

House Political Subdivisions Committee

2/26/2025

Bill: 2nd Substitute SB 26 – Housing and Transit Reinvestment Zone Amendments

Sponsor: Senator Wayne A. Harper

Floor Sponsor: Representative Stephen L. Whyte

UASD Position: Tracking

This Bill amends provisions relating to the Housing and Transit Reinvestment Zone Act.

Discussion: The Bill amends the Housing and Transit Reinvestment Zone Act (“HTRZ”) and establishes a process for creating a convention center reinvestment zone to support revitalization efforts in a county of the first-class. It allows for the collection of sales, use, and property tax increments to fund bonding and distribution while excluding remote sales tax revenue. The Bill aligns income requirements for designated housing units with county median gross income and limits tax increment collection for reinvestment projects to three instances per project. Additionally, it revises regulations for transit reinvestment zones near transit hubs, modifies mixed-use development requirements, and updates criteria for including multi-bedroom units in reinvestment zone proposals. The deadline for tax increment collection notices is changed to December 31 of the prior year, and restrictions on fund usage in convention center reinvestment zones are introduced. The Bill also mandates updates to the base year in certain community reinvestment projects under specified conditions.

Senator Harper presented the 2nd substitute of the Bill, which the Committee adopted. He explained that the State Tax Commission requested changes to the effective date for implementing sales and property tax provisions, which the substitute includes. The revised Bill also clarifies distinctions between a critical community reinvestment zone (“CCRZ”) in Sandy and Salt Lake City and refines the use of the Downtown Convention Center Reinvestment District.

A member of the public spoke in opposition to the Bill. Representative Ward noted that the HTRZ creates three sets of rules for CCRZs—one for downtown Salt Lake City, another for Sandy, and a third for Park City. The sponsor clarified that the rules for downtown Salt Lake City and Sandy are the same, but Salt Lake City specifically requested that its CCRZ be more narrowly defined.

The head of the Utah State Tax Commission stated that adjusting the effective dates in the Bill would allow his office to implement its tax provisions. He also requested that the Legislature appropriate funding for new software to streamline sales tax processing. When Representative Dunnigan asked what would happen if funding was not provided, the Commissioner responded that his office would do its best with their available resources.

Yeas: 8

Nays: 0

N/V: 2

Outcome: 2nd Substitute SB 26 passed out of the Committee with a favorable recommendation.

Bill: 1st Substitute HB 475 – Public Funds Reporting Amendments

Sponsor: Representative Neil R. Walter

Floor Sponsor: TBD

UASD Position: Tracking

This Bill modifies the duties of the state auditor.

Discussion: Representative Walter explained that the Bill is designed to help the Legislature gain a clearer understanding of recent economic growth among political subdivisions and other governmental entities. To develop this approach, the sponsor collaborated with the State Treasurer and State Auditor. The Bill requires the State Auditor to compile an annual report outlining the total balance of cash, cash equivalents, and investments held by each entity managing public funds.

Once this data is collected, the next step will be to determine whether the funds are restricted or unrestricted. Representative T. Miller questioned why this information is not already available on Transparent Utah. The sponsor clarified that the lack of standardization among political subdivisions prevents uniform reporting, making it necessary for the State Auditor to review and consolidate these figures. This Bill is the first step in determining how much cash the state has on hand.

There was no public comment. Representative Bennion asked the State Auditor whether her office had the capacity to fulfill this directive. The State Auditor confirmed that her staff could complete the task, but the timeline would depend on legislative funding. If the requested appropriation is approved, the report can be completed quickly. Without additional funding, her office will compile the information, but it will take longer.

Yeas: 8

Nays: 0

N/V: 2

Outcome: 1st Substitute HB 475 passed out of the Committee with a favorable recommendation.

Bill: 1st Substitute SB 201 – Real Estate Amendments

Sponsor: Senator Wayne A. Harper

Floor Sponsor: Representative A. Cory Maloy

UASD Position: Tracking

This Bill amends provisions related to real estate.

Discussion: Senator Harper introduced the Bill as part of a broader effort to refine homeowners' association (“HOA”) regulations. The Bill allows an HOA to establish a minimum lease term of

six months or less and limits rental-related fees to once per year for developments where more than 25% of units are rentals. Before imposing such fees, the HOA must hold a meeting, allowing homeowners to participate and provide public comment. Additionally, the Bill permits a designated representative to act on behalf of homeowners in signing for the sale of common areas, eliminating the need for physical signatures from each owner.

The legislation also requires condominium owners to notify developers and provide an opportunity for repairs before filing a lawsuit for design or construction defects. It clarifies that HOA restrictions on rentals must align with established exemptions and places limits on fees imposed on authorized rentals. Furthermore, it adjusts provisions regarding the conversion of grass park strips to water-efficient landscaping and allows homeowners to designate a primary contact other than themselves.

During the discussion, Representative Ward inquired whether HOAs could penalize or prohibit rentals. The sponsor explained that while covenants, conditions, and restrictions (“CCRs”) govern rental policies, the Bill ensures that rentals must be allowed but allows HOAs to set percentage limits. Representative Walter highlighted the provision limiting rental fees, while Representative T. Miller asked whether the Bill prevents HOAs from denying rental requests. The sponsor clarified that HOAs must follow a list of exemptions when imposing restrictions.

Representative Bennion raised concerns about condominium owners facing challenges due to HOA management and asked whether the Bill addresses construction defects. The sponsor pointed to provisions protecting owners from defective designs by developers. Representative Dunnigan questioned an expansion of allowable grass removal areas, to which the sponsor responded that recent circumstances necessitated the change. There was no public comment on the Bill.

Yeas: 7
Nays: 0
N/V: 3

Outcome: 1st Substitute SB 201 passed out of the Committee with a favorable recommendation.

Bill: HB 398 – Auxiliary Housing Amendments

Sponsor: Representative Steve Eliason

Floor Sponsor: TBD

UASD Position: Tracking with Concern

This Bill amends provisions regarding auxiliary housing.

Discussion:

Yeas:
Nays:
N/V:

Outcome: HB 398 was not heard in the Committee on 2/26/2025

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