

1 **COMMUNITY REINVESTMENT AGENCY AMENDMENTS**

2 2019 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Wayne A. Harper**

5 House Sponsor: _____

7 **LONG TITLE**

8 **General Description:**

9 This bill amends provisions in Title 17C, Limited Purpose Local Government Entities -
10 Community Reinvestment Agency Act.

11 **Highlighted Provisions:**

12 This bill:

- 13 ▶ prohibits a taxing entity that is not the community that created an agency from
- 14 charging the agency certain administrative fees;
- 15 ▶ limits an agency's reporting requirements to only the reports required by law;
- 16 ▶ if a community reinvestment project area plan provides solely for non-residential
- 17 project area development, removes the requirement for an agency to provide a
- 18 housing allocation; and
- 19 ▶ makes technical and conforming changes.

20 **Money Appropriated in this Bill:**

21 None

22 **Other Special Clauses:**

23 None

24 **Utah Code Sections Affected:**

25 AMENDS:

26 **17C-1-409**, as last amended by Laws of Utah 2018, Chapter 312

27 **17C-5-202**, as last amended by Laws of Utah 2017, Chapter 456



28 **17C-5-307**, as enacted by Laws of Utah 2016, Chapter 350

29 ENACTS:

30 **17C-1-609**, Utah Code Annotated 1953



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

32 Section 1. Section **17C-1-409** is amended to read:

33 **17C-1-409. Allowable uses of agency funds.**

34 (1) (a) ~~[An]~~ Subject to the provisions of this section, an agency may use agency funds:

35 (i) for any purpose authorized under this title;

36 (ii) for administrative, overhead, legal, or other operating expenses of the agency,
37 including consultant fees and expenses under Subsection **17C-2-102**(1)(b)(ii)(B) or funding for
38 a business resource center;

39 (iii) to pay for, including financing or refinancing, all or part of:

40 (A) project area development in a project area, including environmental remediation
41 activities occurring before or after adoption of the project area plan;

42 (B) housing-related expenditures, projects, or programs as described in Section
43 **17C-1-411** or **17C-1-412**;

44 (C) an incentive or other consideration paid to a participant under a participation
45 agreement;

46 (D) subject to Subsections (1)(c) and (4), the value of the land for and the cost of the
47 installation and construction of any publicly owned building, facility, structure, landscaping, or
48 other improvement within the project area from which the project area funds are collected; or

49 (E) the cost of the installation of publicly owned infrastructure and improvements
50 outside the project area from which the project area funds are collected if the board and the
51 community legislative body determine by resolution that the publicly owned infrastructure and
52 improvements benefit the project area;

53 (iv) in an urban renewal project area that includes some or all of an inactive industrial
54 site and subject to Subsection (1)(e), to reimburse the Department of Transportation created
55 under Section **72-1-201**, or a public transit district created under Title 17B, Chapter 2a, Part 8,
56 Public Transit District Act, for the cost of:

57 (A) construction of a public road, bridge, or overpass;

59 (B) relocation of a railroad track within the urban renewal project area; or
60 (C) relocation of a railroad facility within the urban renewal project area; or
61 (v) subject to Subsection (5), to transfer funds to a community that created the agency.

62 (b) The determination of the board and the community legislative body under
63 Subsection (1)(a)(iii)(E) regarding benefit to the project area shall be final and conclusive.

64 (c) An agency may not use project area funds received from a taxing entity for the
65 purposes stated in Subsection (1)(a)(iii)(D) under an urban renewal project area plan, an
66 economic development project area plan, or a community reinvestment project area plan
67 without the community legislative body's consent.

68 (d) (i) Subject to Subsection (1)(d)(ii), an agency may loan project area funds from a
69 project area fund to another project area fund if:

- 70 (A) the board approves; and
- 71 (B) the community legislative body approves.

72 (ii) An agency may not loan project area funds under Subsection (1)(d)(i) unless the
73 projections for agency funds are sufficient to repay the loan amount.

74 (iii) A loan described in Subsection (1)(d) is not subject to Title 10, Chapter 5,
75 Uniform Fiscal Procedures Act for Utah Towns, Title 10, Chapter 6, Uniform Fiscal
76 Procedures Act for Utah Cities, Title 17, Chapter 36, Uniform Fiscal Procedures Act for
77 Counties, or Title 17B, Chapter 1, Part 6, Fiscal Procedures for Local Districts.

78 (e) Before an agency may pay any tax increment or sales tax revenue under Subsection
79 (1)(a)(iv), the agency shall enter into an interlocal agreement defining the terms of the
80 reimbursement with:

- 81 (i) the Department of Transportation; or
- 82 (ii) a public transit district.

83 (2) (a) Sales and use tax revenue that an agency receives from a taxing entity is not
84 subject to the prohibition or limitations of Title 11, Chapter 41, Prohibition on Sales and Use
85 Tax Incentive Payments Act.

86 (b) An agency may use sales and use tax revenue that the agency receives under an
87 interlocal agreement under Section [17C-4-201](#) or [17C-5-204](#) for the uses authorized in the
88 interlocal agreement.

89 (3) (a) An agency may contract with the community that created the agency or another

90 public entity to use agency funds to reimburse the cost of items authorized by this title to be
91 paid by the agency that are paid by the community or other public entity.

92 (b) If land is acquired or the cost of an improvement is paid by another public entity
93 and the land or improvement is leased to the community, an agency may contract with and
94 make reimbursement from agency funds to the community.

95 (4) Notwithstanding any other provision of this title, an agency may not use [project
96 area] agency funds:

97 (a) to construct a local government building unless the taxing entity committee or each
98 taxing entity that is a party to an interlocal agreement with the agency consents[-]; or

99 (b) to pay a taxing entity that is not the community that created the agency a one-time
100 or ongoing:

101 (i) administrative fee; or

102 (ii) fee related to the creation, operation, or administration of a project area.

103 (5) For the purpose of offsetting the community's annual local contribution to the
104 Homeless Shelter Cities Mitigation Restricted Account, the total amount an agency transfers in
105 a calendar year to a community under Subsections (1)(a)(v), 17C-1-411(1)(d), and
106 17C-1-412(1)(a)(x) may not exceed the community's annual local contribution as defined in
107 Section 35A-8-606.

108 Section 2. Section 17C-1-609 is enacted to read:

109 **17C-1-609. Agency reporting limitations.**

110 Except as required under this title, an agency is not required to submit to a public entity
111 information or a report related to the agency's operations or project areas.

112 Section 3. Section 17C-5-202 is amended to read:

113 **17C-5-202. Community reinvestment project area funding options.**

114 (1) (a) Except as provided in Subsection (2), for the purpose of receiving project area
115 funds for use within a community reinvestment project area, an agency shall negotiate and
116 enter into an interlocal agreement with a taxing entity in accordance with Section 17C-5-204 to
117 receive all or a portion of the taxing entity's tax increment or sales and use tax revenue in
118 accordance with the interlocal agreement.

119 (b) If a community reinvestment project area is subject to an interlocal agreement
120 under Subsection (1)(a) and the agency subsequently amends the community reinvestment

121 project area plan as described in Subsection 17C-5-112(4), the agency shall continue to receive
122 project area funds under the interlocal agreement.

123 (2) If an agency plans to create a community reinvestment project area and adopt a
124 community reinvestment project area plan that provides for the use of eminent domain to
125 acquire property within the community reinvestment project area, the agency shall create a
126 taxing entity committee as described in Section 17C-1-402 and receive tax increment in
127 accordance with Section 17C-5-203.

128 ~~[(3) An agency shall comply with Chapter 5, Part 3, Community Reinvestment Project~~
129 ~~Area Budget, regardless of whether an agency enters into an interlocal agreement under~~
130 ~~Subsection (1) or creates a taxing entity committee under Subsection (2).]~~

131 (3) Regardless of whether an agency enters into an interlocal agreement under
132 Subsection (1) or creates a taxing entity committee under Subsection (2), an agency:

133 (a) shall comply with Part 3, Community Reinvestment Project Area Budget; and

134 (b) may not pay a taxing entity that is not the community that created the agency a
135 one-time or ongoing:

136 (i) administrative fee; or

137 (ii) fee related to the creation, operation, or administration of a project area.

138 Section 4. Section 17C-5-307 is amended to read:

139 **17C-5-307. Allocating project area funds for housing.**

140 (1) Except as provided in Subsection (4), an agency shall allocate the agency's project
141 area funds for housing in accordance with this section.

142 ~~[(+)]~~ (2) (a) For a community reinvestment project area that is subject to a taxing entity
143 committee, an agency shall allocate at least 20% of the agency's annual tax increment for
144 housing in accordance with Section 17C-1-412 if the community reinvestment project area
145 budget provides for more than \$100,000 of annual tax increment to be distributed to the
146 agency.

147 (b) The taxing entity committee may waive a portion of the allocation described in
148 Subsection ~~[(+)]~~ (2)(a) if:

149 (i) the taxing entity committee determines that 20% of the agency's annual tax
150 increment is more than is needed to address the community's need for income targeted housing
151 or homeless assistance; and

152 (ii) after the waiver, the agency's housing allocation is equal to at least 10% of the
153 agency's annual tax increment.

154 [~~2~~] (3) For a community reinvestment project area that is subject to an interlocal
155 agreement, an agency shall allocate at least 10% of the project area funds for housing in
156 accordance with Section 17C-1-412 if the community reinvestment project area budget
157 provides for more than \$100,000 of annual project area funds to be distributed to the agency.

158 (4) An agency is not required to allocate the agency's community reinvestment project
159 area funds for housing under this section if the community reinvestment project area plan
160 provides solely for non-residential project area development.