

Higher Education Development Areas

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Chris H. Wilson

House Sponsor: Steve Eliason

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:

28 **53B-20-108**, Utah Code Annotated 1953

29
30 *Be it enacted by the Legislature of the state of Utah:*

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

32 **53B-20-108 . Development of university property.**

33 (1) As used in this section:

- 34 (a) "Board of trustees" means the board of trustees of an eligible university.
- 35 (b) "Conflict" means a situation in which a board of trustees member or a family
36 member of a board of trustees member will or is likely to receive a direct financial
37 benefit because of the development of eligible university property within a
38 development area.
- 39 (c) "Designation resolution" means a board of trustees' resolution designating eligible
40 university property as a development area.
- 41 (d) "Development action" means:
42 (i) a board of trustees' deliberations on whether to adopt a designation resolution;
43 (ii) a board of trustees' adoption of a designation resolution;
44 (iii) a board of trustees' deliberations on whether to approve a development
45 agreement; or
46 (iv) a board of trustees' approval of a development agreement.
- 47 (e) "Development agreement" means an agreement between an eligible university and a
48 development partner that governs the development of eligible university property
49 within a development area.
- 50 (f) "Development area" means a single, contiguous area that:
51 (i) consists only of eligible university property;
52 (ii) is no larger than 75 acres; and
53 (iii) the board of trustees designates for development or redevelopment in a
54 designation resolution under this section.
- 55 (g) "Development fund" means the fund described in and established under Subsection
56 (4).
- 57 (h) "Development partner" means a person who enters into a development agreement
58 with an eligible university to develop or redevelop eligible university property within
59 a development area.
- 60 (i) "Direct financial benefit":
61 (i) means any form of financial benefit that accrues to an individual directly,

- 62 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 as
- 70 of January 1, 2025.
- 71 (l) "Family member" means a parent, spouse, sibling, child, or grandchild.
- 72 (m) "Leased property" means eligible university property that:
- 73 (i) is within a development area; and
- 74 (ii) an eligible university leases to a private person.
- 75 (n) "Privilege tax" means a tax imposed under Section 59-4-101.
- 76 (2)(a) Except as provided in Subsection (2)(f), before January 1, 2035, an eligible
- 77 university may, by resolution of the eligible university's board of trustees, designate
- 78 eligible university property as a development area.
- 79 (b) Before adopting a designation resolution, a board of trustees shall:
- 80 (i) obtain approval from the Utah Board of Higher Education of the geographic area
- 81 proposed to be designated as a development area; and
- 82 (ii) after obtaining approval from the Utah Board of Higher Education under
- 83 Subsection (2)(b)(i):
- 84 (A) provide notice of the public hearing required under Subsection (2)(b)(ii)(B),
- 85 as required for a class A notice under Section 63G-30-102, for at least seven
- 86 days before the day of the public hearing; and
- 87 (B) hold a public hearing on the proposed adoption of a designation resolution.
- 88 (c) A notice under Subsection (2)(b)(ii)(A) shall include a copy of the proposed
- 89 designation resolution.
- 90 (d) A designation resolution, including a proposed designation resolution that
- 91 accompanies a notice under Subsection (2)(b)(ii)(A), shall:
- 92 (i) accurately describe the boundary of the proposed development area;
- 93 (ii) describe the development that is proposed to occur in the proposed development
- 94 area; and
- 95 (iii) estimate the amount and sources of revenue the eligible university expects to

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

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

162 **Section 2. Effective Date.**

163 This bill takes effect:

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