

University Facilities Financing Amendments

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: R. Neil Walter

LONG TITLE**General Description:**

This bill modifies provisions relating to higher education capital projects.

Highlighted Provisions:

This bill:

- defines terms;
- repurposes the Higher Education Capital Projects Fund into a loan program;
- provides for the terms of the loan; and
- makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:**AMENDS:**

53B-22-201, as last amended by Laws of Utah 2020, Chapters 152, 365

63A-5b-403, as last amended by Laws of Utah 2022, Chapter 421

REPEALS AND REENACTS:

53B-22-202, as enacted by Laws of Utah 2019, Chapter 482

53B-22-204, as last amended by Laws of Utah 2024, Chapter 378

REPEALS:

53B-22-203, as enacted by Laws of Utah 2019, Chapter 482

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

Section 1. Section **53B-22-201** is amended to read:

53B-22-201 . Definitions.

As used in this part:

- (1) "Allocation formula" means the full-time enrollment at an institution multiplied by facility utilization at the same institution.

- (2) "Capital development project" means the same as [capital development project, as] that term is defined in Section 63A-5b-401.
- (3) "Capital improvement project" means the same as that term is defined in Section 63A-5b-401.
- (4) "Dedicated funds" means the funds allocated for a dedicated project.
- ~~[(2) "Consumer Price Index" means the Consumer Price Index for All Urban Consumers as published by the Bureau of Labor Statistics of the United States Department of Labor.]~~
- ~~[(3)] (5) "Dedicated project" means a capital development project for which state funds from an institution's allocation are requested or used.~~
- ~~[(4)] (6) "Fund" means the Higher Education Capital Projects Fund created in Section 53B-22-202.~~
- ~~[(5)] (7) "Institution" means a degree-granting institution.~~
- ~~[(6) "Institution's allocation" means the total amount of money in the fund that an institution has been allocated in accordance with Section 53B-22-203.]~~
- ~~[(7) "Nondedicated project" means a capital development project for which state funds from a source other than an institution's allocation are requested or used.]~~
- ~~[(8) "State funds" means the same as that term is defined in Section 63A-5b-401.]~~
- Section 2. Section 53B-22-202 is repealed and reenacted to read:
- 53B-22-202 . Higher Education Capital Projects Fund -- Funding sources -- Uses of fund.**
- (1) This section creates an enterprise fund known as the Higher Education Capital Projects Fund.
- (2)(a) For the fiscal years that begin on July 1, 2026, July 1, 2027, and July 1, 2028, the fund is funded from the following sources:
- (i) dedicated funds;
 - (ii) appropriations by the Legislature; and
 - (iii) the interest described in Subsection (3).
- (b) For the fiscal year that begins on or after July 1, 2029, the fund is funded from the following sources:
- (i) appropriations from the Legislature;
 - (ii) repayments on a loan made in accordance with Section 53B-22-204; and
 - (iii) the interest described in Subsection (3).
- (3)(a) The fund shall earn interest.
- (b) Interest earned on the fund shall be deposited into the fund.

(4)(a)(i) For the fiscal year that begins on July 1, 2029, the Legislature shall allocate money in the fund to an institution that receives a loan in accordance with Section 53B-22-204 according to the allocation formula.

(ii) An institution may use an allocation from the fund to repay a loan issued in accordance with Section 53B-22-204.

(b) For a fiscal year that begins on or after July 1, 2030, the Division of Finance may issue a loan to an institution in accordance with Section 53B-22-204.

Section 3. Section **53B-22-204** is repealed and reenacted to read:

53B-22-204 . Funding request for capital development project.

(1)(a) For a fiscal year that begins on or after July 1, 2026, an institution that requests funding for a capital development project or a capital improvement project may request a loan from the Legislature.

(b) The institution may use loan proceeds for:

(i) the purchase of property and the construction of a new building for the institution;

or

(ii) the renovation of an existing building for the institution.

(2) Before an institution receives a loan in accordance with this section, the institution shall demonstrate to the Infrastructure and General Government Appropriations Subcommittee that the institution has an adequate funding source to cover:

(a) ongoing operation and maintenance costs associated with the construction or renovation of a building; and

(b) costs to be incurred from ongoing statutory requirements associated with the construction or renovation of a building.

(3)(a) If the institution receives a loan to be used for a purpose described in Subsection (1), the institution shall repay the money:

(i) with interest at a rate of 4%; and

(ii) over a term of 40 years.

(b) An institution may repay the loan in less than 40 years without penalty.

Section 4. Section **63A-5b-403** is amended to read:

63A-5b-403 . Institutions of higher education -- Capital development projects -- Dedicated and nondedicated projects -- Recommendations and prioritization.

(1) As used in this section:

(a) "Dedicated project" has the same meaning as that term is defined in[:]

[(i)] Section 53B-2a-101, for a capital development project under Title 53B, Chapter

- 100 2a, Technical Education[; or] .
- 101 [(ii) Section 53B-22-201, for a capital development project under Title 53B, Chapter
- 102 22, Higher Education Capital Projects.]
- 103 (b) "Nondedicated project" has the same meaning as that term is defined in[;]
- 104 [(i) Section 53B-2a-101, for a capital development project under Title 53B, Chapter
- 105 2a, Technical Education[; or] .
- 106 [(ii) Section 53B-22-201, for a capital development project under Title 53B, Chapter
- 107 22, Higher Education Capital Projects.]
- 108 (2)(a) The division shall submit recommendations to the Legislature in accordance with[;]
- 109 [(i) Section 53B-2a-117, for a dedicated project under Title 53B, Chapter 2a,
- 110 Technical Education[; or] .
- 111 [(ii) Section 53B-22-204, for a dedicated project under Title 53B, Chapter 22,
- 112 Higher Education Capital Projects.]
- 113 (b) A dedicated project is not subject to prioritization by the division.
- 114 (3)(a) The division shall prioritize nondedicated projects in accordance with:
- 115 (i) Section 63A-5b-402; and
- 116 (ii)[(A)] Section 53B-2a-117, for a nondedicated project under Title 53B, Chapter
- 117 2a, Technical Education[; or] .
- 118 [(B) Section 53B-22-204, for a nondedicated project under Title 53B, Chapter 22,
- 119 Higher Education Capital Projects.]
- 120 (b) In the division's scoring process for prioritizing nondedicated projects, the division
- 121 shall give more weight to a request that is designated as a higher priority by the Utah
- 122 Board of Higher Education than a request that is designated as a lower priority by the
- 123 Utah Board of Higher Education only for determining the order of prioritization
- 124 among requests submitted by the Utah Board of Higher Education.
- 125 (4) The division shall require that an institution of higher education that submits a request
- 126 for a capital development project address whether and how, as a result of the project, the
- 127 institution of higher education will:
- 128 (a) offer courses or other resources that will help meet demand for jobs, training, and
- 129 employment in the current market and the projected market for the next five years;
- 130 (b) respond to individual skilled and technical job demand over the next three, five, and
- 131 10 years;
- 132 (c) respond to industry demands for trained workers;
- 133 (d) help meet commitments made by the Governor's Office of Economic Opportunity,

including relating to training and incentives;

(e) respond to changing needs in the economy; and

(f) respond to demands for online or in-class instruction, based on demographics.

(5) The division shall:

(a)(i) assist institutions of higher education in providing the information required by Subsection (4); and

(ii) verify the completion and accuracy of the information submitted by an institution of higher education under Subsection (4); and

(b) assist the Utah Board of Higher Education to fulfill the requirements of Section 53B-2a-112 in connection with the finding that the division is required to make under Subsection 53B-2a-112(4)(b)[; and] .

~~[(c) assist the Utah Board of Higher Education in submitting a list of dedicated projects to the division for approval and nondedicated projects to the division for recommendation and prioritization pursuant to Section 53B-22-204.]~~

Section 5. **Repealer.**

This bill repeals:

Section **53B-22-203, Fund money -- Institution allocations.**

Section 6. **Effective date.**

This bill takes effect on May 7, 2025.