Utah State Tax Commission

2024 Legislative Summary

Property & Misc. Tax Division

Tax Rates Team
3-1-2024

Table of Contents

H.B. 12—Tax Incentive Revisions (Effective May 1, 2024)

Sponsors: Rep. James Dunnigan & Sen. Wayne Harper

This bill creates a line item on the Governor's Office of Economic Opportunity (GOEO) CRA project database to include the amount of a project's area funds spent each year broken down by budget and expenditure. A CRA agency with no active project area must submit a report to the GOEO attesting to that fact, or they shall be subject to review by the state Auditor. Additionally, if any CRA agency does not submit the required reporting information for 2 years consecutively, this bill grants the GOEO authority to notify a county auditor to withhold 20% of an agency's entitled tax increment until the GOEO notifies the auditor that an agency is back in compliance with reporting requirements. Any new or proposed CRA project areas must include a rationale on their application to a board of approval whether the development might reasonably be expected to occur without the use of the requested tax increment.

H.B. 13—Infrastructure Financing Districts (Effective May 1, 2024)

Sponsors: Rep. James Dunnigan & Sen. Kirk Cullimore

This bill creates a new type of special district limited purpose local government entity (§17B). To form an infrastructure financing district (IFD), 100% of the owners of surface property within the applicable area must sign attesting to the fact that they want to be part of an IFD, the estimated cost of public infrastructure must exceed $1,000,000, and an engineer must sign the forming documents. An IFD's boundaries cannot overlap with the boundaries of another IFD. The Lt. Governor's issuance of a certificate of creation for an IFD constitutes the state's approval of the creation of the IFD. If an applicant has a lien on their property from the IFD, they must prove that the lien has been resolved proper to being issued a certificate of occupancy. An area that withdraws from an IFD remains subject to taxes, fees, and assessments imposed until obligation allocable to the withdrawn area are paid. An IFD may not pledge or otherwise use any property tax revenue for the payment of bonds.

Annually, no later than May 31st of each year, an IFD must submit a report stating the amount of money the IFD received from assessments levied in an assessment area, the outstanding principal of any assessment bonds issued or other debt incurred by the IFD, the amount spent for site improvement or site preparation costs, the installation of public infrastructure and improvements, and administrative costs, any boundary change, and the number of residential housing units constructed with the IFD boundaries to the state auditor, the municipal clerk or recorder, and the county clerk where it is located.

H.B. 35—Metro Township Modifications (Effective May 1, 2024)

Sponsors: Rep. Jordan Teuscher & Sen. Luz Escamilla

This bill converts metro townships into "converted municipalities" (municipalities) and makes conforming changes and repeals obsolete language due to the elimination of metro townships. As of May 1, 2024, all incorporated townships (metro townships) are converted into municipalities. The classification of each municipality is based on the converted municipality's population as of the day of conversion. The powers of a converted municipality are vested in a 5-member council unless a municipality adopts a resolution before July 1, 2024, with approval of 2/3 of all council members to adopt a different form of government. The individuals currently serving as council members will stay the same as before the conversion, but the office of mayor is subject to an election beginning the first municipal election after the conversion. A converted municipality will become an incorporated township with respect to its participation/inclusion in a special district or special service district, including municipal service districts. An area may not be withdrawn from a special district that provides municipal services if the area is within a converted municipality.

A municipal services district may assist a municipality or a county located within a municipal services district by providing staffing and administrative services including treasurer, recorder or clerk, surveyor, engineer, or auditor services. A municipal services district that includes a converted municipality shall, upon request by the converted municipality, collect on behalf of the converted municipality all fines, fees, charges, levies, and other payments imposed by the converted municipality.

H.B. 53—Property Valuation Amendments (Effective January 1, 2024)

Sponsors: Rep. Norman Thurston & Sen. Daniel McCay

This bill allows the Multicounty Appraisal Trust to hire professionally licensed appraisers approved by the USTC and "an association representing at least 2 counties" to assist in counties of the third, fourth, fifth and sixth class. Additionally, this bill codifies timelines and procedure for the Multicounty Appraisal Trust to get information from telecommunications providers for their personal property.

H.B. 66—Property Tax Relief Amendments (Effective January 1, 2024)

Sponsors: Rep. Phil Lyman & Sen. Lincoln Fillmore

This bill removes several sources of previously considered "nontaxable income," creates several new exemptions that cannot be included in a taxpayer's "nontaxable income," and clarifies/codifies reverse mortgages as income not counted towards income for property tax relief. Also, this bill authorizes the Utah State Tax Commission to make rules on the application for circuit breaker tax relief.

H.B. 241—Clean Energy Amendments (Effective May 1, 2024)

Sponsors: Rep. Carl Albrech & Sen. Derrin Owens

This bill changes the term "renewable" to "clean" where it is appropriate in statute in definitions under §59-2-102.

H.B. 288—Rollback Tax Amendments (Effective January 1, 2025)

Sponsors: Rep. Jason Kyle & Sen. David Hinkins

This bill exempts Utah state government entities from paying rollback taxes if they purchase land assessed under FAA unless they sell the land within 5 years to a private entity, in which case they must pay a one-time fee-in-lieu equal to the rollback tax on the land acquired by the governmental entity at the time of acquisition prior to selling the land.

This bill also changes some deadlines:

1.) when the rollback tax is due (60 days after the day which the county assessor mails the required notice); and
2.) how long the owner of land may appeal the determination or denial of a county assessor to the county BOE (60 days).

H.B. 330—Unincorporated Areas Amendments (Effective May 1, 2024)

Sponsors: Rep. Jordan Teuscher & Sen. Kirk Cullimore

This bill provides unincorporated areas in a first-class county to be annexed to an adjoining city on July 1, 2027 and modifies provisions relating to a feasibility study for a proposed incorporation.

H.B. 423—Residential Valuation Appeal Procedures Amendments (Effective January 1, 2024)

Sponsors: Rep. Norman Thurston & Sen. Daniel McCay

In determining the fair market value of residential property that is not qualified real property, the county BOE may not consider any evidence or information other than the evidence submitted by the parties in the appeal. The only evidence that the county BOE or hearing officer may consider in determining final sales price, if a "qualifying contract" (a completed sales contract on residential property being appealed having been executed within six months of the January 1st lien date) is submitted, is:

1.) evidence disputing the sale as an arms-length transaction;
2.) evidence demonstrating that changes in market conditions have occurred within the time period of the lien date and the executed qualifying contract; and/or
3.) evidence demonstrating that a qualifying change to the residential property has occurred in the time period of the lien date and the executed qualifying contract.

H.B. 520—Fallow Land Amendments (Effective May 1, 2024)

Sponsors: Rep. Jason Kyle & Sen. Daniel McCay

This bill allows land intentionally allowed to lay fallow for one or more growing seasons to qualify for agricultural use under FAA and urban FAA. This assessment is dependent on the owner to provide written notice to an assessor on or before December 31st of the year in which the land is fallowed identifying the land and the acreage of land that was fallowed under qualifying circumstances. If the written notice is provided prior to the land being fallowed, an assessor **may** require the owner to submit to a land management plan in a form prescribed by the county assessor. The assessor may not require the owner to submit a new or additional land management plans for the same land within three years, if so.

H.B. 562—Utah Fairpark Area Investment and Restoration District (Effective May 1, 2024)

Sponsors: Rep. Ryan Wilcox & Sen. Lincoln Fillmore

Creates the Utah Fairpark Area Investment and Restoration District (Fairpark District) which will run on a fiscal year budget; defines "base taxable value" for property tax purposes to mean the value of the land within the Fairpark District boundary on January 1, 2024; defines "enhanced property tax revenue" as the incremental value over the base taxable value; and provides that revenue from the privilege tax on fair park land shall be distributed 75% to the Fairpark District and 25% to the Fair Park Authority, however, from a parcel not on fairpark land but still within the fairpark district boundary, privilege tax revenue shall be distributed 100% to the Fairpark District. Property tax revenues will not include revenue from any assessing & collecting levies, judgment levies, or levies imposed to pay for GO bonds. The "base taxable value" shall be the taxable value of land within the fairpark district boundary as of January 1, 2024. A host municipality shall be paid 25% of the enhanced property tax revenue generated by a property tax imposed by the host municipality.

The possession or beneficial use of property on fair park land and other state land is subject to privilege tax except for a qualified stadium during its construction and before the title to the stadium is conveyed to the fairpark district. For revenue from a privilege tax on a designated parcel that is part of the fairpark land, 75% of the revenue shall be paid to the fairpark district and 25% to the fairpark authority. For revenue on a designated parcel that is part of other state land, 100% shall be paid to the fairpark district.

S.B. 2—Public Education Budget Amendments (Effective July 1, 2024)

Sponsors: Sen. Lincoln Fillmore & Rep. Susan Pulsipher

This bill sets WPU revenue at $29,240,600 (an estimated rate of .000055). The minimum basic local amount is set at $759,529,000 (an estimated rate of .001429).

S.B. 12—Property Tax Deferral Amendments (Effective January 1, 2024)

Sponsors: Sen. Lincoln Fillmore & Rep. Steve Eliason

This bill cleans up the qualified owner/CB75+ deferral program by allowing tax notice charges to be deferred.

S.B. 29—Truth in Taxation Amendments (Effective January 1, 2025)

Sponsors: Sen. Chris Wilson & Rep. Keven Stratton

Starting May 1, 2024, the tax commission may increase a taxing entity's budgeted revenue to offset decreased revenues from uniform fees because of any error in applying uniform fees to motor vehicle registration. Besides that, this bill clarifies when hearings for fiscal-year entities seeking an increased tax rate may start to hold hearings and updates the language that is used in truth-in-taxation advertisements for all entities. Newspaper advertisements for hearings must now also include the dollar amount of additional tax revenue that would be generated by a proposed tax increase, a percentage increase of total revenue, and shall state the internet address for the entity's public website. If the entity seeking a tax increase is a school district, the advertisements showing the increased tax rate will no longer include revenue generated by the combined basic rate or by the charter school levy when calculating the proposed increased tax rate. Fiscal and calendar year entities must now notify the Utah State Tax Commission and county auditor of their intent to increase their tax rate instead of the county legislative body. Auditors must, on the combined newspaper ad, include the dollar amount of additional tax revenue as well as the approximate percent increase in tax revenue for the entity if a tax increase is approved. As a result of the new required information in the advertisement, the auditor's combined newspaper ad is allowed to use slightly smaller font in the body when being printed.

In addition to updating advertising notices for entities, this bill also makes a few changes to valuation notices. Levies for debt service voted on by the public and levies imposed for special purposes must now be broken out as separate line items for each entity's budget (if applicable) and instructions on how the taxpayer may obtain additional information regarding the valuation of the property from either a website or the county assessor's office must be included on the notices. Valuation notices must also show the additional ad valorem tax revenue that would be generated each year by an entity that is seeking to increase their property tax rate.

S.B. 38—Property Tax Appeals Modifications (Effective January 1, 2024)

Sponsors: Sen. Daniel McCay & Rep. Robert Spendlove

This bill requires any expenses incurred by the county in connection to an objection from a final and unappealable judgment or order from the USTC's assessment of property to be apportioned proportionately among each taxing entity located within the county.

S.B. 54—Property Tax Refund Amendments (Effective May 1, 2024)

Sponsors: Sen. Lincoln Fillmore & Rep. Susan Pulsipher

This bill requires a county to issue a refund on a successful appeal to the taxpayer that paid the property tax, regardless of who owns the property when the refund is approved.

S.B. 58—Property Tax Administration Amendments (Effective May 1, 2024)

Sponsors: Sen. Keith Grover & Rep. Kay Christofferson

This bill limits a county assessor seeking information from a property owner seeking a primary residential exemption for a rental property. The assessor may only request a current lease agreement signed by a tenant. If that is insufficient to determine primary residential exemption eligibility, then the assessor may request a copy of the real estate policy. If the lease agreement and real estate policy are insufficient evidence, the county assessor may request the federal tax return showing the owner had a profit or loss from the property as a rental property. The assessor may not request any information from an owner's tenant at any time.

S.B. 59—Government Leased Property Tax Exemption (Effective January 1, 2024)

Sponsors: Sen. Lincoln Fillmore & Rep. Steve Eliason

This bill clarifies that when property is leased by a government entity under a triple net lease for the entire calendar year, the property is exempt from taxation. Additionally, a county BOE may not require a property owner of a described property to file an application for exemption.

S.B. 86—Local Government Bonds Amendments (Effective May 1, 2024)

Sponsors: Sen. Lincoln Fillmore & Rep. Brady Brammer

Local political subdivisions may not issue a lease revenue bond if the combined total of all lease revenue bonds issued within a consecutive 3-year period would exceed $200,000,000—excepting the construction, reconstruction, or remodeling of correctional facilities. If a local political subdivision wishes to issue a lease revenue bond over $10,000,000, they shall publish a notice of the proposed issuance of the bond and make a statement in a regular meeting at least 14 days before holding a public hearing, as a separate agenda item, indicating intent of issuance and the purpose & estimated amount of the lease revenue bond. In addition to making a statement in a regular meeting, this bill creates specific advertising requirements for both electronic distribution and printed in newspaper similar to truth in taxation requirements.

S.B. 132—Property Tax Appeals Amendments (Effective January 1, 2025)

Sponsors: Sen. Derrin Owens & Rep. Bridger Bolinder

This bill changes the definition of "centrally assessed benchmark" from the "highest year end taxable value beginning on or after January 1st, 2015" to the "average year end taxable value for the previous three calendar years." Additionally, a judgment levy may be divided between more than one subsequent tax year with a threshold of $15,000 (instead of the current $5,000 threshold over one year) if the judgment levy amount and term are advertised on the TNT notice. The refund to the taxpayer from this judgment levy must be paid within 120 days after the day on which the final and unappealable judgment or order is issued, or no later than December 31 of the first year in which the judgment levy is imposed if the payment is greater than $15,000.

S.B. 148—Aircraft Property Tax Amendments (Effective January 1, 2025)

Sponsors: Sen. Wayne Harper & Rep. Walt Brooks

(Compare with S.B. 243—Aircraft Property Tax Modifications)

This bill excludes aircraft registered by the Department of Transportation from property tax assessment by the Utah State Tax Commission but requires the Department of Transportation to provide a list to the Tax Commission identifying such aircraft, annually. Any aircraft operating in the State of Utah for 181 or more days within any consecutive 12-month period must have a current certificate of registration issued by the Department of Transportation.

S.B. 165—Title Recording Notice Amendments (Effective May 1, 2024)

Sponsors: Sen. Wayne Harper & Rep. Jeffrey Stenquist

This bill requires counties to maintain a system for property owners to elect to receive electronic notifications when a deed or mortgage is recorded on their property within 30 days after the day on which the county recorder records such deed or mortgage if they elect to receive electronic notices. The only properties that are subject to this bill are real properties for which the county treasurer provides a tax notice for. Valuation notices and tax notices sent out in 2024-2026 shall contain a notice that the taxpayer may request these electronic notices with instructions on how to opt-in to receiving the said notices.

S.B. 168—Affordable Building Amendments (Effective May 1, 2024)

Sponsors: Sen. Lincoln Fillmore & Rep. Stephen Whyte

This bill creates a home ownership promotion zone (HOPZ) that can be created by a county or municipality in a public meeting that has been advertised by resolution of the legislative body. The HOPZ must be an area of 10 contiguous acre or less located entirely within the boundaries of the county or zoned for fewer than 6 housing units per acre before the creation of the zone, but then shall be rezoned for at least 6 units per acre with at least 60% of the proposed housing units within the zone being considered affordable housing and may not be encumbered by any residential building permits. "Affordable housing" means housing offered for sale at 80% or less of the median county home price for housing of that type. Those 60% of homes must also be deed restricted to require owner occupation for at least 5 years, but **all** homes within the HOPZ may be restricted by the county/municipality from being used for short term rentals.

HOPZ may not be created in 3 situations:

1.) School district limitations
    a. A school district has more than one municipality within its boundaries and already has 100 acres designated as HOPZ within those boundaries; or
    b. A school district has one municipality within its boundaries and the school district already has 50 acres designated as HOPZ within those boundaries.
2.) The HOPZ would overlap with an existing CRA project area.
3.) The HOPZ would overlap with an existing HTRZ.

If a HOPZ is created, all affected local taxing entities are required to participate in according to the requirements of the established zone at the same rate. A county may receive tax increment from a municipal HOPZ and use HOPZ funds but shall distribute 60% of the tax increment collected from property within the HOPZ to the municipality (and a municipality may receive a tax increment from a county HOPZ but must distribute the same amount). Tax increment distributed by a county is not revenue of the taxing entity or municipality but is considered HOPZ funds.

S.B. 168—Affordable Building Amendments *(cont.)*

HOPZ funds may be administered by an agency created by the municipality/county within the zone, but before an agency may receive funds, they shall enter an interlocal agreement with the county/municipality. HOPZ funds shall be used to pay the costs of project improvement costs, system improvement costs, or the costs of the agency to create and administer the zone (which may not exceed 3% of the total zone funds). Zone funds may be used to pay all the costs of bonds issued by a county/municipality including the cost to issue and repay the bonds, including interest, and/or use the funds to guarantee the payment of public infrastructure bonds issued by a PID created by the county/municipality within a HOPZ.

S.B. 169—Military Installation Development (MIDA) Amendment (Effective March 25, 2024)

Sponsors: Sen. Jerry Stevenson & Rep. Val Peterson

"Military Land" is further clarified in this bill. If MIDA or an entity designated by MIDA (a subsidiary) has not issued a certificate of occupancy for a private parcel within a project area, the owner shall make an annual payment to the authority that is equal to 1.2% of the taxable value of the parcel above the base taxable value until it becomes subject to property tax. This annual payment must be included in the auditor's valuation notice and the treasurer's tax notice.

MIDA may now levy an **additional** resort communities sales tax if they get the affirmative vote of the authority board and a majority of all elected members of the authority board. MIDA may impose an accommodations tax on a provider for amounts paid or charged for accommodations and services within a project area and on privately owned property on which the authority board finds that a provider is providing a significant long-term benefit, including lodging but not including a benefit that is commonly provided, to members of the military at the property.

S.B. 182—Property Tax Assessment Amendments (Effective January 1, 2024)[1]

Sponsors: Sen Wayne Harper & Rep. Steve Eliason

Beginning in the 2023 calendar year, county assessors shall review real property assessments with a qualifying increase prior to delivering the assessment book to the county auditor. Upon completion of the review, the assessor shall report to the tax commission the results of the review which state how many properties had a qualified increase and how many of those properties were adjusted. Any county assessor that has property subject to review because of a qualifying increase in any two consecutive years shall report to the Revenue and Taxation Interim Committee in the same year as the Tax Commission when they make their report on the information provided to them by the counties.

For properties with a qualifying increase and no adjustment for 2023, a taxpayer may file an appeal directly to the Utah State Tax Commission on or before June 30, 2025, if the taxpayer had previously filed an appeal with the county board of equalization that year, a decision was issued and was not stipulated, and the county BOE did not make an adjustment. For properties with a qualifying increase and adjustment in 2023, a taxpayer may file an appeal to the county board of equalization on or before June 30, 2025, if a taxpayer is dissatisfied with the adjustment. If the taxpayer is then dissatisfied with the county board of equalization's decision, they may appeal to the tax commission. A taxpayer with a qualifying increase and adjustment may file an appeal regardless of whether they had previously filed an appeal in 2023 with the county board of equalization. In both situations described above, a taxpayer may not be required to refile an application to appeal 2023 property values if an appeal is already pending.

[1] For S.B. 182, "qualifying increase" means a valuation increase that is greater than or equal to 150% higher than the previous year's valuation for property that is locally assessed and has not had a physical improvement, zoning change, or change in the legal description of the real property.

A county shall grant a 5-year deferral for the owner of real property with a qualified tax increase that has applied for a property tax deferral on or before the later of June 30, 2025, or, if an appeal is filed, 30 days after a final unappealable judgment or order is issued. The owner shall pay 20% of the increase in taxes and tax notice charges during each year of the deferral period. A county may not impose a penalty or impose interest on the increased assessment amount during this period and shall waive any delinquency or interest for any owners on an unpaid amount from 2023. If the property owner does not make all the deferred payments before the day on which the deferral period ends, the county may assess a penalty or interest on the unpaid amount. If an owner has a qualifying increase in 2023 and 2024, the county shall grant 2 separate deferrals. Taxes and tax notice charges that are deferred accumulate as a lien against the property until an owner pays the total amount subject to the lien on or before the day on which the deferral period ends or the day the owner sells or otherwise disposes of the real property. When the deferral period ends, the lien becomes due and subject to collection procedures. The date of levy is the date the deferral period ends.

A county assessor shall include with the 2024 valuation notice a notice informing the owner of record on a property with a qualifying increase of their specific appeal rights, instructions for filing an appeal, the option to apply for a deferral, and the ability of the county to waive any penalty or interest assessed.

This bill removes the presumption of correctness for any locally assessed real property appeals to the board of equalization. All taxpayers must now include in an appeal application the taxpayer's estimate of the real property's fair market value with any evidence to indicate that the property has been improperly valued/equalized due to a substantial error. Whichever party has a preponderance of evidence showing that their value is correct and the other party's value is incorrect shall be successful at appeal.

Unless otherwise specifically provided by statute, property taxes shall be paid directly to the county treasurer and not the assessor. County treasurers shall apply a payment that is insufficient to cover both a tax/tax notice charge that is deferred and a current year property tax/tax notice charge to the current tax year charge first. The county treasurer shall then send notice to the owner that the payment was insufficient, the county applied to payment to the current year, and shall state the amount of tax/tax notice charge that is still outstanding.

The trustee of the Multicounty Appraisal Trust shall determine which projects to fund, including "property valuation services" within counties. "Property valuation service" includes statewide aerial imagery, change detection, sketch validation, exception analysis, commercial valuation modeling, residential valuation modeling, automated valuation modeling, and equity analysis.

Within 12 months of taking office, an assessor must complete a training/education program provided by the Utah State Tax Commission for county assessors that explains an assessor's statutory obligations and the practical application of mass appraisal techniques to satisfy them. If an assessor fails to take this course, the tax commission shall take corrective action.

Assessors shall maintain property tax classes/categories on the county's mass appraisal system in at least one of 5 categories that is public information and may provide access to the information in their mass appraisal system to other assessors that seek assistance. Each county shall adopt the statewide property tax system on or before January 1, 2026, unless they are granted an exemption by the Multicounty Appraisal Trust and Tax Commission to use a different computer assisted property tax system for mass appraisal that is interoperable with the statewide property tax system. The Tax Commission and "an association that represents at least 2/3 of the counties in the state" are required to assist any county adopting the tax system.

S.B. 198—Point of the Mountain State Land Authority Amendments (Effective May 1, 2024)

Sponsors: Sen. Jerry Stevenson & Rep. Jordan Teuscher

This bill redefines "point of the mountain state land" to include the 700 acres of state-owned land in Draper and any contiguous land that the state acquires in addition to the 700 acres. The authority may not issue bonds unless the board first adopts a parameters resolution and submits it to the State Finance Review Commission for review and recommendation. A bond issued by the point of the mountain state land authority and the interest on that bond is exempt from all state taxes except the corporate franchise tax. The principal and interest on bonds issued may be made payable from funds derived from any income and revenues of the projects financed with the proceeds of bonds whether or not they were financed in part or in whole with those proceeds, income proceeds, revenues, property, and funds the authority derives from development of state land, revenue from annual assessments, and/or contributions, loans, grants, etc. from the federal government or a public entity aiding the authority.

Upon the payment in full of bonds secured by the sales and use tax revenue distributed to the point of the mountain authority, the authority shall immediately notify the tax commission in writing that the bonds are paid in full. The tax commission shall then discontinue distributions of sales and use tax revenue at the beginning of the calendar quarter that begins at least 90 days after the date the commission receives the written notice.

S.B. 204—Condominium and Community Association Amendments (Effective May 1, 2024)

Sponsors: Sen. Wayne Harper & Rep. Carol Moss

This bill makes many changes for HOAs, but as it relates to property tax, this bill clarifies the process by which a county assessor may assess a common area for property tax purposes. A county assessor shall assess a common area and facility consistent with equal ownership interests and may not assess the common area and facility or common area in a manner that reflects a different division of interest.

S.B. 208—Housing and Transit Reinvestment Zone (HTRZ) Amendments (Effective May 1, 2024)

Sponsors: Sen. Wayne Harper & Rep. Stephen Whyte

(Compare with S.B. 268—First Home Investment Zone Act)

This bill adjusts the definitions of affordable housing based on certain circumstances for those who have a gross household income equal to 80% or less and equal to 60% or less. Tax increments for HTRZs no longer include property tax revenue from the multicounty assessing & collecting levy or the county assessing & collecting levy, and the calendar year prior to the calendar year the tax increment begins to be collected is considered the base year. Tax increment collection notices shall be sent no later than January 1st of the year when collection is proposed to commence. HTRZs may not propose or include triggering more than 3 tax increment collection periods during the applicable 45-year period and HTRZs may not be smaller than 10 acres. If the county assessor or auditor adjusts parcel boundaries relevant to a HTRZ, the municipality administering the tax increment being collected there may also make corresponding adjustments to the boundary of the HTRZ.

HTRZ proposals shall promote and encourage development of owner-occupied housing. Each proposal shall ensure that a HTRZ includes at least 51% of the developable area is zoned for residential use with an average of at least 50 dwelling units per acre within the HTRZ and 12% of the proposed dwelling units are affordable housing units—up to 9% for households with income equal to 80% or less and up to 3% for households with income equal to 60% or less.

S.B. 221—School District Amendments (Effective May 1, 2024)

Sponsors: Sen. Keith Grover & Rep. Susan Pulsipher

A new school district may be created from one or more existing school districts through a citizen's initiative petition, at the request of the local school board of the divided district or district to be affected by the reaction of the new district, at the request of a municipality within the boundaries of the school district, or at the request of interlocal agreement participants. A request or petition may not form a new school district unless the new school district boundaries are contiguous, the boundaries do not surround or geographically isolate a portion of the existing school district that is not part of the proposed new school district from the remaining part of that existing school district, and/or unless the boundaries include the entirety of each participant municipality or town. "Isolated area" means an area that is entirely within and contiguous to the boundaries of an existing school district, has a combined student population of fewer than 5,000 students, and—because of the creation of a new school district in which the area is located—would become completely geographically isolated. The process to create a new school district may not be initiated more than once during any two-year period.

Within 10 days after the day on which a county legislative body receives a certified petition, they shall request that the Legislative Audit Subcommittee consider prioritizing a feasibility study. If each county legislative body approves an initiative proposal, each body shall submit the proposal to the county clerk of each county for a vote at the next regular general election or municipal general election, whichever is first. A new school district is created if a majority of the legal voters within the proposed new school district and each existing school district voting on the proposal vote in favor of the creation of the new district. A new school district and a reorganized new school district may not impose a property tax before the fiscal year in which the new school district and reorganized new school district assume responsibility for providing student instruction.

S.B. 225—School District Boundary Amendments (Effective May 1, 2024)

Sponsors: Sen. Curtis Bramble & Rep. Norman Thurston

This bill provides 2 new ways to amend a school district boundary by submitting a resolution requesting the transfer from the local school board of the school district that is required to initiate the boundary adjustment to the county legislative bodies of both school districts:

1. If a municipality enacts an ordinance to annex an area of land located outside the boundaries of the school district the municipality is in, the municipality's local school board shall initiate boundary adjustment proceedings to request the area to be transferred from the other school district to its jurisdiction within 60 days after enacting the ordinance approving annexation of the area. Before initiating the boundary adjustment, however, the local school board presidents of both school districts shall meet to determine whether allowing the expansion area to remain within the boundaries of the previous school district is in the best interest of the municipality's residents. If it is mutually agreed that allowing the area to remain under the school district's jurisdiction where it was located prior to the annexation is in the best interest of the municipality's residents, then it will remain there.
2. If, in 2018, a school district that serves residents within a single municipality completed construction on a secondary school within an area of land located outside the boundaries of the school district, the local school board of that school district shall initiate boundary adjustment proceedings to request the land to be transferred to its school district from the other school district whose boundaries the land is located within on or before June 1, 2024.

S.B. 243—Aircraft Property Tax Modifications (Effective January 1, 2025)

Sponsors: Sen. Curtis Bramble & Rep. Calvin Musselman

(Compare with S.B. 148—Aircraft Property Tax Modifications)

By May 1 of each year, instead of all the operating property of an airline, air charter service, or air contract service, only the mobile flight equipment owned or operated by one of the listed services shall be assessed by the Utah State Tax commission at 100% of fair market value as valued on January 1. Any other property owned by an airline, air charter service, or air contract service shall be assessed by the local county assessor. The commission shall make a fleet adjustment to assess the fair market value of a fleet of aircraft or a fleet of the same aircraft type that is used as part of the mobile flight equipment of an airline, air charter service, or air contract service. If the aircraft pricing guide does not provide for a fleet adjustment to determine fair market value, the commission shall make an adjustment that is determined to most reasonably reflect the fair market value of the fleet of aircraft or fleet of the same aircraft type.

S.B. 258—Municipal Incorporation Amendments (Effective May 1, 2024)

Sponsors: Sen. Curtis Bramble & Rep. James Dunnigan

This bill provides the process for incorporating a preliminary municipality. A person may file a feasibility request in relation to an area that the person seeks to incorporate as a preliminary municipality as long as the area is contiguous, is all within one county—but not a first- or second-class county—is not within a ¼ mile of a municipality, is owned by no more than 3 persons—all of whom consent to incorporate—and is 50% or more undeveloped. The person(s) who signs the feasibility request must show their intent to develop the area to the point that at least 100 individuals will reside in the area of the preliminary municipality and the area will have an average population density of no less than 7 individuals per square mile. At least 10% of the housing in the preliminary municipality must be affordable housing.

A preliminary municipality has all the powers and duties of a municipality, but may not impose a tax, may not receive an allocation of sales tax or gas tax, and may not exercise eminent domain. Within 30 days after the day on which the population of a preliminary municipality exceeds 99 people, a person who filed the application to incorporate as a preliminary municipality or a resident of the preliminary municipality shall file with the lieutenant governor a petition to transition the preliminary municipality into a town. After determining that the preliminary municipality has a population of more than 99 people, the lieutenant governor shall direct the county to conduct an election for mayor and city council of the future town, to be held on the date of the next regular general election or the next municipal general election that is at least 65 days after the day on which the lieutenant governor directs the county to hold the election.

On the day after the day on which the canvass for the election is completed, the elected mayor and council members shall take office and replace the board chair and board members of the preliminary municipality, the lieutenant governor shall certify that the preliminary municipality has transitioned to, and is incorporated as, a town, and the town then holds all authority and power of a town. Until the new mayor provides the certification of the transition with a copy of the plat for the municipality to the county recorder, the municipality may not levy or collect a property tax or an assessment on property within the municipality or charge/collect a fee for a service provided to property within the municipality.

S.B. 259—Requirements for Districts Providing Services (Effective May 1, 2024)

Sponsors: Sen. Kirk Cullimore & Rep. Karianne Lisonbee

As it pertains to property taxes, this bill clarifies that an annexed area is subject to user fees imposed by, and property taxes levied for the benefit of, the special service district **60 days after the effective date** of the special service district's annexation and only when the lieutenant governor's issuance of a certificate of annexation has been submitted to and recorded by the county recorder.

S.B. 264—Inland Port Authority Amendments (Effective May 1, 2024)

Sponsors: Sen. Jerry Stevenson & Rep. Jefferson Moss

This bill defines "distribution center" and disallows contaminated land or land within a remediation project area to be constructed/used on them. Individuals or family members of individuals are not allowed to serve as executive directors or participate in/vote on any matter affecting property they do not reside in within a project area if that person owns other property, interest in real property, or is directly affiliated/employed with a private firm, company or other entity that is likely to receive a direct financial benefit from development within that project area. The base value of a project area will stay the same even if land is later added to a project area through an amendment of the project area plan. Finally, this bill adjusts the sales and use tax collection for a Utah Inland Port Authority project area.

Starting January 1st, 2024, this bill eliminates a provision that required the Utah Inland Port Authority to distribute half of its sales and use tax revenue for point-of-sale transactions to each eligible county and municipality and to distribute all the retail sales portion to each county and municipality. Instead, for every dollar collected, a flat 20% of all sales and use taxes shall be distributed to the Utah Inland Port Authority.

S.B. 268—First Home Investment Zone Act (Effective May 1, 2024)

Sponsors: Sen. Wayne Harper & Rep. Calvin Musselman

(Compare with S.B. 208—Housing and Transit Reinvestment Zone Amendments)

A first home investment zone may not be less than 10 acres and no more than 100 acres in size. Extraterritorial homes are homes that are located within the municipality but outside the first home investment zone with a 25-year owner occupancy requirement must be part of a development with at least six units per acre and is not located within an existing HTRZ. A municipality or county that initiates the process to create a first home investment zone as described in this part shall ensure that the proposal for a first home investment zone includes a minimum of 30 housing units per acre in at least 51% of the developable area within the first home investment zone, a mixed use development, at least 25% of homes within the first home investment zone remain owner occupied for at least 25 years from the date of original purchase, for homes inside the first home investment zone, a requirement that at least 12% of the owner occupied homes and 12% of the homes that are not owner occupied are affordable housing, and at least 20% of the extraterritorial homes are affordable housing.

A first home investment zone may capture a maximum of 60% of each taxing entity's tax increment above the base year for a term of no more than 25 consecutive years within a 45-year period and may not propose or include triggering more than three tax increment collection periods during the applicable 25-year period. A notice of commencement of collection of tax increment shall be sent by mail or electronically to the Utah State Tax Commission and other entities no later than January 1 of the year for which the tax increment collection is proposed to commence. A first home investment zone may not collect tax increment in excess of the tax increment projections or limitations set forth in the first home investment zone proposal. A municipality and the agency shall use first home investment zone funds for the benefit of the first home investment zone and related extraterritorial housing.

S.B. 268—First Home Investment Zone Act *(cont.)*

A municipality may create one or more public infrastructure districts within the city and pledge and utilize the first home investment zone funds to guarantee the payment of public infrastructure bonds issued by a public infrastructure district.

S.B. 272—Capital City Revitalization Zone (Effective May 1, 2024)

Sponsors: Sen. Daniel McCay & Rep. Jon Hawkins

This bill explains the procedures and requirements of a Revitalization Zone Committee in imposing a sales and use tax for the purpose of improving a qualified NHL or NBA qualified stadium and the 100 (or less) contiguous acres surrounding the project. The legislative body of the local government may impose a sales and use tax on or before December 31, 2024, of not more than 0.5% and may not be imposed for a period greater than 30 years beginning on the date of the first imposition of the tax. A military installation development authority may not impose this tax. The tax may not be imposed on the sales of a motor vehicle, an aircraft, a watercraft, a modular home, a manufactured home, or a mobile home. The amount of funds and revenue used for the local government shall be limited to a maximum dollar amount that shall be explicitly stated in the participation agreement that it has with a project participant from the stadium in the project area.

S.B. 276—Sunset and Repeal Date Code Corrections (Effective May 1, 2024)

Sponsors: Sen. Daniel McCay & Rep. Jon Hawkins

This bill repeals a bill that had passed in the previous general legislative session that allowed a treasurer to include radon information with the tax notice.