

James A. Dunnigan proposes the following substitute bill:

**Higher Education Development Areas**

2025 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Chris H. Wilson**

House Sponsor: Steve Eliason

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**LONG TITLE**

**General Description:**

This bill enacts provisions relating to the development of property owned by certain higher education institutions.

**Highlighted Provisions:**

This bill:

- authorizes certain higher education institutions to designate a development area consisting of property owned by the institution;
- provides a process for an institution to adopt a resolution designating a development area;
- requires an institution to establish a fund for revenue from the development area and provides for uses of money in the fund;
- provides limitations on a member of the board of trustees regarding participation in development actions and requires a member of a board of trustees to disclose a conflict before the board of trustees approves a development agreement;
- requires payment of privilege tax on leased property within a development area and describes the method for a county treasurer to distribute privilege tax revenue to the institution; and
- requires the board of trustees to provide an annual report to the Higher Education Appropriations Subcommittee for each development area.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides a special effective date.

**Utah Code Sections Affected:**

ENACTS:

**53B-20-108**, Utah Code Annotated 1953

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

Section 1. Section **53B-20-108** is enacted to read:

**53B-20-108 . Development of university property.**

(1) As used in this section:

- (a) "Board of trustees" means the board of trustees of an eligible university.
- (b) "Conflict" means a situation in which a board of trustees member or a family member of a board of trustees member will or is likely to receive a direct financial benefit because of the development of eligible university property within a development area.
- (c) "Designation resolution" means a board of trustees' resolution designating eligible university property as a development area.
- (d) "Development action" means:
  - (i) a board of trustees' deliberations on whether to adopt a designation resolution;
  - (ii) a board of trustees' adoption of a designation resolution;
  - (iii) a board of trustees' deliberations on whether to approve a development agreement; or
  - (iv) a board of trustees' approval of a development agreement.
- (e) "Development agreement" means an agreement between an eligible university and a development partner that governs the development of eligible university property within a development area.
- (f) "Development area" means a single, contiguous area that:
  - (i) consists only of eligible university property;
  - (ii) is no larger than 75 acres; and
  - (iii) the board of trustees designates for development or redevelopment in a designation resolution under this section.
- (g) "Development fund" means the fund described in and established under Subsection (4).
- (h) "Development partner" means a person who enters into a development agreement with an eligible university to develop or redevelop eligible university property within a development area.
- (i) "Direct financial benefit":
  - (i) means any form of financial benefit that accrues to an individual directly, including:

- 63           (A) compensation, commission, or any other form of a payment or increase of  
64           money; and
- 65           (B) an increase in the value of a business or property; and  
66           (ii) does not include a financial benefit that accrues to the public generally.
- 67           (j) "Eligible university" means an institution of higher education listed in Subsection  
68           53B-1-102(1)(a).
- 69           (k) "Eligible university property" means real property owned by an eligible university ~~Ĥ~~→  
69a           as of January 1, 2025 ←Ĥ .
- 70           (l) "Family member" means a parent, spouse, sibling, child, or grandchild.
- 71           (m) "Leased property" means eligible university property that:  
72           (i) is within a development area; and  
73           (ii) an eligible university leases to a private person.
- 74           (n) "Privilege tax" means a tax imposed under Section 59-4-101.
- 75           (2)(a) Except as provided in Subsection (2)(f), before January 1, 2035, an eligible  
76           university may, by resolution of the eligible university's board of trustees, designate  
77           eligible university property as a development area.
- 78           (b) Before adopting a designation resolution, a board of trustees shall:  
79           (i) obtain approval from the Utah Board of Higher Education of the geographic area  
80           proposed to be designated as a development area; and  
81           (ii) after obtaining approval from the Utah Board of Higher Education under  
82           Subsection (2)(b)(i):  
83           (A) provide notice of the public hearing required under Subsection (2)(b)(ii)(B),  
84           as required for a class A notice under Section 63G-30-102, for at least seven  
85           days before the day of the public hearing; and  
86           (B) hold a public hearing on the proposed adoption of a designation resolution.
- 87           (c) A notice under Subsection (2)(b)(ii)(A) shall include a copy of the proposed  
88           designation resolution.
- 89           (d) A designation resolution, including a proposed designation resolution that  
90           accompanies a notice under Subsection (2)(b)(ii)(A), shall:  
91           (i) accurately describe the boundary of the proposed development area;  
92           (ii) describe the development that is proposed to occur in the proposed development  
93           area; and  
94           (iii) estimate the amount and sources of revenue the eligible university expects to  
95           receive from the development area.

- 96 (e) Before adopting a designation resolution, a board of trustees may modify the  
 97 proposed designation resolution to:  
 98 (i) address concerns raised in a public hearing held under Subsection (2)(b)(ii)(B); or  
 99 (ii) clarify or adjust provisions of the proposed designation resolution, as the board of  
 100 trustees considers appropriate.
- 101 (f) A board of trustees may not adopt a designation resolution if:  
 102 (i) the board of trustees has previously adopted a designation resolution; or  
 103 (ii) the area in the proposed development area would overlap with part or all of:  
 104 (A) a community reinvestment project area created under Title 17C, Chapter 5,  
 105 Part 1, Community Reinvestment Project Area Plan, as that project area exists  
 106 on ~~Ĥ~~ [May 7, 2025] January 1, 2025 ~~Ĥ~~ ; or  
 107 (B) a housing and transit reinvestment zone created under Title 63N, Chapter 3,  
 108 Part 6, Housing and Transit Reinvestment Zone Act, as that zone exists on ~~Ĥ~~ [  
 108a May] ~~Ĥ~~  
 109 ~~Ĥ~~ [7, 2025] January 1, 2025 ~~Ĥ~~ .
- 110 (3) Within 30 days after a board of trustees' adoption of a designation resolution, the board  
 111 of trustees or the board of trustees' delegee shall deliver a copy of the designation  
 112 resolution to:  
 113 (a) the clerk of the municipality in which the development area that is the subject of the  
 114 designation resolution is located; and  
 115 (b) the assessor, treasurer, and auditor of the county in which the development area that  
 116 is the subject of the designation resolution is located.
- 117 (4)(a) Upon adoption of a designation resolution, a board of trustees shall establish a  
 118 separate fund related to the development area that is the subject of the designation  
 119 resolution.
- 120 (b) An eligible university shall deposit into a development fund all money the eligible  
 121 university receives from the development and lease of eligible university property  
 122 within a development area.
- 123 (c) Money in a development fund shall be accounted for separately from any other fund  
 124 of the eligible university.
- 125 (d) An eligible university may use money in a development fund for:  
 126 (i) expenses associated with the development of the development area;  
 127 (ii) capital facility projects of the eligible university;  
 128 (iii) operation and maintenance costs associated with capital facilities of the eligible

- 129                    university; or
- 130                    (iv) any other eligible university-related purpose.
- 131                    (5) An eligible university may enter into a development agreement.
- 132                    (6)(a) A board of trustees member may not participate in a development action if the
- 133                    board of trustees member or a family member of the board of trustees member owns
- 134                    an interest in, is directly affiliated with, or is an employee or officer of a private firm,
- 135                    private company, or other private entity that the board of trustees member reasonably
- 136                    believes is likely to participate in or receive a direct financial benefit from the
- 137                    development of land that is the subject of a development agreement.
- 138                    (b) Before the board of trustees approves a development agreement, the board of trustees
- 139                    shall require any member with a conflict to disclose the conflict in writing to the
- 140                    board of trustees.
- 141                    (c) Nothing in this Subsection (6) affects the application or effect of any other code
- 142                    provision applicable to a board of trustees member relating to ethics or conflicts of
- 143                    interest.
- 144                    (7)(a) Beginning January 1 of the year immediately following the execution of a
- 145                    development agreement, the possession or other beneficial use enjoyed by a person of
- 146                    leased property that is located within the development area subject to the
- 147                    development agreement shall be subject to Title 59, Chapter 4, Privilege Tax, if that
- 148                    leased property is used in connection with a business conducted for profit.
- 149                    (b) The treasurer of the county in which the leased property described in Subsection
- 150                    (7)(a) is located shall, in the manner and at the time provided in Section 59-2-1365:
- 151                    (i) collect privilege tax from a lessee of the leased property; and
- 152                    (ii) distribute 80% of the privilege tax revenue to the eligible university.
- 153                    (8)(a) A board of trustees shall present a written report to the Higher Education
- 154                    Appropriations Subcommittee no later than September 30 of each year after the board
- 155                    of trustees' adoption of a designation resolution.
- 156                    (b) A report under Subsection (8)(a) shall:
- 157                    (i) describe the development taking place or expected to take place within the
- 158                    development area; and
- 159                    (ii) provide a summary of money deposited into and expended from the development
- 160                    fund for that development area.

161                    **Section 2. Effective Date.**

162                    This bill takes effect:

- 163     (1) except as provided in Subsection (2), May 7, 2025; or  
164     (2) if approved by two-thirds of all members elected to each house:  
165         (a) upon approval by the governor;  
166         (b) without the governor's signature, the day following the constitutional time limit of  
167             Utah Constitution, Article VII, Section 8; or  
168         (c) in the case of a veto, the date of veto override.