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CAPITAL CITY REVITALIZATION ZONE

2024 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Daniel McCay

House Sponsor: Jon Hawkins

LONG TITLE

General Description:

This bill enacts provisions to enable a local government to create a revitalization zone.

Highlighted Provisions:

This bill:

- ▶ establishes procedures to create a revitalization zone for the use of tax revenue for the benefit of creating or improving infrastructure within a designated project area that is located within the local government's boundaries;
- ▶ provides requirements for the project area;
- ▶ authorizes a qualifying local government to levy a sales and use tax within the local government's boundaries and for use within the project area, subject to certain procedures and approvals;
- ▶ provides requirements and procedures for a local government to create a revitalization zone and negotiate a project participation agreement that would allow a project participant to participate in the use of funds within the project area;
- ▶ provides requirements for allowable uses of revenue and funds;
- ▶ provides requirements for a participation agreement;
- ▶ requires termination of access to funds and repayment of funds in the event of breach or ceasing to operate or regularly use a stadium in the project area;
- ▶ creates procedures for the Revitalization Zone Committee to give its approval to a project area and participation agreement that has been endorsed by the local government;
- ▶ creates the Revitalization Zone Committee to approve project areas and project participation agreements created and endorsed by the local government, and to review expenditures and activities in relation to a project area and project participants;
- ▶ creates procedures for the Revitalization Zone Committee to give its approval to a

- 28 project area and participation agreement that has been endorsed by the local government;
- 29 ▸ allows a local government to give final approval to a project area and a participation
- 30 agreement that has been endorsed by the local government and approved by the Revitalization
- 31 Zone Committee;
- 32 ▸ requires a local government with a revitalization zone to provide reports to the
- 33 Revitalization Zone Committee; and
- 34 ▸ requires a local government to provide reports to the Executive Appropriations
- 35 Committee.

36 **Money Appropriated in this Bill:**

37 None

38 **Other Special Clauses:**

39 None

40 **Utah Code Sections Affected:**

41 ENACTS:

42 **59-12-402.5**, Utah Code Annotated 1953

43 **63N-3-1301**, Utah Code Annotated 1953

44 **63N-3-1302**, Utah Code Annotated 1953

45 **63N-3-1303**, Utah Code Annotated 1953

46 **63N-3-1304**, Utah Code Annotated 1953

47 **63N-3-1305**, Utah Code Annotated 1953

48 **63N-3-1306**, Utah Code Annotated 1953

49 **63N-3-1307**, Utah Code Annotated 1953

50 **63N-3-1308**, Utah Code Annotated 1953

51

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

53 Section 1. Section **59-12-402.5** is enacted to read:

54 **59-12-402.5 . Capital city revitalization sales and use tax -- Deadline -- Rate --**

55 **Collection fees -- Imposition.**

56 (1) As used in this section:

57 (a) "Local government" means a first class city located within a first class county.

58 (b) "Project area" means the same as that term is defined in Section 63N-3-1301.

59 (2) The legislative body of the local government may impose a sales and use tax under this
 60 section if the legislative body, on or before December 31, 2024:

61 (a) complies with the requirements of Title 63N, Chapter 3, Part 13, Capital City

- 62 Revitalization Zone;
- 63 (b) gives final approval to an application by giving final approval of a project zone and a
64 participation agreement as provided in Section 63N-3-1306; and
- 65 (c) imposes the tax according to the procedures and requirements of Section 63N-3-1306.
- 66 (3) (a) The tax rate may not exceed .5%.
- 67 (b) The tax imposed under this section may not be imposed for a period greater than 30
68 years, beginning on the date of the first imposition of the tax.
- 69 (4) Except as provided in Subsection (5), the local government shall impose a tax under this
70 section on the transactions described in Subsection 59-12-103(1).
- 71 (5) A local government may not impose a tax under this section on:
- 72 (a) the sale of:
- 73 (i) a motor vehicle;
- 74 (ii) an aircraft;
- 75 (iii) a watercraft;
- 76 (iv) a modular home;
- 77 (v) a manufactured home; or
- 78 (vi) a mobile home;
- 79 (b) the sales and uses described in Section 59-12-104 to the extent the sales and uses are
80 exempt from taxation under Section 59-12-104; and
- 81 (c) except as provided in Subsection (7), amounts paid or charged for food and food
82 ingredients.
- 83 (6) For purposes of this section, the location of a transaction is determined in accordance
84 with Sections 59-12-211 through 59-12-215.
- 85 (7) A local government that imposes a tax under this section shall impose the tax on the
86 purchase price or the sales price for amounts paid or charged for food and food
87 ingredients if the food and food ingredients are sold as part of a bundled transaction
88 attributable to food and food ingredients and tangible personal property other than food
89 and food ingredients.
- 90 (8) A local government may impose a tax under this section by majority vote of the
91 members of the local government's legislative body in compliance with the procedures
92 and requirements of Title 63N, Chapter 3, Part 13, Capital City Revitalization Zone.
- 93 (9) A military installation development authority may not impose a tax under this section.
- 94 (10) (a) The commission shall distribute the revenue collected from the tax under this
95 section on transactions occurring within the district sales tax area as defined in

96 Section 11-70-101 to the Utah Fairpark Area Investment and Restoration District
 97 created in Section 11-70-201.

98 (b) The commission shall distribute the revenue collected outside of the district sales tax
 99 area referenced in Subsection (10)(a) to the local government.

100 (11) A local government shall use revenue referenced in Subsection (10)(b) only:

101 (a) within the project area defined in Section 63N-3-1301; and

102 (b) for the allowable uses under Section 63N-3-1303.

103 Section 2. Section **63N-3-1301** is enacted to read:

104

Part 13. Capital City Revitalization Zone

63N-3-1301 . Definitions.

106 As used in this part:

107 (1) "Committee" means the Revitalization Zone Committee created in Section 63N-3-1307.

108 (2) "Franchise agreement" means a legally binding and valid agreement under which:

109 (a) a major professional sports league has awarded a franchise to a franchise recipient;

110 and

111 (b) the major professional sports league team that is the subject of the agreement is

112 playing, or will play, home games in a qualified stadium that exists or will be

113 constructed within the project area.

114 (3) "Local government" means the municipality in which the project area is located.

115 (4) "Major professional sports league" means the National Basketball Association or the

116 National Hockey League.

117 (5) "Project area" means the area created and designated to receive funds and revenue

118 according to the terms and requirements of this part.

119 (6) "Project participant" means a person that is approved to participate in the use of public

120 funds in a project area according to the procedures and requirements of this part.

121 (7) "Qualified stadium" means a sports facility that:

122 (a) provides seating for spectators in a number that is reasonably consistent with the

123 capacity of other stadiums used by other teams in the major professional sports

124 league;

125 (b) is located within the project area; and

126 (c) (i) is in active use as the home venue of a major professional sports league team;

127 or

128 (ii) in the case of a stadium that is proposed to be constructed or remodeled, will be

129 the home venue of a major professional sports league.

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

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

132 **63N-3-1302 . Project area.**

133 (1) A local government may, according to the requirements and procedures of this part,
 134 create a project area for the use of revenue authorized under Section 59-12-402.5, which
 135 revenue shall be used only for the allowed purposes under Section 63N-3-1303.

136 (2) A project area created under this part shall:

- 137 (a) be located entirely within the boundaries of the local government;
- 138 (b) be no greater than 100 acres in area;
- 139 (c) be roughly centered around, and include the entire property footprint of a currently
 140 existing qualified stadium;
- 141 (d) include the entire property footprint of any qualified stadium that is planned to be
 142 built;
- 143 (e) be contiguous; and
- 144 (f) have boundaries that are reasonably compact in relation to their distance from the
 145 currently existing qualified stadium.

146 Section 4. Section **63N-3-1303** is enacted to read:

147 **63N-3-1303 . Allowable uses of funds.**

148 (1) A local government shall use any funds or revenue provided under Section 59-12-402.5
 149 within and for the direct benefit of the project area, and subject to the requirements of
 150 this section.

151 (2) In addition to the requirements of Subsection (1), the allowable uses for the funds and
 152 revenue collected as authorized under this part are:

- 153 (a) costs for, including debt service or the costs of bonds issued by the local government
 154 or state:
 - 155 (i) paid to or for the benefit of a project participant for the construction or remodel of
 156 a qualified stadium within the project area in accordance with Title 17C, Chapter
 157 1, Part 5, Agency Bonds, including the cost to issue and repay bonds and interest;
 158 and
 - 159 (ii) the construction, demolition, modification, or realignment of infrastructure or
 160 structures within the project area for the purpose of:
 - 161 (A) complementing a qualified stadium and its associated uses, including
 162 entertainment and recreational uses on land within the project area; and

163 (B) improvement, demolition, modification, realignment, or restoration of areas
 164 within the project area for pedestrian and traffic flow, and for aesthetic,
 165 entertainment, recreational, and safety purposes;
 166 (b) infrastructure and roads, including state roads, within the project area;
 167 (c) traffic mitigation costs within the project area;
 168 (d) law enforcement or public security needs within the project area; and
 169 (e) costs of the local government to create a project area or participation agreement and
 170 to administer the funds, which cost may not exceed 1% of the tax revenue collected
 171 under Section 59-12-402.5.

172 (3) (a) The amount of funds and revenue used for, or for the benefit of, the project
 173 participant shall be limited to a maximum dollar amount that shall be explicitly stated
 174 in the participation agreement.
 175 (b) A project participant may not receive the benefit of funds or revenue in an amount
 176 greater than the maximum dollar amount referred to in Subsection (3)(a).

177 Section 5. Section **63N-3-1304** is enacted to read:

178 **63N-3-1304 . Application for approval as a project participant in a project area.**

179 A person that seeks to have a local government create a project area under this
 180 part, and to be a project participant within that project area, shall provide a local
 181 government with a written application that certifies that the applicant:

- 182 (1) is a party to a franchise agreement;
 183 (2) is or will be operating the team that is subject to the franchise agreement:
 184 (a) in an existing qualified stadium located within the project area to be created; or
 185 (b) in a new qualified stadium that will be located within the project area;
 186 (3) shows the existing and, as applicable, the proposed location and footprint of the
 187 qualified stadium;
 188 (4) lists any public funds that are currently being received by, or are authorized to be
 189 received by:
 190 (a) the applicant; or
 191 (b) any major professional sports league team that is owned or operated by the applicant;
 192 and
 193 (5) any proposals or information related to the application, including specific details about
 194 the franchise agreement or plans for a qualified stadium, a proposed boundary for the
 195 project area, proposals for land or stadium ownership arrangements or stadium
 196 revenue-sharing arrangements, or plans or requests for urban renewal or reconstruction.

197 Section 6. Section **63N-3-1305** is enacted to read:

198 **63N-3-1305 . Local government review -- Participation agreement requirements**
199 **-- Proposed project area and proposed participation agreement -- Zoning --**
200 **Deadline.**

201 (1) Upon receipt of an application described in Section 63N-3-1304, a local government
202 shall review the application and, if the application is complete, may negotiate with the
203 applicant to develop:

204 (a) a description of a proposed project area that meets the requirements of Section
205 63N-3-1302; and

206 (b) a proposed participation agreement with the applicant, which agreement shall
207 contain:

208 (i) a map or description of the project area;

209 (ii) a description of the type and extent of each type of tax or other revenue that
210 would be available to the applicant within the project area if the applicant is
211 approved as a project participant;

212 (iii) the location and footprint of the qualified stadium, and if applicable, the location,
213 footprint, and design of any proposed future or remodeled qualified stadium;

214 (iv) if a qualified stadium is to be constructed, remodeled, or replaced, requirements
215 and plans for the design, remodel, operation, and other terms related to the
216 existing or new qualified stadium;

217 (v) a master plan that:

218 (A) provides an overview of challenges and issues to be addressed within the
219 project area, including land use, infrastructure, economic issues, and public
220 safety issues;

221 (B) provides a 30-year plan for the physical development and the ongoing
222 management of the project area, including maps, plats, charts, drawings, time
223 lines, and descriptive, explanatory, and other related information that supports
224 and demonstrates the plan; and

225 (C) provides a specific plan for each of the following subject areas, each of which
226 shall include, to the extent possible, detailed and specific information on
227 projects and time lines for the named subject area, and where specific details
228 cannot be provided, provides a list of specific goals, planned outcomes, and
229 time lines for achieving those goals and outcomes:

230 (I) a financial plan, including the planned sources, uses, distribution, and time

- 231 lines for the use of funds and revenue;
- 232 (II) a land use plan, including designs, ownership, demolition, construction,
233 and time lines, including plans for modification of roads and infrastructure
234 layout, removal or construction of buildings, and creation of new spaces,
235 facilities, and landmarks;
- 236 (III) a public asset plan, including plans for modifications, renovations, and use
237 scenarios for existing buildings and public assets within the project area,
238 including buildings owned by a city or county, features, and other public
239 assets that will be affected by revitalization of the project area;
- 240 (IV) a public safety plan, including plans for mitigating crime and ensuring
241 safety and physical security within the project area;
- 242 (V) a homelessness mitigation plan, including plans to provide resources for
243 homeless individuals and to mitigate and manage camping and other related
244 social issues within the project area;
- 245 (VI) a transportation plan, including plans to enable access to and from, and
246 public transportation, vehicle, and pedestrian traffic flow within the project
247 area; and
- 248 (VII) a parking plan, including estimates for parking needs and plans for
249 accommodating those needs within the project area;
- 250 (vi) a provision that the local government may not provide, and that a project
251 participant may not receive, a direct subsidy;
- 252 (vii) (A) the maximum dollar amount that may be used for, or for the benefit of,
253 the project participant, as required under Subsection 63N-3-1303(3); and
254 (B) a clear description of what fund and revenue uses will or will not be
255 considered for the benefit of the project participant and therefore subject to the
256 limit required under Subsection 63N-3-1303(3);
- 257 (viii) terms, procedures, and remedies related to breach of a participation agreement,
258 which shall contain:
- 259 (A) specific descriptions of what constitutes breach of the participation agreement;
260 (B) a requirement that access to funds ceases and that a project participant shall
261 repay to the local government the full amount of revenue or funds received
262 subject to Subsection 63N-3-1303(3) if the major professional sports league
263 team leaves or ceases to use a qualified stadium as its exclusive home stadium,
264 subject to any additional terms agreed to in the participation agreement;

- 265 (C) a description of all remedies available to the local government in association
 266 with a breach; and
- 267 (D) designation of a guarantor, security interests, or other measures to ensure
 268 repayment of revenue and funds in the event of a breach;
- 269 (ix) procedures and penalties that apply in the event that the local government or
 270 project participant fails to meet requirements, goals, or objectives set under
 271 Subsection (1)(b)(v);
- 272 (x) an acknowledgment that the parties to the agreement are subject to the
 273 requirements of this part;
- 274 (xi) any additional obligations, terms, or conditions mutually agreed upon by the
 275 local government and the project participant; and
- 276 (xii) may contain:
- 277 (A) any terms and conditions that affect a project participant's ability to receive or
 278 use project area funds;
- 279 (B) any terms or agreements regarding the qualified stadium and its associated
 280 property, including ownership, management, maintenance, operation, revenue
 281 sharing, or other agreements;
- 282 (C) terms, procedures, or remedies related to breach of a participation agreement;
 283 and
- 284 (D) any other relevant agreement between the applicant and the local government.
- 285 (2) Before finalizing a proposed project area under Subsection (3), a local government shall
 286 ensure that any zoning modifications or requirements within the project area are
 287 complete.
- 288 (3) If the applicant and the local government develop a proposed project area and a
 289 proposed participation agreement as described in Subsection (1), the local government
 290 shall, no later than September 1, 2024, provide notice of the proposed agreement and
 291 provide a copy of the application, the proposed project area, and the proposed
 292 participation agreement to:
- 293 (a) the legislative body of the local government; and
- 294 (b) the Revitalization Zone Committee.
- 295 Section 7. Section **63N-3-1306** is enacted to read:
- 296 **63N-3-1306 . Local government endorsement -- Revitalization Zone Committee**
 297 **approval -- Final approval by local government -- Imposition of tax.**
- 298 (1) (a) The legislative body of the local government shall, no later than the date that is

- 299 14 calendar days after the date that notice of a proposed project area and proposed
300 participation agreement is provided under Subsection 63N-3-1305(2), in a public
301 meeting by a majority vote:
- 302 (i) endorse the application by:
- 303 (A) endorsing the proposed project area, with or without amendment; and
304 (B) endorsing the proposed participation agreement, with or without amendment;
305 or
- 306 (ii) reject the application.
- 307 (b) If the legislative body of the local government endorses the application, the
308 legislative body shall provide notice of the endorsement to the Revitalization Zone
309 Committee, and provide the committee with any amended project area or amended
310 participation agreement.
- 311 (c) If the legislative body of the local government rejects the application:
- 312 (i) the legislative body shall provide notice of the rejection to the mayor of the local
313 government; and
- 314 (ii) the applicant and the local government may develop another proposed project
315 area and proposed participation agreement and present those documents according
316 to the procedures and requirements of Section 63N-3-1305.
- 317 (2) If the legislative body of the local government endorses the application under
318 Subsection (1):
- 319 (a) The Revitalization Zone Committee shall, no later than 30 calendar days after the
320 date that notice of the local government's endorsement of an application is provided
321 under Subsection (1)(b), in a public meeting by a majority vote:
- 322 (i) approve or reject the endorsed project area; and
323 (ii) approve or reject the endorsed project participation agreement.
- 324 (b) If the committee approves the endorsed project area and the endorsed participation
325 agreement:
- 326 (i) the committee shall give notice of the approval to the mayor and the legislative
327 body of the local government; and
- 328 (ii) the legislative body of the local government may meet to consider final approval
329 as provided under Subsection (3).
- 330 (c) If the committee fails to approve the endorsed project area, the endorsed participation
331 agreement, or both the project area and participation agreement:
- 332 (i) the committee may adopt a statement or findings as to why the committee failed to

- 333 provide its approval;
- 334 (ii) the committee shall give notice of the failure to approve to the mayor and the
- 335 legislative body of the local government; and
- 336 (iii) the local government may:
- 337 (A) develop another proposed project area and proposed participation agreement
- 338 according to the procedures and requirements of Section 63N-3-1305;
- 339 (B) in a public meeting of the legislative body of the local government, review,
- 340 amend, or endorse another project area or participation agreement according to
- 341 the procedures and requirements of Subsection (1); or
- 342 (C) take no further action on the application.
- 343 (3) If the Revitalization Zone Committee approves the endorsed project area and the
- 344 endorsed public participation agreement under Subsection (2), the legislative body of the
- 345 local government may, by a majority vote in a public meeting:
- 346 (a) give final approval to the application by:
- 347 (i) approving the project area in the form approved by the committee;
- 348 (ii) approving the proposed participation agreement in the form approved by the
- 349 committee; and
- 350 (iii) designating the applicant as a project participant; or
- 351 (b) reject the application.
- 352 (4) After giving final approval to the application, the local government shall:
- 353 (a) impose taxes or revenue sources that may be used within the project area, including
- 354 taxes or funds authorized under Section 59-12-402.5; and
- 355 (b) provide reports to the committee as required under Subsection 63N-3-1308(2).
- 356 Section 8. Section **63N-3-1307** is enacted to read:
- 357 **63N-3-1307 . Revitalization Zone Committee -- Creation -- Membership -- Staff.**
- 358 (1) There is created the Revitalization Zone Committee to review the activities of, and
- 359 advise a local government and project participants in a project area created under this
- 360 part.
- 361 (2) The committee consists of the following members:
- 362 (a) two members of the Senate, appointed by the president of the Senate;
- 363 (b) two members of the House of Representatives, appointed by the speaker of the
- 364 House; and
- 365 (c) one individual appointed by the governor.
- 366 (3) (a) The president of the Senate shall designate a member of the Senate appointed

- 367 under Subsection (2) as cochair of the committee.
- 368 (b) The speaker of the House of Representatives shall designate a member of the House
 369 of Representatives appointed under Subsection (2) as cochair of the committee.
- 370 (4) (a) A majority of the members of the committee constitutes a quorum.
- 371 (b) The action of a majority of a quorum constitutes action of the Revitalization Zone
 372 Committee.
- 373 (5) The committee shall meet to review an endorsed application as provided under Section
 374 63N-3-1306.
- 375 (6) The committee may meet, upon the agreement of both cochairs:
- 376 (a) to review a report provided under Subsection 63N-3-1308(2);
- 377 (b) at the discretion of the cochairs; and
- 378 (c) at the request of a local government.
- 379 (7) A legislative member of the committee shall be paid salary and expenses in accordance
 380 with Section 36-2-2 and Legislative Joint Rules, Title 5, Chapter 3, Legislative
 381 Compensation.
- 382 (8) A member who is not a legislator may not receive compensation or benefits for the
 383 member's service, but may receive per diem and travel expenses as allowed in:
- 384 (a) Section 63A-3-106;
- 385 (b) Section 63A-3-107; and
- 386 (c) rules made by the Division of Finance according to Sections 63A-3-106 and
 387 63A-3-107.
- 388 (9) The Office of Legislative Research and General Counsel shall:
- 389 (a) provide staff support to the committee; and
- 390 (b) consult with the Office of the Legislative Fiscal Analyst on fiscal issues reviewed by
 391 the committee.
- 392 Section 9. Section **63N-3-1308** is enacted to read:
- 393 **63N-3-1308 . Revitalization Zone Committee -- Duties -- Reporting requirements**
 394 **of local government -- Executive Appropriations Committee.**
- 395 (1) The Revitalization Zone Committee shall have the following duties:
- 396 (a) to approve or reject an endorsed project area and an endorsed project participation
 397 agreement according to the procedures and requirements of Section 63N-3-1306;
- 398 (b) to review reports that are issued by a local government in accordance with
 399 Subsection (2);
- 400 (c) to review the financial activities of a local government and project participants in

- 401 relation to a project area; and
- 402 (d) to make recommendations to the Legislature regarding a project area and
- 403 participation agreement, requirements or procedures related to a project area, taxes or
- 404 public funds, or other matters relating to a project area or participation agreement.
- 405 (2) A local government shall, after giving final approval to an application under Section
- 406 63N-3-1306, and each six months thereafter, or upon a request of the committee, provide
- 407 a report to the committee that contains:
- 408 (a) a summary of the projects and uses that are currently underway or planned in relation
- 409 to the project area;
- 410 (b) if not previously provided, or if modified, a copy of the project area and participation
- 411 agreement;
- 412 (c) a detailed accounting of:
- 413 (i) all public funds collected within the project area since the last report;
- 414 (ii) all public funds provided to each project participant since the last report; and
- 415 (iii) all public funds committed or spent, and a description of their use, since the last
- 416 report;
- 417 (d) the projected budget and time line for each project or use that is currently underway
- 418 or planned in relation to the project area; and
- 419 (e) an accounting or a detailed summary of the financial impact of the project area on the
- 420 state and its residents.
- 421 (3) At the discretion of the Executive Appropriations Committee of the Legislature, the
- 422 local government and the Revitalization Zone Committee shall provide an in-person
- 423 report to the Executive Appropriations Committee:
- 424 (a) at least once per calendar year, that shall contain at least the following information:
- 425 (i) a summary of the projects and uses that are currently underway or planned in
- 426 relation to the project area;
- 427 (ii) a detailed accounting of:
- 428 (A) all public funds collected within the project area since the last report;
- 429 (B) all public funds provided to each project participant since the last report; and
- 430 (C) all public funds committed or spent, and a description of their use, since the
- 431 last report;
- 432 (iii) the projected budget and time line for each project or use that is currently
- 433 underway or planned in relation to the project area;
- 434 (iv) an accounting or a detailed summary of the financial impact of the project area

- 435 on the state and its residents;
- 436 (v) any recommendations or requests from the local government; and
- 437 (vi) any recommendations or requests from the Revitalization Zone Committee;
- 438 (b) after the local government provides a proposed project area and proposed
- 439 participation agreement under Section 63N-3-1305; and
- 440 (c) after the local government gives final approval to an application under Section
- 441 63N-3-1306.

442 Section 10. **Effective date.**

443 This bill takes effect on May 1, 2024.