

R. Neil Walter proposes the following substitute bill:

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Utah Energy Council Amendments

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: R. Neil Walter

Senate Sponsor:

LONG TITLE

General Description:

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

Highlighted Provisions:

This bill:

- defines terms;
- expands the Utah Energy Council (council) membership from five to seven members;
- establishes a co-chair structure for council leadership;
- designates the council as a state energy financing institution;
- creates the Utah Energy Infrastructure Service District (district) as a political subdivision of the state;
- provides that council members serve concurrently as the board of trustees of the district;
- authorizes the district to acquire, own, and operate energy infrastructure facilities within designated service areas;
- authorizes the district to issue revenue bonds payable solely from district revenues and not subject to the state constitutional debt limitation;
- creates the Energy Infrastructure Revenue Fund;
- authorizes the district to enter into operating contracts with private operators for district-owned facilities;
- exempts district property from taxation and subjects operators to the privilege tax;
- provides for dissolution of the district by the board or by an act of the Legislature; and
- makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

29 None

30 **Utah Code Sections Affected:**

31 AMENDS:

32 **79-6-1101**, as enacted by Laws of Utah 2025, Chapter 120

33 **79-6-1102**, as enacted by Laws of Utah 2025, Chapter 120

34 **79-6-1103**, as enacted by Laws of Utah 2025, Chapter 375

35 **79-6-1104**, as enacted by Laws of Utah 2025, Chapter 375

36 ENACTS:

37 **17B-2a-1401**, Utah Code Annotated 1953

38 **17B-2a-1402**, Utah Code Annotated 1953

39 **17B-2a-1403**, Utah Code Annotated 1953

40 **17B-2a-1404**, Utah Code Annotated 1953

41 **17B-2a-1405**, Utah Code Annotated 1953

42 **17B-2a-1406**, Utah Code Annotated 1953

43 **17B-2a-1407**, Utah Code Annotated 1953

44 **17B-2a-1408**, Utah Code Annotated 1953

45 **17B-2a-1409**, Utah Code Annotated 1953

46 **17B-2a-1410**, Utah Code Annotated 1953

47 **17B-2a-1411**, Utah Code Annotated 1953

48

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

50 Section 1. Section **17B-2a-1401** is enacted to read:

51 **17B-2a-1401 . Definitions.**

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

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

54 (3) "District" means the Utah Energy Infrastructure Service District created under Section
55 17B-2a-1403.

56 (4) "Electrical Energy Development Investment Fund" means the fund created under
57 Section 79-6-1105.

58 (5) "Electrical energy development zone" means the same as that term is defined in Section
59 79-6-102.

60 (6) "Energy infrastructure facility" means any real or personal property, including land,
61 structures, equipment, water rights, transmission lines, generation assets, storage
62 facilities, and associated improvements, used or useful for the generation, transmission,

63 storage, or delivery of energy, including electricity and natural gas.

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

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

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

71 (10) "Revenue fund" means the Energy Infrastructure Revenue Fund created under Section
 72 17B-2a-1408.

73 (11) "Service area" means a geographic area designated by the board under Section
 74 17B-2a-1405 within which the district owns or proposes to facilitate the acquisition or
 75 construction of an energy infrastructure facility.

76 Section 2. Section **17B-2a-1402** is enacted to read:

77 **17B-2a-1402 . Applicability and conflict.**

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

79 (a) this part; and

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

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

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

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

86 Section 3. Section **17B-2a-1403** is enacted to read:

87 **17B-2a-1403 . Creation and status.**

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

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

91 (b) describes the initial service area, including the geographic boundaries of the area
 92 within which the district will initially operate; and

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

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

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

131 requirements, and other procedural matters consistent with this part and Chapter 1.

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

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

136 Section 5. Section **17B-2a-1405** is enacted to read:

137 **17B-2a-1405 . Service areas.**

138 (1) The district's service area consists of the initial service area established at creation under
139 Section 17B-2a-1403 and any additional service areas annexed under this section.

140 (2) Notwithstanding any provision of Chapter 1, Provisions Applicable to All Special
141 Districts, requiring a contiguous service area, the district's service area may be
142 non-contiguous and cross county boundaries.

143 (3) The board may annex a new service area to the district by adopting a resolution that:

144 (a) describes the geographic boundaries of the proposed service area;

145 (b) identifies the type of energy infrastructure facility proposed or located within the
146 proposed service area; and

147 (c) where a corresponding electrical energy development zone exists or is proposed
148 under Section 79-6-1104, describes the relationship between the proposed service
149 area and the zone.

150 (4) No later than 30 days after adopting a resolution under Subsection (3), the board shall
151 file with the lieutenant governor:

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

154 (b) a copy of an approved final local entity plat, as defined in Section 67-1a-6.5,
155 depicting the boundaries of the proposed service area.

156 (5) A service area is annexed to the district upon the lieutenant governor's issuance of a
157 certificate of annexation under Section 67-1a-6.5.

158 (6) Following the lieutenant governor's issuance of a certificate of annexation, the board
159 shall submit to the recorder of each county in which the service area is located:

160 (a) the original notice of an impending boundary action;

161 (b) the original certificate of annexation; and

162 (c) the original approved final local entity plat.

163 (7) The board may amend the boundaries of an existing service area by following the same
164 process as annexation under Subsections (3) through (6).

- 165 (8) The district may own and operate energy infrastructure facilities only within a
 166 designated service area.
- 167 (9) The annexation of an unincorporated area by a municipality or the adjustment of a
 168 boundary shared by more than one municipality does not affect the boundaries of a
 169 district.

170 Section 6. Section **17B-2a-1406** is enacted to read:

171 **17B-2a-1406 . Powers of the district.**

- 172 (1) Notwithstanding Subsection 17B-1-103(4) and Section 17B-1-202, and in addition to
 173 the powers conferred on a special district under Section 17B-1-103, the district may:
- 174 (a) acquire by purchase, construction, gift, or any combination of these methods, and
 175 own, operate, maintain, improve, and dispose of energy infrastructure facilities
 176 within a designated service area;
- 177 (b) enter into operating contracts with operators for the management, operation, and
 178 maintenance of district-owned energy infrastructure facilities in accordance with
 179 Section 17B-2a-1409;
- 180 (c) enter into power purchase agreements for the sale of electricity or other energy
 181 produced by or transmitted through district-owned facilities;
- 182 (d) issue revenue bonds in accordance with Section 17B-2a-1407 and Chapter 1, Part 11,
 183 Special District Bonds;
- 184 (e) enter into contracts, agreements, and other instruments necessary or convenient to
 185 carry out the purposes of the district;
- 186 (f) acquire water rights, air rights, and other real and personal property rights necessary
 187 or convenient to the ownership or operation of energy infrastructure facilities;
- 188 (g) accept grants, gifts, loans, and other financial assistance from federal, state, and local
 189 governmental entities;
- 190 (h) employ staff and engage financial advisors, engineers, and other professional
 191 services necessary to carry out the purposes of the district;
- 192 (i) impose fees and charges for services provided by the district in accordance with
 193 Chapter 1, Part 9, Collection of Service Fees and Charges;
- 194 (j) impose penalties on an operator for non-compliance with the terms of an operating
 195 contract, as specified in the operating contract; and
- 196 (k) do all other things necessary or convenient to carry out the purposes of this part.
- 197 (2) Before constructing or operating an energy infrastructure facility within the boundaries
 198 of a city or town, the district shall obtain the consent of the local authorities who have

199 control of any street or highway proposed to be occupied by the facility, in accordance
 200 with Utah Constitution, Article XI, Section 9.

201 Section 7. Section **17B-2a-1407** is enacted to read:

202 **17B-2a-1407 . Revenue bonds.**

203 (1) The district may issue revenue bonds to finance the acquisition, construction,
 204 improvement, or equipping of energy infrastructure facilities within a designated service
 205 area.

206 (2)(a) Revenue bonds issued under this section:

207 (i) are limited obligations of the district payable solely from revenues deposited in the
 208 revenue fund described in Section 17B-2a-1408;

209 (ii) do not constitute a general obligation or liability of, or a charge against the
 210 general credit or taxing power of, the state or any political subdivision of the state;

211 (iii) are not subject to the debt limitations of Utah Constitution, Article XIV; and

212 (iv) shall state on the face of each bond the limitation described in Subsection

213 (2)(a)(ii).

214 (b) Notwithstanding the requirements in Subsection (2)(a)(iv), the failure to state on the
 215 face on the bond the limitation described in (2)(a)(ii) does not have any impact on the
 216 limited obligation described in this section.

217 (3) The district may pledge to the payment of revenue bonds any legally available revenues
 218 of the district.

219 (4) The district may establish reserve funds, debt service funds, and other funds as required
 220 by bond indentures or trust agreements securing revenue bonds issued under this section.

221 (5) The district may issue refunding bonds to refund outstanding revenue bonds issued
 222 under this section.

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

225 Section 8. Section **17B-2a-1408** is enacted to read:

226 **17B-2a-1408 . Energy Infrastructure Revenue Fund.**

227 (1) In addition to the requirements of Chapter 1, Part 6, Fiscal Procedures for Special
 228 Districts, the board shall establish and maintain a special revenue fund known as the
 229 Energy Infrastructure Revenue Fund.

230 (2) The following shall be deposited into the revenue fund:

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

233 such proceeds;

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

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

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

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

240 Section 9. Section **17B-2a-1409** is enacted to read:

241 **17B-2a-1409 . Operating contracts.**

242 (1) The district may enter into operating contracts with operators for the management,
243 operation, and maintenance of district-owned energy infrastructure facilities.

244 (2) An operating contract shall:

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

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

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

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

253 (e) specify the conditions under which the contract may be terminated by either party.

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

255 (a) is a service agreement; and

256 (b) does not convey a leasehold interest, ownership interest, or any other property
257 interest in the facility to the operator.

258 (4) The district shall require each operator to maintain:

259 (a) adequate insurance coverage as determined by the board; and

260 (b) where appropriate, performance bonds or other financial security acceptable to the
261 board to protect the district's interests under the operating contract.

262 (5) The board shall structure each operating contract to ensure that each operating contract
263 complies with applicable federal tax law governing qualified management contracts as
264 may be required by a federally tax-exempt revenue bonds.

265 Section 10. Section **17B-2a-1410** is enacted to read:

266 **17B-2a-1410 . Property taxes and privilege tax.**

- 267 (1) All property and assets of the district are exempt from taxation as provided in Section
 268 17B-1-116.
- 269 (2) An operator using district-owned facilities is subject to the privilege tax imposed under
 270 Title 59, Chapter 4, Privilege Tax.
- 271 (3) The district may levy a privilege tax within a service area for district operations and
 272 maintenance expenses at a rate not to exceed 0.0023.
- 273 (4) Notwithstanding this section, nothing prohibits the district from agreeing to a payment
 274 in lieu of taxes in the board's sole discretion.

275 Section 11. Section **17B-2a-1411** is enacted to read:

276 **17B-2a-1411 . Dissolution.**

- 277 (1) The board may adopt a dissolution resolution if:
- 278 (a) the district has ceased operations in all service areas; and
- 279 (b) the district has no outstanding debt or other obligations.
- 280 (2) The Legislature may dissolve the district by joint resolution.
- 281 (3) Upon dissolution of the district:
- 282 (a) all outstanding revenue bonds shall be defeased or retired in accordance with their
 283 terms before dissolution is effective; and
- 284 (b) all remaining assets of the district shall be transferred to the state.

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

286 **79-6-1101 . Utah Energy Council -- Creation and purpose.**

- 287 (1) As used in this part:
- 288 (a) "Council" means the Utah Energy Council created in Section 79-6-1101.
- 289 (b) "Decommissioned asset" means a project entity asset that:
- 290 (i) has been removed from active service by a project entity;
- 291 (ii) has been transferred to the council, including:
- 292 (A) transfer of legal title; and
- 293 (B) transfer of operational responsibility; and
- 294 (iii) will be operated and managed under the direction of the council.
- 295 (c) "District" means the Utah Energy Infrastructure Service District created under
 296 Section 17B-2a-1403.
- 297 [(e)] (d) "Operator" means an entity that:
- 298 (i) manages and maintains the daily operations of an electrical generation facility;
- 299 (ii) employs the workforce necessary to run the facility;
- 300 (iii) procures fuel and other necessary supplies;

- 301 (iv) ensures compliance with all applicable regulations; and
 302 (v) maintains the reliability of power generation.
 303 ~~[(d)]~~ (e) "Project entity" means the same as that term is defined in Section 11-13-103.
 304 ~~[(e)]~~ (f) "Project entity asset" means the same as that term is defined in Section 11-13-318.
 305 (g) "State energy financing institution" means the same as that term is defined in 10
 306 C.F.R. 609.2.

- 307 (2) There is created within the office the Utah Energy Council.
 308 (3) The purpose of the council is to facilitate the development of electrical energy
 309 generation and transmission projects within the state, including:
 310 (a) power plants;
 311 (b) transmission lines;
 312 (c) energy storage facilities; and
 313 (d) related infrastructure.
 314 (4) The council is a state energy financing institution for purposes of accessing federal
 315 programs available to state energy financing institutions, including programs under 10
 316 C.F.R. Part 609.

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

318 **79-6-1102 . Council composition -- Appointment -- Terms -- Staffing.**

- 319 (1) The council shall be composed of:
 320 (a) the director or the director's designee~~[, who shall serve as chair of the council];~~
 321 (b) two individuals appointed by the governor;
 322 (c) one individual appointed by the president of the Senate; ~~[and]~~
 323 (d) one individual appointed by the speaker of the House of Representatives~~[-]~~ ;
 324 (e) two individuals appointed by the members described in Subsections (1)(a)-(d), each
 325 of whom have experience in one or more of the following:
 326 (i) economic development, including support for existing or new industries that are
 327 critical to the state;
 328 (ii) public utilities, including utility operations, management, regulation, or policy;
 329 (iii) bonding or public financing, including municipal bond issuance, project finance,
 330 or public-private partnerships; or
 331 (iv) relevant legal matters, including energy law, public finance law, utility
 332 regulation, or securities law.
 333 (2)(a) Except as provided in Subsection (2)(b), a council member appointed under
 334 Subsection (1):

- 335 (i) shall serve a four-year term;
- 336 (ii) may be removed by the appointing authority;
- 337 (iii) may be reappointed; and
- 338 (iv) continues to serve until the member's successor is appointed and qualified.
- 339 (b) Initial terms for the appointed council members shall be staggered as follows:
- 340 (i) one member appointed by the governor under Subsection (1)(b) shall serve a
- 341 two-year term;
- 342 (ii) one member appointed by the governor under Subsection (1)(b) shall serve a
- 343 three-year term;
- 344 (iii) the member appointed by the president of the Senate under Subsection (1)(c)
- 345 shall serve a four-year term; and
- 346 (iv) the member appointed by the speaker of the House of Representatives under
- 347 Subsection (1)(d) shall serve a two-year term.
- 348 (c) A member appointed under Subsection (1)(e) may be removed by majority vote of
- 349 the council members appointed under Subsections (1)(a) through (1)(d).
- 350 (3) When a vacancy occurs in the membership for any reason, the replacement shall be
- 351 appointed by the relevant appointing authority for the unexpired term.
- 352 (4)(a) Until July 1, 2026, the director, or the director's designee, shall serve as chair of
- 353 the council.
- 354 (b) Beginning on July 1, 2026:
- 355 (i) the director, or the director's designee, shall serve as a co-chair of the council; and
- 356 (ii) the president of the Senate and the speaker of the House of Representatives shall
- 357 jointly designate one member of the council described in Subsections (1)(b)
- 358 through (1)(e) to serve as a co-chair of the council.
- 359 (c) The co-chair designated under Subsection (4)(b)(ii) may be removed as co-chair and
- 360 replaced by joint designation of the president of the Senate and the speaker of the
- 361 House of Representatives.
- 362 [~~4~~] (5)(a) A majority of council members constitutes a quorum for conducting council
- 363 business.
- 364 (b) A majority vote of the quorum present is required for any action taken by the council.
- 365 [~~5~~] (6) The council shall meet:
- 366 (a) at least quarterly; and
- 367 (b) at the call of the a co-chair or a majority of the council members.
- 368 [~~6~~] (7)(a) A council member who is not a legislator may not receive compensation or

369 benefits for the member's service but may receive per diem and travel expenses in
370 accordance with:

- 371 (i) Section 63A-3-106;
372 (ii) Section 63A-3-107; and
373 (iii) rules made by the Division of Finance under Sections 63A-3-106 and 63A-3-107.
374 (b) Compensation and expenses of a council member who is a legislator are governed by
375 Section 36-2-2 and Legislative Joint Rules, Title 5, Legislative Compensation and
376 Expenses.

377 [~~7~~] (8) The office shall provide staff support to the council.

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

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

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

384 **79-6-1103 . Council powers and duties.**

385 (1) The council shall:

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

- 387 (i) site identification and permitting;
388 (ii) early site preparation work;
389 (iii) infrastructure improvements;
390 (iv) project financing assistance; and
391 (v) stakeholder coordination;

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

- 393 (i) evaluating infrastructure needs and opportunities;
394 (ii) coordinating with transmission and pipeline developers;
395 (iii) supporting utility planning efforts; and
396 (iv) coordinating with federal agencies;

397 (c) establish and implement:

- 398 (i) strategic plans for energy development;
399 (ii) frameworks for stakeholder engagement;
400 (iii) processes for designating electrical energy development zones; and
401 (iv) criteria for evaluating proposed electrical energy development zones;

402 (d) review and approve:

- 403 (i) research project proposals from the board; and
404 (ii) funding allocations recommended by the board;
- 405 (e) consult with state land use authorities regarding:
406 (i) identification of state lands suitable for electrical energy development;
407 (ii) designation of electrical energy development zones; and
408 (iii) opportunities for coordinated development of electrical energy projects on state
409 lands;
- 410 (f) administer the Electrical Energy Development Investment Fund created in Section
411 79-6-1105;
- 412 (g) make recommendations regarding electrical energy policy to state and local
413 governments;
- 414 (h) identify and recommend solutions to barriers affecting electrical energy development;
- 415 (i) assess and address potential public health impacts of electrical energy development
416 zones;
- 417 (j) enter into contracts necessary to fulfill the council's duties;
- 418 (k) report annually by October 31 to the Public Utilities, Energy, and Technology
419 Interim Committee and the Natural Resources, Agriculture, and Environment Interim
420 Committee regarding:
421 (i) the council's activities;
422 (ii) energy development opportunities;
423 (iii) infrastructure needs;
424 (iv) the status of designated electrical energy development zones;
425 (v) recommendations for how the property tax differential revenue collected under
426 Section 79-6-1104 should be divided and distributed between the state, counties,
427 and municipalities;
428 (vi) investment decisions made by the council; and
429 (vii) recommended policy changes;
- 430 (l) create and implement a strategic plan for a decommissioned asset, taking into
431 consideration:
432 (i) the state energy policy, as provided in Section 79-6-301;
433 (ii) reliability of electrical generation; and
434 (iii) economic viability;
- 435 (m) establish policies and procedures for the management of a decommissioned asset;
- 436 (n) administer contracts for the management and operations of a decommissioned asset;

- 437 (o) enter into contracts necessary for the operation and management of a
 438 decommissioned asset;
- 439 (p) acquire, hold, and dispose of property related to a decommissioned asset;
- 440 (q) select an operator for a decommissioned asset as provided in Section 79-6-1107; [and]
- 441 (r) report annually to the Legislative Management Committee regarding:
- 442 (i) the status and progress of the asset transfer;
- 443 (ii) operational and financial status of the asset under council control;
- 444 (iii) status of the operator contract;
- 445 (iv) environmental compliance status; and
- 446 (v) recommendations for legislation[-] ; and
- 447 (s) designate service areas for the district as provided in Section 17B-2a-1405.
- 448 (2) The council may create the Utah Energy Infrastructure Service District as provided in
 449 Section 17B-2a-1403.
- 450 (3) The council shall negotiate with the applicable county or municipality regarding the
 451 distribution of property tax differential revenue collected under Section 79-6-1104.
- 452 [~~3~~] (4) Any portion of the property tax differential that is not distributed to the council
 453 shall be distributed to the applicable county or municipality for impact mitigation and
 454 affordable housing.
- 455 [~~4~~] (5)(a) The portion of the property tax differential that is distributed to the
 456 municipality shall be used for:
- 457 (i) at least 10% of the total distribution shall be used for affordable housing
 458 programs; and
- 459 (ii) the remaining portion shall be used to mitigate impacts within the municipality
 460 resulting from electrical energy development.
- 461 (b) The portion of the property tax differential that is distributed to the county shall be
 462 used for:
- 463 (i) at least 10% of the total distribution shall be placed in a registered non-profit
 464 established to administer housing programs on behalf of an association
 465 representing 10 or more counties in the state; and
- 466 (ii) the remaining portion shall be used to mitigate impacts within the county
 467 resulting from electrical energy development.
- 468 [~~5~~] (6) If the council acquires a project entity asset under Section 11-13-318, the council
 469 shall enter into an agreement with the project entity that:
- 470 (a) provides for the transfer, disposition, and future operation of the asset; and

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

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

475 **79-6-1104 . Electrical energy development zones -- Property tax differential.**

476 (1) As used in this section:

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

480 (b) "Community reinvestment agency" means the same as that term is defined in Section
481 17C-1-102.

482 (c) "Community reinvestment project area" means the same as that term is defined in
483 Section 17C-1-102.

484 (d) "Municipal power project" means an electrical energy project that:

485 (i) is operated by or on behalf of a municipality; and

486 (ii) exclusively serves customers within that municipality's jurisdictional boundaries.

487 (e) "Property tax differential" means the difference between:

488 (i) the amount of property tax revenues generated each tax year by all taxing entities
489 from an electrical energy development zone, using the current assessed value of
490 the property; and

491 (ii) the amount of property tax revenues that would be generated from that same area
492 using the base taxable value of the property.

493 (f) "State land use authority" means:

494 (i) the Utah Inland Port Authority created in Section 11-58-201;

495 (ii) the Military Installation Development Authority created in Section 63H-1-201;

496 (iii) the School and Institutional Trust Lands Administration created in Section
497 53C-1-201; or

498 (iv) any other land use authority created by the state that has jurisdiction over state
499 lands.

500 (2)(a) Except as provided in Subsection (2)(b), a county or municipality may not offer
501 financial incentives for a baseload electrical energy project that is not located within
502 a designated electrical energy development zone.

503 (b) Subsection (2)(a) does not apply to:

504 (i) financial incentives offered for:

- 505 (A) a municipal power project; or
506 (B) an electrical energy project that exclusively utilizes intermittent resources; or
507 (ii) an electrical energy project for which a project area plan has been approved
508 before July 1, 2026.
- 509 (3) A county or municipality may:
- 510 (a) pass a resolution declaring an intent to establish within the county or municipality
511 boundaries an energy development zone;
- 512 (b) enter into an interlocal agreement with the council outlining each parties'
513 responsibilities relating to an energy development zone; and
- 514 (c) apply to the council for the designation of an electrical energy development zone by
515 submitting:
- 516 (i) a description of the proposed boundaries of the electrical energy development
517 zone;
- 518 (ii) an assessment of existing electrical energy infrastructure within and proximate to
519 the proposed electrical energy development zone;
- 520 (iii) a development plan that includes:
- 521 (A) proposed electrical energy development projects;
- 522 (B) anticipated infrastructure improvements;
- 523 (C) projected economic benefits to the county; and
- 524 (D) evidence of local support including any interlocal agreement entered into
525 between the county or municipality and the council, as applicable;
- 526 (iv) if the applicant is a municipality, evidence of coordination with the county in
527 which the proposed electrical energy development zone is located, including any
528 interlocal agreement entered into between the county or municipality and the
529 council, as applicable;
- 530 (v) if the applicant is a county and any portion of the proposed electrical energy
531 development zone is within the boundaries of a municipality, evidence of an
532 agreement with the municipality regarding the establishment of the electrical
533 energy development zone; and
- 534 (vi) any other information required by the council.
- 535 (4) A state land use authority may:
- 536 (a) propose an electrical energy development zone within lands under its jurisdiction; and
537 (b) apply to the council for the designation of an electrical energy development zone by
538 submitting:

- 539 (i) a description of the proposed boundaries of the electrical energy development
540 zone;
- 541 (ii) an assessment of existing electrical energy infrastructure within and proximate to
542 the proposed electrical energy development zone;
- 543 (iii) a development plan that includes:
544 (A) proposed electrical energy development projects;
545 (B) anticipated infrastructure improvements; and
546 (C) projected economic benefits;
- 547 (iv) evidence that the proposed zone is consistent with applicable land use plans and
548 regulations; and
- 549 (v) any other information required by the council.
- 550 (5) The council shall:
- 551 (a) approve an application for electrical energy development zone designation if the
552 application demonstrates:
- 553 (i) the proposed electrical energy development zone includes land suitable for
554 electrical energy development based on:
555 (A) access to electrical energy resources;
556 (B) proximity to existing or planned transmission infrastructure;
557 (C) adequate transportation access; and
558 (D) sufficient land area for proposed development; and
- 559 (ii) the development plan:
560 (A) aligns with state energy policy under Section 79-6-301;
561 (B) includes realistic timelines and milestones;
562 (C) identifies specific infrastructure improvements; and
563 (D) quantifies projected economic benefits;
- 564 (b) make a determination on an application within 60 days of submission;
- 565 (c) provide written notice to the county or municipality explaining the basis for approval
566 or denial;
- 567 (d) if an electrical energy development zone overlaps with an area designated by a
568 community reinvestment agency as a community reinvestment project area as of May
569 7, 2025, enter into an agreement with the community reinvestment agency to
570 determine the percentage division of the property tax differential between:
571 (i) the Electrical Energy Development Investment Fund; and
572 (ii) the community reinvestment agency; and

- 573 (e) if an electrical energy development zone overlaps with an inland port project, enter
574 into an agreement with the Utah Inland Port Authority to determine the percentage
575 division of the property tax differential between:
- 576 (i) the Electrical Energy Development Investment Fund; and
577 (ii) the Utah Inland Port Authority created in Section 11-58-201.
- 578 (6) Within 30 days after the council designates an electrical energy development zone:
- 579 (a) the county auditor shall certify to the council the base taxable value of property
580 within the electrical energy development zone; and
- 581 (b) the county shall transmit to the council copies of the property tax assessment rolls for
582 all property within the electrical energy development zone.
- 583 (7)(a) Each year, the county auditor shall:
- 584 (i) determine the amount of the property tax differential for the electrical energy
585 development zone by comparing:
- 586 (A) the current assessed value of property within the electrical energy
587 development zone; and
- 588 (B) the base taxable value of property within the electrical energy development
589 zone;
- 590 (ii) inform the county treasurer of the property tax differential amount; and
591 (iii) provide notice to the council of the amount calculated under this Subsection
592 (7)(a).
- 593 (b) The county treasurer shall transfer the property tax differential to the council for
594 deposit into the Electrical Energy Development Investment Fund created in Section
595 79-6-1105, subject to any agreements entered into under Subsections (5)(d) and (5)(e).
- 596 (c) The county treasurer shall make distributions required under this section:
- 597 (i) at the same time as regular annual property tax distributions; and
598 (ii) using the same method as other property tax distributions.
- 599 (8) For property tax differential not subject to Subsection (5)(d) the council may enter into
600 agreements with taxing entities regarding the allocation of the property tax differential.
- 601 (9) If an electrical energy development zone designated under this section overlaps with an
602 existing or proposed service area of the district, the council shall note the overlap in the
603 zone designation resolution.

604 Section 16. **Effective Date.**

605 This bill takes effect on May 6, 2026.