

HB0510S02 compared with HB0510S03

requires the feasibility consultant to rely on data, information, and analysis that is objective, reliable, and grounded in area-specific information from the preceding 10 years, including information from nearby areas;

- 19 ▶ extends the period of time in which a feasibility study shall be completed;
- 20 ▶ requires the lieutenant governor to hold public information sessions following a feasibility study;
- 22 ▶ modifies the requirements to file a petition for incorporation of a preliminary municipality, including:
 - 24 • modifying the requirements for a bond, cash deposit, or letter of credit;
 - 25 • requiring a property owner to include an executed improvement warranty; and
 - 26 • requiring a certification that the preliminary municipality will be developed in accordance with the description in the certified feasibility request; and
- 28 ▶ makes technical and conforming changes.

31 **Money Appropriated in this Bill:**

32 None

33 **Other Special Clauses:**

34 None

35 **Utah Code Sections Affected:**

36 **AMENDS:**

37 **10-2a-220 (Effective 05/06/26), as last amended by Laws of Utah 2024, Chapter 518**

38 **10-2a-501 (Effective 05/06/26) (Repealed 01/01/31)**, as last amended by Laws of Utah 2025, Chapter 399

40 **10-2a-502 (Effective 05/06/26) (Repealed 01/01/31)**, as enacted by Laws of Utah 2024, Chapter 534

42 **10-2a-503 (Effective 05/06/26) (Repealed 01/01/31)**, as enacted by Laws of Utah 2024, Chapter 534

44 **10-2a-504 (Effective 05/06/26) (Repealed 01/01/31)**, as enacted by Laws of Utah 2024, Chapter 534

46 **10-2a-505 (Effective 05/06/26) (Repealed 01/01/31)**, as enacted by Laws of Utah 2024, Chapter 534

48 **10-2a-506 (Effective 05/06/26) (Repealed 01/01/31)**, as last amended by Laws of Utah 2025, Chapter 399

HB0510S02 compared with HB0510S03

50 **10-2a-507 (Effective 05/06/26) (Repealed 01/01/31)**, as enacted by Laws of Utah 2024, Chapter
534

52 **10-2a-508 (Effective 05/06/26) (Repealed 01/01/31)**, as enacted by Laws of Utah 2024, Chapter
534

54 **10-2a-509 (Effective 05/06/26) (Repealed 01/01/31)**, as enacted by Laws of Utah 2024, Chapter
534

56 ENACTS:

57 **10-2a-502.5 (Effective 05/06/26)**, Utah Code Annotated 1953

58 **10-2a-505.5 (Effective 05/06/26)**, Utah Code Annotated 1953

59 **10-2a-511 (Effective 05/06/26), Utah Code Annotated 1953**

60

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

62 **Section 1. Section 10-2a-220 is amended to read:**

63 **10-2a-220. Costs of incorporation -- Fees established by lieutenant governor.**

65 (1)

(a) There is created an expendable special revenue fund known as the "Municipal Incorporation Expendable Special Revenue Fund."

67 (b) The fund shall consist of:

68 (i) appropriations from the Legislature;

69 (ii) payments that feasibility request sponsors make to the lieutenant governor under Subsections
10-2a-205(1)(b) and 10-2a-206(1)(f); and

71 (iii) fees the lieutenant governor collects and remits to the fund under this section.

72 (c) The lieutenant governor shall deposit all money collected under this section into the fund.

74 (2)

(a) The lieutenant governor shall establish a fee in accordance with Section 63J-1-504 for a cost incurred by the lieutenant governor or the county for an incorporation proceeding, including:

77 (i) a request certification;

78 (ii) a petition certification;

79 (iii) publication of notices;

80 (iv) public hearings;

81 (v) all other incorporation activities occurring after the elections; and

HB0510S02 compared with HB0510S03

- 82 (vi) any other cost incurred by the lieutenant governor or county in relation to an incorporation
proceeding.
- 84 (b) A cost under Subsection (2)(a) does not include a cost incurred by a county for holding an election
under Section 10-2a-210.
- 86 (3) Subject to Subsections 10-2a-205(1)(b) and 10-2a-206(1)(f), the lieutenant governor shall pay for
a cost described in Subsection (2)(a) using funds from the Municipal Incorporation Expendable
Special Revenue Fund.
- 89 (4)
- (a) A newly incorporated municipality shall:
- 90 (i) pay to the lieutenant governor each fee established under Subsection (2) for each cost described
in Subsection (2)(a) incurred by the lieutenant governor or the county;
- 93 (ii) pay the county for a cost described in Subsection (2)(b); and
- 94 (iii) reimburse feasibility request sponsors the cost the feasibility request sponsors paid for:
- 96 (A) a feasibility study under Section 10-2a-205; and
- 97 (B) any supplemental feasibility study under Section 10-2a-206.
- 98 (b) The lieutenant governor shall execute a payback agreement with each new municipality for the new
municipality to pay the fees described in Subsection (4)(a) over a period that, except as provided in
Subsection (4)(c), may not exceed five years.
- 101 (c) If necessary, the lieutenant governor may extend a fee payment deadline beyond the deadline
described in Subsection (4)(b) by amending the payback agreement described in Subsection (4)(b).
- 104 (d) The lieutenant governor shall deposit each fee the lieutenant governor collects under Subsection (4)
(a)(i) into the Municipal Incorporation Expendable Special Revenue Fund.
- 107 (5) If the lieutenant governor expends funds from the Municipal Incorporation Expendable Special
Revenue Fund that are not repaid to the lieutenant governor under Subsection (4)(a)(i) because an
area did not incorporate as a municipality, the Legislature shall appropriate money to the fund in an
amount equal to the funds that are not repaid.
- 111 (6)
- (a) In addition to fees established under Subsection (2), the lieutenant governor shall charge a \$50,000
fee from a person who files a feasibility request under Section 10-2a-502 and deposit the fee into
the fund to cover the lieutenant governor's costs incurred in fulfilling the duties described in Part 5,
Incorporation of a Preliminary Municipality.

HB0510S02 compared with HB0510S03

- 116 (b) The lieutenant governor shall return any unexpended amounts of the fee described in Subsection (6)
117 (a) to the person who paid the fee if:
- 118 (i) a person's feasibility request is rejected under Section 10-2a-503;
119 (ii) the person withdraws a feasibility request before the lieutenant governor issues a certificate of
120 incorporation for the preliminary municipality under Section 10-2a-508; or
121 (iii) the lieutenant governor rejects the person's application for a certificate of incorporation for the
122 preliminary municipality under Section 10-2a-508.

124 Section 2. Section **10-2a-501** is amended to read:

125 **10-2a-501. Definitions.**

As used in this part:

- 61 (1) "Affordable housing" means housing occupied or reserved for occupancy by households with a
62 gross household income equal to or less than:
- 63 (a) 80% of the median gross income of the applicable municipal or county statistical area for
64 households of the same size for rental housing; or
- 65 (b) 100% of the median gross income of the applicable municipal or county statistical area for
66 households of the same size for owner-occupied housing.
- 67 (2) "Applicant" means an individual or person who applies to incorporate an area as a preliminary
68 municipality by filing a feasibility request.
- 69 [~~(2)~~] (3) "Board," in relation to a preliminary municipality, means the same as a council described in
70 Section [~~10-3b-402~~] 10-3b-403.
- 71 [~~(3)~~] (4) "Board chair," in relation to a preliminary municipality, means the same as a mayor described
72 in Section 10-3b-402.
- 73 (5) "Certified feasibility request" means the document that is certified by the lieutenant governor under
74 Section 10-2a-503.
- 75 [~~(4)~~] (6) "Contiguous" means the same as that term is defined in Section 10-2a-102.
- 76 (7) "Declaration" means a document that an individual signs { under penalty of perjury }, affirming a
77 statement to be true or accurate.
- 77 [~~(5)~~] (8) "Feasibility consultant" means a person or firm:
- 78 (a) with expertise in the processes and economics of local government; and
- 79 (b) who is independent of, and not affiliated with, a county or a sponsor of a petition to incorporate a
preliminary municipality under this part.

HB0510S02 compared with HB0510S03

- 81 ~~[(6)]~~ (9) "Feasibility request" means a request, described in Section 10-2a-502, for a feasibility study for
the proposed incorporation of a preliminary municipality.
- 83 (10) "Feasibility study" means an analysis of a certified feasibility request, as described in Section
10-2a-504, conducted by a feasibility consultant.
- 85 (11) "Full-time" means 183 days a year or more.
- 86 ~~[(7)]~~ (12) "Initial landowners" means the persons who owned the land within the proposed preliminary
municipality area when the ~~[person]~~ applicant filed the feasibility request ~~[under Section
20A-1-501]~~ as described in this part.
- 89 ~~[(8)]~~ (13) "Municipal service" means the same as that term is defined in Section 10-2a-102.
- 90 ~~[(9)]~~ (14) "Pending annexation area" means an area proposed for annexation in an annexation petition
described in Section 10-2-806 that is filed before, and is still pending when, a person files the
applicable request for a feasibility study under Section 10-2a-502.
- 94 (15) "Population" means the number of individuals who are full-time residents of a defined area.
- 96 ~~[(10)]~~ (16) "Primary sponsor contact" means:
- 97 (a) in relation to a feasibility request:
- 98 (i) the individual designated as the primary sponsor contact for a feasibility request under Subsection
~~[10-2a-502(5)(c)]~~ 10-2a-502(5)(a)(iii); or
- 100 (ii) an individual designated, in writing, by the initial landowners if a replacement primary sponsor
contact is needed; or
- 102 (b) in relation to a petition for incorporation of a preliminary municipality:
- 103 (i) the individual designated as the primary sponsor contact for a petition for incorporation of a
preliminary municipality under Subsection ~~[10-2a-507(1)(d)]~~ 10-2a-507(1)(e); or
- 106 (ii) an individual designated, in writing, by the initial landowners if a replacement primary sponsor
contact is needed.
- 108 ~~[(11)]~~ (17) "Private," in relation to real property, means taxable real property.
- 109 ~~[(12)]~~ (18) "Proposed preliminary municipality area" means the area proposed for incorporation as a
preliminary municipality in a feasibility request.
- 111 (19) "Public financing tool" means any mechanism that allows a private entity to utilize tax revenue.
- 113 ~~[(13)]~~ (20) "System infrastructure" means, as shown on the map or plat described in Subsection
~~[10-2a-502(5)(e)]~~ 10-2a-502(5)(a)(v) for the proposed preliminary municipal area:

116

HB0510S02 compared with HB0510S03

- (a) the main thoroughfares within the proposed preliminary [~~municipal~~] municipality area, including the roads that connect the proposed preliminary municipality area to an existing road outside the proposed preliminary municipality area; and
- 119 (b) the main lines that will connect a utility, including culinary water and wastewater treatment services, to the proposed preliminary municipality area, including the stubs that will connect the main lines to the development in the proposed preliminary municipality area[-] ; and
- 123 (c) construction of culinary water facilities, wastewater treatment facilities, or both, if no services exist that would meet the requirements of the proposed preliminary municipality area.

126 (21) "Utah Population Committee" means the committee created in Section 63C-20-103.

134 Section 3. Section **10-2a-502** is amended to read:

135 **10-2a-502. Incorporation of a preliminary municipality -- Feasibility request --**

Requirements.

130 (1)

(a) A person may apply to incorporate an area as a preliminary municipality by filing a feasibility request:

132 (i) after fulfilling the requirements in Section 10-2a-502.5; and

133 (ii) [-]in accordance with this section.

201 (b) A person filing a feasibility request shall:

202 (i) pay the fee described in Subsection 10-2a-220(6) at the same time the person files the feasibility request; and

134 (b){(ii)} {~~A person filing a feasibility request shall~~} designate an individual in the application who:

136 (i){(A)} has the authority to represent the person; and

137 (ii){(B)} will serve as the point of contact for the application.

138 (2) Subject to Subsection (6), [~~a person~~] an applicant may file a feasibility request in relation to an area that the [~~person~~] applicant seeks to incorporate as a preliminary municipality if:

140 (a) the area is contiguous;

141 (b) no part of the area is within a county of the first class or second class;

142 (c) no part of the area is within, or within .25 miles of, a municipality;

143 (d) on the day on which the [~~person~~] applicant files the feasibility request:

144 (i) the area is owned by no more than three persons, all of whom consent to incorporation as a preliminary municipality; and

HB0510S02 compared with HB0510S03

- 146 (ii) at least 50% of the area is undeveloped;
- 147 (e) the persons who sign the feasibility request intend to and, if the preliminary municipality is
148 incorporated, shall develop the area to the point that:
- 149 (i) at least 100 individuals reside full-time in the area;
- 150 (ii) the area will have an average population density of no less than seven individuals per square mile,
unless:
- 152 (A) a population density of less than seven individuals per square mile is necessary in order to connect
separate areas that share a demonstrable community interest; and
- 155 (B) the average population of the area has a population density of no less than seven individuals per
square mile if the land necessary to connect the separate areas described in Subsection (2)(e)(ii)(A)
is not included in the calculation; and
- 159 (iii) at least 10% of the housing in the preliminary municipality is affordable housing;
- 160 (f) the area does not include land owned by the United States government unless:
- 161 (i) the area, including the land owned by the United States government, is contiguous; and
- 163 (ii)
- (A) incorporating the land is necessary to connect separate areas that share a demonstrable community
interest; or
- 165 (B) excluding the land from the area would create an unincorporated island within the proposed
preliminary municipality;
- 167 (g) the area is entirely within one county;
- 168 (h) the applicant has complied with Section 10-2a-502.5; and
- 169 [~~(h)~~] (i) the feasibility request complies with Subsection (3).
- 170 (3)
- (a) A proposed preliminary municipality area may not include all or part of a pending annexation area,
unless:
- 172 (i) the portion of the pending annexation area included in the proposed preliminary municipality
area does not exceed 20% of the proposed preliminary municipality area; and
- 175 (ii) the feasibility request would comply with the requirements of this section regardless of whether
the portion of the pending annexation area included in the proposed preliminary municipality
area is excluded from, or remains included in, the proposed preliminary municipality area.

179

HB0510S02 compared with HB0510S03

- (b) A proposed preliminary municipality area may not include all or part of an area that is the subject of a completed feasibility study or supplemental feasibility study that qualifies to proceed under Subsection 10-2a-205(5)(a), unless:
- 182 (i) the proposed incorporation that is the subject of the completed feasibility study or supplemental
feasibility study has been defeated by the voters at an election under Section 10-2a-210; or
- 185 (ii) the time described in Subsection 10-2a-208(1) for filing an incorporation petition based on the
completed feasibility study or supplemental feasibility study has elapsed without the sponsors filing
an incorporation petition under Section 10-2a-208.
- 189 (c) A proposed preliminary municipality area may not include all or part of an area that is the subject
of a completed feasibility study or supplemental feasibility study whose results comply with
Subsection 10-2a-504(4), unless the time described in Subsection 10-2a-507(1) for filing a petition
for incorporation based on the completed feasibility study or supplemental feasibility study has
elapsed without the sponsors filing a petition for incorporation under Section 10-2a-507.
- 195 (4) Except as provided in Section 10-2a-505, the lieutenant governor shall consider each feasibility
request that includes an area described in Subsection (3)(a) as if the request does not include the
area described in Subsection (3)(a).
- 198 (5)
- (a) ~~[A person]~~ An applicant who files a feasibility request under this section shall file the feasibility
request with the lieutenant governor, including in the feasibility request:
- 200 ~~[(a)]~~ (i) the signatures of all owners of real property included in the proposed preliminary
municipality area, showing that the owners consent to including the real property in the
proposed preliminary municipality area;
- 203 ~~[(b)]~~ (ii) the name, address, and phone number of each owner signing the feasibility request;
- 205 ~~[(c)]~~ (iii) a designation of one individual who signs the feasibility request as the primary sponsor
contact for the feasibility request;
- 207 ~~[(d)]~~ (iv) a description of the proposed preliminary municipality area;
- 208 ~~[(e)]~~ (v) an accurate map or plat, prepared by a licensed surveyor, showing:
- 209 ~~[(f)]~~ (A) a legal description of the boundaries of the proposed preliminary municipality area and each
phase of the proposed preliminary municipality area;
- 212 ~~[(g)]~~ (B) all development planned for the proposed preliminary municipality area;~~[-and]~~
- 214

HB0510S02 compared with HB0510S03

- [~~(iii)~~] (C) that the first phase of the proposed preliminary municipality area is projected to have at least 100 full-time residents when completed;
- 216 (D) that at least 10% of all housing included in the planned development shall qualify as affordable housing, with no more than half of the affordable housing utilized as long-term rentals;
- 219 (E) that at least 10% of the development qualifies as open space; and
- 220 (F) that no more than 30% of all housing included in the planned development shall be utilized for short-term rentals;
- 222 (vi) an explanation of how the applicant intends to ensure that the requirements of Subsections (5) (a)(v)(D) and (E) will be met;
- 224 (vii) an explanation of the public financing tools, if any, the applicant intends to utilize in developing the preliminary municipality;
- 226 (viii) confirmation that the applicant has complied with the requirements of Section 10-2a-502.5 before filing; and
- 228 [~~(f)~~] (ix) a request that the lieutenant governor commission a study to determine the feasibility of incorporating the area as a preliminary municipality.
- 230 (b) An applicant may provide development plans in the alternative in the feasibility request by indicating which plan is the primary plan and which plans may be used if there are market shifts or other market developments, if each plan meets the requirements of Subsection (5)(a).
- 234 (c) A feasibility request described in Subsection (5)(a) may not include a material change from the proposed development about which the applicant and county engaged in good faith coordination, as described in Section 10-2a-502.5.
- 237 (d) The applicant shall sign a declaration at the time of filing, affirming that the applicant intends to proceed with the preliminary municipality and subsequent development process as described in the feasibility request, and provide the declaration to the lieutenant governor with the feasibility request.
- 241 (6)
- (a) The provisions of this part, providing for the incorporation of a preliminary municipality, is a pilot project that ends on January 1, 2031.
- 243 (b) Except as provided in Subsection (7), [~~a person~~] an applicant may not file a feasibility request under this part in a calendar year during which two or more requests have already been filed in the state.
- 246 (7) A feasibility request does not count towards the limit described in Subsection (6)(b) if:
- 247 (a) the sponsors who file the request withdraw the request;

HB0510S02 compared with HB0510S03

- 248 (b) the lieutenant governor rejects the feasibility request under Subsection 10-2a-503(4) or (5)(b), and
the sponsors:
- 250 (i) do not timely amend the feasibility request under Subsection 10-2a-503(7)(b); or
- 251 (ii) are prohibited from amending the feasibility request under Subsection 10-2a-503(7)(c); or
- 253 (c) the process to incorporate is prohibited from proceeding under Subsection [~~10-2a-504(5)~~
(a)] 10-2a-504(7)(a) and the sponsors:
- 255 (i) do not timely file a modified feasibility request under Subsection 10-2a-505(1)(b)(i); or
- 257 (ii) are prohibited from filing a modified feasibility request under Subsection 10-2a-505(3).
- 328 Section 4. Section 4 is enacted to read:
- 329 **10-2a-502.5. Good faith coordination with county required.**
- 261 (1) An applicant may not apply to incorporate an area as a preliminary municipality by filing a
feasibility request in accordance with Section 10-2a-502 unless the applicant has already engaged in
good faith coordination with the county about the planned development.
- 265 (2) Good faith coordination under this section requires:
- 266 (a) the applicant to submit, make, or propose:
- 267 (i) a land use application, as defined in Section 17-79-102;
- 268 (ii) a formal petition that a county rezone a particular area; or
- 269 (iii) a development agreement between the applicant and the county;
- 270 (b) the county to provide the applicant with a meaningful opportunity for the applicant to consult with
county staff and officials about the planned development; and
- 272 (c) both the applicant and the county:
- 273 (i) to make reasonable efforts to find areas in which compromise is possible or alternative solutions may
be found; and
- 275 (ii) to identify the specific issues upon which the applicant and county are unable to reach a mutually
agreeable solution, including the factors that make a mutually agreeable solution impossible or
impractical.
- 278 (3) The application, petition, or proposed development agreement described in Subsection (2)(a) shall
make clear to the county:
- 280 (a) what the applicant is proposing to do with land in the county;
- 281 (b) what the applicant is requesting from the county in order to proceed; and
- 282

HB0510S02 compared with HB0510S03

- (c) that the applicant intends to apply to incorporate an area as a preliminary municipality if the applicant and county are unable to reach a mutually agreeable resolution.
- 285 (4) A county shall:
- 286 (a) accept an application described in Subsection (2)(a) if the application is complete, as described in
Section 17-79-803; and
- 288 (b)
- (i) accept a petition or proposed development agreement described in Subsection (2)(a) for
consideration if the petition or proposed development agreement is sufficiently clear to begin good
faith coordination with the applicant; or
- 291 (ii) provide a written explanation of why a petition or proposed development agreement is not
sufficiently clear, including what information the county requires to render the petition or proposed
development agreement sufficiently clear, within 10 business days of the day on which the county
receives the petition or proposed development agreement.
- 296 (5)
- (a)
- (i) No earlier than 18 months after the day on which an applicant takes the action described in
Subsection (2)(a), an applicant that intends to file a feasibility request under Section 10-2a-502
may submit a request to the county that the county acknowledge the good faith coordination
between the applicant and the county.
- 301 (ii) Notwithstanding the 18 month requirement in Subsection (5)(a)(i), an applicant may submit
a request to the county that the county acknowledge the good faith coordination between the
applicant and the county earlier than 18 months from the day on which an applicant takes
the action described in Subsection (2)(a) if the county has denied the applicant's land use
application, formal petition, or proposed development agreement as a final action.
- 307 (b) The applicant shall include in the request described in Subsection (5)(a):
- 308 (i) a description explaining that:
- 309 (A) the requirements of this section have been met; or
- 310 (B) the requirements of this section have been met but for the county's failure to provide the applicant
with a meaningful opportunity to consult or make reasonable efforts to find compromise or
alternative solutions, or both, as required in Subsections (2)(b) and (c); and
- 314 (ii) that the applicant intends to file a feasibility request under Section 10-2a-502.

HB0510S02 compared with HB0510S03

- 315 (c) A county that receives a request described in Subsection (5)(a) shall respond to the request in
writing within five business days:
- 317 (i) concurring with the applicant's assertion that the applicant and county have engaged in good faith
coordination, as described in this section, but have been unable to reach a mutually agreeable
solution;
- 320 (ii) disputing the applicant's assertion that the applicant and county have engaged in good faith
coordination; or
- 322 (iii) asserting that the county has engaged in good faith coordination but that the applicant has failed to
make reasonable efforts to find compromise or alternative solutions.
- 325 (d) If Subsection (5)(c)(ii) or (iii) apply, the county shall provide a rationale for the county's dispute or
assertion in the response described in Subsection (5)(c).
- 327 (6) An applicant may file a feasibility request under Section 10-2a-502:
- 328 (a) after the applicant receives the county's response, as described in Subsection (5)(c); or
- 329 (b) if a county fails to timely respond, after the sixth business day following the day on which the
applicant makes a request under Subsection (5)(a).
- 400 Section 5. Section **10-2a-503** is amended to read:
- 401 **10-2a-503. Processing a feasibility request -- Certification or rejection -- Processing priority**
-- Determination by the Utah Population Committee.
- 335 (1) Within 45 days after the day on which an individual files a feasibility request under Section
10-2a-502, the lieutenant governor shall:
- 337 (a) determine whether the feasibility request complies with Section 10-2a-502; and
- 338 (b) notify the clerk of the county where the proposed preliminary municipality area is located, in
writing, of the determination made under Subsection (1)(a) and the grounds for the determination.
- 341 (2) A county clerk shall:
- 342 (a) inform the lieutenant governor if the applicant does not meet the requirements of Subsection
10-2a-502.5(6); and
- 344 (b) comply with a request by the lieutenant governor to provide information or a record to the
lieutenant governor or to a sponsor of the feasibility request, to assist in complying with this part,
within five calendar days after the day on which the lieutenant governor makes the request.
- 348 (3) If the lieutenant governor determines that the feasibility request complies with Section 10-2a-502,
the lieutenant governor shall:

HB0510S02 compared with HB0510S03

- 350 (a) certify the feasibility request; and
- 351 (b) transmit written notification of the certification to:
- 352 (i) the primary sponsor contact[;] ;
- 353 (ii) the county clerk[;] ; and
- 354 (iii) the Utah Population Committee.
- 355 (4) If the lieutenant governor determines that the feasibility request fails to comply with Section
10-2a-502, the lieutenant governor shall reject the feasibility request and notify the primary sponsor
contact and the county clerk, in writing, of the rejection and the grounds for the rejection.
- 359 (5)
- (a) Within 20 days after the day on which the lieutenant governor transmits written notification under
Subsection (3)(b), the Utah Population Committee shall:
- 361 (i) determine whether, based on the map or plat described in Subsection 10-2a-502(5)(e), the
proposed preliminary municipality will, when all phases of the map or plat are completed,
likely comply with the population, population density, and contiguity requirements described in
Section 10-2a-502; and
- 365 (ii) provide notice of the determination to the lieutenant governor and the county clerk.
- 367 (b) If the Utah Population Committee determines, under Subsection (5)(a)(i), that, when all phases of
the plan or plat are completed, the proposed preliminary municipality will not likely comply with
the population, population density, and contiguity requirements described in Section 10-2a-502,
the lieutenant governor shall rescind the certification described in Subsection (3) and reject the
feasibility request.
- 372 (6) The lieutenant governor shall certify or reject feasibility requests in the order in which the requests
are filed.
- 374 (7)
- (a) If the lieutenant governor determines, under Subsection (4), that the feasibility request fails to
comply with Section 10-2a-502, or rejects the feasibility request under Subsection (5)(b), the
sponsors may, subject to Section 10-2a-505, amend the feasibility request to correct the deficiencies
and refile the feasibility request with the lieutenant governor.
- 379 (b) Except as provided in Subsection (7)(c), the sponsors may submit an amended feasibility request
within 90 days after the day on which the lieutenant governor makes the determination or rejection
described in Subsection (7)(a).

HB0510S02 compared with HB0510S03

- 382 (c) The sponsors may not submit an amended feasibility request more than once.
- 383 (d) The lieutenant governor shall consider a feasibility request that is amended and refiled under Subsection (7)(a) as a newly filed feasibility request and process the feasibility request in accordance with this section.
- 386 (8) If the primary sponsor desires that the feasibility study described in this section be based off a development plan that is materially different than what is described in the certified feasibility request:
- 389 (a) the primary sponsor shall notify the lieutenant governor and the lieutenant governor shall rescind the certification of the feasibility request;
- 391 (b) the primary sponsor is required to comply with Section 10-2a-502.5 regarding the new development plan;
- 393 (c) the primary sponsor may submit an amended feasibility request as described in Section 10-2a-502, subject to the limit described in Subsection (7)(c); and
- 395 (d) the lieutenant governor shall consider an amended feasibility request made under Subsection (8)(c) as a newly filed feasibility request and process the feasibility request in accordance with this section.
- 398 (9) Any individual in the Office of the Lieutenant Governor or on the Utah Population Committee who plays a role in the preliminary municipality approval process described in this part shall be independent of and not affiliated with an applicant or a sponsor of a petition to incorporate a preliminary municipality.
- 471 Section 6. Section **10-2a-504** is amended to read:
- 472 **10-2a-504. Feasibility study -- Feasibility study consultant -- Qualifications for proceeding with incorporation.**
- 405 (1) Unless the lieutenant governor rescinds the certification under Subsection 10-2a-503(5)(b), the lieutenant governor shall, within 90 days after the day on which the lieutenant governor certifies a feasibility request under Subsection 10-2a-503(3)(a), in accordance with Subsection (2), engage a feasibility consultant to conduct a feasibility study on the proposed preliminary municipality, as the proposed preliminary municipality is described in the certified feasibility request.
- 411 (2) The lieutenant governor shall:
- 412 (a) select a feasibility consultant in accordance with Title 63G, Chapter 6a, Utah Procurement Code;
- 414 (b) ensure that the feasibility consultant:
- 415 (i) has expertise in the processes and economics of local government; [~~and~~]

HB0510S02 compared with HB0510S03

- 416 (ii) is not affiliated with a sponsor of the feasibility request or the county in which the proposed
municipality is located; and
- 418 (iii) comply with the relevant provisions of this part; and
- 419 (c) require the feasibility consultant to:
- 420 (i) submit a draft of the feasibility study to each applicable person with whom the feasibility consultant
is required to consult under Subsection (3)(c) within [~~90~~] 120 days after the day on which the
lieutenant governor engages the feasibility consultant to conduct the study;
- 424 (ii) allow each person to whom the consultant provides a draft under Subsection (2)(c)(i) to review and
provide comment on the draft;
- 426 (iii) submit on the same day a completed feasibility study, including a one-page summary of the results,
to the following within [~~120~~] 180 days after the day on which the lieutenant governor engages the
feasibility consultant to conduct the feasibility study:
- 430 (A) the lieutenant governor;
- 431 (B) the county legislative body of the county in which the proposed preliminary municipality area is
located;
- 433 (C) the primary sponsor contact; and
- 434 (D) each person to whom the consultant provided a draft under Subsection (2)(c)(i); and
- 436 (iv) attend the public [~~hearings~~] information sessions described in Section 10-2a-506 to present the
feasibility study results and respond to questions from the public.
- 438 (3)
- (a) The feasibility study shall include:
- 439 (i) an analysis of:
- 440 (A) the likely population and population density within the proposed preliminary municipality area
when all phases of the map or plat for the proposed preliminary municipality area are completed; [
and]
- 443 (B) the population and population density of the area surrounding the proposed preliminary
municipality area on the day on which the feasibility request was submitted; and
- 446 (C) any land use entitlements already established within the proposed preliminary municipality area;
- 448 (ii) an analysis of the following, determined as if, at the time of the analysis, the proposed
[-]preliminary municipality area is incorporated as a town with a population of 100
[~~people~~] individuals:

HB0510S02 compared with HB0510S03

- 451 (A) the initial~~[-and projected]~~ , five-year, and 10-year projected demographics and tax base within
the boundaries of the proposed preliminary municipality area and the surrounding area, including
household size and income, commercial and industrial development, and public facilities;
- 455 (B) subject to Subsection (3)(b), the initial~~[-and]~~ , five-year, and 10-year projected cost of providing
{all} required municipal services to the proposed preliminary municipality area, including
administrative costs and the costs of public infrastructure required to provide each municipal service
to the proposed preliminary municipality area;
- 460 (C) assuming the same tax categories and tax rates as imposed by the county and all other current
service providers at the time during which the feasibility consultant prepares the feasibility study,
the initial~~[-and]~~ , five-year, and 10-year projected revenue for the proposed preliminary municipality
area;
- 464 (D) the risks and opportunities that might affect the actual costs described in Subsection (3)(a)(ii)(B) or
the revenues described in Subsection (3)(a)(ii)(C) of the proposed preliminary municipality area;
- 467 (E) new revenue sources that may be available to the proposed preliminary municipality area that are
not available before the area incorporates, including an analysis of the amount of revenues the
proposed preliminary municipality area might obtain from those revenue sources;
- 471 (F) the projected tax burden per household of any new taxes that may be levied within the proposed
preliminary municipality area within five and 10 years after incorporation as a town; and
- 474 (G) the fiscal impact of the proposed preliminary municipality area's incorporation as a town on
unincorporated areas, other municipalities, special districts, special service districts, and other
governmental entities in the county; and
- 477 (iii) an analysis regarding whether sufficient water will be available to support the proposed
preliminary municipality area when the development of the area is complete.
- 480 (b)
- (i) In calculating the projected costs under Subsection (3)(a)(ii)(B), the feasibility consultant shall
assume the proposed preliminary municipality area will provide a level and quality of municipal
services that fairly and reasonably approximate the level and quality of municipal services that
are provided to the area surrounding the proposed preliminary municipality area at the time the
feasibility consultant conducts the feasibility study.
- 486 (ii) In calculating the current cost of a required municipal service under Subsection (3)(a)(ii)(B), the
feasibility consultant shall consider:

HB0510S02 compared with HB0510S03

- 488 (A) the amount it would cost the proposed preliminary municipality area to provide the required
municipal service for the first five years and 10 years after the area incorporates as a town; and
- 491 (B) the proposed or current municipal service provider's initial~~[-and]~~ , five-year, and 10-year projected
cost of providing the required municipal service after the proposed preliminary municipality area
incorporates as a town.
- 494 (iii) In calculating costs under Subsection (3)(a)(ii)(B), the feasibility consultant shall account for
inflation and anticipated growth.
- 496 (c) In conducting the feasibility study, the feasibility consultant shall consult with the following before
submitting a draft of the feasibility study under Subsection (2)(c)(iii):
- 498 (i) if the proposed preliminary municipality will include lands owned by the United States federal
government, the entity within the United States federal government that has jurisdiction over the
land;
- 501 (ii) if the proposed preliminary municipality will include lands owned by the state, the entity within
state government that has jurisdiction over the land;
- 503 (iii) each entity that provides, or is proposed to provide, a municipal service to a portion of the proposed
preliminary municipality area;~~[-and]~~
- 505 (iv) each other special service district that provides, or is proposed to provide, services to a portion of
the proposed preliminary municipality area~~[-]~~ ; and
- 507 (v) the legislative body of the county in which the preliminary municipality area is located.
- 509 (4)
- (a) The legislative body of the county in which the preliminary municipality area is located and
the sponsor may both provide the feasibility consultant with data, information, and analysis the
legislative body or sponsor considers relevant to the feasibility study.
- 512 (b) Data, information, and analysis described in Subsection (4)(a) may include:
- 513 (i) areas in which the county and applicant were able to reach a mutually agreeable solution during the
good faith coordination required by Section 10-2a-502.5;
- 515 (ii) information supporting or explaining the county's position in regard to issues upon which the
applicant and county were unable to reach a mutually agreeable solution, including the factors that
make a mutually agreeable solution impossible or impractical, during the good faith coordination
required by Section 10-2a-502.5;

519

HB0510S02 compared with HB0510S03

- (iii) the county's assessment of the necessary system infrastructure to support the proposed development, including any fill and grading required before paved roads can be placed;
- 522 (iv) projected needs for future property tax increases;
- 523 (v) projected county costs in regard to development of the proposed preliminary municipality area, including development costs outside but adjacent to the proposed preliminary municipality area;
- 596 (vi) state growth projections, including data from the Utah Population Committee;
- 597 (vii) information about the desires of the property owners with property inside the proposed preliminary municipality area;
- 526 (vi){(viii)} deferred maintenance costs in or near the proposed preliminary municipality area;
- 527 (vii){(ix)} the sponsor's plan, if any, to utilize a public financing tool in developing the proposed preliminary municipality area; and
- 529 (viii){(x)} unique factors about the county or the proposed preliminary municipality or both that may create a strain on county resources in the future.
- 531 (c) The feasibility consultant shall consider data, information, and analysis provided by the county under Subsection (4)(a), and use the data, information, and analysis in the feasibility study in accordance with Subsection (5).
- 534 (5)
- (a) The analysis required by Subsection (3) shall be based on:
- 535 (i) data, information, and analysis that is objective, reliable, and grounded in area-specific information from the preceding 10 years, including nearby areas; and
- 537 (ii) professional or market-based studies, including market absorption, pricing, and existing available lots in the area and nearby areas.
- 539 (b) The feasibility consultant shall:
- 540 (i) only use data, information, or analysis provided by a sponsor or a county if the feasibility consultant determines the data, information, or analysis can be independently verified to meet the requirements of Subsection (5)(a);
- 543 (ii) provide an explanation of the determination described in Subsection (5)(b)(i) in the feasibility study; and
- 545 (iii) provide a signed declaration to the lieutenant governor that the feasibility consultant complied with the requirements of Subsections (4) and (5) at the time the feasibility consultant submits a draft or a complete feasibility study.

HB0510S02 compared with HB0510S03

- 548 [(4)] (6) If the five-year and 10-year projected revenues calculated under Subsection (3)(a)(ii)(C)
exceed the five-year and 10-year projected costs calculated under Subsection (3)(a)(ii)(B) by more
than 5%, the feasibility consultant shall project and report the expected annual revenue surplus to:
- 552 (a) the primary sponsor contact;
- 553 (b) the legislative body of the county in which the preliminary municipality area is located; and
- 555 (c) the lieutenant governor.
- 556 [(5)] (7)
- (a) Except as provided in Subsection [(5)(b)] (7)(b), if the results of the feasibility study, or a
supplemental feasibility study described in Section 10-2a-505, show that the average annual amount
of revenue calculated under Subsection (3)(a)(ii)(C) does not exceed the average annual cost
calculated under Subsection (3)(a)(ii)(B) by more than 5%, the process to incorporate the area that is
the subject of the feasibility study or supplemental feasibility study may not proceed.
- 562 (b) Except as provided in Subsection 10-2a-505(3), the process to incorporate an area described in
Subsection [(5)(a)] (7)(a) may proceed if a subsequent supplemental feasibility study conducted
under Section 10-2a-505 for the proposed incorporation demonstrates [~~compliance with Subsection~~
~~(5)(a)~~] that the average annual amount of revenue calculated under Subsection (3)(a)(ii)(C) does
exceed the average annual cost calculated under Subsection (3)(a)(ii)(B) by more than 5%.
- 568 [(6)] (8) If the results of the feasibility study or revised feasibility study do not comply with Subsection
[(5)] (6), and if requested by the sponsors of the request, the feasibility consultant shall, as part
of the feasibility study or revised feasibility study, make recommendations regarding how the
proposed preliminary municipality area may be altered to comply with Subsection [(5)] (7), unless
the sponsors are precluded from modifying the feasibility request under Subsection 10-2a-505(3).
- 574 [(7)] (9) The lieutenant governor shall post a copy of the feasibility study, and any supplemental
feasibility study described in Section 10-2a-505, on the lieutenant governor's website and make a
copy available for public review at the lieutenant governor's office.
- 652 Section 7. Section **10-2a-505** is amended to read:
- 653 **10-2a-505. Modified feasibility request -- Supplemental feasibility study.**
- 581 (1)
- (a) The sponsors of a feasibility request may modify [~~the request to alter the boundaries of the proposed~~
~~preliminary municipality area~~] a certified feasibility request and refile the modified feasibility
request with the lieutenant governor only if:

HB0510S02 compared with HB0510S03

- 584 (i) the results of the feasibility study do not comply with Subsection [~~10-2a-504(5)(a)~~] 10-2a-504(7)
585 (a); or
- 586 (ii)
- (A) the feasibility request complies with Subsection 10-2a-502(3)(a);
- 587 (B) the annexation petition described in Subsection 10-2a-502(3)(a) that proposed the annexation of an
area that is part of the proposed preliminary municipality area has been denied; and
- 590 (C) a petition for incorporation described in Section 10-2a-507, based on the feasibility request, has not
been filed.
- 592 (b)
- (i) The sponsors of a feasibility request may not file a modified request under Subsection (1)(a)(i)
more than 90 days after the day on which the feasibility consultant submits the final results of the
feasibility study under Subsection 10-2a-504(2)(c)(iii).
- 596 (ii) The sponsors of a feasibility request may not file a modified request under Subsection (1)(a)(ii)
more than 18 months after filing the original feasibility request under Section 10-2a-502.
- 599 (c) A modified feasibility request under Subsection (1)(a) shall comply with Subsections 10-2a-502(1)
through [~~(4)~~] (5).
- 601 (d) Within 20 days after the day on which the lieutenant governor receives the modified request, the
lieutenant governor shall follow the same procedure described in Subsections 10-2a-503(1) through
(4) for the modified feasibility request as for an original feasibility request.
- 605 (2) The timely filing of a modified feasibility request under Subsection (1) gives the modified feasibility
request the same processing priority under Subsection 10-2a-503(6) as the original feasibility
request.
- 608 (3) The sponsors of a feasibility request may not file a modified feasibility request under Subsection (1)
(a)(i) more than once.
- 610 (4) Within 10 days after the day on which the county clerk receives a modified feasibility request under
Subsection (1)(a) that relates to a request for which a feasibility study has already been completed,
the lieutenant governor shall commission the feasibility consultant who conducted the feasibility
study to conduct a supplemental feasibility study that accounts for the modified feasibility request.
- 615 (5) The lieutenant governor shall require the feasibility consultant to:
- 616 (a) comply with the requirement to:
- 617

HB0510S02 compared with HB0510S03

- (i) consider data, information, and analysis provided by the county as described in Subsection 10-2a-504(4); and
- 619 (ii) only use data, information, and analysis that meets the requirements of Subsection 10-2a-504(5);
- 621 (b) submit a draft of the supplemental feasibility study to each applicable person with whom the feasibility consultant is required to consult under Subsection 10-2a-504(3)(c) within [~~30~~] 45 days after the day on which the feasibility consultant is engaged to conduct the supplemental study;
- 625 [~~(b)~~] (c) allow each person to whom the consultant provided a draft under Subsection [~~(5)(a)~~] (5)(b) to review and provide comment on the draft;[~~and~~]
- 627 [~~(e)~~] (d) submit on the same day a completed supplemental feasibility study, to the following within [~~45~~] 60 days after the day on which the feasibility consultant is engaged to conduct the feasibility study:
- 630 (i) the lieutenant governor;
- 631 (ii) the county legislative body of the county in which the incorporation is proposed;
- 632 (iii) the primary sponsor contact; and
- 633 (iv) each person to whom the consultant provided a draft under Subsection [~~(5)(a);~~] (5)(b); and
- 635 (e) provide a signed declaration to the lieutenant governor that the feasibility consultant will comply with the requirements of this Subsection (5).
- 637 (6)
- (a) Subject to Subsections (3) and (6)(b), if the results of the supplemental feasibility study do not comply with Subsection [~~10-2a-504(4)]~~ 10-2a-504(5), the sponsors may further modify the request in accordance with Subsection (1).
- 640 (b) Subsections (1)(d), (4), and (5) apply to a modified feasibility request described in Subsection (6)
- (a).
- 642 (c) The lieutenant governor shall consider a modified feasibility request described in Subsection (6)
- (a) as an original feasibility request for purposes of determining the modified feasibility request's processing priority under Subsection 10-2a-503(6).
- 719 Section 8. Section **8** is enacted to read:
- 720 **10-2a-505.5. County audit of a feasibility study or supplemental feasibility study.**
- 648 (1) Upon receipt of a complete feasibility study under Section 10-2a-504 or a complete supplemental feasibility study under Section 10-2a-505, the county shall post the study or a summary of the study on the county website within one business day of receipt.

HB0510S02 compared with HB0510S03

- 651 (2) The county may, at the county's own cost, hire a consultant to:
652 (a) audit the feasibility study or supplemental feasibility study; and
653 (b) provide a written report on the feasibility study or supplemental feasibility study that confirms or
disputes the results of the study.
- 729 Section 9. Section **10-2a-506** is amended to read:
730 **10-2a-506. Public information session on feasibility study results -- Notice of information**
session.
- 658 (1) If the results of the feasibility study or supplemental feasibility study comply with Subsection
[10-2a-504(4),] 10-2a-504(5), the lieutenant governor shall, after receipt of the results of the
feasibility study or supplemental feasibility study, conduct [~~public hearings~~] at least one public
information session in accordance with this section.
- 662 (2)
(a) If a portion of the proposed preliminary municipality area is approved for annexation after the
feasibility study or supplemental feasibility study is conducted but before the lieutenant governor
conducts a public [~~hearing~~] information session under Subsection (4), the lieutenant governor may
not conduct the public [~~hearing~~] information session under Subsection (4) unless:
- 667 (i) the sponsors of the feasibility study file a modified feasibility request in accordance with Section
10-2a-505; and
669 (ii) the results of the supplemental feasibility study comply with Subsection 10-2a-504(4).
- 671 (b) For purposes of Subsection (2)(a), an area is approved for annexation if a municipal legislative
body:
- 673 (i) approves an annexation petition proposing the annexation of an area that is part of the proposed
preliminary municipality area under Section 10-2-810 or 10-2-811; or
675 (ii) adopts an ordinance approving the annexation of an area that is part of the proposed preliminary
municipality area under Section 10-2-812.
- 677 (3) The lieutenant governor shall conduct a public [~~hearing~~] information session:
678 (a) within 60 days after the day on which the lieutenant governor receives the results under Subsection
(1) or (2)(a)(ii);
680 (b) at a location within or near the proposed preliminary municipality area or through a virtual, online
format; and
682

HB0510S02 compared with HB0510S03

- (c) to allow the feasibility consultant to present the results of the feasibility study and inform the public about the results.
- 684 (4) The lieutenant governor shall:
- 685 (a) conduct an additional public ~~[hearing]~~ information sessions following each occasion when, after the day of the initial public ~~[hearing]~~ information session, the lieutenant governor receives the results of a supplemental feasibility study that comply with Subsection 10-2a-504(4); and
- 689 (b) hold the public ~~[hearing]~~ information session described in Subsection (4)(a):
- 690 (i) within 30 days after the day on which the lieutenant governor receives the results of the supplemental feasibility study;
- 692 (ii) at a location within or near the proposed preliminary municipality or through a virtual, online format;
- 694 (iii) to inform the public that the feasibility presented to the public at the preceding public ~~[hearing]~~ information session does not apply; and
- 696 (iv) to allow the feasibility consultant to present the results of the supplemental feasibility study and inform the public about the results.
- 698 (5)
- (a) At each public ~~[hearing]~~ information session required under this section, the lieutenant governor shall:
- 700 ~~[(a)]~~ (i) provide a map or plat of the boundary of the proposed preliminary municipality;
- 702 ~~[(b)]~~ (ii) provide a copy of the applicable feasibility study for public review;
- 703 ~~[(c)]~~ (iii) allow members of the public to express views about the proposed preliminary municipality, including views about the proposed boundaries; and
- 705 ~~[(d)]~~ (iv) allow the public to ask the feasibility consultant questions about the applicable feasibility study.
- 707 (b) A public information session may be conducted entirely virtually if the lieutenant governor is able to comply with this Subsection (5).
- 709 (6) The lieutenant governor shall publish notice of each public ~~[hearing]~~ information session required under this section for the proposed preliminary municipality area, as a class B notice under Section 63G-30-102, for at least three weeks before the day of the public ~~[hearing]~~ information session.
- 713 (7)

HB0510S02 compared with HB0510S03

(a) Except as provided in Subsection (7)(b), for [~~a hearing~~] a public information session described in this section, the notice described in Subsection (6) shall:

715 (i) include the feasibility study summary described in Subsection 10-2a-504(2)(c)(iii); and

717 (ii) indicate that a full copy of the feasibility study is available on the lieutenant governor's website and for inspection at the lieutenant governor's office.

719 (b) Instead of publishing the feasibility summary under Subsection (7)(a)(i), the lieutenant governor may publish a statement that specifies the following sources where a person may view or obtain a copy of the feasibility study:

722 (i) the lieutenant governor's website;

723 (ii) the lieutenant governor's office; and

724 (iii) a mailing address and telephone number.

799 Section 10. Section **10-2a-507** is amended to read:

800 **10-2a-507. Petition for incorporation -- Requirements and form.**

728 (1) At any time within one year after the day on which the lieutenant governor completes the public [~~hearings~~] information session required under Section 10-2a-506, the owners of the property who filed the feasibility request under Section 10-2a-502 for the proposed preliminary municipality area may proceed with the incorporation process by filing a petition for incorporation of the proposed preliminary municipality that:

733 (a) includes the typed or printed name, signature, address, and phone number of the initial landowners;

735 (b) describes the proposed preliminary municipality area, as described in the feasibility request or the modified feasibility request;

737 (c) demonstrates compliance with Subsection [~~10-2a-504(4)~~] 10-2a-504(5);

738 (d) states the proposed name for the proposed preliminary municipality;

739 (e) designates the primary sponsor contact for the proposed preliminary municipality;

740 (f) designates the board chair and three of the four board members who will serve as a five member council form of government for the preliminary municipality, described in [~~Section~~] Sections 10-3b-402 and 10-3b-403, for the preliminary municipality;

743 (g) is accompanied by an accurate map or plat, prepared by a licensed surveyor, that conforms to the information, including planning and phasing, that was included in the certified feasibility request showing:

746 (i) the boundaries of the proposed preliminary municipality;

HB0510S02 compared with HB0510S03

- 747 (ii) a single development plan for the proposed municipality, depicting each phase of the development;
and
- 749 (iii) the structure that will serve as a municipal building or community center where preliminary
municipality or future incorporated town business or operations may be conducted, which shall be
completed in the first phase of the development;
- 752 (h) is accompanied by a bond, cash deposit, or letter of credit that:
- 753 (i) is posted by the initial landowners;
- 754 (ii) is in favor of the county in which the preliminary municipality area is located, up and until the time
the preliminary municipality is incorporated as a town, to guarantee that the initial landowners will
complete any infrastructure for which construction has begun or which is necessary, under state law
or county ordinance, for any developed parcels;
- 759 [(ii)] (iii) is in favor of the town that is incorporated from the proposed preliminary municipality, to
guarantee that the initial landowners will complete the system infrastructure no later than six years
after the day on which the initial landowners file the petition for incorporation described in this
section;[-and]
- 763 [(iii)] (iv) meets the requirements of Subsection (4);
- 764 (v) is held by an institution independent from the sponsor; and
- 765 (vi) will be refunded to the initial landowners in percentages that reflect the progress toward completing
the system infrastructure;[-and]
- 767 (i) is accompanied by an executed improvement warranty for the improvement warranty period, which
may be a cash deposit, surety bond, letter of credit, or other similar security, as required by the
county, in the amount of up to 10% of the lesser of the:
- 770 (i) county engineer's estimated cost of completion; or
- 771 (ii) the initial landowner's reasonable proven cost of completion;
- 772 (j) is accompanied by payment in full, from the initial landowners, of the costs incurred by the
lieutenant governor for the feasibility study, the public notices, the [hearings] public information
sessions, and the other expenses incurred by the lieutenant governor to comply with the
requirements of this part in relation to the proposed preliminary municipality[-] ; and
- 777 (k) includes a declaration indicating that the sponsor will develop the preliminary municipality in
accordance with the description in the certified feasibility request, or an alternate description
included in the certified feasibility request, subject to conditions identified in the final feasibility

HB0510S02 compared with HB0510S03

study, including the overall master plan layout, number of housing units, build schedule phasing, affordable housing requirements, and structure described in Subsection (1)(g)(iii).

783 (2)

(a) If, within six years after the day on which the initial landowners file a petition for incorporation under Subsection (1), the system infrastructure for the preliminary municipality is not completed, the portion of the bond, cash deposit, or letter of credit described in Subsection (1)(h) that has not been refunded to the initial landowners shall forfeit to~~[the preliminary municipality]~~ :

788 (i) the county, if the preliminary municipality has not incorporated as a town; or

789 (ii) the town.

790 (b) The provisions of Title 10, Chapter 20, Municipal Land Use, Development, and Management Act, Title 17, Chapter 79, County Land Use, Development, and Management Act, and relevant local land use regulations adopted in accordance with those provisions govern:

794 (i) the determination of whether, within the improvement warranty period, an improvement is not completed, fails, or is demonstrated to be faulty or substandard; and

797 (ii) whether the executed improvement warranty described in Subsection (1)(i) shall forfeit to the county, if the preliminary municipality has not incorporated as a town, or the town.

800 (3) If, within four years after the day on which the first residential certificate of occupancy is issued for ~~[the development described in Subsection 10-2a-503(5)(e)]~~ a residential unit within the preliminary municipality, or six years after the day on which the initial landowners file a petition for incorporation under Subsection (1), the preliminary municipality has not transitioned to a town:

805 (a) the lieutenant governor shall issue a certificate dissolving the preliminary municipality;

807 (b) all roads and infrastructure within the preliminary municipality revert to the county in which the preliminary municipality is located;

809 (c) the area within the proposed municipality falls under the jurisdiction of the county and is no longer incorporated; and

811 (d) the initial landowners are liable to the county for damages caused to the county due to the dissolution of the preliminary municipality.

813 (4) The amount of the bond, cash deposit, or letter of credit required by Subsection (1)(h) shall be determined:

815 (a) based on engineering estimates or construction bids; and

816

HB0510S02 compared with HB0510S03

(b) by an independent financial or risk management consultant retained by the county, subject to consultation with the sponsor.

818 (5) The improvement warranty period and improvement warranty described in Subsection (1)(i) shall be determined by the county for each type of improvement, according to the same standards and requirements the county utilizes under Sections 17-79-707 and 17-79-805.

896 Section 11. Section **10-2a-508** is amended to read:

897 **10-2a-508. Processing of petition by lieutenant governor -- Certification or rejection --**
Petition modification.

825 (1) Within 45 days after the day on which a petition for incorporation is filed under Section 10-2a-507, the lieutenant governor shall:

827 (a) determine whether the petition for incorporation complies with Section 10-2a-507; and

829 (b)

(i) if the lieutenant governor determines that the petition for incorporation complies with Section 10-2a-507, incorporate the preliminary municipality, issue a certificate of incorporation, and appoint the board chair and three board members designated under Subsection [~~10-2a-507(1)~~ (e)] 10-2a-507(1)(f); or

833 (ii) if the lieutenant governor determines that the petition for incorporation fails to comply with Section 10-2a-507, reject the petition for incorporation and notify the primary sponsor contact in writing of the rejection and the reasons for the rejection.

837 (2)

(a) If the lieutenant governor rejects a petition for incorporation under Subsection (1)(b)(ii), the sponsors of the petition for incorporation may correct the deficiencies for which the petition for incorporation was rejected and refile the petition for incorporation with the lieutenant governor.

841 (b) Notwithstanding the deadline described in Subsection 10-2a-507(1), the sponsors of the petition for incorporation may file a modified petition for incorporation under Subsection (2)(a) no later than 30 days after the day on which the lieutenant governor notifies the primary sponsor contact of the rejection under Subsection (1)(b)(ii).

845 (3)

(a) Within 20 days after the day on which the lieutenant governor receives a modified petition for incorporation under Subsection (2)(a), the lieutenant governor shall review the modified petition for incorporation in accordance with Subsection (1).

HB0510S02 compared with HB0510S03

848 (b) The sponsors of a petition for incorporation may not modify the petition for incorporation more than
once.

924 Section 12. Section **10-2a-509** is amended to read:

925 **10-2a-509. Governance of preliminary municipality -- Utilities -- Road maintenance.**

853 (1)

(a) Within 30 days after the day on which the lieutenant governor issues a certificate of incorporation described in Subsection 10-2a-508(1)(b)(i), the county in which the preliminary municipality is located shall appoint one board member for the preliminary municipality.

857 (b) If the county fails to timely comply with Subsection (1)(a), the board chair and the three board members appointed under Subsection 10-2a-508(1)(b)(i) shall, by majority vote, appoint the final board member.

860 (2) The board chair and board members, described in Subsection (1), of a preliminary municipality:

862 (a) are not required to be residents of the preliminary municipality; and

863 (b) shall serve as the board for the preliminary municipality until replaced by election under Section 10-2a-510.

865 (3)

(a) Within 14 days after the day on which the first residential certificate of occupancy is issued for the development described in Subsection 10-2a-503(5)(e), the engineer described in Subsection 10-2a-509(6), shall notify the county and the lieutenant governor, in writing:

869 (i) that the first residential certificate of occupancy has been issued for the preliminary municipality;

871 (ii) of the date on which the first residential certificate of occupancy was issued; and

872 (iii) of the physical address for which the first residential certificate of occupancy was issued.

874 (b) No later than the next municipal general election, or regular general election, that is at least 30 days after the date described in Subsection (3)(a)(ii), the initial landowners shall:

877 (i) replace the board chair or a board member with an individual who is a resident of the preliminary municipality; and

879 (ii) notify the county and the lieutenant governor of the appointment, in writing.

880 (4)

(a) Subject to Subsection (4)(b), a preliminary municipality has all the powers and duties of a municipality.

HB0510S02 compared with HB0510S03

- 882 (b) A preliminary municipality:
883 (i) may not impose a tax;
884 (ii) may enter into an interlocal agreement with a special district to provide utility services to the
preliminary municipality;
886 (iii) has the same authority as another municipality to make decisions regarding zoning and land use;
888 (iv) may not receive an allocation of sales tax or gas tax; and
889 (v) may not exercise eminent domain authority.
- 890 (5) As needed, the county shall provide all services and utility connections to the preliminary
municipality that the county provides other areas in the county if the preliminary municipality:
893 (a) pays the uniformly assessed rates for the services and utilities and reasonable connection fees; and
895 (b) complies with the county's established regulations and specifications for the construction and
connection of the local improvements.
- 897 (6)
(a) The preliminary municipality and subsequently incorporated town shall maintain and repair, or
cause to be maintained and repaired, any roadway that, on the day on which the individual filed the
feasibility request under Section 10-2a-502:

900 [~~(a)~~] (i) existed within the preliminary municipality;

901 [~~(b)~~] (ii) was within a public right of way that abuts the preliminary municipality; or

902 [~~(c)~~] (iii) was within 1/2 mile of the preliminary municipality and connected to, or was proposed in
the feasibility request to be connected to, the preliminary municipality.

905 (b) Roads on unincorporated land outside of the preliminary municipality area continue to be governed
by the provisions of Title 17, Chapter 79, County Land Use, Development, and Management Act.

908 (7) Before any development occurs within the preliminary municipality area or the preliminary
municipality submits a petition to transition to a town, the preliminary municipality shall select an
independent third-party engineer to review and approve all building permit applications within the
preliminary municipality to ensure compliance with the law.

913 (8) Chapter 2, Classification, Boundaries, Consolidation, and Dissolution of Municipalities, does not
apply to a preliminary municipality.

989 Section 13. Section 13 is enacted to read:

990 **10-2a-511. Applicability of provisions.**

991

HB0510S02 compared with HB0510S03

(1) Except as provided in Subsection (2), for a feasibility request filed in accordance with Section 10-2a-502 before May 6, 2026, the process to proceed to the incorporation of a preliminary municipality as described in this part shall be governed by the law that was in effect as of May 5, 2026.

995 (2) Subsection (1) does not apply to an applicant who filed a feasibility request before May 6, 2026, if the feasibility request was rejected or otherwise not accepted by the lieutenant governor and required to be refiled on or after May 6, 2026.

998 Section 14. **Effective date.**

Effective Date.

This bill takes effect on May 6, 2026.

3-6-26 4:33 PM