

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

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.
- 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:

- 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.