

Chris H. Wilson 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:**

None

**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.
- 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 May 7, 2025; 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 May
- 109               7, 2025.
- 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 on May 7, 2025.