

**Representative Steve Eliason** proposes the following substitute bill:

**HIGHER EDUCATION DEVELOPMENT AREAS**

2024 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 for property an eligible university leases to a private person to be exempt from a privilege tax;
- ▶ requires approval from the Infrastructure and General Government Committee and 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



26 development agreement; and

27       ▶ requires the board to provide an annual report to the Higher Education

28 Appropriations Subcommittee for each development area.

29 **Money Appropriated in this Bill:**

30       None

31 **Other Special Clauses:**

32       None

33 **Utah Code Sections Affected:**

34 ENACTS:

35       **53B-20-107**, Utah Code Annotated 1953



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

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

39       **53B-20-107. Development of university property.**

40       (1) As used in this section:

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

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

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

47       (d) "Development action" means:

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

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

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

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

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

54       (f) "Development area" means a single, contiguous area:

55       (i) of only eligible university property; and

56       (ii) that the eligible university designates for development in a designation resolution,

57 as provided in this section.

58 (g) "Development fund" means the fund described in and established under Subsection  
59 (4).

60 (h) "Direct financial benefit":

61 (i) means any form of financial benefit that accrues to an individual directly, including:

62 (A) compensation, commission, or any other form of a payment or increase of money;

63 and

64 (B) an increase in the value of a business or property; and

65 (ii) does not include a financial benefit that accrues to the public generally.

66 (i) "Eligible university" means an institution of higher education listed in Subsection  
67 53B-1-102(1)(a).

68 (j) "Eligible university property" means real property owned by an eligible university.

69 (k) "Family member" means a parent, spouse, sibling, child, or grandchild.

70 (l) "Leased property" means eligible university property that:

71 (i) is within a development area; and

72 (ii) an eligible university leases to a private person.

73 (2) (a) An eligible university may, by resolution of the board, designate eligible  
74 university property as a development area.

75 (b) Before adopting a designation resolution, a board shall:

76 (i) provide notice of the public hearing required under Subsection (2)(b)(ii), as required  
77 for a class A notice under Section 63G-30-102, for at least seven days before the day of the  
78 public hearing; and

79 (ii) hold a public hearing on the proposed adoption of a designation resolution.

80 (c) A notice under Subsection (2)(b)(i) shall include a copy of the proposed designation  
81 resolution.

82 (d) A designation resolution, including a proposed designation resolution that  
83 accompanies a notice under Subsection (2)(b)(i), shall:

84 (i) accurately describe the boundary of the proposed development area;

85 (ii) describe the development that is proposed to occur in the proposed development  
86 area; and

87 (iii) estimate the amount and sources of revenue the eligible university expects to

88 receive from the development area.

89 (e) Before adopting a designation resolution, a board may modify the proposed  
90 designation resolution to:

91 (i) address concerns raised in a public hearing held under Subsection (2)(b)(ii); or

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

94 (f) The board may not adopt a designation resolution if the board has previously  
95 adopted a designation resolution.

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

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

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

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

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

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

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

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

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

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

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

115 (5) (a) Subject to Subsection (5)b), an eligible university may enter into a development  
116 agreement.

117 (b) Before an eligible university may enter into a development agreement:

118 (i) the board shall receive the approval of the Infrastructure and General Government

119 Committee of the Legislature for the development agreement; and

120 (ii) the board shall approve the development agreement by resolution, adopted in a  
121 public meeting.

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

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

129 (c) Nothing in this Subsection (6) may be construed to affect the application or effect  
130 of any other code provision applicable to a board member relating to ethics or conflicts of  
131 interest.

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

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

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

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

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

142 **Section 2. Effective date.**

143 This bill takes effect on May 1, 2024.