Act;
- ▶ defines terms;
- ▶ allows a municipality to create a first home investment zone to:
 - provide affordable, owner-occupied housing;
 - encourage mixed use development;
 - encourage strategic and efficient land use planning;
 - improve access to opportunities; and
 - increase opportunities for home ownership;
- ▶ allows a first home investment zone to capture tax increment to finance the objectives of a first home investment zone;
 - ▶ provides certain requirements regarding housing density, affordability, development size, and other characteristics of a first home investment zone;
 - ▶ requires the housing and transit reinvestment zone committee to review and approve first home investment zone proposals; and



26 ▶ makes technical changes.

27 **Money Appropriated in this Bill:**

28 None

29 **Other Special Clauses:**

30 None

31 **Utah Code Sections Affected:**

32 AMENDS:

33 **59-2-924**, as last amended by Laws of Utah 2023, Chapter 502

34 **63N-3-602**, as last amended by Laws of Utah 2023, Chapter 357

35 **63N-3-603**, as last amended by Laws of Utah 2023, Chapter 357

36 **63N-3-605**, as last amended by Laws of Utah 2023, Chapter 357

37 ENACTS:

38 **63N-3-1301**, Utah Code Annotated 1953

39 **63N-3-1302**, Utah Code Annotated 1953

40 **63N-3-1303**, Utah Code Annotated 1953

41 **63N-3-1304**, Utah Code Annotated 1953

42 **63N-3-1305**, Utah Code Annotated 1953

43 **63N-3-1306**, Utah Code Annotated 1953

44 **63N-3-1307**, Utah Code Annotated 1953

45 **63N-3-1308**, Utah Code Annotated 1953



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

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

49 **59-2-924. Definitions -- Report of valuation of property to county auditor and**
50 **commission -- Transmittal by auditor to governing bodies -- Calculation of certified tax**
51 **rate -- Rulemaking authority -- Adoption of tentative budget -- Notice provided by the**
52 **commission.**

53 (1) As used in this section:

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

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

57 (A) interest;
58 (B) penalties;
59 (C) collections from redemptions; or
60 (D) revenue received by a taxing entity from personal property that is semiconductor
61 manufacturing equipment assessed by a county assessor in accordance with Part 3, County
62 Assessment.

63 (b) "Adjusted tax increment" means the same as that term is defined in Section
64 [17C-1-102](#).

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

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

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

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

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

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

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

78 (d) "Base taxable value" means:

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

81 (ii) for the Point of the Mountain State Land Authority created in Section [11-59-201](#),
82 the same as that term is defined in Section [11-59-207](#);

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

85 (iv) for an authority created under Section [63H-1-201](#), the same as that term is defined
86 in Section [63H-1-102](#);

87 (v) for a host local government, the same as that term is defined in Section [63N-2-502](#);

88 [or]

89 (vi) for a housing and transit reinvestment zone created under Title 63N, Chapter 3,
90 Part 6, Housing and Transit Reinvestment Zone Act, a property's taxable value as shown upon
91 the assessment roll last equalized during the base year, as that term is defined in Section
92 [63N-3-602](#)[-]; or

93 (vii) for a first home investment zone created under Title 63N, Chapter 3, Part 13, First
94 Home Investment Zone Act, a property's taxable value as shown upon the assessment roll last
95 equalized during the base year, as that term is defined in Section [63N-3-1301](#).

96 (e) "Centrally assessed benchmark value" means an amount equal to the highest year
97 end taxable value of real and personal property the commission assesses in accordance with
98 Part 2, Assessment of Property, for a previous calendar year that begins on or after January 1,
99 2015, adjusted for taxable value attributable to:

100 (i) an annexation to a taxing entity;

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

103 (iii) a change in value as a result of a change in the method of apportioning the value
104 prescribed by the Legislature, a court, or the commission in an administrative rule or
105 administrative order.

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

107 (A) zero; or

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

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

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

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

- 119 (i) "Eligible new growth" means the greater of:
- 120 (i) zero; or
- 121 (ii) the sum of:
- 122 (A) locally assessed new growth;
- 123 (B) centrally assessed new growth; and
- 124 (C) project area new growth or hotel property new growth.
- 125 (j) "Host local government" means the same as that term is defined in Section
- 126 [63N-2-502](#).
- 127 (k) "Hotel property" means the same as that term is defined in Section [63N-2-502](#).
- 128 (l) "Hotel property new growth" means an amount equal to the incremental value that
- 129 is no longer provided to a host local government as incremental property tax revenue.
- 130 (m) "Incremental property tax revenue" means the same as that term is defined in
- 131 Section [63N-2-502](#).
- 132 (n) "Incremental value" means:
- 133 (i) for an authority created under Section [11-58-201](#), the amount calculated by
- 134 multiplying:
- 135 (A) the difference between the taxable value and the base taxable value of the property
- 136 that is located within a project area and on which property tax differential is collected; and
- 137 (B) the number that represents the percentage of the property tax differential that is
- 138 paid to the authority;
- 139 (ii) for the Point of the Mountain State Land Authority created in Section [11-59-201](#),
- 140 an amount calculated by multiplying:
- 141 (A) the difference between the current assessed value of the property and the base
- 142 taxable value; and
- 143 (B) the number that represents the percentage of the property tax augmentation, as
- 144 defined in Section [11-59-207](#), that is paid to the Point of the Mountain State Land Authority;
- 145 (iii) for an agency created under Section [17C-1-201.5](#), the amount calculated by
- 146 multiplying:
- 147 (A) the difference between the taxable value and the base taxable value of the property
- 148 located within a project area and on which tax increment is collected; and
- 149 (B) the number that represents the adjusted tax increment from that project area that is

150 paid to the agency;

151 (iv) for an authority created under Section 63H-1-201, the amount calculated by
152 multiplying:

153 (A) the difference between the taxable value and the base taxable value of the property
154 located within a project area and on which property tax allocation is collected; and

155 (B) the number that represents the percentage of the property tax allocation from that
156 project area that is paid to the authority;

157 (v) for a housing and transit reinvestment zone created pursuant to Title 63N, Chapter
158 3, Part 6, Housing and Transit Reinvestment Zone Act, an amount calculated by multiplying:

159 (A) the difference between the taxable value and the base taxable value of the property
160 that is located within a housing and transit reinvestment zone and on which tax increment is
161 collected; and

162 (B) the number that represents the percentage of the tax increment that is paid to the
163 housing and transit reinvestment zone;

164 (vi) for a host local government, an amount calculated by multiplying:

165 (A) the difference between the taxable value and the base taxable value of the hotel
166 property on which incremental property tax revenue is collected; and

167 (B) the number that represents the percentage of the incremental property tax revenue
168 from that hotel property that is paid to the host local government; [or]

169 (vii) for the State Fair Park Authority created in Section 11-68-201, the taxable value
170 of:

171 (A) fair park land, as defined in Section 11-68-101, that is subject to a privilege tax
172 under Section 11-68-402; or

173 (B) personal property located on property that is subject to the privilege tax described
174 in Subsection (1)(n)(vii)(A)[-]; or

175 (viii) for a first home investment zone created pursuant to Title 63N, Chapter 3, Part
176 13, First Home Investment Zone Act, an amount calculated by multiplying:

177 (A) the difference between the taxable value and the base taxable value of the property
178 that is located within a first home investment zone and on which tax increment is collected;
179 and

180 (B) the number that represents the percentage of the tax increment that is paid to the

181 first home investment zone.

182 (o) (i) "Locally assessed new growth" means the greater of:

183 (A) zero; or

184 (B) the amount calculated by subtracting the year end taxable value of real property the
185 county assessor assesses in accordance with Part 3, County Assessment, for the previous year,
186 adjusted for prior year end incremental value from the taxable value of real property the county
187 assessor assesses in accordance with Part 3, County Assessment, for the current year, adjusted
188 for current year incremental value.

189 (ii) "Locally assessed new growth" does not include a change in:

190 (A) value as a result of factoring in accordance with Section 59-2-704, reappraisal, or
191 another adjustment;

192 (B) assessed value based on whether a property is allowed a residential exemption for a
193 primary residence under Section 59-2-103;

194 (C) assessed value based on whether a property is assessed under Part 5, Farmland
195 Assessment Act; or

196 (D) assessed value based on whether a property is assessed under Part 17, Urban
197 Farming Assessment Act.

198 (p) "Project area" means:

199 (i) for an authority created under Section 11-58-201, the same as that term is defined in
200 Section 11-58-102;

201 (ii) for an agency created under Section 17C-1-201.5, the same as that term is defined
202 in Section 17C-1-102; or

203 (iii) for an authority created under Section 63H-1-201, the same as that term is defined
204 in Section 63H-1-102.

205 (q) "Project area new growth" means:

206 (i) for an authority created under Section 11-58-201, an amount equal to the
207 incremental value that is no longer provided to an authority as property tax differential;

208 (ii) for the Point of the Mountain State Land Authority created in Section 11-59-201,
209 an amount equal to the incremental value that is no longer provided to the Point of the
210 Mountain State Land Authority as property tax augmentation, as defined in Section 11-59-207;

211 (iii) for an agency created under Section 17C-1-201.5, an amount equal to the

212 incremental value that is no longer provided to an agency as tax increment;

213 (iv) for an authority created under Section 63H-1-201, an amount equal to the
214 incremental value that is no longer provided to an authority as property tax allocation; [or]

215 (v) for a housing and transit reinvestment zone created under Title 63N, Chapter 3, Part
216 6, Housing and Transit Reinvestment Zone Act, an amount equal to the incremental value that
217 is no longer provided to a housing and transit reinvestment zone as tax increment[.]; or

218 (vi) for a first home investment zone created under Title 63N, Chapter 3, Part 13, First
219 Home Investment Zone Act, an amount equal to the incremental value that is no longer
220 provided to a first home investment zone as tax increment.

221 (r) "Project area incremental revenue" means the same as that term is defined in
222 Section 17C-1-1001.

223 (s) "Property tax allocation" means the same as that term is defined in Section
224 63H-1-102.

225 (t) "Property tax differential" means the same as that term is defined in Section
226 11-58-102.

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

228 (i) for the previous calendar year;

229 (ii) by a taxing entity;

230 (iii) from tangible personal property contained on the prior year's tax rolls that is
231 exempt from property tax under Subsection 59-2-1115(2)(b) for a calendar year beginning on
232 January 1, 2022; and

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

235 (v) "Tax increment" means:

236 (i) for a project created under Section 17C-1-201.5, the same as that term is defined in
237 Section 17C-1-102; [or]

238 (ii) for a housing and transit reinvestment zone created under Title 63N, Chapter 3,
239 Part 6, Housing and Transit Reinvestment Zone Act, the same as that term is defined in Section
240 63N-3-602[.]; or

241 (iii) for a first home investment zone created under Title 63N, Chapter 3, Part 13, First
242 Home Investment Zone Act, the same as that term is defined in Section 63N-3-1301.

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

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

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

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

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

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

253 (c) the certified tax rate; and

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

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

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

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

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

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

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

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

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

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

273 (iv) after making the calculation required by Subsection (4)(b)(iii), calculate an amount

274 determined by:

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

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

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

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

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

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

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

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

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

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

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

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

304 (b) The ad valorem property tax revenue generated by a judgment levy described in

305 Subsection (6)(a) may not be considered in establishing a taxing entity's aggregate certified tax
306 rate.

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

308 (i) the taxable value of real property:

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

310 (B) contained on the assessment roll;

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

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

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

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

315 accordance with Part 2, Assessment of Property.

316 (b) For purposes of Subsection (7)(a), taxable value does not include eligible new

317 growth.

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

319 (b) If a taxing entity intends to exceed the certified tax rate, the taxing entity shall

320 notify the county auditor of:

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

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

323 (c) The county auditor shall notify property owners of any intent to levy a tax rate that

324 exceeds the certified tax rate in accordance with Sections [59-2-919](#) and [59-2-919.1](#).

325 (9) (a) Subject to Subsection (9)(d), the commission shall provide notice, through

326 electronic means on or before July 31, to a taxing entity and the Revenue and Taxation Interim

327 Committee if:

328 (i) the amount calculated under Subsection (9)(b) is 10% or more of the year end

329 taxable value of the real and personal property the commission assesses in accordance with

330 Part 2, Assessment of Property, for the previous year, adjusted for prior year end incremental

331 value; and

332 (ii) the amount calculated under Subsection (9)(c) is 50% or more of the total year end

333 taxable value of the real and personal property of a taxpayer the commission assesses in

334 accordance with Part 2, Assessment of Property, for the previous year.

335 (b) For purposes of Subsection (9)(a)(i), the commission shall calculate an amount by

336 subtracting the taxable value of real and personal property the commission assesses in
337 accordance with Part 2, Assessment of Property, for the current year, adjusted for current year
338 incremental value, from the year end taxable value of the real and personal property the
339 commission assesses in accordance with Part 2, Assessment of Property, for the previous year,
340 adjusted for prior year end incremental value.

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

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

348 Section 2. Section **63N-3-602** is amended to read:

349 **63N-3-602. Definitions.**

350 As used in this part:

351 (1) "Affordable housing" means housing occupied or reserved for occupancy by
352 households with a gross household income equal to or less than 80% of the median gross
353 income of the applicable municipal or county statistical area for households of the same size.

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

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

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

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

363 (6) "Bus rapid transit station" means an existing station, stop, or terminal, or a
364 proposed station, stop, or terminal that is specifically identified in a metropolitan planning
365 organization's adopted long-range transportation plan and the relevant public transit district's
366 five-year plan:

367 (a) along an existing bus rapid transit line; or
368 (b) along an extension to an existing bus rapid transit line or new bus rapid transit line.

369 (7) (a) "Commuter rail" means a heavy-rail passenger rail transit facility operated by a
370 large public transit district.

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

373 (8) "Commuter rail station" means an existing station, stop, or terminal, or a proposed
374 station, stop, or terminal, which has been specifically identified in a metropolitan planning
375 organization's adopted long-range transportation plan and the relevant public transit district's
376 five-year plan:

- 377 (a) along an existing commuter rail line;
- 378 (b) along an extension to an existing commuter rail line or new commuter rail line; or
- 379 (c) along a fixed guideway extension from an existing commuter rail line.

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

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

- 384 (i) parks;
- 385 (ii) recreation facilities;
- 386 (iii) open space;
- 387 (iv) trails;
- 388 (v) publicly-owned roadway facilities; or
- 389 (vi) other public facilities.

390 (10) "Dwelling unit" means one or more rooms arranged for the use of one or more
391 individuals living together, as a single housekeeping unit normally having cooking, living,
392 sanitary, and sleeping facilities.

393 (11) "Enhanced development" means the construction of mixed uses including
394 housing, commercial uses, and related facilities.

395 (12) "Enhanced development costs" means extra costs associated with structured
396 parking costs, vertical construction costs, horizontal construction costs, life safety costs,
397 structural costs, conveyor or elevator costs, and other costs incurred due to the increased height

398 of buildings or enhanced development.

399 (13) "First home investment zone" means the same as that term is defined in Section
400 [63N-3-1301](#).

401 ~~[(13)]~~ (14) "Fixed guideway" means the same as that term is defined in Section
402 [59-12-102](#).

403 ~~[(14)]~~ (15) "Horizontal construction costs" means the additional costs associated with
404 earthwork, over excavation, utility work, transportation infrastructure, and landscaping to
405 achieve enhanced development in the housing and transit reinvestment zone.

406 ~~[(15)]~~ (16) "Housing and transit reinvestment zone" means a housing and transit
407 reinvestment zone created pursuant to this part.

408 ~~[(16)]~~ (17) "Housing and transit reinvestment zone committee" means a housing and
409 transit reinvestment zone committee created pursuant to Section [63N-3-605](#).

410 ~~[(17)]~~ (18) "Large public transit district" means the same as that term is defined in
411 Section [17B-2a-802](#).

412 ~~[(18)]~~ (19) "Light rail" means a passenger rail public transit system with right-of-way
413 and fixed rails:

- 414 (a) dedicated to exclusive use by light-rail public transit vehicles;
- 415 (b) that may cross streets at grade; and
- 416 (c) that may share parts of surface streets.

417 ~~[(19)]~~ (20) "Light rail station" means an existing station, stop, or terminal or a
418 proposed station, stop, or terminal, which has been specifically identified in a metropolitan
419 planning organization's adopted long-range transportation plan and the relevant public transit
420 district's five-year plan:

- 421 (a) along an existing light rail line; or
- 422 (b) along an extension to an existing light rail line or new light rail line.

423 ~~[(20)]~~ (21) "Metropolitan planning organization" means the same as that term is
424 defined in Section [72-1-208.5](#).

425 ~~[(21)]~~ (22) "Mixed use development" means development with a mix of multi-family
426 residential use and at least one additional land use.

427 ~~[(22)]~~ (23) "Municipality" means the same as that term is defined in Section [10-1-104](#).

428 ~~[(23)]~~ (24) "Participant" means the same as that term is defined in Section [17C-1-102](#).

429 ~~[(24)]~~ (25) "Participation agreement" means the same as that term is defined in Section
430 17C-1-102, except that the agency may not provide and the person may not receive a direct
431 subsidy.

432 ~~[(25)]~~ (26) "Public transit county" means a county that has created a small public
433 transit district.

434 ~~[(26)]~~ (27) "Public transit hub" means a public transit depot or station where four or
435 more routes serving separate parts of the county-created transit district stop to transfer riders
436 between routes.

437 ~~[(27)]~~ (28) "Sales and use tax base year" means a sales and use tax year determined by
438 the first year pertaining to the tax imposed in Section 59-12-103 after the sales and use tax
439 boundary for a housing and transit reinvestment zone is established.

440 ~~[(28)]~~ (29) "Sales and use tax boundary" means a boundary created as described in
441 Section 63N-3-604, based on state sales and use tax collection that corresponds as closely as
442 reasonably practicable to the housing and transit reinvestment zone boundary.

443 ~~[(29)]~~ (30) "Sales and use tax increment" means the difference between:

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

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

450 ~~[(30)]~~ (31) "Sales and use tax revenue" means revenue that is generated from the tax
451 imposed under Section 59-12-103.

452 ~~[(31)]~~ (32) "Small public transit district" means the same as that term is defined in
453 Section 17B-2a-802.

454 ~~[(32)]~~ (33) "Tax Commission" means the State Tax Commission created in Section
455 59-1-201.

456 ~~[(33)]~~ (34) "Tax increment" means the difference between:

457 (a) the amount of property tax revenue generated each tax year by a taxing entity from
458 the area within a housing and transit reinvestment zone designated in the housing and transit
459 reinvestment zone proposal as the area from which tax increment is to be collected, using the

460 current assessed value and each taxing entity's current certified tax rate as defined in Section
461 59-2-924; and

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

465 [~~34~~] (35) "Taxing entity" means the same as that term is defined in Section
466 17C-1-102.

467 [~~35~~] (36) "Vertical construction costs" means the additional costs associated with
468 construction above four stories and structured parking to achieve enhanced development in the
469 housing and transit reinvestment zone.

470 Section 3. Section 63N-3-603 is amended to read:

471 **63N-3-603. Applicability, requirements, and limitations on a housing and transit**
472 **reinvestment zone.**

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

475 (a) higher utilization of public transit;

476 (b) increasing availability of housing, including affordable housing, and fulfillment of
477 moderate income housing plans;

478 (c) improving efficiencies in parking and transportation, including walkability of
479 communities near public transit facilities;

480 (d) overcoming development impediments and market conditions that render a
481 development cost prohibitive absent the proposal and incentives;

482 (e) conservation of water resources through efficient land use;

483 (f) improving air quality by reducing fuel consumption and motor vehicle trips;

484 (g) encouraging transformative mixed-use development and investment in
485 transportation and public transit infrastructure in strategic areas;

486 (h) strategic land use and municipal planning in major transit investment corridors as
487 described in Subsection 10-9a-403(2);

488 (i) increasing access to employment and educational opportunities; and

489 (j) increasing access to child care.

490 (2) In order to accomplish the objectives described in Subsection (1), a municipality or

491 public transit county that initiates the process to create a housing and transit reinvestment zone
492 as described in this part shall ensure that the proposal for a housing and transit reinvestment
493 zone includes:

494 (a) except as provided in Subsection (3), at least 10% of the proposed dwelling units
495 within the housing and transit reinvestment zone are affordable housing units;

496 (b) at least 51% of the developable area within the housing and transit reinvestment
497 zone includes residential uses with, except as provided in Subsection (4)(c), an average of 50
498 dwelling units per acre or greater;

499 (c) mixed-use development; and

500 (d) a mix of dwelling units to ensure that a reasonable percentage of the dwelling units
501 has more than one bedroom.

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

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

510 (i) subject to Subsection (5)(a):

511 (A) (I) except as provided in Subsection (4)(a)(i)(A)(II), for a municipality, does not
512 exceed a 1/3 mile radius of a commuter rail station;

513 (II) for a municipality that is a city of the first class with a population greater than
514 150,000 that is within a county of the first class, with an opportunity zone created pursuant to
515 Section 1400Z-1, Internal Revenue Code, does not exceed a 1/2 mile radius of a commuter rail
516 station located within the opportunity zone; or

517 (III) for a public transit county, does not exceed a 1/3 mile radius of a public transit
518 hub; and

519 (B) has a total area of no more than 125 noncontiguous acres;

520 (ii) subject to Section 63N-3-607, proposes the capture of a maximum of 80% of each
521 taxing entity's tax increment above the base year for a term of no more than 25 consecutive

522 years on each parcel within a 45-year period not to exceed the tax increment amount approved
523 in the housing and transit reinvestment zone proposal; and

524 (iii) the commencement of collection of tax increment, for all or a portion of the
525 housing and transit reinvestment zone, will be triggered by providing notice as described in
526 Subsection (6).

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

529 (i) subject to Subsection (5):

530 (A) does not exceed:

531 (I) except as provided in Subsection (4)(b)(i)(A)(II) or (III), a 1/4 mile radius of a bus
532 rapid transit station or light rail station;

533 (II) for a municipality that is a city of the first class with a population greater than
534 150,000 that is within a county of the first class, a 1/2 mile radius of a light rail station located
535 in an opportunity zone created pursuant to Section
536 1400Z-1, Internal Revenue Code; or

537 (III) a 1/2 mile radius of a light rail station located within a master-planned
538 development of 500 acres or more; and

539 (B) has a total area of no more than 100 noncontiguous acres;

540 (ii) subject to Subsection (4)(c) and Section [63N-3-607](#), proposes the capture of a
541 maximum of 80% of each taxing entity's tax increment above the base year for a term of no
542 more than 15 consecutive years on each parcel within a 30-year period not to exceed the tax
543 increment amount approved in the housing and transit reinvestment zone proposal; and

544 (iii) the commencement of collection of tax increment, for all or a portion of the
545 housing and transit reinvestment zone, will be triggered by providing notice as described in
546 Subsection (6).

547 (c) For a housing and transit reinvestment zone proposed by a public transit county at a
548 public transit hub, or for a housing and transit reinvestment zone proposed by a municipality at
549 a bus rapid transit station, if the proposed housing density within the housing and transit
550 reinvestment zone is between 39 and 49 dwelling units per acre, the maximum capture of each
551 taxing entity's tax increment above the base year is 60%.

552 (d) A municipality that is a city of the first class with a population greater than 150,000

553 in a county of the first class as described in Subsections (4)(a)(i)(A)(II) and (4)(b)(i)(A)(II) may
554 only propose one housing and transit reinvestment zone within an opportunity zone.

555 (e) A county of the first class may not propose a housing and transit reinvestment zone
556 that includes an area that is part of a project area, as that term is defined in Section 17C-1-102,
557 and created under Title 17C, Chapter 1, Agency Operations, until the project area is dissolved
558 pursuant to Section 17C-1-702.

559 (5) (a) For a housing and transit reinvestment zone for a commuter rail station, if a
560 parcel is bisected by the relevant radius limitation, the full parcel may be included as part of the
561 housing and transit reinvestment zone area and will not count against the limitations described
562 in Subsection (4)(a)(i).

563 (b) For a housing and transit reinvestment zone for a light rail or bus rapid transit
564 station, if a parcel is bisected by the relevant radius limitation, the full parcel may be included
565 as part of the housing and transit reinvestment zone area and will not count against the
566 limitations described in Subsection (4)(b)(i).

567 (6) The notice of commencement of collection of tax increment required in Subsection
568 (4)(a)(iii) or (4)(b)(iii) shall be sent by mail or electronically to:

- 569 (a) the tax commission;
- 570 (b) the State Board of Education;
- 571 (c) the state auditor;
- 572 (d) the auditor of the county in which the housing and transit reinvestment zone is
573 located;

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

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

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

579 (b) Within a county of the first class, the maximum number of housing and transit
580 reinvestment zones at bus rapid transit stations is three.

581 (c) Within a county of the first class, the maximum total combined number of housing
582 and transit reinvestment zones described in Subsections (7)(a) and (b) and first home
583 investment zones created under Part 13, First Home Investment Zone Act, is 11.

584 (8) (a) This Subsection (8) applies to a specified county, as defined in Section
585 17-27a-408, that has created a small public transit district on or before January 1, 2022.

586 (b) (i) A county described in Subsection (8)(a) shall, in accordance with Section
587 63N-3-604, prepare and submit to the Governor's Office of Economic Opportunity a proposal
588 to create a housing and transit reinvestment zone on or before December 31, 2022.

589 (ii) A county described in Subsection (8)(a) that, on December 31, 2022, was
590 noncompliant under Section 17-27a-408 for failure to demonstrate in the county's moderate
591 income housing report that the county complied with Subsection (8)(b)(i), may cure the
592 deficiency in the county's moderate income housing report by submitting satisfactory proof to
593 the Housing and Community Development Division that, notwithstanding the deadline in
594 Subsection (8)(b)(i), the county has submitted to the Governor's Office of Economic
595 Opportunity a proposal to create a housing and transit reinvestment zone.

596 (c) (i) A county described in Subsection (8)(a) may not propose a housing and transit
597 reinvestment zone if more than 15% of the acreage within the housing and transit reinvestment
598 zone boundary is owned by the county.

599 (ii) For purposes of determining the percentage of acreage owned by the county as
600 described in Subsection (8)(c)(i), a county may exclude any acreage owned that is used for
601 highways, bus rapid transit, light rail, or commuter rail within the boundary of the housing and
602 transit reinvestment zone.

603 (d) To accomplish the objectives described in Subsection (1), if a county described in
604 Subsection (8)(a) has failed to comply with Subsection (8)(b)(i) by failing to submit an
605 application before December 31, 2022, an owner of undeveloped property who has submitted a
606 land use application to the county on or before December 31, 2022, and is within a 1/3 mile
607 radius of a public transit hub in a county described in Subsection (8)(a), including parcels that
608 are bisected by the 1/3 mile radius, shall have the right to develop and build a mixed-use
609 development including the following:

610 (i) excluding the parcels devoted to commercial uses as described in Subsection
611 (8)(d)(ii), at least 39 dwelling units per acre on average over the developable area, with at least
612 10% of the dwelling units as affordable housing units;

613 (ii) commercial uses including office, retail, educational, and healthcare in support of
614 the mixed-use development constituting up to 1/3 of the total planned gross building square

615 footage of the subject parcels; and

616 (iii) any other infrastructure element necessary or reasonable to support the mixed-use
617 development, including parking infrastructure, streets, sidewalks, parks, and trails.

618 Section 4. Section **63N-3-605** is amended to read:

619 **63N-3-605. Housing and transit reinvestment zone committee -- Creation.**

620 (1) For any housing and transit reinvestment zone proposed under this part, or for a
621 first home investment zone proposed in accordance with Part 13, First Home Investment Zone
622 Act, there is created a housing and transit reinvestment zone committee with membership
623 described in Subsection (2).

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

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

628 (b) one representative from each municipality that is a party to the proposed housing
629 and transit reinvestment zone or first home investment zone, designated by the chief executive
630 officer of each respective municipality;

631 (c) a member of the Transportation Commission created in Section 72-1-301;

632 (d) a member of the board of trustees of a large public transit district;

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

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

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

637 (h) one member designated by the chief executive officer of each county affected by
638 the housing and transit reinvestment zone or first home investment zone;

639 (i) one representative designated by the school superintendent from the school district
640 affected by the housing and transit reinvestment zone or first home investment zone; and

641 (j) one representative, representing the largest participating local taxing entity, after the
642 municipality, county, and school district.

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

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

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

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

657 (b) For a first home investment zone, the housing and transit reinvestment zone
658 committee shall follow the procedures described in Section 63N-3-1304.

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

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

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

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

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

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

671 (8) (a) Subject to Subsection (8)(b), the housing and transit reinvestment zone
672 committee may:

673 (i) request changes to the housing and transit reinvestment zone proposal based on the
674 analysis, characteristics, and criteria described in Section 63N-3-604; or

675 (ii) vote to approve or deny the proposal.

676 (b) Before the housing and transit reinvestment zone committee may approve the

677 housing and transit reinvestment zone proposal, the municipality or public transit county
678 proposing the housing and transit reinvestment zone shall ensure that the area of the proposed
679 housing and transit reinvestment zone is zoned in such a manner to accommodate the
680 requirements of a housing and transit reinvestment zone described in this section and the
681 proposed development.

- 682 (9) If a housing and transit reinvestment zone is approved by the committee:
- 683 (a) the proposed housing and transit reinvestment zone is established according to the
- 684 terms of the housing and transit reinvestment zone proposal;
- 685 (b) affected local taxing entities are required to participate according to the terms of the
- 686 housing and transit reinvestment zone proposal; and
- 687 (c) each affected taxing municipality is required to participate at the same rate as a
- 688 participating county.

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

691 Section 5. Section **63N-3-1301** is enacted to read:

692 **Part 13. First Home Investment Zone Act**

693 **63N-3-1301. Definitions.**

- 694 (1) "Affordable housing" means housing occupied or reserved for occupancy by
- 695 households with a gross household income equal to or less than 120% of the median gross
- 696 income of the applicable municipal statistical area for households of the same size.
- 697 (2) "Base taxable value" means the same as that term is defined in Section [63N-3-602](#).
- 698 (3) "Base year" means the same as that term is defined in Section [63N-3-602](#).
- 699 (4) "Developable area" means the same as that term is defined in Section [63N-3-602](#).
- 700 (5) "Dwelling unit" means the same as that term is defined in Section [63N-3-602](#).
- 701 (6) "Extraterritorial home" means a dwelling unit that is included as part of the first
- 702 home investment zone proposal that:
- 703 (a) is located within the municipality proposing the first home investment zone but
- 704 outside the boundary of the first home investment zone;
- 705 (b) is part of a development with a density of at least eight units per acre;
- 706 (c) is not located within an existing housing and transit reinvestment zone or an area
- 707 that could be included in a housing and transit reinvestment zone;

708 (d) has not been issued a building permit by the municipality as of the date of the
709 approval of the first home investment zone; and

710 (e) is subject to a deed restriction requiring the home to be owner occupied for no less
711 than 25 years.

712 (7) "First home investment zone" means a first home investment zone created in
713 accordance with this part.

714 (8) "Home" means a dwelling unit.

715 (9) "Housing and transit reinvestment zone" means the same as that term is defined in
716 Section [63N-3-602](#).

717 (10) "Housing and transit reinvestment zone committee" means the housing and transit
718 reinvestment zone committee described in Section [63N-3-605](#).

719 (11) "Metropolitan planning organization" means the same as that term is defined in
720 Section [72-1-208.5](#).

721 (12) "Municipality" means the same as that term is defined in Section [10-1-104](#).

722 (13) "Owner occupied" means private real property that is:

723 (a) used for a single-family residential purpose; and

724 (b) is occupied by the owner of the real property.

725 (14) (a) "Project improvements" means site improvements and facilities that are:

726 (i) planned and designed to provide service for development resulting from a
727 development activity;

728 (ii) necessary for the use and convenience of the occupants or users of development
729 resulting from a development activity; and

730 (iii) not identified or reimbursed as a system improvement.

731 (b) "Project improvements" does not mean system improvements.

732 (15) "State Tax Commission" means the State Tax Commission created in Section
733 [59-1-201](#).

734 (16) (a) "System improvements" means existing and future public facilities that are
735 designed to provide services to service areas within the community at large.

736 (b) "System improvements" does not mean project improvements.

737 (17) (a) "Tax increment" means the difference between:

738 (i) the amount of property tax revenue generated each tax year by a taxing entity from

739 the area within a first home investment zone designated in the first home investment zone
740 proposal as the area from which tax increment is to be collected, using the current assessed
741 value and each taxing entity's current certified tax rate as defined in Section 59-2-924; and

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

745 (b) "Tax increment" does not include property tax revenue from:

746 (i) a multicounty assessing and collecting levy described in Subsection 59-2-1602(2);

747 or

748 (ii) a county additional property tax described in Subsection 59-2-1602(4).

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

750 Section 6. Section **63N-3-1302** is enacted to read:

751 **63N-3-1302. Applicability, requirements, and limitations on a first home**
752 **investment zone.**

753 (1) A first home investment zone created pursuant to this part shall promote the
754 following objectives:

755 (a) enabling and expanding housing options, including affordable housing and for sale,
756 owner-occupied housing;

757 (b) encouraging efficient development and opportunities for home ownership by
758 providing housing options, including affordable housing and for sale, owner-occupied housing;

759 (c) improving availability of housing, including affordable housing, and fulfillment of
760 moderate income housing plans;

761 (d) overcoming development impediments and market conditions that render a
762 development cost prohibitive absent the proposal and incentives;

763 (e) conservation of water resources through efficient land use;

764 (f) improving air quality by reducing fuel consumption and motor vehicle trips;

765 (g) encouraging transformative mixed-use development;

766 (h) strategic land use and municipal planning in major transit investment corridors as
767 described in Subsection 10-9a-403(2);

768 (i) increasing access to employment and educational opportunities;

769 (j) increasing access to child care; and

770 (k) improving efficiencies in parking and transportation, including walkability of
771 communities and access to roadways, public transportation, and active transportation.

772 (2) In order to accomplish the objectives described in Subsection (1), a municipality or
773 county that initiates the process to create a first home investment zone as described in this part
774 shall ensure that the proposal for a first home investment zone includes:

775 (a) subject to Subsection (3), a minimum of 30 housing units per acre in at least 51% of
776 the developable area within the first home investment zone;

777 (b) a mixed use development;

778 (c) a requirement that at least 50% of the total of both owner-occupied homes within
779 the first home investment zone and extraterritorial homes include a deed restriction to ensure
780 the homes remain owner occupied for at least 25 years from the date of original purchase;

781 (d) a requirement that at least 20% of the homes inside the first home investment zone,
782 and at least 20% of the extraterritorial homes are:

783 (i) deed restricted to be owner occupied for no less than 25 years from the date of
784 original purchase; and

785 (ii) deed restricted to be affordable housing owner occupied for no less than 25 years
786 from the date of original purchase; and

787 (e) a requirement that at least 12% of homes within the first home investment zone that
788 are not owner occupied remain affordable housing for at least 25 years.

789 (3) (a) Subject to Subsection (3)(b), to satisfy the requirements described in Subsection
790 (2)(a), a first home investment zone may include an extraterritorial home to count toward the
791 required density of the first home investment zone by:

792 (i) (A) taking the total number of extraterritorial homes related to the first home
793 investment zone; and

794 (B) adding the total number under Subsection (3)(a)(i)(A) to the number of homes
795 within the first home investment zone; and

796 (ii) dividing the total described in Subsection (3)(a)(i) by the total number of
797 developable acres with the first home investment zone.

798 (b) Extraterritorial homes may account for no more than half of the total homes to
799 calculate density within a first home investment zone.

800 (4) (a) If a municipality proposes a first home investment zone, the proposal shall

801 comply with the limitations described in this Subsection (4).

802 (b) A first home investment zone may not be less than 10 acres and no more than 100
803 acres in size.

804 (c) (i) Except as provided in Subsection (4)(c)(ii), a first home investment zone is
805 required to be one contiguous area.

806 (ii) While considering a first home investment zone proposal as described in Section
807 63N-3-1305, the housing and transit reinvestment zone committee may consider and approve a
808 first home investment zone that is not one contiguous area if:

809 (A) the municipality provides evidence in the proposal showing that the deviation from
810 the contiguity requirement will enhance the ability of the first home investment zone to achieve
811 the objectives described in Subsection (1); and

812 (B) the housing and transit reinvestment zone committee determines that the deviation
813 is reasonable and circumstances justify deviation from the contiguity requirement.

814 (iii) The first home investment zone area contiguity is not affected by roads or other
815 rights-of-way.

816 (d) (i) A first home investment zone proposal may propose the capture of a maximum
817 of 60% of each taxing entity's tax increment above the base year for a term of no more than 25
818 consecutive years within a 45-year period not to exceed the tax increment amount approved in
819 the first home investment zone proposal.

820 (ii) A first home investment zone proposal may not include more than three tax
821 increment capture periods or triggers.

822 (iii) Subject to Subsection (4)(d)(iv), a municipality shall ensure that the required
823 affordable housing units are included proportionally in each phase of the first home investment
824 zone development.

825 (iv) A municipality may allow a first home investment zone to be phased and
826 developed in a manner to provide more of the required affordable housing units in early phases
827 of development.

828 (e) If a municipality proposes a first home investment zone, commencement of the
829 collection of tax increment, for all or a portion of the first home investment zone, is triggered
830 by providing notice as described in Subsection (5).

831 (f) A municipality shall ensure that each home required to be owner occupied within a

832 first home investment zone and each extraterritorial home include a deed restriction to prohibit
 833 use as a short-term rental for at least 25 years.

834 (g) A municipality shall ensure that affordable housing within a first home investment
 835 zone and related extraterritorial homes that are reserved as affordable housing are:

836 (i) not clustered within and are spread throughout the overall development; and

837 (ii) are of the same level of quality as all other homes within the development.

838 (h) A municipality shall ensure that at least 80% of extraterritorial homes included in a
 839 first home investment zone proposal are single-family detached homes.

840 (5) Notice of commencement of collection of tax increment shall be sent by mail or
 841 electronically to the following entities no later than January 1 of the year for which the tax
 842 increment collection is proposed to commence:

843 (a) the State Tax Commission;

844 (b) the State Board of Education;

845 (c) the state auditor;

846 (d) the auditor of the county in which the first home investment zone is located;

847 (e) each taxing entity affected by the collection of tax increment from the first home
 848 investment zone;

849 (f) the assessor of the county in which the first home investment zone is located; and

850 (g) the Governor's Office of Economic Opportunity.

851 (6) A first home investment zone proposal may not include a proposal to capture sales
 852 and use tax increment.

853 (7) Within a county of the first class, the maximum total combined number of first
 854 home investment zones and housing and transit reinvestment zones described in Subsections
 855 63N-3-603(7)(a) and (b) is 11.

856 (8) A municipality may not propose a first home investment zone in a location that is
 857 eligible for a housing and transit reinvestment zone.

857a **Ŝ→ (9) A municipality may not propose a first home investment zone if the municipality's**
 857b **community reinvestment agency, based on the most recent Annual Comprehensive Financial**
 857c **Report, retains cash and cash equivalent assets more than 20% of ongoing and unencumbered**
 857d **annual community reinvestment agency revenue. ←Ŝ**

858 Section 7. Section 63N-3-1303 is enacted to read:

859 **63N-3-1303. Process for a proposal of a first home investment zone.**

860 (1) Subject to approval of the housing and transit reinvestment zone committee as

861 described in Section 63N-3-1304, in order to create a first home investment zone, a

862 municipality that has general land use authority over the first home investment zone area, shall:

- 863 (a) prepare a proposal for the first home investment zone that:
- 864 (i) demonstrates that the proposed first home investment zone will meet the objectives
865 described in Subsection [63N-3-1302\(1\)](#);
- 866 (ii) explains how the municipality will achieve the requirements of Subsection
867 [63N-3-1302\(2\)](#);
- 868 (iii) defines the specific infrastructure needs, if any, and proposed improvements;
- 869 (iv) defines the boundaries of the first home investment zone;
- 870 (v) includes maps of the proposed first home investment zone to illustrate:
- 871 (A) proposed housing density within the first home investment zone;
- 872 (B) extraterritorial homes relevant to the first home investment zone, including density
873 of the development of extraterritorial homes; and
- 874 (C) existing zoning and proposed zoning changes related to the first home investment
875 zone;
- 876 (vi) identifies any development impediments that prevent the development from being
877 a market-rate investment and proposed strategies for addressing each one;
- 878 (vii) describes the proposed development plan, including the requirements described in
879 Subsections [63N-3-1302\(2\)](#) and (4);
- 880 (viii) establishes the collection period or periods to calculate the tax increment;
- 881 (ix) describes projected maximum revenues generated and the amount of tax increment
882 capture from each taxing entity and proposed expenditures of revenue derived from the first
883 home investment zone;
- 884 (x) includes an analysis of other applicable or eligible incentives, grants, or sources of
885 revenue that can be used to reduce the finance gap;
- 886 (xi) proposes a finance schedule to align expected revenue with required financing
887 costs and payments;
- 888 (xii) evaluates possible benefits to active transportation, public transportation
889 availability and utilization, and air quality; and
- 890 (xiii) provides a pro-forma for the planned development that:
- 891 (A) satisfies the requirements described in Subsections [63N-3-1302\(2\)](#) and (4); and
- 892 (B) includes data showing the cost difference between what type of development could
893 feasibly be developed absent the first home investment zone tax increment and the type of

894 development that is proposed to be developed with the first home investment zone tax
895 increment; and
896 (b) submit the first home investment zone proposal to the Governor's Office of
897 Economic Opportunity.
898 (2) As part of the proposal described in Subsection (1), a municipality shall:
899 (a) study and evaluate possible impacts of a proposed first home investment zone on
900 parking within the municipality and first home investment zone; and
901 (b) include in the first home investment zone proposal the findings of the study
902 described in Subsection (2)(a) and proposed strategies to address parking impacts.
903 (3) (a) After receiving the proposal as described in Subsection (1)(b), the Governor's
904 Office of Economic Opportunity shall:
905 (i) within 14 days after the date on which the Governor's Office of Economic
906 Opportunity receives the proposal described in Subsection (1)(b), provide notice of the
907 proposal to all affected taxing entities, including the State Tax Commission, the county
908 assessor, cities, counties, school districts, and metropolitan planning organizations; and
909 (ii) at the expense of the proposing municipality as described in Subsection (5),
910 contract with an independent entity to perform the gap analysis described in Subsection (3)(b).
911 (b) The gap analysis required in Subsection (3)(a)(ii) shall include:
912 (i) a description of the planned development;
913 (ii) a market analysis relative to other comparable project developments included in or
914 adjacent to the municipality absent the proposed first home investment zone;
915 (iii) an evaluation of the proposal and a determination of the adequacy and efficiency
916 of the proposal;
917 (iv) an evaluation of the proposed tax increment capture needed to cover the system
918 improvements and project improvements associated with the first home investment zone
919 proposal and enable the proposed development to occur, and for the benefit of affordable
920 housing projects; and
921 (v) based on the market analysis and other findings, an opinion relative to the
922 appropriate amount of potential public financing reasonably determined to be necessary to
923 achieve the objectives described in Subsection [63N-3-1302\(1\)](#).
924 (c) After receiving notice from the Governor's Office of Economic Opportunity of a

925 proposed first home investment zone as described in Subsection (3)(a)(i), the municipality, in
926 consultation with the county assessor and the State Tax Commission, shall:

927 (i) evaluate the feasibility of administering the tax implications of the proposal; and
928 (ii) provide a letter to the Governor's Office of Economic Opportunity describing any
929 challenges in the administration of the proposal, or indicating that the county assessor can
930 feasibly administer the proposal.

931 (4) After receiving the results from the analysis described in Subsection (3)(b), the
932 municipality proposing the first home investment zone may:

933 (a) amend the first home investment zone proposal based on the findings of the
934 analysis described in Subsection (3)(b) and request that the Governor's Office of Economic
935 Opportunity submit the amended first home investment zone proposal to the housing and
936 transit reinvestment zone committee; or

937 (b) request that the Governor's Office of Economic Opportunity submit the original
938 first home investment zone proposal to the housing and transit reinvestment zone committee.

939 (5) (a) The Governor's Office of Economic Opportunity may accept, as a dedicated
940 credit, up to \$20,000 from a municipality for the costs of the gap analysis described in
941 Subsection (3)(b).

942 (b) The Governor's Office of Economic Opportunity may expend funds received from a
943 municipality as dedicated credits to pay for the costs associated with the gap analysis described
944 in Subsection (3)(b).

945 Section 8. Section **63N-3-1304** is enacted to read:

946 **63N-3-1304. Consideration of proposals by housing and transit reinvestment zone**
947 **committee.**

948 (1) A first home investment zone proposed under this part is subject to approval by the
949 housing and transit reinvestment zone committee.

950 (2) After the Governor's Office of Economic Opportunity receives the results of the
951 analysis described in Section [63N-3-1303](#), and after the Governor's Office of Economic
952 Opportunity has received a request from the submitting municipality to submit the first home
953 investment zone proposal to the housing and transit reinvestment zone committee, the
954 Governor's Office of Economic Opportunity shall notify each of the relevant entities of the
955 formation of the housing and transit reinvestment zone committee as described in Section

956 [63N-3-605.](#)

957 (3) (a) The chair of the housing and transit reinvestment zone committee shall convene
958 a public meeting to consider the proposed first home investment zone in the same manner as
959 described in Section [63N-3-605.](#)

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

962 (4) (a) The proposing municipality shall present the first home investment zone
963 proposal to the housing and transit reinvestment zone committee in a public meeting.

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

965 (i) evaluate and verify whether the objectives and elements of a first home investment
966 zone described in Subsections [63N-3-1302](#)(1), (2), and (4) have been met; and

967 (ii) evaluate the proposed first home investment zone relative to the analysis described
968 in Subsection [63N-3-1303](#)(2).

969 (5) (a) Subject to Subsection (5)(b), the housing and transit reinvestment zone
970 committee may:

971 (i) request changes to the first home investment zone proposal based on the analysis,
972 characteristics, and criteria described in Section [63N-3-1303](#); or

973 (ii) vote to approve or deny the proposal.

974 (b) Before the housing and transit reinvestment zone committee may approve the first
975 home investment zone proposal, the municipality proposing the first home investment zone
976 shall ensure that the area of the proposed first home investment zone is zoned in such a manner
977 to accommodate the requirements of a first home investment zone described in this section and
978 the proposed development.

979 (6) If a first home investment zone is approved by the committee:

980 (a) the proposed first home investment zone is established according to the terms of the
981 first home investment zone proposal;

982 (b) affected local taxing entities are required to participate according to the terms of the
983 first home investment zone proposal; and

984 (c) each affected taxing entity is required to participate at the same rate.

985 (7) A first home investment zone proposal may be amended by following the same
986 procedure as approving a first home investment zone proposal.

987 Section 9. Section **63N-3-1305** is enacted to read:

988 **63N-3-1305. Notice requirements.**

989 (1) In approving a first home investment zone proposal the housing and transit
990 reinvestment zone committee shall follow the hearing and notice requirements for proposing a
991 first home investment zone as described in this section.

992 (2) Within 30 days after the housing and transit reinvestment zone committee approves
993 a proposed first home investment zone, the municipality shall:

994 (a) record with the recorder of the county in which the first home investment zone is
995 located a document containing:

996 (i) a description of the land within the first home investment zone;

997 (ii) a statement that the proposed first home investment zone has been approved; and

998 (iii) the date of adoption;

999 (b) transmit a copy of the description of the land within the first home investment zone
1000 and an accurate map or plat indicating the boundaries of the first home investment zone to the
1001 Utah Geospatial Resource Center created under Section [63A-16-505](#); and

1002 (c) transmit a copy of the approved first home investment zone proposal, map, and
1003 description of the land within the first home investment zone, to:

1004 (i) the auditor, recorder, attorney, surveyor, and assessor of the county in which any
1005 part of the first home investment zone is located;

1006 (ii) the officer or officers performing the function of auditor or assessor for each taxing
1007 entity that does not use the county assessment roll or collect the taxing entity's taxes through
1008 the county;

1009 (iii) the legislative body or governing board of each taxing entity;

1010 (iv) the State Tax Commission; and

1011 (v) the State Board of Education.

1012 Section 10. Section **63N-3-1306** is enacted to read:

1013 **63N-3-1306. Payment, use, and administration of tax increment from a first home**
1014 **investment zone.**

1015 (1) A municipality may receive and use tax increment and first home investment zone
1016 funds in accordance with this part.

1017 (2) (a) A county that collects property tax on property located within a first home

1018 investment zone shall, in accordance with Section 59-2-1365, distribute to the municipality any
1019 tax increment the municipality is authorized to receive up to the maximum approved by the
1020 housing and transit reinvestment zone committee.

1021 (b) (i) Tax increment paid to the municipality are first home investment zone funds and
1022 shall be administered by an agency created by the municipality within which the first home
1023 investment zone is located.

1024 (ii) Before an agency may receive first home investment zone funds from the
1025 municipality, the municipality and the agency shall enter into an interlocal agreement with
1026 terms that:

1027 (A) are consistent with the approval of the housing and transit reinvestment zone
1028 committee; and

1029 (B) meet the requirements of Section 63N-3-1302.

1030 (3) (a) A municipality and the agency shall use first home investment zone funds
1031 within, or for the direct benefit of, the first home investment zone, related extraterritorial
1032 housing, and for the benefit of affordable housing projects.

1033 (b) If any first home investment zone funds will be used outside of the first home
1034 investment zone there must be a finding in the approved proposal for a first home investment
1035 zone that the use of the first home investment zone funds outside of the first home investment
1036 zone will directly benefit the first home investment zone or related extraterritorial homes.

1037 (4) In accordance with Subsection 63N-3-1302(4)(e), a municipality shall use the first
1038 home investment zone funds to achieve the purposes described in Subsections 63N-3-1302(1)
1039 and (2), by paying all or part of the costs associated with the first home investment zone and
1040 extraterritorial homes, including:

1041 (a) project improvements;

1042 (b) system improvements; and

1043 (c) the costs of the municipality to create and administer the first home investment
1044 zone, which may not exceed 2% of the total first home investment zone funds, plus the costs to
1045 complete the gap analysis described in Subsection 63N-3-1303(2).

1046 (5) First home investment zone funds may be paid to a participant, if the agency and
1047 participant enter into a participation agreement which requires the participant to utilize the first
1048 home investment zone funds as allowed in this section.

1049 (6) First home investment zone funds may be used to pay all of the costs of bonds
1050 issued by the municipality in accordance with Title 17C, Chapter 1, Part 5, Agency Bonds,
1051 including the cost to issue and repay the bonds including interest.

1052 (7) A municipality may create one or more public infrastructure districts within the city
1053 under Title 17D, Chapter 4, Public Infrastructure District Act, and pledge and utilize the first
1054 home investment zone funds to guarantee the payment of public infrastructure bonds issued by
1055 a public infrastructure district.

1056 Section 11. Section **63N-3-1307** is enacted to read:

1057 **63N-3-1307. Applicability to an existing first home investment zone or community**
1058 **reinvestment project.**

1059 If a parcel within a first home investment zone is included as an area that is part of a
1060 project area, as that term is defined in Section [17C-1-102](#), and created under Title 17C, Chapter
1061 1, Agency Operations, that parcel may not be triggered for collection unless the project area is
1062 dissolved pursuant to Section [17C-1-702](#).

1063 Section 12. Section **63N-3-1308** is enacted to read:

1064 **63N-3-1308. Tax increment protections.**

1065 (1) Upon petition by a participating taxing entity or on the initiative of the housing and
1066 transit reinvestment zone committee creating a first home investment zone, a first home
1067 investment zone may suspend or terminate the collection of tax increment in a first home
1068 investment zone if the housing and transit reinvestment zone committee determines, by clear
1069 and convincing evidence, presented in a public meeting of the housing and transit reinvestment
1070 zone committee, that:

1071 (a) a substantial portion of the tax increment collected in the first home investment
1072 zone has not or will not be used for the purposes provided in Section [63N-3-1306](#); and

1073 (b) (i) the first home investment zone has no indebtedness; or

1074 (ii) the first home investment zone has no binding financial obligations.

1075 (2) A first home investment zone may not collect tax increment in excess of the tax
1076 increment projections or limitations set forth in the first home investment zone proposal.

1077 (3) The agency administering the tax increment collected in a first home investment
1078 zone under Subsection [63N-3-1306](#)(2)(c), shall have standing in a court with proper
1079 jurisdiction to enforce provisions of the first home investment zone proposal, participation

1080 agreements, and other agreements for the use of the tax increment collected.

1081 (4) The agency administering tax increment from a first home investment zone under
1082 Subsection [63N-3-1306\(2\)\(c\)](#) which is collecting tax increment shall follow the reporting
1083 requirements described in Section [17C-1-603](#) and the audit requirements described in Sections
1084 [17C-1-604](#) and [17C-1-605](#).

1085 (5) For each first home investment zone collecting tax increment within a county, the
1086 county auditor shall follow the reporting requirement found in Section [17C-1-606](#).

1087 Section 13. **Effective date.**

1088 This bill takes effect on May 1, 2024.