

**RURAL MUNICIPAL ECONOMIC DEVELOPMENT LOAN PROGRAM**

2021 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Jeffrey D. Stenquist**

Senate Sponsor: \_\_\_\_\_

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**LONG TITLE**

**General Description:**

This bill creates the Municipal Infrastructure Fund (fund) within the Governor's Office of Economic Development (office).

**Highlighted Provisions:**

This bill:

- ▶ defines terms;
  - ▶ creates the fund within the office;
  - ▶ describes the allowable uses of the fund, including that the fund is to be used for infrastructure loans to rural municipalities;
  - ▶ describes the office's requirements in providing and managing loans from the fund;
- and
- ▶ grants certain rulemaking authority to the office related to managing the fund.

**Money Appropriated in this Bill:**

This bill appropriates in fiscal year 2022:

- ▶ to General Fund Restricted -- Municipal Infrastructure Fund Restricted Account, as a one-time appropriation:
  - from the General Fund, One-time, \$69,000,000; and
- ▶ to Governor's Office of Economic Development -- Municipal Infrastructure Loan Program, as a one-time appropriation:



28 • from the General Fund Restricted -- Municipal Infrastructure Fund Restricted  
29 Account, One-time, \$69,000,000.

30 **Other Special Clauses:**

31 None

32 **Utah Code Sections Affected:**

33 AMENDS:

34 **63B-1b-202**, as last amended by Laws of Utah 2017, Chapter 345

35 ENACTS:

36 **63N-3-601**, Utah Code Annotated 1953

37 **63N-3-602**, Utah Code Annotated 1953

38 **63N-3-603**, Utah Code Annotated 1953

39 **63N-3-604**, Utah Code Annotated 1953



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

42 Section 1. Section **63B-1b-202** is amended to read:

43 **63B-1b-202. Custodial officer -- Powers and duties.**

44 (1) (a) There is created within the Division of Finance an officer responsible for the  
45 care, custody, safekeeping, collection, and accounting of all bonds, notes, contracts, trust  
46 documents, and other evidences of indebtedness:

- 47 (i) owned or administered by the state or any of its agencies; and
- 48 (ii) except as provided in Subsection (1)(b), relating to revolving loan funds.

49 (b) Notwithstanding Subsection (1)(a), the officer described in Subsection (1)(a) is not  
50 responsible for the care, custody, safekeeping, collection, and accounting of a bond, note,  
51 contract, trust document, or other evidence of indebtedness relating to the:

- 52 (i) Agriculture Resource Development Fund, created in Section **4-18-106**;
- 53 (ii) Utah Rural Rehabilitation Fund, created in Section **4-19-105**;
- 54 (iii) Petroleum Storage Tank Trust Fund, created in Section **19-6-409**;
- 55 (iv) Olene Walker Housing Loan Fund, created in Section **35A-8-502**; ~~[and]~~
- 56 (v) Brownfields Fund, created in Section **19-8-120**~~[-]~~; and
- 57 (vi) Municipal Infrastructure Fund, created in Section **63N-3-602**.

58 (2) (a) Each authorizing agency shall deliver to this officer for the officer's care,

59 custody, safekeeping, collection, and accounting all bonds, notes, contracts, trust documents,  
60 and other evidences of indebtedness:

- 61 (i) owned or administered by the state or any of its agencies; and
- 62 (ii) except as provided in Subsection (1)(b), relating to revolving loan funds.

63 (b) This officer shall:

64 (i) establish systems, programs, and facilities for the care, custody, safekeeping,  
65 collection, and accounting for the bonds, notes, contracts, trust documents, and other evidences  
66 of indebtedness submitted to the officer under this Subsection (2); and

67 (ii) shall make available updated reports to each authorizing agency as to the status of  
68 loans under their authority.

69 (3) The officer described in Section 63B-1b-201 shall deliver to the officer described in  
70 Subsection (1)(a) for the care, custody, safekeeping, collection, and accounting by the officer  
71 described in Subsection (1)(a) of all bonds, notes, contracts, trust documents, and other  
72 evidences of indebtedness closed as provided in Subsection 63B-1b-201(2)(b).

73 Section 2. Section 63N-3-601 is enacted to read:

74 **Part 6. Municipal Infrastructure Fund**

75 **63N-3-601. Definitions.**

76 As used in this part:

77 (1) "Fund" means the Municipal Infrastructure Fund created in Section 63N-3-602.

78 (2) "Infrastructure asset" means a physical asset that provides or supports an essential  
79 public service.

80 (3) "Infrastructure loan" means a loan of money from the fund to finance an  
81 infrastructure project.

82 (4) "Infrastructure project" means a project to build or improve one or more  
83 infrastructure assets for a municipality, including:

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

85 (b) power and energy infrastructure;

86 (c) water and sewerage infrastructure;

87 (d) healthcare infrastructure; or

88 (e) other infrastructure as defined by rule made by the office in accordance with Title  
89 63G, Chapter 3, Utah Administrative Rulemaking Act.

90 (5) (a) "Rural municipality" means a city or town in a county of the third, fourth, fifth,  
91 or sixth class.

92 (b) "Rural municipality" may include an unincorporated area of a county of the third,  
93 fourth, fifth, or sixth class.

94 Section 3. Section **63N-3-602** is enacted to read:

95 **63N-3-602. Municipal Infrastructure Fund -- Creation -- Use of money.**

96 (1) There is created a restricted account within the General Fund known as the  
97 Municipal Infrastructure Fund.

98 (2) The fund consists of money from the following sources:

99 (a) appropriations made to the fund by the Legislature;

100 (b) federal money and grants that are deposited into the fund;

101 (c) contributions and grants from any private or public sources for deposit into the  
102 fund; and

103 (d) all money collected from the repayment of fund money used for an infrastructure  
104 loan.

105 (3) (a) The fund shall earn interest.

106 (b) All interest earned on money in the fund shall be deposited into the fund.

107 (4) Money in the fund may only be used by the office to:

108 (a) provide infrastructure loans to rural municipalities; and

109 (b) pay for the office's costs in administering the fund, including costs related to  
110 providing infrastructure loans, monitoring infrastructure projects, and obtaining repayments of  
111 infrastructure loans.

112 (5) The office may establish separate accounts in the fund for infrastructure loans,  
113 administrative and operating expenses, or any other purpose to implement this part.

114 (6) Money in the fund shall be invested by the state treasurer as provided in Title 51,  
115 Chapter 7, State Money Management Act, and the earnings from the investments shall be  
116 credited to the fund.

117 (7) The office shall include in the annual written report described in Section  
118 63N-1-301, a report of how money from the fund was used, including information regarding all  
119 infrastructure projects funded by loans from the fund.

120 Section 4. Section **63N-3-603** is enacted to read:

121 **63N-3-603. Infrastructure loans -- Authority -- Rulemaking.**

122 (1) Money in the fund may be used by the office to make infrastructure loans to any  
123 rural municipality for any purpose consistent with the provisions of this part.

124 (2) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
125 office shall make rules providing procedures and standards for making infrastructure loans,  
126 including application requirements and a process for prioritizing applications.

127 (3) The prioritization process, procedures, and standards for making an infrastructure  
128 loan may include consideration of the following:

129 (a) the availability of money in the fund;

130 (b) the credit worthiness of the infrastructure project, including the identification of a  
131 dedicated source of revenue to repay the infrastructure loan;

132 (c) the amount of expected economic and other benefits to the rural municipality from  
133 the infrastructure project when compared to the cost of the infrastructure project;

134 (d) the amount of money from other sources being contributed to the infrastructure  
135 project; and

136 (e) a municipality's difficulty in obtaining or qualifying for complete funding with  
137 reasonable repayment options from other sources.

138 Section 5. Section **63N-3-604** is enacted to read:

139 **63N-3-604. Loan program procedures -- Repayment.**

140 (1) A rural municipality may obtain an infrastructure loan from the office by entering  
141 into a loan contract with the office secured by legally issued bonds, notes, or other evidence of  
142 indebtedness validly issued under state law, including pledging all or any portion of a revenue  
143 source controlled by the rural municipality to the repayment of the loan.

144 (2) A loan from the fund shall bear interest at a rate:

145 (a) not less than bond market interest rates available to the state; and

146 (b) not more than .5% above bond market interest rates available to the state.

147 (3) A rural municipality shall begin repayment of a loan no later than the date of  
148 completion of the infrastructure project.

149 (4) An infrastructure loan contract with a rural municipality may provide that a portion  
150 of the proceeds of the loan may be applied to fund a reserve fund to secure the repayment of the  
151 loan.

- 152 (5) Before obtaining an infrastructure loan, a rural municipality shall:
- 153 (a) publish the rural municipality's intention to obtain an infrastructure loan at least
- 154 once in accordance with the publication and notice requirements described in Section
- 155 11-14-316; and
- 156 (b) adopt an ordinance or resolution authorizing the infrastructure loan.
- 157 (6) (a) If a rural municipality fails to comply with the terms of the rural municipality's
- 158 infrastructure loan contract, the office may seek any legal or equitable remedy to obtain
- 159 compliance or payment of damages.
- 160 (b) If a rural municipality fails to make infrastructure loan payments when due, the
- 161 state shall, at the request of the office, withhold an amount of money due to the rural
- 162 municipality and deposit the withheld money into the fund to pay the amount due under the
- 163 contract.
- 164 (c) The office may elect when to take any action or request the withholding of money
- 165 under this Subsection (6).
- 166 (7) All loan contracts, bonds, notes, or other evidence of indebtedness securing any
- 167 infrastructure loans shall be collected and accounted for in accordance with Section
- 168 63B-1b-202.

Section 6. **Appropriation.**

The following sums of money are appropriated for the fiscal year beginning July 1, 2021, and ending June 30, 2022. These are additions to amounts previously appropriated for fiscal year 2022.

Subsection 6(a). **Restricted Fund and Account Transfers.**

The Legislature authorizes the State Division of Finance to transfer the following amounts between the following funds or accounts as indicated. Expenditures and outlays from the funds to which the money is transferred must be authorized by an appropriation.

ITEM 1

To General Fund Restricted -- Municipal Infrastructure Fund Restricted Account

<u>From General Fund, One-time</u>	<u>\$69,000,000</u>
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Schedule of Programs:

<u>General Fund Restricted -- Municipal Infrastructure Fund</u>
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<u>Restricted Account</u>	<u>\$69,000,000</u>
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183 Subsection 6(b). Operating and Capital Budgets.

184 Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures Act, the  
185 Legislature appropriates the following sums of money from the funds or accounts indicated for  
186 the use and support of the government of the state of Utah.

187 ITEM 2

188 To Governor's Office of Economic Development

189 From General Fund Restricted -- Municipal Infrastructure Fund

190 Restricted Account, One-time \$69,000,000

191 Schedule of Programs:

192 Municipal Infrastructure Loan Program \$69,000,000

193 The Legislature intends that, under Section [63J-1-603](#) of the Utah Code, appropriations  
194 under this section not lapse at the close of Fiscal Year 2022.