

RURAL DEVELOPMENT ACT AMENDMENTS

2024 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: David P. Hinkins

House Sponsor: _____

LONG TITLE

General Description:

This bill modifies the Rural Opportunity Program.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ authorizes the Governor's Office of Economic Opportunity to award a grant or loan to a rural health care special district;
- ▶ removes the annual cap on grant awards to a rural community or business entity;
- ▶ modifies the interest rate on a loan issued by the Governor's Office of Economic Opportunity; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

63N-4-801, as last amended by Laws of Utah 2023, Chapter 499

63N-4-802, as last amended by Laws of Utah 2023, Chapter 499



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

29 Section 1. Section **63N-4-801** is amended to read:

30 **63N-4-801. Definitions.**

31 As used in this part:

32 (1) "Advisory committee" means the Rural Opportunity Advisory Committee created
33 in Section [63N-4-804](#).

34 (2) "Association of governments" means an association of political subdivisions of the
35 state, established pursuant to an interlocal agreement under Title 11, Chapter 13, Interlocal
36 Cooperation Act.

37 (3) (a) "Business entity" means a sole proprietorship, partnership, association, joint
38 venture, corporation, firm, trust, foundation, or other organization or entity used in carrying on
39 a business.

40 (b) "Business entity" does not include a business primarily engaged in the following:

41 (i) construction;

42 (ii) staffing;

43 (iii) retail trade; or

44 (iv) public utility activities.

45 (4) "CEO board" means a County Economic Opportunity Advisory Board as described
46 in Section [63N-4-803](#).

47 (5) "Fund" means the Rural Opportunity Fund created in Section [63N-4-805](#).

48 (6) "Qualified asset" means a physical asset that provides or supports an essential
49 public service.

50 (7) " Qualified project" means a project to build or improve one or more qualified
51 assets for a rural community, including:

52 (a) telecom and high-speed Internet infrastructure;

53 (b) power and energy infrastructure;

54 (c) water and sewerage infrastructure;

55 (d) healthcare infrastructure; or

56 (e) other infrastructure as defined by rule made by the office in accordance with Title
57 63G, Chapter 3, Utah Administrative Rulemaking Act.

58 (8) "Rural community" means a rural county or rural municipality.

59 (9) "Rural county" means a county of the third, fourth, fifth, or sixth class.

60 (10) "Rural health care special district" means a special ~~Ŝ~~→ service ←~~Ŝ~~ district created ~~Ŝ~~→
60a to provide health care ←~~Ŝ~~ under
61 Subsection ~~Ŝ~~→ [17B-1-202(1)(a)(v)] 17D-1-201(6) ←~~Ŝ~~ that is located in a rural county or rural
61a municipality.

62 [~~(10)~~] (11) "Rural municipality" means a city, town, or metro township located within
63 the boundaries of:

64 (a) a county of the third, fourth, fifth, or sixth class; or

65 (b) a county of the second class, if the municipality has a population of 10,000 or less.

66 [~~(11)~~] (12) "Rural Opportunity Program" or "program" means the Rural Opportunity
67 Program created in Section [63N-4-802](#).

68 Section 2. Section [63N-4-802](#) is amended to read:

69 **63N-4-802. Creation of Rural Opportunity Program -- Awarding of grants and**
70 **loans -- Rulemaking -- Reporting.**

71 (1) There is created the Rural Opportunity Program.

72 (2) The program shall be overseen by the advisory committee and administered by the
73 office.

74 (3) (a) In overseeing the program, the advisory committee shall make recommendations
75 to the office on the awarding of grants and loans under this section.

76 (b) After reviewing the recommendations of the advisory committee, and subject to
77 appropriations from the Legislature, the office shall:

78 (i) award grants to rural communities and business entities in accordance with
79 Subsection (4) and rules made by the center under Subsection (6); and

80 (ii) award loans to rural communities in accordance with Subsection (5) and rules made
81 by the center under Subsection (6).

82 (4) (a) The office shall annually distribute an equal amount of grant money to all rural
83 counties that have created a CEO board and apply for a grant, in an amount up to and including
84 \$200,000 annually per county.

85 (b) In addition to the grant money distributed to rural counties under Subsection (4)(a),
86 the office may use program funds to:

87 (i) award grants to rural communities that demonstrate a funding match, in an amount
88 established by rule under Subsection (6);

89 (ii) award grants to business entities that create new jobs within rural communities;

90 [and]

91 (iii) award grants to associations of governments, subject to Subsection (4)(e)[~~;~~]; and

92 (iv) award grants to rural health care special districts.

93 (c) The office shall award grants under this Subsection (4) to address the economic
94 development needs of rural communities, which needs may include:

95 (i) business recruitment, development, and expansion;

96 (ii) workforce training and development; and

97 (iii) infrastructure, industrial building development, and capital facilities improvements

98 for business development.

99 (d) In awarding grants under this Subsection (4), the office:

100 (i) shall prioritize applications in accordance with rules made by the office under
101 Subsection (6); and

102 [~~(ii) may not award more than \$800,000 annually to a rural community or business
103 entity; and~~]

104 [(~~iii~~) (ii) may not award more than 20% of the total amount of grant funds made
105 available each year to associations of governments.

106 (e) An association of governments may not receive a grant from the program unless the
107 association of governments demonstrates to the office that each county belonging to the
108 association of governments has approved the request for grant funds.

109 (5) (a) In addition to the awarding of grants under Subsection (4), the office may use
110 program funds to award loans to rural communities or rural health care special districts to
111 provide financing for qualified projects.

112 (b) (i) A rural community or rural health care special district may not receive a loan
113 from the program for a qualified project unless:

114 (A) the rural community or rural health care special district demonstrates to the office
115 that the rural community or rural health care special district has exhausted all other means of
116 securing funding from the state for the qualified project; and

117 (B) the rural community or rural health care special district enters into a loan contract
118 with the office.

119 (ii) A loan contract under Subsection (5)(b)(i)(B):

120 (A) shall be secured by legally issued bonds, notes, or other evidence of indebtedness

121 validly issued under state law, including pledging all or any portion of a revenue source
122 controlled by the rural community or rural health care special district to the repayment of the
123 loan; and

124 (B) may provide that a portion of the proceeds of the loan may be applied to fund a
125 reserve fund to secure the repayment of the loan.

126 (c) A loan under this Subsection (5) shall bear interest [~~at a rate:~~] as set by the office in
127 consultation with the state treasurer.

128 [~~(i) not less than bond market interest rates available to the state; and]~~

129 [~~(ii) not more than .5% above bond market interest rates available to the state.]~~

130 (d) Before a rural community or rural health care special district may receive a loan
131 from the office, the rural community or rural health care special district shall:

132 (i) publish the rural community's or rural health care special district's intention to
133 obtain the loan at least once in accordance with the publication and notice requirements
134 described in Section [11-14-316](#); and

135 (ii) adopt an ordinance or resolution authorizing the loan.

136 (e) (i) If a rural community or rural health care district that receives a loan from the
137 office fails to comply with the terms of the loan contract, the office may seek any legal or
138 equitable remedy to obtain compliance or payment of damages.

139 (ii) If a rural community or rural health care district fails to make loan payments when
140 due, the state shall, at the request of the office, withhold an amount of money due to the rural
141 community or rural health care district and deposit the withheld money into the fund to pay the
142 amount due under the contract.

143 (iii) The office may elect when to take any action or request the withholding of money
144 under this Subsection (5)(e).

145 (f) All loan contracts, bonds, notes, or other evidence of indebtedness securing any
146 loans shall be collected and accounted for in accordance with Section [63B-1b-202](#).

147 (6) (a) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
148 and in collaboration with the advisory committee, the office shall make rules to administer the
149 program.

150 (b) The rules under Subsection (6)(a) shall establish:

151 (i) eligibility criteria for a rural community or business entity to receive a grant or loan

152 under the program;

153 (ii) application requirements;

154 (iii) funding match requirements for a rural community to receive a grant under

155 Subsection (4)(b);

156 (iv) a process for prioritizing grant and loan applications; and

157 (v) reporting requirements.

158 (7) The office shall include the following information in the annual written report

159 described in Section [63N-1a-306](#):

160 (a) the total amount of grants and loans the office awarded to rural communities, rural
161 health care special districts, and business entities under the program;

162 (b) a description of the projects for which the office awarded a grant or loan under the
163 program;

164 (c) the total amount of outstanding debt service that is being repaid by a grant or loan
165 awarded under the program;

166 (d) whether the grants and loans awarded under the program have resulted in economic
167 development within rural communities; and

168 (e) the office's recommendations regarding the effectiveness of the program and any
169 suggestions for legislation.

170 Section 3. **Effective date.**

171 This bill takes effect on May 1, 2024.