

**Bill: 2nd substitute HB 507 - State Coordination of Regional and Local Economic Development Projects Amendments**

Sponsor: Representative Roberts  
Floor Sponsor: Senator Cullimore  
**UASD Position: Track**

This Bill addresses local and regional economic development projects and related provisions.

Discussion: The sponsor stated that the Bill repeals several existing tax increment financing tools, including Housing and Transit Reinvestment Zones (“HTRZ”), the Free Industrial Zone (“FIZ”), Hotel Impact Mitigation Program for Significant Projects (“HOPS”), and the Capital City Convention Center Reinvestment Zone (“CCRZ”), with a repeal date of 2028. In place of these separate programs, the Bill creates a single consolidated tax increment financing tool that would require agreement among participating taxing entities. The Bill limits the amount of real property tax increment that may be awarded under the new tool to no more than 60% of the total real property tax increment and limits the duration of an agreement to a maximum of 25 years. The Bill establishes an interim working group to evaluate how much tax increment authority should be available under the consolidated tool going forward.

The Bill also creates the Income Tax Reduction Fund and requires the Utah Inland Port Authority to remit a portion of certain tax differential revenues into the fund, which is subject to legislative appropriation. In addition, the Bill amends provisions governing public infrastructure districts (PIDs) by requiring dissolution within 30 days after all indebtedness is retired, prohibiting noncontiguous PID boundaries, and adding disclosure requirements for prospective homebuyers regarding the financial implications of residing within a PID.

Senator Owens expressed concern that it was unclear whether the inland port provisions were exempt and whether the changes apply only to cities and counties. The sponsor responded that existing agreements, including those involving large-load data centers, are not intended to be disrupted, but entities would have two years to transition into the new tool, which caps the incentives that may be offered. Senator Johnson raised concerns that restricting certain data center incentives available to counties and municipalities could have broad impacts. The sponsor responded that the consolidated tool is less generous than the existing tools and is intended to constrain current incentive authority.

The Utah Association of Counties and the Utah League of Cities and Towns spoke in support of the Bill.

Yeas: 3  
Nays: 0  
N/V: 4

**Outcome: 2nd substitute HB 507 passed out of the Committee with a favorable recommendation.**

UAFSD