

Tiara Auxier proposes the following substitute bill:

Municipal Incorporation Modifications

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Tiara Auxier

Senate Sponsor:

LONG TITLE

General Description:

This bill modifies the process to incorporate as a preliminary municipality.

Highlighted Provisions:

This bill:

- defines terms and modifies definitions;
- requires an applicant to engage in good faith coordination with a county for 18 months before the applicant may file a feasibility request as part of an application to incorporate an area as a preliminary municipality;
- modifies the process for a person to apply to incorporate an area as a preliminary municipality by requiring a feasibility consultant to consider information the county provides to the feasibility consultant;
- authorizes a sponsor and a county to submit data, information, and analysis to the feasibility consultant;
- 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 nearby areas;
- modifies the requirements to file a petition for incorporation of a preliminary municipality, including:
 - modifying the requirements for a bond, cash deposit, or letter of credit;
 - requiring a property owner to include an executed improvement warranty; and
 - requiring a certification that the preliminary municipality will be developed in accordance with the description in the certified feasibility request; and
- makes technical and conforming changes.

Money Appropriated in this Bill:

None

29 **Other Special Clauses:**

30 None

31 **Utah Code Sections Affected:**

32 AMENDS:

33 **10-2a-501 (Effective 05/06/26) (Repealed 01/01/31)**, as last amended by Laws of Utah
34 2025, Chapter 39935 **10-2a-502 (Effective 05/06/26) (Repealed 01/01/31)**, as enacted by Laws of Utah 2024,
36 Chapter 53437 **10-2a-503 (Effective 05/06/26) (Repealed 01/01/31)**, as enacted by Laws of Utah 2024,
38 Chapter 53439 **10-2a-504 (Effective 05/06/26) (Repealed 01/01/31)**, as enacted by Laws of Utah 2024,
40 Chapter 53441 **10-2a-505 (Effective 05/06/26) (Repealed 01/01/31)**, as enacted by Laws of Utah 2024,
42 Chapter 53443 **10-2a-506 (Effective 05/06/26) (Repealed 01/01/31)**, as last amended by Laws of Utah
44 2025, Chapter 39945 **10-2a-507 (Effective 05/06/26) (Repealed 01/01/31)**, as enacted by Laws of Utah 2024,
46 Chapter 53447 **10-2a-508 (Effective 05/06/26) (Repealed 01/01/31)**, as enacted by Laws of Utah 2024,
48 Chapter 53449 **10-2a-509 (Effective 05/06/26) (Repealed 01/01/31)**, as enacted by Laws of Utah 2024,
50 Chapter 534

51 ENACTS:

52 **10-2a-502.5 (Effective 05/06/26)**, Utah Code Annotated 195353 **10-2a-505.5 (Effective 05/06/26)**, Utah Code Annotated 1953

54

55 *Be it enacted by the Legislature of the state of Utah:*56 Section 1. Section **10-2a-501** is amended to read:57 **10-2a-501 (Effective 05/06/26) (Repealed 01/01/31). Definitions.**

58 As used in this part:

59 (1) "Affordable housing" means housing occupied or reserved for occupancy by households
60 with a gross household income equal to or less than 80% of the median gross income of
61 the applicable municipal or county statistical area for households of the same size.62 (2) "Applicant" means an individual or person who applies to incorporate an area as a

- 63 preliminary municipality by filing a feasibility request.
- 64 [~~(2)~~] (3) "Board," in relation to a preliminary municipality, means the same as a council
- 65 described in Section 10-3b-402.
- 66 [~~(3)~~] (4) "Board chair," in relation to a preliminary municipality, means the same as a mayor
- 67 described in Section 10-3b-402.
- 68 (5) "Certified feasibility request" means the document that is certified by the lieutenant
- 69 governor under Section 10-2a-503.
- 70 [~~(4)~~] (6) "Contiguous" means the same as that term is defined in Section 10-2a-102.
- 71 [~~(5)~~] (7) "Feasibility consultant" means a person or firm:
- 72 (a) with expertise in the processes and economics of local government; and
- 73 (b) who is independent of, and not affiliated with, a county or a sponsor of a petition to
- 74 incorporate a preliminary municipality under this part.
- 75 [~~(6)~~] (8) "Feasibility request" means a request, described in Section 10-2a-502, for a
- 76 feasibility study for the proposed incorporation of a preliminary municipality.
- 77 (9) "Feasibility study" means an analysis of a certified feasibility request, as described in
- 78 Section 10-2a-504, conducted by a feasibility consultant.
- 79 (10) "Full-time" means 183 days a year or more.
- 80 [~~(7)~~] (11) "Initial landowners" means the persons who owned the land within the proposed
- 81 preliminary municipality area when the [~~person~~] applicant filed the feasibility request
- 82 under Section 20A-1-501.
- 83 [~~(8)~~] (12) "Municipal service" means the same as that term is defined in Section 10-2a-102.
- 84 [~~(9)~~] (13) "Pending annexation area" means an area proposed for annexation in an
- 85 annexation petition described in Section 10-2-806 that is filed before, and is still pending
- 86 when, a person files the applicable request for a feasibility study under Section
- 87 10-2a-502.
- 88 (14) "Population" means the number of individuals who are full-time residents of a defined
- 89 area.
- 90 [~~(10)~~] (15) "Primary sponsor contact" means:
- 91 (a) in relation to a feasibility request:
- 92 (i) the individual designated as the primary sponsor contact for a feasibility request
- 93 under Subsection 10-2a-502(5)(c); or
- 94 (ii) an individual designated, in writing, by the initial landowners if a replacement
- 95 primary sponsor contact is needed; or
- 96 (b) in relation to a petition for incorporation of a preliminary municipality:

- 97 (i) the individual designated as the primary sponsor contact for a petition for
 98 incorporation of a preliminary municipality under Subsection 10-2a-507(1)(d); or
 99 (ii) an individual designated, in writing, by the initial landowners if a replacement
 100 primary sponsor contact is needed.

101 ~~[(11)]~~ (16) "Private," in relation to real property, means taxable real property.

102 ~~[(12)]~~ (17) "Proposed preliminary municipality area" means the area proposed for
 103 incorporation as a preliminary municipality in a feasibility request.

104 ~~[(13)]~~ (18) "System infrastructure" means, as shown on the map or plat described in
 105 Subsection 10-2a-502(5)(e) for the proposed preliminary municipal area:

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

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

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

118 **10-2a-502 (Effective 05/06/26) (Repealed 01/01/31). Incorporation of a**
 119 **preliminary municipality -- Feasibility request -- Requirements.**

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

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

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

124 (b) A person filing a feasibility request shall designate an individual in the application
 125 who:

126 (i) has the authority to represent the person; and

127 (ii) will serve as the point of contact for the application.

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

130 (a) the area is contiguous;

- 131 (b) no part of the area is within a county of the first class or second class;
- 132 (c) no part of the area is within, or within .25 miles of, a municipality;
- 133 (d) on the day on which the ~~[person]~~ applicant files the feasibility request:
- 134 (i) the area is owned by no more than three persons, all of whom consent to
- 135 incorporation as a preliminary municipality; and
- 136 (ii) at least 50% of the area is undeveloped;
- 137 (e) the persons who sign the feasibility request intend to and, if the preliminary
- 138 municipality is incorporated, shall develop the area to the point that:
- 139 (i) at least 100 individuals reside full-time in the area;
- 140 (ii) the area will have an average population density of no less than seven individuals
- 141 per square mile, unless:
- 142 (A) a population density of less than seven individuals per square mile is
- 143 necessary in order to connect separate areas that share a demonstrable
- 144 community interest; and
- 145 (B) the average population of the area has a population density of no less than
- 146 seven individuals per square mile if the land necessary to connect the separate
- 147 areas described in Subsection (2)(e)(ii)(A) is not included in the calculation;
- 148 and
- 149 (iii) at least 10% of the housing in the preliminary municipality is affordable housing;
- 150 (f) the area does not include land owned by the United States government unless:
- 151 (i) the area, including the land owned by the United States government, is
- 152 contiguous; and
- 153 (ii)(A) incorporating the land is necessary to connect separate areas that share a
- 154 demonstrable community interest; or
- 155 (B) excluding the land from the area would create an unincorporated island within
- 156 the proposed preliminary municipality;
- 157 (g) the area is entirely within one county;
- 158 (h) the applicant has complied with Section 10-2a-502.5; and
- 159 ~~[(h)]~~ (i) the feasibility request complies with Subsection (3).
- 160 (3)(a) A proposed preliminary municipality area may not include all or part of a pending
- 161 annexation area, unless:
- 162 (i) the portion of the pending annexation area included in the proposed preliminary
- 163 municipality area does not exceed 20% of the proposed preliminary municipality
- 164 area; and

- 165 (ii) the feasibility request would comply with the requirements of this section
 166 regardless of whether the portion of the pending annexation area included in the
 167 proposed preliminary municipality area is excluded from, or remains included in,
 168 the proposed preliminary municipality area.
- 169 (b) A proposed preliminary municipality area may not include all or part of an area that
 170 is the subject of a completed feasibility study or supplemental feasibility study that
 171 qualifies to proceed under Subsection 10-2a-205(5)(a), unless ~~[(i)~~
 172 ~~the proposed incorporation that is the subject of the completed feasibility study or~~
 173 ~~supplemental feasibility study has been defeated by the voters at an election under~~
 174 ~~Section 10-2a-210; or]~~
 175 ~~[(ii)]~~ the time described in Subsection 10-2a-208(1) for filing an incorporation
 176 petition based on the completed feasibility study or supplemental feasibility study
 177 has elapsed without the sponsors filing an incorporation petition under Section
 178 10-2a-208.
- 179 (c) A proposed preliminary municipality area may not include all or part of an area that
 180 is the subject of a completed feasibility study or supplemental feasibility study whose
 181 results comply with Subsection 10-2a-504(4), unless the time described in Subsection
 182 10-2a-507(1) for filing a petition for incorporation based on the completed feasibility
 183 study or supplemental feasibility study has elapsed without the sponsors filing a
 184 petition for incorporation under Section 10-2a-507.
- 185 (4) Except as provided in Section 10-2a-505, the lieutenant governor shall consider each
 186 feasibility request that includes an area described in Subsection (3)(a) as if the request
 187 does not include the area described in Subsection (3)(a).
- 188 (5)(a) ~~[A person]~~ An applicant who files a feasibility request under this section shall file
 189 the feasibility request with the lieutenant governor, including in the feasibility request:
 190 ~~[(a)]~~ (i) the signatures of all owners of real property included in the proposed
 191 preliminary municipality area, showing that the owners consent to including the
 192 real property in the proposed preliminary municipality area;
 193 ~~[(b)]~~ (ii) the name, address, and phone number of each owner signing the feasibility
 194 request;
 195 ~~[(c)]~~ (iii) a designation of one individual who signs the feasibility request as the
 196 primary sponsor contact for the feasibility request;
 197 ~~[(d)]~~ (iv) a description of the proposed preliminary municipality area;
 198 ~~[(e)]~~ (v) an accurate map or plat, prepared by a licensed surveyor, showing:

- 199 [(i)] (A) a legal description of the boundaries of the proposed preliminary
200 municipality area and each phase of the proposed preliminary municipality
201 area;
- 202 [(ii)] (B) all development planned for the proposed preliminary municipality area;[
203 and]
- 204 [(iii)] (C) that the first phase of the proposed preliminary municipality area is
205 projected to have at least 100 full-time residents when completed;
- 206 (D) that at least 10% of all housing included in the planned development shall
207 qualify as affordable housing;
- 208 (E) that at least 10% of the development qualifies as open space; and
- 209 (F) that no more than 30% of all housing included in the planned development
210 shall be utilized for short-term rentals;
- 211 (vi) an explanation of how the applicant intends to ensure that the requirements of
212 Subsections (5)(a)(v)(D) and (E) will be met;
- 213 (vii) confirmation that the applicant has complied with the requirements of Section
214 10-2a-502.5 before filing; and
- 215 [(f)] (viii) a request that the lieutenant governor commission a study to determine the
216 feasibility of incorporating the area as a preliminary municipality.
- 217 (b) An applicant may provide development plans in the alternative in the feasibility
218 request by indicating which plan is the primary plan and which plans may be used if
219 there are market shifts or other market developments, if each plan meets the
220 requirements of Subsection (5)(a).
- 221 (c) A feasibility request described in Subsection (5)(a) may not include a material
222 change from the proposed development about which the applicant and county
223 engaged in good faith coordination, as described in Section 10-2a-502.5.
- 224 (6)(a) The provisions of this part, providing for the incorporation of a preliminary
225 municipality, is a pilot project that ends on January 1, 2031.
- 226 (b) Except as provided in Subsection (7), [~~a person~~] an applicant may not file a feasibility
227 request under this part in a calendar year during which two or more requests have
228 already been filed in the state.
- 229 (7) A feasibility request does not count towards the limit described in Subsection (6)(b) if:
230 (a) the sponsors who file the request withdraw the request;
231 (b) the lieutenant governor rejects the feasibility request under Subsection 10-2a-503(4)
232 or (5)(b), and the sponsors:

- 233 (i) do not timely amend the feasibility request under Subsection 10-2a-503(7)(b); or
 234 (ii) are prohibited from amending the feasibility request under Subsection
 235 10-2a-503(7)(c); or
 236 (c) the process to incorporate is prohibited from proceeding under Subsection [
 237 ~~10-2a-504(5)(a)~~] 10-2a-504(7)(a) and the sponsors:
 238 (i) do not timely file a modified feasibility request under Subsection
 239 10-2a-505(1)(b)(i); or
 240 (ii) are prohibited from filing a modified feasibility request under Subsection
 241 10-2a-505(3).

242 Section 3. Section **10-2a-502.5** is enacted to read:

243 **10-2a-502.5 (Effective 05/06/26). Good faith coordination with county required.**

- 244 (1) An applicant may not apply to incorporate an area as a preliminary municipality by
 245 filing a feasibility request in accordance with Section 10-2a-502 unless the applicant has
 246 already engaged in good faith coordination with the county about the planned
 247 development.
 248 (2) Good faith coordination under this section requires:
 249 (a) the applicant to submit, make, or propose:
 250 (i) a land use application, as defined in Section 17-79-102;
 251 (ii) a formal petition that a county rezone a particular area; or
 252 (iii) a development agreement between the applicant and the county;
 253 (b) the county to provide the applicant with a meaningful opportunity for the applicant to
 254 consult with county staff and officials about the planned development; and
 255 (c) both the applicant and the county:
 256 (i) to make reasonable efforts to find areas in which compromise is possible or
 257 alternative solutions may be found; and
 258 (ii) to identify the specific issues upon which the applicant and county are unable to
 259 reach a mutually agreeable solution, including the factors that make a mutually
 260 agreeable solution impossible or impractical.
 261 (3) The application, petition, or proposed development agreement described in Subsection
 262 (2)(a) shall make clear to the county:
 263 (a) what the applicant is proposing to do with land in the county;
 264 (b) what the applicant is requesting from the county in order to proceed; and
 265 (c) that the applicant intends to apply to incorporate an area as a preliminary
 266 municipality if the applicant and county are unable to reach a mutually agreeable

- 267 resolution.
- 268 (4) A county shall:
- 269 (a) accept an application described in Subsection (2)(a) if the application is complete, as
270 described in Section 17-79-803; and
- 271 (b)(i) accept a petition or proposed development agreement described in Subsection
272 (2)(a) for consideration if the petition or proposed development agreement is
273 sufficiently clear to begin good faith coordination with the applicant; or
- 274 (ii) provide a written explanation of why a petition or proposed development
275 agreement is not sufficiently clear, including what information the county requires
276 to render the petition or proposed development agreement sufficiently clear,
277 within 10 business days of the day on which the county receives the petition or
278 proposed development agreement.
- 279 (5)(a) No earlier than 18 months after the day on which an applicant takes the action
280 described in Subsection (2)(a), an applicant that intends to file a feasibility request
281 under Section 10-2a-502 may submit a request to the county that the county
282 acknowledge the good faith coordination between the applicant and the county.
- 283 (b) The applicant shall include in the request described in Subsection (5)(a):
- 284 (i) a description explaining that:
- 285 (A) the requirements of this section have been met; or
- 286 (B) the requirements of this section have been met but for the county's failure to
287 provide the applicant with a meaningful opportunity to consult or make
288 reasonable efforts to find compromise or alternative solutions, or both, as
289 required in Subsections (2)(b) and (c); and
- 290 (ii) that the applicant intends to file a feasibility request under Section 10-2a-502.
- 291 (c) A county that receives a request described in Subsection (5)(a) shall respond to the
292 request in writing within five business days:
- 293 (i) concurring with the applicant's assertion that the applicant and county have
294 engaged in good faith coordination, as described in this section, but have been
295 unable to reach a mutually agreeable solution;
- 296 (ii) disputing the applicant's assertion that the applicant and county have engaged in
297 good faith coordination; or
- 298 (iii) asserting that the county has engaged in good faith coordination but that the
299 applicant has failed to make reasonable efforts to find compromise or alternative
300 solutions.

- 301 (d) If Subsection (5)(c)(ii) or (iii) apply, the county shall provide a rationale for the
 302 county's dispute or assertion in the response described in Subsection (5)(c).
 303 (6) An applicant may file a feasibility request under Section 10-2a-502:
 304 (a) after the applicant receives the county's response, as described in Subsection (5)(c); or
 305 (b) if a county fails to timely respond, after the sixth business day following the day on
 306 which the applicant makes a request under Subsection (5)(a).

307 Section 4. Section **10-2a-503** is amended to read:

308 **10-2a-503 (Effective 05/06/26) (Repealed 01/01/31). Processing a feasibility**
 309 **request -- Certification or rejection -- Processing priority -- Determination by the Utah**
 310 **Population Committee.**

- 311 (1) Within 45 days after the day on which an individual files a feasibility request under
 312 Section 10-2a-502, the lieutenant governor shall:
 313 (a) determine whether the feasibility request complies with Section 10-2a-502; and
 314 (b) notify the clerk of the county where the proposed preliminary municipality area is
 315 located, in writing, of the determination made under Subsection (1)(a) and the
 316 grounds for the determination.
- 317 (2) A county clerk shall:
 318 (a) inform the lieutenant governor if the applicant does not meet the requirements of
 319 Subsection 10-2a-502.5(6); and
 320 (b) comply with a request by the lieutenant governor to provide information or a record
 321 to the lieutenant governor or to a sponsor of the feasibility request, to assist in
 322 complying with this part, within five calendar days after the day on which the
 323 lieutenant governor makes the request.
- 324 (3) If the lieutenant governor determines that the feasibility request complies with Section
 325 10-2a-502, the lieutenant governor shall:
 326 (a) certify the feasibility request; and
 327 (b) transmit written notification of the certification to:
 328 (i) the primary sponsor contact[;] ;
 329 (ii) the county clerk[;] ; and
 330 (iii) the Utah Population Committee.
- 331 (4) If the lieutenant governor determines that the feasibility request fails to comply with
 332 Section 10-2a-502, the lieutenant governor shall reject the feasibility request and notify
 333 the primary sponsor contact and the county clerk, in writing, of the rejection and the
 334 grounds for the rejection.

- 335 (5)(a) Within 20 days after the day on which the lieutenant governor transmits written
 336 notification under Subsection (3)(b), the Utah Population Committee shall:
- 337 (i) determine whether, based on the map or plat described in Subsection
 338 10-2a-502(5)(e), the proposed preliminary municipality will, when all phases of
 339 the map or plat are completed, likely comply with the population, population
 340 density, and contiguity requirements described in Section 10-2a-502; and
- 341 (ii) provide notice of the determination to the lieutenant governor and the county
 342 clerk.
- 343 (b) If the Utah Population Committee determines, under Subsection (5)(a)(i), that, when
 344 all phases of the plan or plat are completed, the proposed preliminary municipality
 345 will not likely comply with the population, population density, and contiguity
 346 requirements described in Section 10-2a-502, the lieutenant governor shall rescind
 347 the certification described in Subsection (3) and reject the feasibility request.
- 348 (6) The lieutenant governor shall certify or reject feasibility requests in the order in which
 349 the requests are filed.
- 350 (7)(a) If the lieutenant governor determines, under Subsection (4), that the feasibility
 351 request fails to comply with Section 10-2a-502, or rejects the feasibility request under
 352 Subsection (5)(b), the sponsors may, subject to Section 10-2a-505, amend the
 353 feasibility request to correct the deficiencies and refile the feasibility request with the
 354 lieutenant governor.
- 355 (b) Except as provided in Subsection (7)(c), the sponsors may submit an amended
 356 feasibility request within 90 days after the day on which the lieutenant governor
 357 makes the determination or rejection described in Subsection (7)(a).
- 358 (c) The sponsors may not submit an amended feasibility request more than once.
- 359 (d) The lieutenant governor shall consider a feasibility request that is amended and
 360 refiled under Subsection (7)(a) as a newly filed feasibility request and process the
 361 feasibility request in accordance with this section.
- 362 (8) Any individual in the Office of the Lieutenant Governor or on the Utah Population
 363 Committee who plays a role in the preliminary municipality approval process described
 364 in this part shall be independent of and not affiliated with an applicant or a sponsor of a
 365 petition to incorporate a preliminary municipality.
- 366 Section 5. Section **10-2a-504** is amended to read:
- 367 **10-2a-504 (Effective 05/06/26) (Repealed 01/01/31). Feasibility study --**
 368 **Feasibility study consultant -- Qualifications for proceeding with incorporation.**

- 369 (1)(a) Unless the lieutenant governor rescinds the certification under Subsection
370 10-2a-503(5)(b), the lieutenant governor shall, within 90 days after the day on which
371 the lieutenant governor certifies a feasibility request under Subsection
372 10-2a-503(3)(a), in accordance with Subsection (2), engage a feasibility consultant to
373 conduct a feasibility study on the proposed preliminary municipality, as the proposed
374 preliminary municipality is described in the certified feasibility request.
- 375 (b) If the primary sponsor desires that the feasibility study described in this section be
376 based off a development plan that is materially different than what is described in the
377 certified feasibility request:
- 378 (i) the primary sponsor shall notify the lieutenant governor and the lieutenant
379 governor shall rescind the certification of the feasibility request;
- 380 (ii) the primary sponsor is required to comply with Section 10-2a-502.5 regarding the
381 new development plan; and
- 382 (iii) the primary sponsor may submit a new feasibility request as described in Section
383 10-2a-502.
- 384 (2) The lieutenant governor shall:
- 385 (a) select a feasibility consultant in accordance with Title 63G, Chapter 6a, Utah
386 Procurement Code;
- 387 (b) ensure that the feasibility consultant:
- 388 (i) has expertise in the processes and economics of local government; ~~and~~
- 389 (ii) is not affiliated with a sponsor of the feasibility request or the county in which the
390 proposed municipality is located; and
- 391 (iii) comply with the relevant provisions of this part; and
- 392 (c) require the feasibility consultant to:
- 393 (i) submit a draft of the feasibility study to each applicable person with whom the
394 feasibility consultant is required to consult under Subsection (3)(c) within ~~[90]~~ 120
395 days after the day on which the lieutenant governor engages the feasibility
396 consultant to conduct the study;
- 397 (ii) allow each person to whom the consultant provides a draft under Subsection
398 (2)(c)(i) to review and provide comment on the draft;
- 399 (iii) submit on the same day a completed feasibility study, including a one-page
400 summary of the results, to the following within ~~[120]~~ 180 days after the day on
401 which the lieutenant governor engages the feasibility consultant to conduct the
402 feasibility study:

- 403 (A) the lieutenant governor;
- 404 (B) the county legislative body of the county in which the proposed preliminary
- 405 municipality area is located;
- 406 (C) the primary sponsor contact; and
- 407 (D) each person to whom the consultant provided a draft under Subsection (2)(c)(i);
- 408 and
- 409 (iv) attend the public hearings described in Section 10-2a-506 to present the
- 410 feasibility study results and respond to questions from the public.
- 411 (3)(a) The feasibility study shall include:
- 412 (i) an analysis of:
- 413 (A) the likely population and population density within the proposed preliminary
- 414 municipality area when all phases of the map or plat for the proposed
- 415 preliminary municipality area are completed;~~[-and]~~
- 416 (B) the population and population density of the area surrounding the proposed
- 417 preliminary municipality area on the day on which the feasibility request was
- 418 submitted; and
- 419 (C) any land use entitlements already established within the proposed preliminary
- 420 municipality area;
- 421 (ii) an analysis of the following, determined as if, at the time of the analysis, the
- 422 proposed [-]preliminary municipality area is incorporated as a town with a
- 423 population of 100 [~~people~~] individuals:
- 424 (A) the initial, [~~and projected~~]five-year, and 10-year projected demographics and
- 425 tax base within the boundaries of the proposed preliminary municipality area
- 426 and the surrounding area, including household size and income, commercial
- 427 and industrial development, and public facilities;
- 428 (B) subject to Subsection (3)(b), the initial, [~~and~~]five-year, and 10-year projected
- 429 cost of providing all municipal services to the proposed preliminary
- 430 municipality area, including administrative costs and the costs of public
- 431 infrastructure required to provide each municipal service to the proposed
- 432 preliminary municipality area;
- 433 (C) assuming the same tax categories and tax rates as imposed by the county and
- 434 all other current service providers at the time during which the feasibility
- 435 consultant prepares the feasibility study, the initial, [~~and~~]five-year, and
- 436 10-year projected revenue for the proposed preliminary municipality area;

- 437 (D) the risks and opportunities that might affect the actual costs described in
438 Subsection (3)(a)(ii)(B) or the revenues described in Subsection (3)(a)(ii)(C) of
439 the proposed preliminary municipality area;
- 440 (E) new revenue sources that may be available to the proposed preliminary
441 municipality area that are not available before the area incorporates, including
442 an analysis of the amount of revenues the proposed preliminary municipality
443 area might obtain from those revenue sources;
- 444 (F) the projected tax burden per household of any new taxes that may be levied
445 within the proposed preliminary municipality area within five and 10 years
446 after incorporation as a town; and
- 447 (G) the fiscal impact of the proposed preliminary municipality area's incorporation
448 as a town on unincorporated areas, other municipalities, special districts,
449 special service districts, and other governmental entities in the county; and
- 450 (iii) an analysis regarding whether sufficient water will be available to support the
451 proposed preliminary municipality area when the development of the area is
452 complete.
- 453 (b)(i) In calculating the projected costs under Subsection (3)(a)(ii)(B), the feasibility
454 consultant shall assume the proposed preliminary municipality area will provide a
455 level and quality of municipal services that fairly and reasonably approximate the
456 level and quality of municipal services that are provided to the area surrounding
457 the proposed preliminary municipality area at the time the feasibility consultant
458 conducts the feasibility study.
- 459 (ii) In calculating the current cost of a municipal service under Subsection
460 (3)(a)(ii)(B), the feasibility consultant shall consider:
- 461 (A) the amount it would cost the proposed preliminary municipality area to
462 provide the municipal service for the first five years and 10 years after the area
463 incorporates as a town; and
- 464 (B) the proposed or current municipal service provider's initial, [~~and~~]five-year,
465 and 10-year projected cost of providing the municipal service after the
466 proposed preliminary municipality area incorporates as a town.
- 467 (iii) In calculating costs under Subsection (3)(a)(ii)(B), the feasibility consultant shall
468 account for inflation and anticipated growth.
- 469 (c) In conducting the feasibility study, the feasibility consultant shall consult with the
470 following before submitting a draft of the feasibility study under Subsection (2)(c)(iii):

- 471 (i) if the proposed preliminary municipality will include lands owned by the United
 472 States federal government, the entity within the United States federal government
 473 that has jurisdiction over the land;
- 474 (ii) if the proposed preliminary municipality will include lands owned by the state,
 475 the entity within state government that has jurisdiction over the land;
- 476 (iii) each entity that provides, or is proposed to provide, a municipal service to a
 477 portion of the proposed preliminary municipality area;[-and]
- 478 (iv) each other special service district that provides, or is proposed to provide,
 479 services to a portion of the proposed preliminary municipality area[-] ; and
- 480 (v) the legislative body of the county in which the preliminary municipality area is
 481 located.
- 482 (4)(a) The legislative body of the county in which the preliminary municipality area is
 483 located may provide the feasibility consultant with data, information, and analysis the
 484 legislative body considers relevant to the feasibility study.
- 485 (b) Data, information, and analysis described in Subsection (4)(a) may include:
- 486 (i) areas in which the county and applicant were able to reach a mutually agreeable
 487 solution during the good faith coordination required by Section 10-2a-502.5;
- 488 (ii) information supporting or explaining the county's position in regard to issues
 489 upon which the applicant and county were unable to reach a mutually agreeable
 490 solution, including the factors that make a mutually agreeable solution impossible
 491 or impractical, during the good faith coordination required by Section 10-2a-502.5;
- 492 (iii) the county's assessment of the necessary system infrastructure to support the
 493 proposed development, including any fill and grading required before paved roads
 494 can be placed;
- 495 (iv) projected needs for future property tax increases;
- 496 (v) projected county costs in regard to development of the proposed preliminary
 497 municipality area, including development costs outside but adjacent to the
 498 proposed preliminary municipality area;
- 499 (vi) deferred maintenance costs in or near the proposed preliminary municipality
 500 area; and
- 501 (vii) unique factors about the county or the proposed preliminary municipality or
 502 both that may create a strain on county resources in the future.
- 503 (c) The feasibility consultant shall consider data, information, and analysis provided by
 504 the county under Subsection (4)(a), and use the data, information, and analysis in the

- 505 feasibility study in accordance with Subsection (5).
- 506 (5)(a) The analysis required by Subsection (3) shall be based on:
- 507 (i) data, information, and analysis that is objective, reliable, and grounded in
- 508 area-specific information from the preceding 10 years, including nearby areas; and
- 509 (ii) professional or market-based studies, including market absorption, pricing, and
- 510 existing available lots in the area and nearby areas.
- 511 (b) The feasibility consultant shall:
- 512 (i) only use data, information, or analysis provided by a sponsor or a county if the
- 513 feasibility consultant determines the data, information, or analysis can be
- 514 independently verified to meet the requirements of Subsection (5)(a); and
- 515 (ii) provide an explanation of the determination described in Subsection (5)(b)(i) in
- 516 the feasibility study.
- 517 [(4)] (6) If the five-year and 10-year projected revenues calculated under Subsection
- 518 (3)(a)(ii)(C) exceed the five-year and 10-year projected costs calculated under
- 519 Subsection (3)(a)(ii)(B) by more than 5%, the feasibility consultant shall project and
- 520 report the expected annual revenue surplus to:
- 521 (a) the primary sponsor contact;
- 522 (b) the legislative body of the county in which the preliminary municipality area is
- 523 located; and
- 524 (c) the lieutenant governor.
- 525 [(5)] (7)(a) Except as provided in Subsection [(5)(b)] (7)(b), if the results of the feasibility
- 526 study, or a supplemental feasibility study described in Section 10-2a-505, show that
- 527 the average annual amount of revenue calculated under Subsection (3)(a)(ii)(C) does
- 528 not exceed the average annual cost calculated under Subsection (3)(a)(ii)(B) by more
- 529 than 5%, the process to incorporate the area that is the subject of the feasibility study
- 530 or supplemental feasibility study may not proceed.
- 531 (b) Except as provided in Subsection 10-2a-505(3), the process to incorporate an area
- 532 described in Subsection [(5)(a)] (7)(a) may proceed if a subsequent supplemental
- 533 feasibility study conducted under Section 10-2a-505 for the proposed incorporation
- 534 demonstrates [eompliance with Subsection (5)(a)] that the average annual amount of
- 535 revenue calculated under Subsection (3)(a)(ii)(C) does exceed the average annual
- 536 cost calculated under Subsection (3)(a)(ii)(B) by more than 5%.
- 537 [(6)] (8) If the results of the feasibility study or revised feasibility study do not comply with
- 538 Subsection [(5)] (6), and if requested by the sponsors of the request, the feasibility

539 consultant shall, as part of the feasibility study or revised feasibility study, make
540 recommendations regarding how the proposed preliminary municipality area may be
541 altered to comply with Subsection [~~(5)~~] (7), unless the sponsors are precluded from
542 modifying the feasibility request under Subsection 10-2a-505(3).

543 [~~(7)~~] (9) The lieutenant governor shall post a copy of the feasibility study, and any
544 supplemental feasibility study described in Section 10-2a-505, on the lieutenant
545 governor's website and make a copy available for public review at the lieutenant
546 governor's office.

547 Section 6. Section **10-2a-505** is amended to read:

548 **10-2a-505 (Effective 05/06/26) (Repealed 01/01/31). Modified feasibility request**
549 **-- Supplemental feasibility study.**

550 (1)(a) The sponsors of a feasibility request may modify the request to alter the
551 boundaries of the proposed preliminary municipality area and refile the modified
552 feasibility request with the lieutenant governor if:

553 (i) the results of the feasibility study do not comply with Subsection [~~10-2a-504(5)(a)~~]
554 10-2a-504(7)(a); or

555 (ii)(A) the feasibility request complies with Subsection 10-2a-502(3)(a);

556 (B) the annexation petition described in Subsection 10-2a-502(3)(a) that proposed
557 the annexation of an area that is part of the proposed preliminary municipality
558 area has been denied; and

559 (C) a petition for incorporation described in Section 10-2a-507, based on the
560 feasibility request, has not been filed.

561 (b)(i) The sponsors of a feasibility request may not file a modified request under
562 Subsection (1)(a)(i) more than 90 days after the day on which the feasibility
563 consultant submits the final results of the feasibility study under Subsection
564 10-2a-504(2)(c)(iii).

565 (ii) The sponsors of a feasibility request may not file a modified request under
566 Subsection (1)(a)(ii) more than 18 months after filing the original feasibility
567 request under Section 10-2a-502.

568 (c) A modified feasibility request under Subsection (1)(a) shall comply with Subsections
569 10-2a-502(1) through (4).

570 (d) Within 20 days after the day on which the lieutenant governor receives the modified
571 request, the lieutenant governor shall follow the same procedure described in
572 Subsections 10-2a-503(1) through (4) for the modified feasibility request as for an

- 573 original feasibility request.
- 574 (2) The timely filing of a modified feasibility request under Subsection (1) gives the
575 modified feasibility request the same processing priority under Subsection 10-2a-503(6)
576 as the original feasibility request.
- 577 (3) The sponsors of a feasibility request may not file a modified feasibility request under
578 Subsection (1)(a)(i) more than once.
- 579 (4) Within 10 days after the day on which the county clerk receives a modified feasibility
580 request under Subsection (1)(a) that relates to a request for which a feasibility study has
581 already been completed, the lieutenant governor shall commission the feasibility
582 consultant who conducted the feasibility study to conduct a supplemental feasibility
583 study that accounts for the modified feasibility request.
- 584 (5) The lieutenant governor shall require the feasibility consultant to:
- 585 (a) comply with the requirement to:
- 586 (i) consider data, information, and analysis provided by the county as described in
587 Subsection 10-2a-504(4); and
- 588 (ii) only use data, information, and analysis that meets the requirements of
589 Subsection 10-2a-504(5);
- 590 (b) submit a draft of the supplemental feasibility study to each applicable person with
591 whom the feasibility consultant is required to consult under Subsection
592 10-2a-504(3)(c) within ~~[30]~~ 45 days after the day on which the feasibility consultant
593 is engaged to conduct the supplemental study;
- 594 ~~[(b)]~~ (c) allow each person to whom the consultant provided a draft under Subsection [
595 ~~(5)(a)]~~ (5)(b) to review and provide comment on the draft; and
- 596 ~~[(e)]~~ (d) submit on the same day a completed supplemental feasibility study, to the
597 following within ~~[45]~~ 60 days after the day on which the feasibility consultant is
598 engaged to conduct the feasibility study:
- 599 (i) the lieutenant governor;
- 600 (ii) the county legislative body of the county in which the incorporation is proposed;
- 601 (iii) the primary sponsor contact; and
- 602 (iv) each person to whom the consultant provided a draft under Subsection [~~(5)(a)]~~
603 (5)(b).
- 604 (6)(a) Subject to Subsections (3) and (6)(b), if the results of the supplemental feasibility
605 study do not comply with Subsection ~~[10-2a-504(4)]~~ 10-2a-504(5), the sponsors may
606 further modify the request in accordance with Subsection (1).

607 (b) Subsections (1)(d), (4), and (5) apply to a modified feasibility request described in
608 Subsection (6)(a).

609 (c) The lieutenant governor shall consider a modified feasibility request described in
610 Subsection (6)(a) as an original feasibility request for purposes of determining the
611 modified feasibility request's processing priority under Subsection 10-2a-503(6).

612 Section 7. Section **10-2a-505.5** is enacted to read:

613 **10-2a-505.5 (Effective 05/06/26). County audit of a feasibility study or**
614 **supplemental feasibility study.**

615 (1) Upon receipt of a complete feasibility study under Section 10-2a-504 or a complete
616 supplemental feasibility study under Section 10-2a-505, the county shall post the study
617 or a summary of the study on the county website within one business day of receipt.

618 (2) The county may, at the county's own cost, hire a consultant to:

619 (a) audit the feasibility study or supplemental feasibility study; and

620 (b) provide a written report on the feasibility study or supplemental feasibility study that
621 confirms or disputes the results of the study.

622 Section 8. Section **10-2a-506** is amended to read:

623 **10-2a-506 (Effective 05/06/26) (Repealed 01/01/31). Public hearings on feasibility**
624 **study results -- Notice of hearings.**

625 (1) If the results of the feasibility study or supplemental feasibility study comply with
626 Subsection [~~10-2a-504(4),~~] 10-2a-504(5), the lieutenant governor shall, after receipt of
627 the results of the feasibility study or supplemental feasibility study, conduct public
628 hearings in accordance with this section.

629 (2)(a) If a portion of the proposed preliminary municipality area is approved for
630 annexation after the feasibility study or supplemental feasibility study is conducted
631 but before the lieutenant governor conducts a public hearing under Subsection (4),
632 the lieutenant governor may not conduct the public hearing under Subsection (4)
633 unless:

634 (i) the sponsors of the feasibility study file a modified feasibility request in
635 accordance with Section 10-2a-505; and

636 (ii) the results of the supplemental feasibility study comply with Subsection
637 10-2a-504(4).

638 (b) For purposes of Subsection (2)(a), an area is approved for annexation if a municipal
639 legislative body:

640 (i) approves an annexation petition proposing the annexation of an area that is part of

- 641 the proposed preliminary municipality area under Section 10-2-810 or 10-2-811; or
642 (ii) adopts an ordinance approving the annexation of an area that is part of the
643 proposed preliminary municipality area under Section 10-2-812.
- 644 (3) The lieutenant governor shall conduct a public hearing:
- 645 (a) within 60 days after the day on which the lieutenant governor receives the results
646 under Subsection (1) or (2)(a)(ii);
- 647 (b) at a location within or near the proposed preliminary municipality; and
- 648 (c) to allow the feasibility consultant to present the results of the feasibility study and
649 inform the public about the results.
- 650 (4) The lieutenant governor shall:
- 651 (a) conduct an additional public hearing following each occasion when, after the day of
652 the initial public hearing, the lieutenant governor receives the results of a
653 supplemental feasibility study that comply with Subsection 10-2a-504(4); and
- 654 (b) hold the public hearing described in Subsection (4)(a):
- 655 (i) within 30 days after the day on which the lieutenant governor receives the results
656 of the supplemental feasibility study;
- 657 (ii) at a location within or near the proposed preliminary municipality;
- 658 (iii) to inform the public that the feasibility presented to the public at the preceding
659 public hearing does not apply; and
- 660 (iv) to allow the feasibility consultant to present the results of the supplemental
661 feasibility study and inform the public about the results.
- 662 (5) At each public hearing required under this section, the lieutenant governor shall:
- 663 (a) provide a map or plat of the boundary of the proposed preliminary municipality;
- 664 (b) provide a copy of the applicable feasibility study for public review;
- 665 (c) allow members of the public to express views about the proposed preliminary
666 municipality, including views about the proposed boundaries; and
- 667 (d) allow the public to ask the feasibility consultant questions about the applicable
668 feasibility study.
- 669 (6) The lieutenant governor shall publish notice of each public hearing required under this
670 section for the proposed preliminary municipality area, as a class B notice under Section
671 63G-30-102, for at least three weeks before the day of the public hearing.
- 672 (7)(a) Except as provided in Subsection (7)(b), for a hearing described in this section,
673 the notice described in Subsection (6) shall:
- 674 (i) include the feasibility study summary described in Subsection 10-2a-504(2)(c)(iii);

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

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

- 681 (i) the lieutenant governor's website;
- 682 (ii) the lieutenant governor's office; and
- 683 (iii) a mailing address and telephone number.

684 Section 9. Section **10-2a-507** is amended to read:

685 **10-2a-507 (Effective 05/06/26) (Repealed 01/01/31). Petition for incorporation --**
 686 **Requirements and form.**

- 687 (1) At any time within one year after the day on which the lieutenant governor completes
 688 the public hearings required under Section 10-2a-506, the owners of the property who
 689 filed the feasibility request under Section 10-2a-502 for the proposed preliminary
 690 municipality area may proceed with the incorporation process by filing a petition for
 691 incorporation of the proposed preliminary municipality that:
- 692 (a) includes the typed or printed name, signature, address, and phone number of the
 693 initial landowners;
 - 694 (b) describes the proposed preliminary municipality area, as described in the feasibility
 695 request or the modified feasibility request;
 - 696 (c) demonstrates compliance with Subsection [~~10-2a-504(4)~~] 10-2a-504(5);
 - 697 (d) states the proposed name for the proposed preliminary municipality;
 - 698 (e) designates the primary sponsor contact for the proposed preliminary municipality;
 - 699 (f) designates the board chair and three of the four board members who will serve as a
 700 five member council form of government for the preliminary municipality, described
 701 in Section 10-3b-402, for the preliminary municipality;
 - 702 (g) is accompanied by an accurate map or plat, prepared by a licensed surveyor, that
 703 conforms to the information, including planning and phasing, that was included in the
 704 certified feasibility request showing:
 - 705 (i) the boundaries of the proposed preliminary municipality;
 - 706 (ii) a single development plan for the proposed municipality, depicting each phase of
 707 the development; and
 - 708 (iii) the structure that will serve as a municipal building or community center where

- 709 preliminary municipality or future incorporated town business or operations may
 710 be conducted, which shall be completed in the first phase of the development;
- 711 (h) is accompanied by a bond, cash deposit, or letter of credit that:
- 712 (i) is posted by the initial landowners;
- 713 (ii) is in favor of the county in which the preliminary municipality area is located, up
 714 and until the time the preliminary municipality is incorporated as a town, to
 715 guarantee that the initial landowners will complete any infrastructure for which
 716 construction has begun or which is necessary, under state law or county ordinance,
 717 for any developed parcels;
- 718 [(ii)] (iii) is in favor of the town that is incorporated from the proposed preliminary
 719 municipality, to guarantee that the initial landowners will complete the system
 720 infrastructure no later than six years after the day on which the initial landowners
 721 file the petition for incorporation described in this section;[-and]
- 722 [(iii)] (iv) meets the requirements of Subsection (4);
- 723 (v) is held by an institution independent from the sponsor; and
- 724 (vi) will be refunded to the initial landowners in percentages that reflect the progress
 725 toward completing the system infrastructure;[-and]
- 726 (i) is accompanied by an executed improvement warranty for the improvement warranty
 727 period, which may be a cash deposit, surety bond, letter of credit, or other similar
 728 security, as required by the county, in the amount of up to 10% of the lesser of the:
 729 (i) county engineer's estimated cost of completion; or
 730 (ii) the initial landowner's reasonable proven cost of completion;
- 731 (j) is accompanied by payment in full, from the initial landowners, of the costs incurred
 732 by the lieutenant governor for the feasibility study, the public notices, the hearings,
 733 and the other expenses incurred by the lieutenant governor to comply with the
 734 requirements of this part in relation to the proposed preliminary municipality[-:]; and
- 735 (k) includes a signed certification indicating that the sponsor will develop the
 736 preliminary municipality in accordance with the description in the certified feasibility
 737 request, or an alternate description included in the certified feasibility request, subject
 738 to conditions identified in the final feasibility study, including the overall master plan
 739 layout, number of housing units, build schedule phasing, affordable housing
 740 requirements, and structure described in Subsection (1)(g)(iii).
- 741 (2)(a) If, within six years after the day on which the initial landowners file a petition for
 742 incorporation under Subsection (1), the system infrastructure for the preliminary

743 municipality is not completed, the portion of the bond, cash deposit, or letter of credit
 744 described in Subsection (1)(h) that has not been refunded to the initial landowners
 745 shall forfeit to~~[the preliminary municipality]~~ :

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

747 (ii) the town.

748 (b) If, within the improvement warranty period, an improvement is not completed, fails,
 749 or is demonstrated to be faulty or substandard, the executed improvement warranty
 750 described in Subsection (1)(i) shall forfeit to:

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

752 (ii) the town.

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

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

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

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

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

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

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

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

770 (5) The improvement warranty period and improvement warranty described in Subsection
 771 (1)(i) shall be determined by the county for each type of improvement, according to the
 772 same standards and requirements the county utilizes under Sections 17-79-707 and
 773 17-79-805.

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

775 **10-2a-508 (Effective 05/06/26) (Repealed 01/01/31). Processing of petition by**
 776 **lieutenant governor -- Certification or rejection -- Petition modification.**

- 777 (1) Within 45 days after the day on which a petition for incorporation is filed under Section
 778 10-2a-507, the lieutenant governor shall:
- 779 (a) determine whether the petition for incorporation complies with Section 10-2a-507;
 780 and
- 781 (b)(i) if the lieutenant governor determines that the petition for incorporation
 782 complies with Section 10-2a-507, incorporate the preliminary municipality, issue
 783 a certificate of incorporation, and appoint the board chair and three board
 784 members designated under Subsection [~~10-2a-507(1)(e)~~] 10-2a-507(1)(f); or
- 785 (ii) if the lieutenant governor determines that the petition for incorporation fails to
 786 comply with Section 10-2a-507, reject the petition for incorporation and notify the
 787 primary sponsor contact in writing of the rejection and the reasons for the
 788 rejection.
- 789 (2)(a) If the lieutenant governor rejects a petition for incorporation under Subsection
 790 (1)(b)(ii), the sponsors of the petition for incorporation may correct the deficiencies
 791 for which the petition for incorporation was rejected and refile the petition for
 792 incorporation with the lieutenant governor.
- 793 (b) Notwithstanding the deadline described in Subsection 10-2a-507(1), the sponsors of
 794 the petition for incorporation may file a modified petition for incorporation under
 795 Subsection (2)(a) no later than 30 days after the day on which the lieutenant governor
 796 notifies the primary sponsor contact of the rejection under Subsection (1)(b)(ii).
- 797 (3)(a) Within 20 days after the day on which the lieutenant governor receives a modified
 798 petition for incorporation under Subsection (2)(a), the lieutenant governor shall
 799 review the modified petition for incorporation in accordance with Subsection (1).
- 800 (b) The sponsors of a petition for incorporation may not modify the petition for
 801 incorporation more than once.
- 802 Section 11. Section **10-2a-509** is amended to read:
- 803 **10-2a-509 (Effective 05/06/26) (Repealed 01/01/31). Governance of preliminary**
 804 **municipality -- Utilities -- Road maintenance.**
- 805 (1)(a) Within 30 days after the day on which the lieutenant governor issues a certificate
 806 of incorporation described in Subsection 10-2a-508(1)(b)(i), the county in which the
 807 preliminary municipality is located shall appoint one board member for the
 808 preliminary municipality.
- 809 (b) If the county fails to timely comply with Subsection (1)(a), the board chair and the
 810 three board members appointed under Subsection 10-2a-508(1)(b)(i) shall, by

- 811 majority vote, appoint the final board member.
- 812 (2) The board chair and board members, described in Subsection (1), of a preliminary
813 municipality:
- 814 (a) are not required to be residents of the preliminary municipality; and
815 (b) shall serve as the board for the preliminary municipality until replaced by election
816 under Section 10-2a-510.
- 817 (3)(a) Within 14 days after the day on which the first residential certificate of occupancy
818 is issued for the development described in Subsection 10-2a-503(5)(e), the engineer
819 described in Subsection 10-2a-509(6), shall notify the county and the lieutenant
820 governor, in writing:
- 821 (i) that the first residential certificate of occupancy has been issued for the
822 preliminary municipality;
- 823 (ii) of the date on which the first residential certificate of occupancy was issued; and
824 (iii) of the physical address for which the first residential certificate of occupancy
825 was issued.
- 826 (b) No later than the next municipal general election, or regular general election, that is
827 at least 30 days after the date described in Subsection (3)(a)(ii), the initial landowners
828 shall:
- 829 (i) replace the board chair or a board member with an individual who is a resident of
830 the preliminary municipality; and
831 (ii) notify the county and the lieutenant governor of the appointment, in writing.
- 832 (4)(a) Subject to Subsection (4)(b), a preliminary municipality has all the powers and
833 duties of a municipality.
- 834 (b) A preliminary municipality:
- 835 (i) may not impose a tax;
- 836 (ii) may enter into an interlocal agreement with a special district to provide utility
837 services to the preliminary municipality;
- 838 (iii) has the same authority as another municipality to make decisions regarding
839 zoning and land use;
- 840 (iv) may not receive an allocation of sales tax or gas tax; and
841 (v) may not exercise eminent domain authority.
- 842 (5) As needed, the county shall provide all services and utility connections to the
843 preliminary municipality that the county provides other areas in the county if the
844 preliminary municipality:

- 845 (a) pays the uniformly assessed rates for the services and utilities and reasonable
846 connection fees; and
- 847 (b) complies with the county's established regulations and specifications for the
848 construction and connection of the local improvements.
- 849 (6)(a) The preliminary municipality and subsequently incorporated town shall maintain
850 and repair, or cause to be maintained and repaired, any roadway that, on the day on
851 which the individual filed the feasibility request under Section 10-2a-502:
- 852 [~~(a)~~] (i) existed within the preliminary municipality;
- 853 [~~(b)~~] (ii) was within a public right of way that abuts the preliminary municipality; or
- 854 [~~(c)~~] (iii) was within 1/2 mile of the preliminary municipality and connected to, or
855 was proposed in the feasibility request to be connected to, the preliminary
856 municipality.
- 857 (b) Roads on unincorporated land outside of the preliminary municipality area continue
858 to be governed by the provisions of Title 17, Chapter 79, County Land Use,
859 Development, and Management Act.
- 860 (7) Before any development occurs within the preliminary municipality area or the
861 preliminary municipality submits a petition to transition to a town, the preliminary
862 municipality shall select an independent third-party engineer to review and approve all
863 building permit applications within the preliminary municipality to ensure compliance
864 with the law.
- 865 (8) Chapter 2, Classification, Boundaries, Consolidation, and Dissolution of Municipalities,
866 does not apply to a preliminary municipality.
- 867 Section 12. **Effective Date.**
- 868 This bill takes effect on May 6, 2026.