

HOUSING AND TRANSIT REINVESTMENT ZONE

AMENDMENTS

2022 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Wayne A. Harper

House Sponsor: _____

LONG TITLE

General Description:

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

Highlighted Provisions:

This bill:

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



28 **Money Appropriated in this Bill:**

29 None

30 **Other Special Clauses:**

31 None

32 **Utah Code Sections Affected:**

33 AMENDS:

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

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

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

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

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

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



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

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

43 **63N-3-602. Definitions.**

44 As used in this part:

45 (1) "Affordable housing" means the same as that term is defined in Section **11-38-102**.

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

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

49 (4) "Base year" means, for a proposed housing and transit reinvestment zone area, a
50 year determined by the last equalized tax roll before the adoption of the housing and transit
51 reinvestment zone.

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

55 [~~5~~] (6) (a) "Commuter rail" means a heavy-rail passenger rail transit facility operated
56 by a large public transit district.

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

59 ~~[(6)]~~ (7) "Commuter rail station" means a station, stop, or terminal along an existing
60 commuter rail line, or along an extension to an existing commuter rail line or new commuter
61 rail line that is included in a metropolitan planning organization's adopted long-range
62 transportation plan.

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

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

69 (9) "Enhanced development costs" means extra costs associated with structured
70 parking costs, vertical construction costs, horizontal construction costs, life safety costs,
71 structural costs, conveyor or elevator costs, and other costs incurred due to the increased height
72 of buildings or enhanced development.

73 (10) "Equivalent dwelling unit" means each unit in a dwelling equivalent to one legal
74 sleeping room.

75 ~~[(10)]~~ (11) "Horizontal construction costs" means the additional costs associated with
76 earthwork, over excavation, utility work, transportation infrastructure, and landscaping to
77 achieve enhanced development in the housing and transit reinvestment zone.

78 ~~[(11)]~~ (12) "Housing and transit reinvestment zone" means a housing and transit
79 reinvestment zone created pursuant to this part.

80 ~~[(12)]~~ (13) "Housing and transit reinvestment zone committee" means a housing and
81 transit reinvestment zone committee created pursuant to Section [63N-3-605](#).

82 ~~[(13)]~~ (14) "Large public transit district" means the same as that term is defined in
83 Section [17B-2a-802](#).

84 (15) "Light rail" means a passenger rail public transit system with right-of-way and
85 fixed rails:

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

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

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

89 ~~[(14)]~~ (16) "Metropolitan planning organization" means the same as that term is

90 defined in Section [72-1-208.5](#).

91 ~~[(15)]~~ (17) "Mixed use development" means development with a mix of multi-family
92 residential use and at least one additional land use.

93 ~~[(16)]~~ (18) "Municipality" means the same as that term is defined in Section [10-1-104](#).

94 ~~[(17)]~~ (19) "Participant" means the same as that term is defined in Section [17C-1-102](#).

95 ~~[(18)]~~ (20) "Participation agreement" means the same as that term is defined in Section
96 [17C-1-102](#).

97 ~~[(19)]~~ (21) "Public transit county" means a county that has created a small public
98 transit district.

99 ~~[(20)]~~ (22) "Public transit hub" means a public transit depot or station where four or
100 more routes serving separate parts of the county-created transit district stop to transfer riders
101 between routes.

102 ~~[(21)]~~ (23) "Sales and use tax base year" means a sales and use tax year determined by
103 the first year pertaining to the tax imposed in Section [59-12-103](#) after the sales and use tax
104 boundary for a housing and transit reinvestment zone is established.

105 ~~[(22)]~~ (24) "Sales and use tax boundary" means a boundary created as described in
106 Section [63N-3-604](#), based on state sales and use tax collection that corresponds as closely as
107 reasonably practicable to the housing and transit reinvestment zone boundary.

108 ~~[(23)]~~ (25) "Sales and use tax increment" means the difference between:

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

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

115 ~~[(24)]~~ (26) "Sales and use tax revenue" means revenue that is generated from the tax
116 imposed under Section [59-12-103](#).

117 ~~[(25)]~~ (27) "Small public transit district" means the same as that term is defined in
118 Section [17B-2a-802](#).

119 ~~[(26)]~~ (28) "Tax commission" means the State Tax Commission created in Section
120 [59-1-201](#).

121 [~~(27)~~] (29) "Tax increment" means the difference between:

122 (a) the amount of property tax revenue generated each tax year by a taxing entity from
123 the area within a housing and transit reinvestment zone designated in the housing and transit
124 reinvestment zone proposal as the area from which tax increment is to be collected, using the
125 current assessed value and each taxing entity's current certified tax rate as defined in Section
126 59-2-924; and

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

130 [~~(28)~~] (30) "Taxing entity" means the same as that term is defined in Section
131 17C-1-102.

132 [~~(29)~~] (31) "Vertical construction costs" means the additional costs associated with
133 construction above four stories and structured parking to achieve enhanced development in the
134 housing and transit reinvestment zone.

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

136 **63N-3-603. Applicability, requirements, and limitations on a housing and transit**
137 **reinvestment zone.**

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

140 (a) higher utilization of public transit;

141 (b) increasing availability of housing, including affordable housing;

142 (c) conservation of water resources through efficient land use;

143 (d) improving air quality by reducing fuel consumption and motor vehicle trips;

144 (e) encouraging transformative mixed-use development and investment in

145 transportation and public transit infrastructure in strategic areas;

146 (f) strategic land use and municipal planning in major transit investment corridors as
147 described in Subsection 10-9a-403(2); and

148 (g) increasing access to employment and educational opportunities.

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

152 zone includes:

153 (a) except as provided in Subsection (3), at least 10% of the proposed [~~housing~~]
154 equivalent dwelling units within the housing and transit reinvestment zone are affordable
155 housing units;

156 (b) a dedication of at least 51% of the developable area within the housing and transit
157 reinvestment zone to residential development with an average of 50 [~~multi-family~~] equivalent
158 dwelling units per acre or greater; and

159 (c) mixed-use development.

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

165 (4) (a) A municipality or public transit county may only propose a housing and transit
166 reinvestment zone near a commuter rail station that:

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

168 [~~(i)~~] (A) (I) for a municipality, does not exceed a 1/3 mile radius of a commuter rail
169 station; or

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

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

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

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

180 (b) A municipality or public transit county may only propose a housing and transit
181 reinvestment zone along a light rail or bus rapid transit route that:

182 (i) subject to Subsection (5):

183 (A) does not exceed a 1/4 mile radius of a bus rapid transit station or light rail station;
184 and

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

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

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

193 (c) For a housing and transit reinvestment zone around a light rail or bus rapid transit
194 station, if the proposed total acreage within the housing and transit reinvestment zone is less
195 than:

196 (i) 40 equivalent dwelling units per acre, the maximum capture of each taxing entity's
197 tax increment above the base year is 60%; and

198 (ii) 30 equivalent dwelling units per acre, the maximum capture of each taxing entity's
199 tax increment above the base year is 40%.

200 ~~[(5)–H]~~ (5) (a) For a housing and transit reinvestment zone for a commuter rail station,
201 if a parcel is bisected by the 1/3 mile radius, the full parcel may be included as part of the
202 housing and transit reinvestment zone area and will not count against the limitations described
203 in Subsection (4)(a)(i).

204 (b) For a housing and transit reinvestment zone for a light rail or bus rapid transit
205 station, if a parcel is bisected by the 1/4 mile radius, the full parcel may be included as part of
206 the housing and transit reinvestment zone area and will not count against the limitations
207 described in Subsection (4)(b)(i).

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

210 (a) the tax commission;

211 (b) the State Board of Education;

212 (c) the state auditor;

213 (d) the auditor of the county in which the housing and transit reinvestment zone is

214 located;

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

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

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

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

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

223 **63N-3-604. Process for a proposal of a housing and transit reinvestment zone --**
224 **Analysis.**

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

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

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

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

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

236 (iv) defines the boundaries of:

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

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

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

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

244 (vii) establishes a base year and collection period to calculate the tax increment within

245 the housing and transit reinvestment zone;

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

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

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

253 (xi) evaluates the impacts of the proposed housing and transit reinvestment zone on
254 parking availability;

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

257 ~~[(xi)]~~ (xiii) proposes a finance schedule to align expected revenue with required
258 financing costs and payments; and

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

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

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

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

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

276 gap analysis described in Subsection (3)(b).

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

278 (i) a description of the planned development;

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

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

284 (iv) an evaluation of the proposed density and increment capture needed to ensure a
285 reasonable return on the investment; and

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

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

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

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

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

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

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

305 **63N-3-605. Housing and Transit Reinvestment Zone Committee -- Creation.**

306 (1) For any housing and transit reinvestment zone proposed under this part, there is

307 created a housing and transit reinvestment zone committee with membership described in
308 Subsection (2).

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

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

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

316 (c) one representative from the Department of Transportation created in Section
317 [72-1-201](#), designated by the executive director of the Department of Transportation;

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

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

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

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

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

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

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

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

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

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

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

338 committee.

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

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

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

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

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

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

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

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

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

362 (8) (a) ~~[The]~~ Subject to Subsection (8)(b), the housing and transit reinvestment zone
363 committee may:

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

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

367 (b) Before the housing and transit reinvestment zone committee may approve the
368 housing and transit reinvestment zone proposal, the municipality or public transit county

369 proposing the housing and transit reinvestment zone shall ensure that the area of the proposed
370 housing and transit reinvestment zone is zoned in such a manner to accommodate the
371 requirements of a housing and transit reinvestment zone described in this section and the
372 proposed development.

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

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

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

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

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

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

383 **63N-3-607. Payment, use, and administration of revenue from a housing and**
384 **transit reinvestment zone.**

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

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

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

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

399 (ii) Before an agency may receive housing and transit reinvestment zone funds from

400 the municipality or public transit county, the municipality or public transit county and the
401 agency shall enter into an interlocal agreement with terms that:

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

404 (B) meet the requirements of Section 63N-3-603.

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

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

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

416 (a) income targeted housing costs;

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

418 (c) enhanced development costs;

419 (d) horizontal construction costs;

420 (e) vertical construction costs;

421 (f) land purchase costs within the housing and transit reinvestment zone; or

422 (g) the costs of the municipality or public transit county to create and administer the
423 housing and transit reinvestment zone, which may not exceed 1% of the total housing and
424 transit reinvestment zone funds, plus the costs to complete the gap analysis described in
425 Subsection 63N-3-604~~(3)~~(2).

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

429 (6) Housing and transit reinvestment zone funds may be used to pay all of the costs of
430 bonds issued by the municipality or public transit county in accordance with Title 17C, Chapter

431 1, Part 5, Agency Bonds, including the cost to issue and repay the bonds including interest.

432 (7) A municipality or public transit county may create one or more public infrastructure
 433 districts within the housing and transit reinvestment zone under [~~Title 17B, Chapter 2a, Part~~
 434 ~~12~~] Title 17D, Chapter 4, Public Infrastructure District Act, and pledge and utilize the housing
 435 and transit reinvestment zone funds to guarantee the payment of public infrastructure bonds
 436 issued by a public infrastructure district.

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

438 **63N-3-610. Sales and use tax increment in a housing and transit reinvestment**
 439 **zone.**

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

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

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

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

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

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

450 (b) The municipality or public transit county shall include the sales and use tax
 451 boundary in the housing and transit reinvestment zone proposal as described in Section
 452 63N-3-604.

453 (3) (a) Beginning one year after the sales and use tax boundary for a housing and transit
 454 reinvestment zone is established, the tax commission shall, at least annually, transfer [~~an~~] a
 455 total amount equal to [15] 20% of the sales and use tax increment within an established sales
 456 and use tax boundary [~~into the Transit Transportation Investment Fund created in Section~~
 457 ~~72-2-124~~], with:

458 (i) at least 10% of the sales and use tax increment within the established sales and use
 459 tax boundary being transferred to the Transit Transportation Investment Fund created in
 460 Section 72-2-124; and

461 (ii) upon approval of the housing and transit reinvestment zone committee, up to 10%

462 of the sales and use tax increment within the established sales and use tax boundary being
463 transferred to the municipality or public transit county that proposed the housing and transit
464 reinvestment zone.

465 (b) (i) Any revenue transferred in accordance with Subsection (3)(a)(ii) may only be
466 used within the housing and transit reinvestment zone for parking or other infrastructure.

467 (ii) Any revenue transferred in accordance with Subsection (3)(a)(ii) that is not
468 allocated for parking or other infrastructure within the housing and transit reinvestment zone
469 shall be transferred to the Transit Transportation Investment Fund created in Section [72-2-124](#).

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

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

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

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

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

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

479 and

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