

# HB0514S02 compared with HB0514

~~{Omitted text}~~ shows text that was in HB0514 but was omitted in HB0514S02

inserted text shows text that was not in HB0514 but was inserted into HB0514S02

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1

**Utah Energy Council Amendments**  
2026 GENERAL SESSION  
STATE OF UTAH  
**Chief Sponsor: R. Neil Walter**  
Senate Sponsor: Ann Millner



2

3 **LONG TITLE**

4 **General Description:**

5 This bill creates the Utah Energy Infrastructure Service District and modifies provisions relating to  
the Utah Energy Council.

7 **Highlighted Provisions:**

8 This bill:

- 8 ▶ defines terms;
- 9 ▶ expands the Utah Energy Council (council) membership from five to seven members;
- 10 ▶ establishes a co-chair structure for council leadership;
- 12 ▶ designates the council as a state energy financing institution;
- 13 ▶ creates the Utah Energy Infrastructure Service District (district) as a political subdivision  
of the state;
- 15 ▶ provides that council members serve concurrently as the board of trustees of the district;
- 11 ▶ authorizes the {~~council~~} district to {~~issue bonds to finance electrical~~} acquire, own, and operate  
energy infrastructure {~~projects~~} facilities within a designated {~~energy development zones~~} service area;
- 18 ▶

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authorizes the district to issue revenue bonds payable solely from district revenues and not subject to the state constitutional debt limitation;

- 13       ▶ requires ~~{consultation with}~~ the State ~~{Bonding-}~~ Finance Review Commission ~~{and the state treasurer before issuing-}~~ to review and approve district revenue bonds before issuance;
- 15       ▶ ~~{provides that bonds are payable solely from project revenues and are not state obligations; and-}~~
- 22       ▶ creates the Energy Infrastructure Enterprise Fund;
- 17       ▶ authorizes the ~~{council-}~~ district to ~~{charge administrative fees for bond issuance-}~~ enter into operating contracts with private operators for district-owned facilities;
- 25       ▶ exempts district property from taxation and subjects operators to the privilege tax;
- 26       ▶ provides for dissolution of the district by the board or by an act of the Legislature; and
- 27       ▶ makes technical and conforming changes.

## Money Appropriated in this Bill:

None

## Other Special Clauses:

None

## Utah Code Sections Affected:

### AMENDS:

79-6-1101 , as enacted by Laws of Utah 2025, Chapter 120

79-6-1102 , as enacted by Laws of Utah 2025, Chapter 120

79-6-1103 , as enacted by Laws of Utah 2025, Chapter 375

79-6-1104 , as enacted by Laws of Utah 2025, Chapter 375

### ENACTS:

17B-2a-1401 , Utah Code Annotated 1953

17B-2a-1402 , Utah Code Annotated 1953

17B-2a-1403 , Utah Code Annotated 1953

17B-2a-1404 , Utah Code Annotated 1953

17B-2a-1405 , Utah Code Annotated 1953

17B-2a-1406 , Utah Code Annotated 1953

17B-2a-1407 , Utah Code Annotated 1953

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46 17B-2a-1408 , Utah Code Annotated 1953

47 17B-2a-1409 , Utah Code Annotated 1953

48 17B-2a-1410 , Utah Code Annotated 1953

49 17B-2a-1411 , Utah Code Annotated 1953

27 {79-6-1108 , Utah Code Annotated 1953}

50

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

52 Section 1. Section 1 is enacted to read:

53 **17B-2a-1401. Definitions.**

54 (1) "Board" means the board of trustees of the Utah Energy Infrastructure Service District.

55 (2) "Commission" means the State Finance Review Commission created in Section 63C-25-201.

57 (3) "Council" means the Utah Energy Council created under Section 79-6-1101.

58 (4) "District" means the Utah Energy Infrastructure Service District created under Section 17B-2a-1403.

60 (5) "Electrical Energy Development Investment Fund" means the fund created under Section 79-6-1105.

62 (6) "Electrical energy development zone" means the same as that term is defined in Section 79-6-102.

64 (7) "Energy infrastructure facility" means any real or personal property, including land, structures, equipment, water rights, transmission lines, generation assets, storage facilities, and associated improvements, used or useful for the generation, transmission, storage, or delivery of energy, including electricity and natural gas.

68 (8) "Enterprise fund" means the Energy Infrastructure Enterprise Fund created under Section 17B-2a-1408.

70 (9) "Operating contract" means a contract between the district and an operator for the management, operation, and maintenance of an energy infrastructure facility owned by the district.

73 (10) "Operator" means an entity that enters into an operating contract with the district.

74 (11) "Power purchase agreement" means a contract for the sale of electricity or other energy produced by or transmitted through an energy infrastructure facility controlled or owned by the district.

77 (12) "Project entity" means the same as that term is defined in Section 11-13-103.

78 (13) "Project entity asset" means the same as that term is defined in Section 11-13-318.

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(14) "Retired project entity asset" means a project entity asset that has been removed from active service before May 6, 2026, by a project entity that the project entity has no intent to return to service.

82 (15) "Retired project entity asset area" means the land upon which a retired project entity asset is located, together with adjacent land necessary for the operation of that asset.

84 (16) "Service area" means a geographic area designated by the board under Section 17B-2a-1405 within which the district owns or proposes to facilitate the acquisition or construction of an energy infrastructure facility.

87 Section 2. Section 2 is enacted to read:

88 **17B-2a-1402. Applicability and conflict.**

89 (1) The district is governed by and has the powers stated in:

90 (a) this part; and

91 (b) Chapter 1, Provisions Applicable to All Special Districts, except as otherwise provided in this part.

93 (2) This part applies only to the district.

94 (3) The district is not subject to the provisions of any other part of this chapter.

95 (4) If there is a conflict between a provision in Chapter 1, Provisions Applicable to All Special Districts, and a provision in this part, the provisions in this part govern.

97 (5) If there is a conflict between a provision of this part and a provision of Title 10, Utah Municipal Code, or Title 54, Public Utilities, Title 10, Utah Municipal Code, or Title 54, Public Utilities, as applicable, shall govern.

100 Section 3. Section 3 is enacted to read:

101 **17B-2a-1403. Creation and status.**

102 (1) The council may create the Utah Energy Infrastructure Service District by adopting a resolution that:

104 (a) declares the council's intent to create the district;

105 (b) describes the service area, including the geographic boundaries of the area within which the district will operate; and

107 (c) identifies the type of energy infrastructure facility proposed or located within the service area.

109 (2) No later than 30 days after adopting a resolution under Subsection (1), the council shall file with the lieutenant governor:

111 (a) a copy of a notice of an impending boundary action, as defined in Section 67-1a-6.5, that meets the requirements of Section 67-1a-6.5; and

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- 113 (b) a copy of an approved final local entity plat, as defined in Section 67-1a-6.5, depicting the service  
114 area boundary.
- 115 (3) The district is created and exists as a legal entity upon the lieutenant governor's issuance of a  
116 certificate of incorporation under Section 67-1a-6.5.
- 117 (4) Upon creation, the district:
- 118 (a) is a body politic and corporate with perpetual succession;
- 119 (b) is a political subdivision of the state;
- 120 (c) is separate and distinct from the state and from any other political subdivision of the state; and
- 121 (d) may sue and be sued.
- 122 (5) The debts, obligations, and liabilities of the district:
- 123 (a) are the debts, obligations, and liabilities of the district alone; and
- 124 (b) are not the debts, obligations, or liabilities of the state or any other political subdivision of the state.
- 125 (6) Notwithstanding Chapter 1, Part 2, Creation of a Special District, the district:
- 126 (a) may only be created as provided in this section; and
- 127 (b) is not subject to the petition and creation requirements of Sections 17B-1-203 through 17B-1-214.
- 128 (7) Following the issuance of a certificate of incorporation under Subsection (3), the board shall  
129 annually register the district with the lieutenant governor in accordance with Section 67-1a-15.
- 130 Section 4. Section 4 is enacted to read:
- 131 **17B-2a-1404. Board of trustees.**
- 132 (1) Notwithstanding Chapter 1, Part 3, Board of Trustees, the board of trustees of the district consists of  
133 the members of the council appointed under Section 79-6-1102.
- 134 (2)
- 135 (a) A person serves as a member of the board by virtue of that person's appointment to the council.
- 136 (b) Service on the board is concurrent with and coterminous with service on the council.
- 137 (3) The co-chairs of the council serve as co-chairs of the board.
- 138 (4) A vacancy on the board is filled in the same manner as a vacancy on the council under Section  
139 79-6-1102.
- 140 (5) The board shall adopt bylaws governing the conduct of board meetings, quorum requirements, and  
141 other procedural matters consistent with this part and Chapter 1.
- 142 (6)

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148 (a) When acting in the capacity of a board member, a council member's fiduciary obligation runs to the district.

149 (b) Nothing in this section limits a council member's obligations to the council when acting in the capacity of a council member.

150 Section 5. Section 5 is enacted to read:

### **17B-2a-1405. Single service area authorized.**

151 (1) The district's service area consists of:

152 (a) the service area established under Section 17B-2a-1403; and

153 (b) a retired project entity asset area.

154 (2) The district may own and operate energy infrastructure facilities only within a designated service area.

155 (3) Once the service area is established, the district may not:

156 (a) annex any new land into the service area; or

157 (b) establish a new service area.

158 Section 6. Section 6 is enacted to read:

### **17B-2a-1406. Powers of the district.**

159 (1) Notwithstanding Subsection 17B-1-103(4) and Section 17B-1-202, and in addition to the powers conferred on a special district under Section 17B-1-103, the district may:

160 (a) acquire by purchase, construction, gift, or any combination of these methods, and own, operate, maintain, improve, and dispose of energy infrastructure facilities within a designated service area;

161 (b) enter into operating contracts with operators for the management, operation, and maintenance of district-owned energy infrastructure facilities in accordance with Section 17B-2a-1409;

162 (c) enter into power purchase agreements for the sale of electricity or other energy produced by or transmitted through district-owned facilities;

163 (d) issue revenue bonds in accordance with Section 17B-2a-1407 and Chapter 1, Part 11, Special District Bonds;

164 (e) enter into contracts, agreements, and other instruments necessary or convenient to carry out the purposes of the district;

165 (f) acquire water rights, air rights, and other real and personal property rights necessary or convenient to the ownership or operation of energy infrastructure facilities within the service area;

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- (g) accept grants, gifts, loans, and other financial assistance from federal, state, and local governmental entities;
- 181 (h) employ staff and engage financial advisors, engineers, and other professional services necessary to carry out the purposes of the district;
- 183 (i) impose fees and charges for services provided by the district in accordance with Chapter 1, Part 9, Collection of Service Fees and Charges;
- 185 (j) impose penalties on an operator for non-compliance with the terms of an operating contract, as specified in the operating contract; and
- 187 (k) do all other things necessary or convenient to carry out the purposes of this part.
- 188 (2) Before constructing or operating an energy infrastructure facility within the boundaries of a city or town, the district shall obtain the consent of the local authorities who have control of any street or highway proposed to be occupied by the facility, in accordance with Utah Constitution, Article XI, Section 9.
- 192 (3)
- (a) The district is not an electric service provider and may not sell, distribute, or deliver electricity directly to retail customers.
- 194 (b) Neither the district nor the board may provide electric service within the certificated service territory of any entity that has been authorized to provide retail electric service in that territory pursuant to:
- 197 (i) a certificate of public convenience and necessity issued by the Public Service Commission under Title 54, Public Utilities;
- 199 (ii) a franchise, ordinance, or other authorization granted under Title 10, Utah Municipal Code; or
- 201 (iii) any other provision of state law authorizing an entity to provide retail electric service within a defined geographic area.
- 203 (c) Nothing in this part shall be construed to limit, diminish, or otherwise affect the certificated service territory of an entity that has been authorized to provide retail electric service in the state.
- 206 Section 7. Section 7 is enacted to read:
- 207 **17B-2a-1407. Revenue bonds -- Commission review and approval.**
- 208 (1) The district may issue revenue bonds to finance the acquisition, construction, improvement, or equipping of energy infrastructure facilities within a designated service area.
- 211 (2)
- (a) Revenue bonds issued under this section:

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- 212 (i) are limited obligations of the district payable solely from revenues deposited into the enterprise  
214 fund described in Section 17B-2a-1408;
- 216 (ii) do not constitute a general obligation or liability of, or a charge against the general credit or  
217 taxing power of, the state or any political subdivision of the state;
- 218 (iii) are not subject to the debt limitations of Utah Constitution, Article XIV; and
- 219 (iv) shall state on the face of each bond the limitation described in Subsection (2)(a)(ii).
- 222 (b) Notwithstanding the requirements in Subsection (2)(a)(iv), the failure to state on the face on the  
228 bond the limitation described in (2)(a)(ii) does not have any impact on the limited obligation  
231 described in this section.
- 232 (3)
- 234 (a) The commission shall review and may approve a bond before the district may issue a bond.
- 235 (b) The commission may not approve issuance of a bond described in Subsection (3)(a) unless the  
236 execution and terms of the bond comply with state law.
- 237 (c) If, after review, the commission approves a bond described in Subsection (3)(a), the district:
- 238 (i) may not change before issuing the bond the terms of the bond that were reviewed by the commission  
240 if the change is outside the approved parameters and intended purposes; and
- 242 (ii) is under no obligation to issue the bond.
- 244 (d) A member of the commission who approves a bond under Subsection (3)(a) is not personally liable  
246 on the bond.
- 247 (e) The approval of a bond under Subsection (3)(a):
- 248 (i) is not an obligation of the state; and
- 249 (ii) is not an act that:
- 250 (A) lends the state's credit; or
- 251 (B) constitutes indebtedness within the meaning of any constitutional or statutory debt limitation.
- 252 (4) The district may pledge to the payment of revenue bonds any legally available revenues of the  
253 district.
- 254 (5) The district may establish reserve funds, debt service funds, and other funds as required by bond  
255 indentures or trust agreements securing revenue bonds issued under this section.
- 256 (6) The district may issue refunding bonds to refund outstanding revenue bonds issued under this  
257 section.

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(7) Notwithstanding Chapter 1, Part 11, Special District Bonds, the district may not issue general obligation bonds.

248 Section 8. Section **8** is enacted to read:

249 **17B-2a-1408. Energy Infrastructure Enterprise Fund.**

250 (1) In addition to the requirements of Chapter 1, Part 6, Fiscal Procedures for Special Districts, the board shall establish and maintain an enterprise fund known as the Energy Infrastructure Enterprise Fund.

253 (2) The following shall be deposited into the enterprise fund:

254 (a) proceeds of revenue bonds issued under Section 17B-2a-1407, pending application to authorized purposes including a bond project fund to ensure the appropriate use of such proceeds;

257 (b) payments received by the district under operating contracts;

258 (c) payments received by the district under power purchase agreements; and

259 (d) any other revenues received by or pledged to the district.

260 (3) Revenues in the enterprise fund shall be used solely for the purposes of the district and applied in the order prescribed by the district and in compliance with any bond contract approved by the district.

263 Section 9. Section **9** is enacted to read:

264 **17B-2a-1409. Operating contracts.**

265 (1) The district may enter into operating contracts with operators for the management, operation, and maintenance of district-owned energy infrastructure facilities within the service area described in Section 17B-2a-1405.

268 (2) An operating contract shall:

269 (a) require the operator to manage, operate, and maintain the facility in accordance with applicable law and prudent industry standards;

271 (b) specify the payments the operator shall make to the district, which shall be structured to cover, at minimum, the district's debt service obligations and operating costs attributable to the facility;

274 (c) specify the term of the contract, which may not exceed 40 years;

275 (d) provide that upon expiration or termination of the contract full operational control of the facility returns to the district free of any claim of the operator; and

277 (e) specify the conditions under which the contract may be terminated or renewed.

278 (3) An operating contract entered into under this section:

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- 279 (a) is a service agreement; and  
280 (b) does not convey a leasehold interest, ownership interest, or any other property interest in the facility  
to the operator.  
282 (4) The district shall require each operator to maintain:  
283 (a) adequate insurance coverage as determined by the board; and  
284 (b) where appropriate, performance bonds or other financial security acceptable to the board to protect  
the district's interests under the operating contract.  
286 (5) The board shall structure each operating contract to ensure that each operating contract complies  
with applicable federal tax law governing qualified management contracts as may be required by a  
federally tax-exempt revenue bond.

289 Section 10. Section **10** is enacted to read:

290 **17B-2a-1410. Property taxes and privilege tax.**

- 291 (1) All property and assets of the district are exempt from taxation as provided in Section 17B-1-116.  
293 (2) An operator using district-owned facilities is subject to the privilege tax imposed under Title 59,  
Chapter 4, Privilege Tax.  
295 (3) The district may levy a privilege tax within the service area for district operations and maintenance  
expenses at a rate not to exceed 0.0023.  
297 (4) Notwithstanding this section, nothing prohibits the district from agreeing to a payment in lieu of  
taxes in the board's sole discretion.

299 Section 11. Section **11** is enacted to read:

300 **17B-2a-1411. Dissolution.**

- 301 (1) The board may adopt a dissolution resolution if:  
302 (a) the district has ceased operations in the service area; and  
303 (b) the district has no outstanding debt or other obligations.  
304 (2) The Legislature may dissolve the district by joint resolution.  
305 (3) Upon dissolution of the district:  
306 (a) all outstanding revenue bonds shall be defeased or retired in accordance with their terms before  
dissolution is effective; and  
308 (b) all remaining assets of the district shall be transferred to the state.

309 Section 12. Section **79-6-1101** is amended to read:

310 **79-6-1101. Utah Energy Council -- Creation and purpose.**

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32 (1) As used in this part:

33 (a) "Council" means the Utah Energy Council created in Section 79-6-1101.

34 (b) "Decommissioned asset" means a project entity asset that:

35 (i) has been removed from active service by a project entity;

36 (ii) has been transferred to the council, including:

37 (A) transfer of legal title; and

38 (B) transfer of operational responsibility; and

39 (iii) will be operated and managed under the direction of the council.

319 (c) "District" means the Utah Energy Infrastructure Service District created under Section 17B-2a-1403.

40 ~~(e)~~ (d) "Operator" means an entity that:

41 (i) manages and maintains the daily operations of an electrical generation facility;

42 (ii) employs the workforce necessary to run the facility;

43 (iii) procures fuel and other necessary supplies;

44 (iv) ensures compliance with all applicable regulations; and

45 (v) maintains the reliability of power generation.

46 ~~(d)~~ (e) "Project entity" means the same as that term is defined in Section 11-13-103.

47 ~~(e)~~ (f) "Project entity asset" means the same as that term is defined in Section 11-13-318.

48 (f){~~(g)~~} "State energy financing institution" means the same as that term is defined in 10 C.F.R. 609.2.

50 (2) There is created within the office the Utah Energy Council.

51 (3) The purpose of the council is to facilitate the development of electrical energy generation and transmission projects within the state, including:

53 (a) power plants;

54 (b) transmission lines;

55 (c) energy storage facilities; and

56 (d) related infrastructure.

57 (4) The council is a state energy financing institution for purposes of accessing federal programs available to state energy financing institutions, including programs under 10 C.F.R. Part 609.

341 Section 13. Section **79-6-1102** is amended to read:

342 **79-6-1102. Council composition -- Appointment -- Terms -- Staffing.**

62 (1) The council shall be composed of:

63 (a) the director or the director's designee~~[-, who shall serve as chair of the council];~~

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- 64 (b) two individuals appointed by the governor;
- 65 (c) one individual appointed by the president of the Senate; [and]
- 66 (d) one individual appointed by the speaker of the House of Representatives[-] ;
- 67 ~~{(e) {the executive director of the Governor's Office of Economic Opportunity or the executive~~  
~~director's designee; and}-}~~
- 69 (f){~~(e)~~ ~~{one individual jointly}~~ two individuals appointed by the ~~{co-chairs}~~ members described in  
~~{Subsection (4)(b) who has}~~ Subsections (1)(a) through (d), each of whom have experience inone  
or more of the following:
- 350 (i) economic development, including support for existing or new industries that are critical to the state;
- 71 (i){~~(ii)~~ public utilities, including utility operations, management, regulation, or policy;
- 72 (ii){~~(iii)~~ bonding or public financing, including municipal bond issuance, project finance, or public-  
private partnerships; or
- 74 (iii){~~(iv)~~ relevant legal matters, including energy law, public finance law, utility regulation, or  
securities law.
- 76 (2)
- (a) Except as provided in Subsection (2)(b), a council member appointed under Subsection (1):
- 78 (i) shall serve a four-year term;
- 79 (ii) may be removed by the appointing authority;
- 80 (iii) may be reappointed; and
- 81 (iv) continues to serve until the member's successor is appointed and qualified.
- 82 (b) Initial terms for the appointed council members shall be staggered as follows:
- 83 (i) one member appointed by the governor under Subsection (1)(b) shall serve a two-year term;
- 85 (ii) one member appointed by the governor under Subsection (1)(b) shall serve a three-year term;
- 87 (iii) the member appointed by the president of the Senate under Subsection (1)(c) shall serve a four-year  
term; and
- 89 (iv) the member appointed by the speaker of the House of Representatives under Subsection (1)(d) shall  
serve a two-year term.
- 91 (c) A member appointed under Subsection ~~{(1)(f)}~~ (1)(e) may be removed by ~~{joint action}~~ majority  
vote of the {co-chairs} council members appointed under Subsections (1)(a) through (1)(d).
- 93 (3) When a vacancy occurs in the membership for any reason, the replacement shall be appointed by the  
relevant appointing authority for the unexpired term.

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95 (4)

(a) Until July 1, 2026, the director, or the director's designee, shall serve as chair of the council.

97 (b) Beginning on July 1, 2026:

98 (i) the director, or the director's designee, shall serve as a co-chair of the council; and

99 (ii) the president of the Senate and the speaker of the House of Representatives shall jointly designate one member of the council described in Subsections (1)(b) through ~~(f)~~ (1)(e) to serve as a co-chair of the council.

102 (c) The co-chair designated under Subsection (4)(b)(ii){:} ~~may be removed as co-chair and replaced by joint designation of the president of the Senate and the speaker of the House of Representatives.~~

386 ~~[(4)] (5)~~

~~(a) {shall serve as co-chair for a term determined by the president of the Senate and the speaker of the House of Representatives; and}~~

105 ~~{(ii)} {may be removed as co-chair and replaced by joint designation of the president of the Senate and the speaker of the House of Representatives.}~~

107 ~~{(4)} (5)~~

~~{(a)} A majority of council members constitutes a quorum for conducting council business.~~

109 (b) A majority vote of the quorum present is required for any action taken by the council.

110 ~~[(5)] (6)~~ The council shall meet:

111 (a) at least quarterly; and

112 (b) at the call of ~~[the chair]~~ a co-chair or a majority of the council members.

113 ~~[(6)] (7)~~

(a) A council member who is not a legislator may not receive compensation or benefits for the member's service but may receive per diem and travel expenses in accordance with:

116 (i) Section 63A-3-106;

117 (ii) Section 63A-3-107; and

118 (iii) rules made by the Division of Finance under Sections 63A-3-106 and 63A-3-107.

119 (b) Compensation and expenses of a council member who is a legislator are governed by Section 36-2-2 and Legislative Joint Rules, Title 5, Legislative Compensation and Expenses.

122 ~~[(7)] (8)~~ The office shall provide staff support to the council.

402 (9)

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(a) Each member of the council serves concurrently as a member of the board of trustees of the district by virtue of the member's appointment to the council.

404 (b) Service on the board is concurrent with and coterminous with service on the council and does not  
405 constitute a separate appointment or give rise to additional compensation.

406 Section 14. Section 79-6-1103 is amended to read:

407 **79-6-1103. Council powers and duties.**

408 (1) The council shall:

409 (a) coordinate and facilitate electrical energy project development, including:

410 (i) site identification and permitting;

411 (ii) early site preparation work;

412 (iii) infrastructure improvements;

413 (iv) project financing assistance; and

414 (v) stakeholder coordination;

415 (b) assess and facilitate electrical energy infrastructure development by:

416 (i) evaluating infrastructure needs and opportunities;

417 (ii) coordinating with transmission and pipeline developers;

418 (iii) supporting utility planning efforts; and

419 (iv) coordinating with federal agencies;

420 (c) establish and implement:

421 (i) strategic plans for energy development;

422 (ii) frameworks for stakeholder engagement;

423 (iii) processes for designating electrical energy development zones; and

424 (iv) criteria for evaluating proposed electrical energy development zones;

425 (d) review and approve:

426 (i) research project proposals from the board; and

427 (ii) funding allocations recommended by the board;

428 (e) consult with state land use authorities regarding:

429 (i) identification of state lands suitable for electrical energy development;

430 (ii) designation of electrical energy development zones; and

431 (iii) opportunities for coordinated development of electrical energy projects on state lands;

432 (f) administer the Electrical Energy Development Investment Fund created in Section 79-6-1105;

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- 436 (g) make recommendations regarding electrical energy policy to state and local governments;
- 438 (h) identify and recommend solutions to barriers affecting electrical energy development;
- 439 (i) assess and address potential public health impacts of electrical energy development zones;
- 441 (j) enter into contracts necessary to fulfill the council's duties;
- 442 (k) report annually by October 31 to the Public Utilities, Energy, and Technology Interim Committee  
and the Natural Resources, Agriculture, and Environment Interim Committee regarding:
- 445 (i) the council's activities;
- 446 (ii) energy development opportunities;
- 447 (iii) infrastructure needs;
- 448 (iv) the status of designated electrical energy development zones;
- 449 (v) recommendations for how the property tax differential revenue collected under Section 79-6-1104  
should be divided and distributed between the state, counties, and municipalities;
- 452 (vi) investment decisions made by the council; and
- 453 (vii) recommended policy changes;
- 454 (l) create and implement a strategic plan for a decommissioned asset, taking into consideration:
- 456 (i) the state energy policy, as provided in Section 79-6-301;
- 457 (ii) reliability of electrical generation; and
- 458 (iii) economic viability;
- 459 (m) establish policies and procedures for the management of a decommissioned asset;
- 460 (n) administer contracts for the management and operations of a decommissioned asset;
- 461 (o) enter into contracts necessary for the operation and management of a decommissioned asset;
- 463 (p) acquire, hold, and dispose of property related to a decommissioned asset;
- 464 (q) select an operator for a decommissioned asset as provided in Section 79-6-1107; ~~and~~
- 465 (r) report annually to the Legislative Management Committee regarding:
- 466 (i) the status and progress of the asset transfer;
- 467 (ii) operational and financial status of the asset under council control;
- 468 (iii) status of the operator contract;
- 469 (iv) environmental compliance status; and
- 470 (v) recommendations for legislation[-]; and
- 471 (s) designate a service area for the district as provided in Section 17B-2a-1405.
- 472

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(2) The council may create the Utah Energy Infrastructure Service District as provided in Section 17B-2a-1403.

474 (3) The council shall negotiate with the applicable county or municipality regarding the distribution of property tax differential revenue collected under Section 79-6-1104.

476 [~~(3)~~] (4) Any portion of the property tax differential that is not distributed to the council shall be distributed to the applicable county or municipality for impact mitigation and affordable housing.

479 [~~(4)~~] (5)

(a) The portion of the property tax differential that is distributed to the municipality shall be used for:

481 (i) at least 10% of the total distribution shall be used for affordable housing programs; and

483 (ii) the remaining portion shall be used to mitigate impacts within the municipality resulting from electrical energy development.

485 (b) The portion of the property tax differential that is distributed to the county shall be used for:

487 (i) at least 10% of the total distribution shall be placed in a registered non-profit established to administer housing programs on behalf of an association representing 10 or more counties in the state; and

490 (ii) the remaining portion shall be used to mitigate impacts within the county resulting from electrical energy development.

492 [~~(5)~~] (6) If the council acquires a project entity asset under Section 11-13-318, the council shall enter into an agreement with the project entity that:

494 (a) provides for the transfer, disposition, and future operation of the asset; and

495 (b) ensures the transfer, disposition, and future operation does not interfere with the project entity's ownership or operation of electrical generation facilities powered by natural gas, hydrogen, or a combination of natural gas and hydrogen.

498 Section 15. Section 79-6-1104 is amended to read:

499 **79-6-1104. Electrical energy development zones -- Property tax differential.**

500 (1) As used in this section:

501 (a) "Base taxable value" means the value of property within an electrical energy development zone, as shown on the assessment roll last equalized before the creation of the electrical energy development zone.

504 (b) "Community reinvestment agency" means the same as that term is defined in Section 17C-1-102.

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- (c) "Community reinvestment project area" means the same as that term is defined in Section 17C-1-102.
- 508 (d) "Municipal power project" means an electrical energy project that:
- 509 (i) is operated by or on behalf of a municipality; and
- 510 (ii) exclusively serves customers within that municipality's jurisdictional boundaries.
- 511 (e) "Property tax differential" means the difference between:
- 512 (i) the amount of property tax revenues generated each tax year by all taxing entities from an electrical energy development zone, using the current assessed value of the property; and
- 515 (ii) the amount of property tax revenues that would be generated from that same area using the base taxable value of the property.
- 517 (f) "State land use authority" means:
- 518 (i) the Utah Inland Port Authority created in Section 11-58-201;
- 519 (ii) the Military Installation Development Authority created in Section 63H-1-201;
- 520 (iii) the School and Institutional Trust Lands Administration created in Section 53C-1-201; or
- 522 (iv) any other land use authority created by the state that has jurisdiction over state lands.
- 524 (2)
- (a) Except as provided in Subsection (2)(b), a county or municipality may not offer financial incentives for a baseload electrical energy project that is not located within a designated electrical energy development zone.
- 527 (b) Subsection (2)(a) does not apply to:
- 528 (i) financial incentives offered for:
- 529 (A) a municipal power project; or
- 530 (B) an electrical energy project that exclusively utilizes intermittent resources; or
- 531 (ii) an electrical energy project for which a project area plan has been approved before July 1, 2026.
- 533 (3) A county or municipality may:
- 534 (a) pass a resolution declaring an intent to establish within the county or municipality boundaries an energy development zone;
- 536 (b) enter into an interlocal agreement with the council outlining each parties' responsibilities relating to an energy development zone; and
- 538 (c) apply to the council for the designation of an electrical energy development zone by submitting:
- 540 (i) a description of the proposed boundaries of the electrical energy development zone;

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- 542 (ii) an assessment of existing electrical energy infrastructure within and proximate to the proposed  
electrical energy development zone;
- 544 (iii) a development plan that includes:
- 545 (A) proposed electrical energy development projects;
- 546 (B) anticipated infrastructure improvements;
- 547 (C) projected economic benefits to the county; and
- 548 (D) evidence of local support including any interlocal agreement entered into between the county or  
municipality and the council, as applicable;
- 550 (iv) if the applicant is a municipality, evidence of coordination with the county in which the proposed  
electrical energy development zone is located, including any interlocal agreement entered into  
between the county or municipality and the council, as applicable;
- 554 (v) if the applicant is a county and any portion of the proposed electrical energy development zone is  
within the boundaries of a municipality, evidence of an agreement with the municipality regarding  
the establishment of the electrical energy development zone; and
- 558 (vi) any other information required by the council.
- 559 (4) A state land use authority may:
- 560 (a) propose an electrical energy development zone within lands under its jurisdiction; and
- 561 (b) apply to the council for the designation of an electrical energy development zone by submitting:
- 563 (i) a description of the proposed boundaries of the electrical energy development zone;
- 565 (ii) an assessment of existing electrical energy infrastructure within and proximate to the proposed  
electrical energy development zone;
- 567 (iii) a development plan that includes:
- 568 (A) proposed electrical energy development projects;
- 569 (B) anticipated infrastructure improvements; and
- 570 (C) projected economic benefits;
- 571 (iv) evidence that the proposed zone is consistent with applicable land use plans and regulations; and
- 573 (v) any other information required by the council.
- 574 (5) The council shall:
- 575 (a) approve an application for electrical energy development zone designation if the application  
demonstrates:

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- (i) the proposed electrical energy development zone includes land suitable for electrical energy development based on:
- 579 (A) access to electrical energy resources;
- 580 (B) proximity to existing or planned transmission infrastructure;
- 581 (C) adequate transportation access; and
- 582 (D) sufficient land area for proposed development; and
- 583 (ii) the development plan:
- 584 (A) aligns with state energy policy under Section 79-6-301;
- 585 (B) includes realistic timelines and milestones;
- 586 (C) identifies specific infrastructure improvements; and
- 587 (D) quantifies projected economic benefits;
- 588 (b) make a determination on an application within 60 days of submission;
- 589 (c) provide written notice to the county or municipality explaining the basis for approval or denial;
- 591 (d) if an electrical energy development zone overlaps with an area designated by a community reinvestment agency as a community reinvestment project area as of May 7, 2025, enter into an agreement with the community reinvestment agency to determine the percentage division of the property tax differential between:
- 595 (i) the Electrical Energy Development Investment Fund; and
- 596 (ii) the community reinvestment agency; and
- 597 (e) if an electrical energy development zone overlaps with an inland port project, enter into an agreement with the Utah Inland Port Authority to determine the percentage division of the property tax differential between:
- 600 (i) the Electrical Energy Development Investment Fund; and
- 601 (ii) the Utah Inland Port Authority created in Section 11-58-201.
- 602 (6) Within 30 days after the council designates an electrical energy development zone:
- 603 (a) the county auditor shall certify to the council the base taxable value of property within the electrical energy development zone; and
- 605 (b) the county shall transmit to the council copies of the property tax assessment rolls for all property within the electrical energy development zone.
- 607 (7)
- (a) Each year, the county auditor shall:

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- 608 (i) determine the amount of the property tax differential for the electrical energy development zone  
by comparing:
- 610 (A) the current assessed value of property within the electrical energy development zone; and
- 612 (B) the base taxable value of property within the electrical energy development zone;
- 614 (ii) inform the county treasurer of the property tax differential amount; and
- 615 (iii) provide notice to the council of the amount calculated under this Subsection (7)(a).
- 617 (b) The county treasurer shall transfer the property tax differential to the council for deposit into the  
Electrical Energy Development Investment Fund created in Section 79-6-1105, subject to any  
agreements entered into under Subsections (5)(d) and (5)(e).
- 620 (c) The county treasurer shall make distributions required under this section:
- 621 (i) at the same time as regular annual property tax distributions; and
- 622 (ii) using the same method as other property tax distributions.
- 623 (8) For property tax differential not subject to Subsection (5)(d) the council may enter into agreements  
with taxing entities regarding the allocation of the property tax differential.
- 625 (9) If an electrical energy development zone designated under this section overlaps with an existing  
or proposed service area of the district, the council shall note the overlap in the zone designation  
resolution.

123 Section 3. Section 3 is enacted to read:

### 124 **79-6-1108. Bond authority -- Energy development zone bonds.**

125 (1) As used in this section:

- 126 (a) "Bond" means any evidence or contract of indebtedness that is issued or authorized by a public  
body, including, without limitation, bonds, refunding bonds, advance refunding bonds, bond  
anticipation notes, tax anticipation notes, notes, certificates of indebtedness, warrants, commercial  
paper, contracts, and leases, whether they are general obligations of the issuing public body or are  
payable solely from a specified source, including annual appropriations by the public body.
- 132 (b) "Bond proceeds" means the proceeds from the sale of bonds, including any premium, but excluding  
accrued interest.
- 134 (c) "Project" means electrical energy infrastructure within a designated energy development zone,  
including transmission lines, distribution facilities, pipeline infrastructure, energy storage facilities,  
generation facilities, substations, interconnection facilities, and related infrastructure.
- 138 (2) The council may issue bonds to finance the cost of a project if:

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- 139 (a) the project is located within an electrical energy development zone designated under Section  
140 79-6-1104;
- 141 (b) the council determines the project will:
- 142 (i) facilitate electrical energy development within the zone;
- 143 (ii) provide a public benefit; and
- 144 (iii) align with state energy policy under Section 79-6-301; and
- 145 (c) the project will be operated by an entity with sufficient creditworthiness to support the bond  
146 issuance based solely on project revenues.
- 147 (3) Before issuing bonds under this section, the council shall:
- 148 (a) adopt a resolution authorizing the issuance of bonds that specifies:
- 149 (i) the purpose for which the bonds are issued;
- 150 (ii) the principal amount of the bonds;
- 151 (iii) the maximum interest rate or rates;
- 152 (iv) the maturity date or dates;
- 153 (v) the sources of payment and security for the bonds; and
- 154 (vi) any other terms and conditions the council determines necessary or appropriate; and
- 155 (b) consult with the State Bonding Commission created in Section 63B-1-201 and the state treasurer.
- 156 (4) The council may secure bonds issued under this section only by pledging revenues generated by the  
157 project for which the bonds are issued.
- 158 (5) Bonds issued under this section:
- 159 (a) shall mature not more than 30 years from the date of issuance;
- 160 (b) may be sold at public or private sale;
- 161 (c) may be issued in one or more series; and
- 162 (d) shall contain terms the council determines necessary or appropriate.
- 163 (6) Bonds issued under this section are:
- 164 (a) not general obligations of the state or any political subdivision;
- 165 (b) not a debt or liability of the state or any political subdivision; and
- 166 (c) payable solely from the revenues pledged for bond payment.
- 167 (7) Each bond shall include a statement that the bond:
- 168 (a) is not a general obligation of the state or any political subdivision; and
- 169 (b) is payable solely from pledged revenues.

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- 172 (8) Notwithstanding any other provision of law:
- 173 (a) a bond holder has no recourse against the state or any political subdivision for payment of the bond;  
and
- 175 (b) the council may not pledge or encumber any state revenue source other than revenues generated by  
the specific project for which the bonds are issued.
- 177 (9) The council may charge an administrative fee for issuing bonds under this section and may use  
revenue from the administrative fee for:
- 179 (a) operational expenses of the council; or
- 180 (b) deposit into the Electrical Energy Development Investment Fund created in Section 79-6-1105.

628 Section 16. **Effective date.**

Effective Date.

This bill takes effect on May 6, 2026.

3-4-26 10:00 AM