

Senator Wayne A. Harper proposes the following substitute bill:

HOUSING AND TRANSIT REINVESTMENT ZONE AMENDMENTS

2024 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Wayne A. Harper

House Sponsor: Stephen L. Whyte

LONG TITLE

General Description:

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

Highlighted Provisions:

This bill:

- ▶ amends definitions related to housing and transit reinvestment zones;
- ▶ amends provisions related to affordable housing thresholds to require 12% of the proposed dwelling units be reserved for certain levels of income;
- ▶ requires affordable housing requirements be met in each phase of development;
- ▶ requires that a housing and transit reinvestment zone be at least 10 acres;
- ▶ clarifies notice requirements to certain entities regarding the commencement of collection of tax increment;
- ▶ clarifies information required in a housing and transit reinvestment zone proposal;
- ▶ adds two additional members of the Legislature to the housing and transit reinvestment zone committee;
- ▶ amends provisions regarding overlap of a housing and transit reinvestment zone with a community reinvestment project area;
- ▶ amends provisions related to the sales and use tax increment captured within a housing and transit reinvestment zone, including:



- 26 • how base year is established;
- 27 • contiguity of affected sales and use tax boundaries; and
- 28 • limiting a housing and transit reinvestment zone to only one sales and use tax
- 29 increment period;

- 30 ▶ amends the amount of housing and transit reinvestment zone funds allowed for
- 31 administration of the housing and transit reinvestment zone;

- 32 ▶ allows minor adjustments to a housing and transit reinvestment zone if the county
- 33 assessor or county auditor adjusts parcel boundaries; and

- 34 ▶ makes technical changes.

35 **Money Appropriated in this Bill:**

36 None

37 **Other Special Clauses:**

38 None

39 **Utah Code Sections Affected:**

40 AMENDS:

41 **63N-3-602**, as last amended by Laws of Utah 2023, Chapter 357

42 **63N-3-603**, as last amended by Laws of Utah 2023, Chapter 357

43 **63N-3-604**, as last amended by Laws of Utah 2023, Chapter 357

44 **63N-3-605**, as last amended by Laws of Utah 2023, Chapter 357

45 **63N-3-607**, as last amended by Laws of Utah 2022, Chapter 433

46 **63N-3-610**, as last amended by Laws of Utah 2022, Chapter 433

47 ENACTS:

48 **63N-3-611**, Utah Code Annotated 1953



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

51 Section 1. Section **63N-3-602** is amended to read:

52 **63N-3-602. Definitions.**

53 As used in this part:

54 (1) "Affordable housing" means housing occupied or reserved for occupancy by

55 households with a gross household income;

56 (a) equal to or less than 80% of the median gross income of the applicable municipal or

57 county statistical area for households of the same size[~~;~~], in certain circumstances as provided
58 in this part; or

59 (b) equal to or less than 60% of the median gross income of the applicable municipal
60 or county statistical area for households of the same size, in certain circumstances as provided
61 in this part.

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

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

65 [~~(4) "Base year" means, for a proposed housing and transit reinvestment zone area, a~~
66 ~~year beginning the first day of the calendar quarter determined by the last equalized tax roll~~
67 ~~before the adoption of the housing and transit reinvestment zone.]~~

68 (4) "Base year" means, for each tax increment collection period triggered within a
69 proposed housing and transit reinvestment zone area, the calendar year prior to the calendar
70 year the tax increment begins to be collected for those parcels triggered for that collection
71 period.

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

75 (6) "Bus rapid transit station" means an existing station, stop, or terminal, or a
76 proposed station, stop, or terminal that is specifically identified ~~[in]~~ as needed in phase one of a
77 metropolitan planning organization's adopted long-range transportation plan and in phase one
78 of the relevant public transit district's ~~[five-year]~~ adopted long-range transit plan:

79 (a) along an existing bus rapid transit line; or

80 (b) along an extension to an existing bus rapid transit line or new bus rapid transit line.

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

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

85 (8) "Commuter rail station" means an existing station, stop, or terminal, or a proposed
86 station, stop, or terminal, which has been specifically identified ~~[in]~~ as needed in phase one of a
87 metropolitan planning organization's adopted long-range transportation plan and in phase one

88 of the relevant public transit district's [~~five-year~~] adopted long-range transit plan:

- 89 (a) along an existing commuter rail line;
- 90 (b) along an extension to an existing commuter rail line or new commuter rail line; or
- 91 (c) along a fixed guideway extension from an existing commuter rail line.

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

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

- 96 (i) parks;
- 97 (ii) recreation facilities;
- 98 (iii) open space;
- 99 (iv) trails;
- 100 (v) publicly-owned roadway facilities; or
- 101 (vi) other public facilities.

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

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

107 (12) "Enhanced development costs" means extra costs associated with structured
108 parking costs, vertical construction costs, horizontal construction costs, life safety costs,
109 structural costs, conveyor or elevator costs, and other costs incurred due to the increased height
110 of buildings or enhanced development.

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

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

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

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

119 (17) "Large public transit district" means the same as that term is defined in Section
120 17B-2a-802.

121 (18) "Light rail" means a passenger rail public transit system with right-of-way and
122 fixed rails:

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

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

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

126 (19) "Light rail station" means an existing station, stop, or terminal or a proposed
127 station, stop, or terminal, which has been specifically identified [in] as needed in phase one of a
128 metropolitan planning organization's adopted long-range transportation plan and in phase one
129 of the relevant public transit district's [five-year] adopted long-range plan:

130 (a) along an existing light rail line; or

131 (b) along an extension to an existing light rail line or new light rail line.

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

134 (21) "Mixed use development" means development with a mix of:

135 (a) multi-family residential use; and

136 (b) at least one additional land use, which shall be a significant part of the overall
137 development.

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

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

140 (24) "Participation agreement" means the same as that term is defined in Section
141 17C-1-102, except that the agency may not provide and the person may not receive a direct
142 subsidy.

143 (25) "Public transit county" means a county that has created a small public transit
144 district.

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

148 (27) "Sales and use tax base year" means a sales and use tax year determined by the
149 first year pertaining to the tax imposed in Section 59-12-103 after the sales and use tax

150 boundary for a housing and transit reinvestment zone is established.

151 (28) "Sales and use tax boundary" means a boundary created as described in Section
152 63N-3-604, based on state sales and use tax collection that corresponds as closely as reasonably
153 practicable to the housing and transit reinvestment zone boundary.

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

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

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

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

163 (31) "Small public transit district" means the same as that term is defined in Section
164 17B-2a-802.

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

166 (33) (a) "Tax increment" means the difference between:

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

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

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

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

177 or

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

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

180 (35) "Vertical construction costs" means the additional costs associated with

181 construction above four stories and structured parking to achieve enhanced development in the
182 housing and transit reinvestment zone.

183 Section 2. Section **63N-3-603** is amended to read:

184 **63N-3-603. Applicability, requirements, and limitations on a housing and transit**
185 **reinvestment zone.**

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

188 (a) higher utilization of public transit;

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

191 (c) promoting and encouraging development of owner-occupied housing;

192 [~~(c)~~] (d) improving efficiencies in parking and transportation, including walkability of
193 communities near public transit facilities;

194 [~~(d)~~] (e) overcoming development impediments and market conditions that render a
195 development cost prohibitive absent the proposal and incentives;

196 [~~(e)~~] (f) [conservation of] conserving water resources through efficient land use;

197 [~~(f)~~] (g) improving air quality by reducing fuel consumption and motor vehicle trips;

198 [~~(g)~~] (h) encouraging transformative mixed-use development and investment in
199 transportation and public transit infrastructure in strategic areas;

200 [~~(h)~~] (i) strategic land use and municipal planning in major transit investment corridors
201 as described in Subsection 10-9a-403(2);

202 [~~(i)~~] (j) increasing access to employment and educational opportunities; and

203 [~~(j)~~] (k) increasing access to child care.

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

208 [~~(a)~~] (i) except as provided in Subsection (3), at least [~~10%~~] 12% of the proposed
209 dwelling units within the housing and transit reinvestment zone are affordable housing units[;],

210 with:

211 (A) up to 9% of the proposed dwelling units occupied or reserved for occupancy by

212 households with a gross household income equal to or less than 80% of the median gross
213 income of the applicable municipal or county statistical area for households of the same size;
214 and

215 (B) at least 3% of the proposed dwelling units occupied or reserved for occupancy by
216 households with a gross household income equal to or less than 60% of the median gross
217 income of the applicable municipal or county statistical area for households of the same size.

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

221 (ii) except as provided in Subsection (2)(c), a housing and transit reinvestment zone
222 shall include:

223 (A) at least 51% of the developable area within a housing and transit reinvestment zone
224 as residential uses; and

225 (B) an average of at least 50 dwelling units per acre within the acreage of the housing
226 and transit reinvestment zone dedicated to residential uses;

227 ~~[(c)]~~ (iii) mixed-use development; and

228 ~~[(d)]~~ (iv) a mix of dwelling units to ensure that a reasonable percentage of the dwelling
229 units has more than one bedroom.

230 (b) (i) If a housing and transit reinvestment zone is phased, a municipality or public
231 transit county shall ensure that a housing and transit reinvestment zone is phased and
232 developed to provide the required 12% of affordable housing units in each phase of
233 development.

234 (ii) A municipality or public transit county may allow a housing and transit
235 reinvestment zone to be phased and developed in a manner to provide more of the required
236 affordable housing units in early phases of development.

237 (iii) A municipality or public transit county shall include in a housing and transit
238 reinvestment zone proposal an affordable housing plan, which may include deed restrictions, to
239 ensure the affordable housing required in the proposal will continue to meet the definition of
240 affordable housing at least throughout the entire term of the housing and transit reinvestment
241 zone.

242 (c) For a housing and transit reinvestment zone proposed by a public transit county at a

243 public transit hub, or for a housing and transit reinvestment zone proposed by a municipality at
244 a bus rapid transit station, the housing and transit reinvestment zone shall include:

245 (i) at least 51% of the developable area within a housing and transit reinvestment zone
246 as residential uses; and

247 (ii) an average of at least 39 dwelling units per acre within the acreage of the housing
248 and transit reinvestment zone dedicated to residential uses.

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

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

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

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

260 (II) for a municipality that is a city of the first class with a population greater than
261 150,000 that is within a county of the first class, with an opportunity zone created pursuant to
262 Section 1400Z-1, Internal Revenue Code, does not exceed a 1/2 mile radius of a commuter rail
263 station located within the opportunity zone; or

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

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

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

271 (iii) the commencement of collection of tax increment, for all or a portion of the
272 housing and transit reinvestment zone, will be triggered by providing notice as described in
273 Subsection (6), but a housing and transit reinvestment zone proposal may not propose or

274 include triggering more than three tax increment collection periods during the applicable
275 45-year period.

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

278 (i) subject to Subsection (5):

279 (A) does not exceed:

280 (I) except as provided in Subsection [~~(4)(b)(i)(A)(II) or (III)~~], (4)(b)(i)(A)(II), (III), or
281 (4)(e), a 1/4 mile radius of a bus rapid transit station or light rail station;

282 (II) for a municipality that is a city of the first class with a population greater than
283 150,000 that is within a county of the first class, a 1/2 mile radius of a light rail station located
284 in an opportunity zone created pursuant to Section
285 1400Z-1, Internal Revenue Code; or

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

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

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

293 (iii) the commencement of collection of tax increment, for all or a portion of the
294 housing and transit reinvestment zone, will be triggered by providing notice as described in
295 Subsection (6), but a housing and transit reinvestment zone proposal may not propose or
296 include triggering more than three tax increment collection periods during the applicable
297 30-year period.

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

303 (d) A municipality that is a city of the first class with a population greater than 150,000
304 in a county of the first class as described in Subsections (4)(a)(i)(A)(II) and (4)(b)(i)(A)(II) may

305 only propose one housing and transit reinvestment zone within an opportunity zone.

306 (e) (i) Subject to Subsection (4)(e)(ii), the radius restrictions described in Subsection
307 (4)(b)(i) do not apply, and a housing and transit reinvestment zone may extend to an area
308 between two light rail stations if the two light rail stations are within a 2/3 mile distance on the
309 same light rail line.

310 (ii) If a housing and transit reinvestment zone is extended to accommodate two light
311 rail stations as described in Subsection (4)(e)(i):

312 (A) the housing and transit reinvestment zone is limited to a total area not to exceed
313 100 noncontiguous acres; and

314 (B) the housing and transit reinvestment zone may not exceed a 1/4 mile radius from
315 the light rail stations or any point on the light rail line between the two stations.

316 (f) If a parcel within the housing transit and reinvestment zone is included as an area
317 that is part of a project area, as that term is defined in Section 17C-1-102, and created under
318 Title 17C, Chapter 1, Agency Operations, that parcel may not be triggered for collection unless
319 the project area is dissolved pursuant to Section 17C-1-702.

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

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

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

332 (c) A housing and transit reinvestment zone may not be smaller than 10 acres.

333 (6) The notice of commencement of collection of tax increment required in Subsection
334 (4)(a)(iii) or (4)(b)(iii) shall be sent by mail or electronically to the following entities no later
335 than January 1 of the year for which the tax increment collection is proposed to commence:

- 336 (a) the tax commission;
- 337 (b) the State Board of Education;
- 338 (c) the state auditor;
- 339 (d) the auditor of the county in which the housing and transit reinvestment zone is
- 340 located;
- 341 (e) each taxing entity affected by the collection of tax increment from the housing and
- 342 transit reinvestment zone; and
- 343 (f) the Governor's Office of Economic Opportunity.
- 344 (7) (a) The maximum number of housing and transit reinvestment zones at light rail
- 345 stations is eight in any given county.
- 346 (b) Within a county of the first class, the maximum number of housing and transit
- 347 reinvestment zones at bus rapid transit stations is three.
- 348 (8) (a) This Subsection (8) applies to a specified county, as defined in Section
- 349 [17-27a-408](#), that has created a small public transit district on or before January 1, 2022.
- 350 (b) (i) A county described in Subsection (8)(a) shall, in accordance with Section
- 351 [63N-3-604](#), prepare and submit to the Governor's Office of Economic Opportunity a proposal
- 352 to create a housing and transit reinvestment zone on or before December 31, 2022.
- 353 (ii) A county described in Subsection (8)(a) that, on December 31, 2022, was
- 354 noncompliant under Section [17-27a-408](#) for failure to demonstrate in the county's moderate
- 355 income housing report that the county complied with Subsection (8)(b)(i), may cure the
- 356 deficiency in the county's moderate income housing report by submitting satisfactory proof to
- 357 the Housing and Community Development Division that, notwithstanding the deadline in
- 358 Subsection (8)(b)(i), the county has submitted to the Governor's Office of Economic
- 359 Opportunity a proposal to create a housing and transit reinvestment zone.
- 360 (c) (i) A county described in Subsection (8)(a) may not propose a housing and transit
- 361 reinvestment zone if more than 15% of the acreage within the housing and transit reinvestment
- 362 zone boundary is owned by the county.
- 363 (ii) For purposes of determining the percentage of acreage owned by the county as
- 364 described in Subsection (8)(c)(i), a county may exclude any acreage owned that is used for
- 365 highways, bus rapid transit, light rail, or commuter rail within the boundary of the housing and
- 366 transit reinvestment zone.

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

374 (i) excluding the parcels devoted to commercial uses as described in Subsection
375 (8)(d)(ii), at least 39 dwelling units per acre on average over the developable area, with at least
376 10% of the dwelling units as affordable housing units;

377 (ii) commercial uses including office, retail, educational, and healthcare in support of
378 the mixed-use development constituting up to 1/3 of the total planned gross building square
379 footage of the subject parcels; and

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

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

383 **63N-3-604. Process for a proposal of a housing and transit reinvestment zone --**
384 **Analysis.**

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

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

390 (i) demonstrates that the proposed housing and transit reinvestment zone will meet the
391 objectives described in Subsection [63N-3-603\(1\)](#);

392 (ii) explains how the municipality or public transit county will achieve the
393 requirements of Subsection [63N-3-603\(2\)\(a\)\(i\)](#);

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

396 (iv) defines the boundaries of:

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

398 (B) the sales and use tax boundary corresponding to the housing and transit
399 reinvestment zone boundary, as described in Section [63N-3-610](#);

400 (v) includes maps of the proposed housing and transit reinvestment zone to illustrate:
401 (A) the proposed boundary and radius from a public transit hub;
402 (B) proposed housing density within the housing and transit reinvestment zone; and
403 (C) existing zoning and proposed zoning changes related to the housing and transit
404 reinvestment zone;

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

407 (vii) describes the proposed development plan, including the requirements described in
408 Subsections [63N-3-603](#)(2) and (4);

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

411 (ix) establishes a sales and use tax base year to calculate the sales and use tax
412 increment within the housing and transit reinvestment zone in accordance with Section
413 [63N-3-610](#);

414 (x) describes projected maximum revenues generated and the amount of tax increment
415 capture from each taxing entity and proposed expenditures of revenue derived from the housing
416 and transit reinvestment zone;

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

419 (xii) evaluates possible benefits to active and public transportation availability and
420 impacts on air quality;

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

423 (xiv) provides a pro-forma for the planned development [~~including the cost differential~~
424 ~~between surface parked multi-family development and enhanced development~~] that:
425 (A) satisfies the requirements described in Subsections [63N-3-603](#)(2), (3), and (4); and
426 (B) includes data showing the cost difference between what type of development could
427 feasibly be developed absent the housing and transit reinvestment zone tax increment and the
428 type of development that is proposed to be developed with the housing and transit reinvestment

429 zone tax increment; and

430 (xv) for a housing and transit reinvestment zone at a commuter rail station, light rail
431 station, or bus rapid transit station that is proposed and not in public transit service operation as
432 of the date of submission of the proposal, demonstrates that the proposed station is:

433 (A) included ~~[in]~~ as needed in phase one of a metropolitan planning organization's
434 adopted long-range transportation plan and in phase one of the relevant public transit district's
435 ~~[five-year]~~ adopted long-range plan; and

436 (B) reasonably anticipated to be constructed in the near future; and

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

439 (2) As part of the proposal described in Subsection (1), a municipality or public transit
440 county shall study and evaluate possible impacts of a proposed housing and transit
441 reinvestment zone on parking within the city and housing and transit reinvestment zone.

442 (3) (a) After receiving the proposal as described in Subsection (1)(b), the Governor's
443 Office of Economic Opportunity shall:

444 (i) within 14 days after the date on which the Governor's Office of Economic
445 Opportunity receives the proposal described in Subsection (1)(b), provide notice of the
446 proposal to all affected taxing entities, including the Tax Commission, cities, counties, school
447 districts, ~~[and]~~ metropolitan planning organizations, and the county assessor and county auditor
448 of the county in which the housing and transit reinvestment zone is located; and

449 (ii) at the expense of the proposing municipality or public transit county as described in
450 Subsection (5), contract with an independent entity to perform the gap analysis described in
451 Subsection (3)(b).

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

453 (i) a description of the planned development;

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

457 (iii) an evaluation of the proposal to and a determination of the adequacy and efficiency
458 of the proposal;

459 (iv) an evaluation of the proposed increment capture needed to cover the enhanced

460 development costs associated with the housing and transit reinvestment zone proposal and
461 enable the proposed development to occur; and

462 (v) based on the market analysis and other findings, an opinion relative to the
463 appropriate amount of potential public financing reasonably determined to be necessary to
464 achieve the objectives described in Subsection 63N-3-603(1).

465 (c) After receiving notice from the Governor's Office of Economic Opportunity of a
466 proposed housing and transit reinvestment zone as described in Subsection (3)(a)(i), the Tax
467 Commission shall:

468 (i) evaluate the feasibility of administering the tax implications of the proposal; and

469 (ii) provide a letter to the Governor's Office of Economic Opportunity describing any
470 challenges in the administration of the proposal, or indicating that the Tax Commission can
471 feasibly administer the proposal.

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

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

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

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

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

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

488 **63N-3-605. Housing and Transit Reinvestment Zone Committee -- Creation.**

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

491 Subsection (2).

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

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

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

499 (c) a member of the Transportation Commission created in Section [72-1-301](#);

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

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

503 (f) [~~one member~~] two members designated by the president of the Senate;

504 (g) [~~one member~~] two members designated by the speaker of the House of
505 Representatives;

506 (h) one member designated by the chief executive officer of each county affected by
507 the housing and transit reinvestment zone;

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

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

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

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

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

519 (5) After the Governor's Office of Economic Opportunity receives the results of the
520 analysis described in Section [63N-3-604](#), and after the Governor's Office of Economic
521 Opportunity has received a request from the submitting municipality or public transit county to

522 submit the housing and transit reinvestment zone proposal to the housing and transit
523 reinvestment zone committee, the Governor's Office of Economic Opportunity shall notify each
524 of the entities described in Subsection (2) of the formation of the housing and transit
525 reinvestment zone committee.

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

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

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

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

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

536 (ii) evaluate the proposed housing and transit reinvestment zone relative to the analysis
537 described in Subsection [63N-3-604](#)(2).

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

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

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

543 (b) Before the housing and transit reinvestment zone committee may approve the
544 housing and transit reinvestment zone proposal, the municipality or public transit county
545 proposing the housing and transit reinvestment zone shall ensure that the area of the proposed
546 housing and transit reinvestment zone is zoned in such a manner to accommodate the
547 requirements of a housing and transit reinvestment zone described in this section and the
548 proposed development.

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

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

552 (b) affected local taxing entities are required to participate according to the terms of the

553 housing and transit reinvestment zone proposal; and

554 (c) each affected taxing [~~municipality~~] entity is required to participate at the same rate
555 [~~as a participating county~~].

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

558 Section 5. Section **63N-3-607** is amended to read:

559 **63N-3-607. Payment, use, and administration of revenue from a housing and**
560 **transit reinvestment zone.**

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

563 (2) (a) A county that collects property tax on property located within a housing and
564 transit reinvestment zone shall, in accordance with Section [59-2-1365](#), distribute to the
565 municipality or public transit county any tax increment the municipality or public transit county
566 is authorized to receive up to the maximum approved by the housing and transit reinvestment
567 zone committee.

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

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

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

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

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

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

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

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

- 592 (a) income targeted housing costs;
- 593 (b) structured parking within the housing and transit reinvestment zone;
- 594 (c) enhanced development costs;
- 595 (d) horizontal construction costs;
- 596 (e) vertical construction costs;
- 597 (f) property acquisition costs within the housing and transit reinvestment zone; or
- 598 (g) the costs of the municipality or public transit county to create and administer the
599 housing and transit reinvestment zone, which may not exceed [~~1%~~] 2% of the total housing and
600 transit reinvestment zone funds, plus the costs to complete the gap analysis described in
601 Subsection 63N-3-604(2).

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

605 (6) Housing and transit reinvestment zone funds may be used to pay all of the costs of
606 bonds issued by the municipality or public transit county in accordance with Title 17C, Chapter
607 1, Part 5, Agency Bonds, including the cost to issue and repay the bonds including interest.

608 (7) A municipality or public transit county may create one or more public infrastructure
609 districts within the housing and transit reinvestment zone under Title 17D, Chapter 4, Public
610 Infrastructure District Act, and pledge and utilize the housing and transit reinvestment zone
611 funds to guarantee the payment of public infrastructure bonds issued by a public infrastructure
612 district.

613 Section 6. Section 63N-3-610 is amended to read:

614 **63N-3-610. Sales and use tax increment in a housing and transit reinvestment**

615 **zone.**

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

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

619 (b) establish a sales and use tax base year and collection period to calculate and transfer
620 the state sales and use tax increment within the housing and transit reinvestment zone, which
621 sales and use tax base year is established prospectively, 90 days after the date of the notice
622 described in Subsection (4).

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

625 (i) is based on state sales and use tax collection boundaries, which are determined
626 using the ZIP Code as defined in Section 59-12-102, including the four digit delivery route
627 extension; [and]

628 (ii) follows as closely as reasonably practicable the boundary of the housing and transit
629 reinvestment zone[-]; and

630 (iii) is one contiguous area that includes at least the entire boundary of the housing and
631 transit reinvestment zone.

632 (b) If a state sales and use tax boundary is bisected by the boundary of the housing and
633 transit reinvestment zone, the housing and transit reinvestment zone may include the entire
634 state sales and use tax boundary.

635 [~~(b)~~] (c) The municipality or public transit county shall include the sales and use tax
636 boundary in the housing and transit reinvestment zone proposal as described in Section
637 63N-3-604.

638 (3) (a) Beginning the first day of the calendar quarter one year after the sales and use
639 tax boundary for a housing and transit reinvestment zone is established, the tax commission
640 shall, at least annually, transfer an amount equal to 15% of the sales and use tax increment
641 within an established sales and use tax boundary into the Transit Transportation Investment
642 Fund created in Section 72-2-124.

643 (b) A municipality or public transit county may only propose one sales and use tax
644 increment period for a housing and transit reinvestment zone established under this section.

645 (4) (a) The establishment of a sales and use tax base year and the requirement

646 described in Subsection (3) to transfer incremental sales tax revenue shall take effect:

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

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

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

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

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

654 and

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

656 Section 7. Section **63N-3-611** is enacted to read:

657 **63N-3-611. Boundary adjustments.**

658 If the relevant county assessor or county auditor adjusts parcel boundaries relevant to a
659 housing and transit reinvestment zone, the municipality administering the tax increment
660 collected in the housing and transit reinvestment zone may make corresponding adjustments to
661 the boundary of the housing and transit reinvestment zone.

662 Section 8. **Effective date.**

663 This bill takes effect on May 1, 2024.