

Senator Chris H. Wilson proposes the following substitute bill:

HIGHER EDUCATION DEVELOPMENT AREAS

2024 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;
- ▶ requires the approval of the institution's board of trustees before the institution may adopt a development agreement;
- ▶ provides limitations on a board member's participation in development actions and requires a board member to disclose a conflict before the board approves a development agreement; and
- ▶ requires the board to provide an annual report to the Higher Education Appropriations Subcommittee for each development area.



26 **Money Appropriated in this Bill:**

27 None

28 **Other Special Clauses:**

29 None

30 **Utah Code Sections Affected:**

31 ENACTS:

32 **53B-20-107**, Utah Code Annotated 1953

33

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

35 Section 1. Section **53B-20-107** is enacted to read:

36 **53B-20-107. Development of university property.**

37 (1) As used in this section:

38 (a) "Board" means the board of trustees of an eligible university.

39 (b) "Conflict" means a situation in which a board member or a family member of a
40 board member will or is likely to receive a direct financial benefit because of the development
41 of eligible university property within a development area.

42 (c) "Designation resolution" means a board resolution designating eligible university
43 property as a development area.

44 (d) "Development action" means:

45 (i) board deliberations on whether to adopt a designation resolution;

46 (ii) the board's adoption of a designation resolution;

47 (iii) board deliberations on whether to approve a development agreement; or

48 (iv) the board's approval of a development agreement.

49 (e) "Development agreement" means an agreement governing the development of
50 eligible university property within a development area.

51 (f) "Development area" means an area consisting of eligible university property that the
52 eligible university designates for development in a designation resolution, as provided in this
53 section.

54 (g) "Development fund" means the fund described in and established under Subsection
55 (4).

56 (h) "Direct financial benefit":

- 57 (i) means any form of financial benefit that accrues to an individual directly, including:
58 (A) compensation, commission, or any other form of a payment or increase of money;
59 and
60 (B) an increase in the value of a business or property; and
61 (ii) does not include a financial benefit that accrues to the public generally.
62 (i) "Eligible university" means an institution of higher education listed in Subsection
63 53B-1-102(1)(a).
64 (j) "Eligible university property" means real property owned by an eligible university.
65 (k) "Family member" means a parent, spouse, sibling, child, or grandchild.
66 (l) "Leased property" means eligible university property that:
67 (i) is within a development area; and
68 (ii) an eligible university leases to a private person.
69 (2) (a) An eligible university may, by resolution of the board, designate eligible
70 university property as a development area.
71 (b) Before adopting a designation resolution, a board shall:
72 (i) provide notice of the public hearing required under Subsection (2)(b)(ii), as required
73 for a class A notice under Section 63G-30-102, for at least seven days before the day of the
74 public hearing; and
75 (ii) hold a public hearing on the proposed adoption of a designation resolution.
76 (c) A notice under Subsection (2)(b)(i) shall include a copy of the proposed designation
77 resolution.
78 (d) A designation resolution, including a proposed designation resolution that
79 accompanies a notice under Subsection (2)(b)(i), shall:
80 (i) accurately describe the boundary of the proposed development area;
81 (ii) describe the development that is proposed to occur in the proposed development
82 area; and
83 (iii) estimate the amount and sources of revenue the eligible university expects to
84 receive from the development area.
85 (e) Before adopting a designation resolution, a board may modify the proposed
86 designation resolution to:
87 (i) address concerns raised in a public hearing held under Subsection (2)(b)(ii); or

88 (ii) clarify or adjust provisions of the proposed designation resolution, as the board
89 considers appropriate.

90 (3) Within 30 days after the board's adoption of a designation resolution, the board or
91 the board's delegee shall deliver a copy of the designation resolution to:

92 (a) the clerk of the municipality in which the development area that is the subject of the
93 designation resolution is located; and

94 (b) the assessor and treasurer of the county in which the development area that is the
95 subject of the designation resolution is located.

96 (4) (a) Upon adoption of a designation resolution, a board shall establish a separate
97 fund related to the development area that is the subject of the designation resolution.

98 (b) An eligible university shall deposit into a development fund all money the eligible
99 university receives from the development and lease of eligible university property within a
100 development area.

101 (c) Money in a development fund shall be accounted for separately from any other fund
102 of the eligible university.

103 (d) An eligible university may use money in a development fund for:

104 (i) expenses associated with the development of the development area;

105 (ii) capital facility projects of the eligible university;

106 (iii) operation and maintenance costs associated with capital facilities of the eligible
107 university; or

108 (iv) any other eligible university-related purpose.

109 (5) Before a development agreement may take effect, the board shall approve the
110 development agreement by resolution, adopted in a public meeting.

111 (6) (a) A board member may not participate in a development action if the board
112 member or a family member of the board member owns an interest in, is directly affiliated
113 with, or is an employee or officer of a private firm, private company, or other private entity that
114 the board member reasonably believes is likely to participate in or receive a direct financial
115 benefit from the development of land that is the subject of a development agreement.

116 (b) Before the board approves a development agreement, the board shall require any
117 member with a conflict to disclose the conflict in writing to the board.

118 (c) Nothing in this Subsection (6) may be construed to affect the application or effect

119 of any other code provision applicable to a board member relating to ethics or conflicts of
120 interest.

121 (7) Leased property is not subject to a privilege tax under Title 59, Chapter 4, Privilege
122 Tax.

123 (8) (a) A board shall present a written report to the Higher Education Appropriations
124 Subcommittee no later than September 30 of each year after the board's adoption of a
125 designation resolution.

126 (b) A report under Subsection (8)(a) shall:

127 (i) describe the development taking place or expected to take place within the
128 development area; and

129 (ii) provide a summary of money deposited into and expended from the development
130 fund for that development area.

131 **Section 2. Effective date.**

132 This bill takes effect on May 1, 2024.