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**RURAL DEVELOPMENT ACT AMENDMENTS**  
2024 GENERAL SESSION  
STATE OF UTAH  
**Chief Sponsor: David P. Hinkins**  
House Sponsor: Carl R. Albrecht

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**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

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

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

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

As used in this part:

- 28 (1) "Advisory committee" means the Rural Opportunity Advisory Committee created in  
29 Section 63N-4-804.
- 30 (2) "Association of governments" means an association of political subdivisions of the  
31 state, established pursuant to an interlocal agreement under Title 11, Chapter 13,  
32 Interlocal Cooperation Act.
- 33 (3) (a) "Business entity" means a sole proprietorship, partnership, association, joint  
34 venture, corporation, firm, trust, foundation, or other organization or entity used in  
35 carrying on a business.
- 36 (b) "Business entity" does not include a business primarily engaged in the following:  
37 (i) construction;  
38 (ii) staffing;  
39 (iii) retail trade; or  
40 (iv) public utility activities.
- 41 (4) "CEO board" means a County Economic Opportunity Advisory Board as described in  
42 Section 63N-4-803.
- 43 (5) "Fund" means the Rural Opportunity Fund created in Section 63N-4-805.
- 44 (6) "Qualified asset" means a physical asset that provides or supports an essential public  
45 service.
- 46 (7) "Qualified project" means a project to build or improve one or more qualified assets for  
47 a rural community, including:  
48 (a) telecom and high-speed Internet infrastructure;  
49 (b) power and energy infrastructure;  
50 (c) water and sewerage infrastructure;  
51 (d) healthcare infrastructure; or  
52 (e) other infrastructure as defined by rule made by the office in accordance with Title  
53 63G, Chapter 3, Utah Administrative Rulemaking Act.
- 54 (8) "Rural community" means a rural county or rural municipality.
- 55 (9) "Rural county" means a county of the third, fourth, fifth, or sixth class.
- 56 (10) "Rural health care special district" means a special service district created to provide  
57 health care under Subsection 17D-1-201(6) that is located in a rural county or rural  
58 municipality.
- 59 [(10)] (11) "Rural municipality" means a city, town, or metro township located within the  
60 boundaries of:  
61 (a) a county of the third, fourth, fifth, or sixth class; or

62 (b) a county of the second class, if the municipality has a population of 10,000 or less.  
63 [(H)] (12) "Rural Opportunity Program" or "program" means the Rural Opportunity  
64 Program created in Section 63N-4-802.

65 Section 2. Section **63N-4-802** is amended to read:

66 **63N-4-802 . Creation of Rural Opportunity Program -- Awarding of grants and**  
67 **loans -- Rulemaking -- Reporting.**

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

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

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

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

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

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

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

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

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

86 (ii) award grants to business entities that create new jobs within rural communities; [  
87 ~~and~~]

88 (iii) award grants to associations of governments, subject to Subsection (4)(e)[-] ; and  
89 (iv) award grants to rural health care special districts.

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

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

93 (ii) workforce training and development; and

94 (iii) infrastructure, industrial building development, and capital facilities  
95 improvements for business development.

- 96 (d) In awarding grants under this Subsection (4), the office:  
 97 (i) shall prioritize applications in accordance with rules made by the office under  
 98 Subsection (6); and  
 99 [~~(ii) may not award more than \$800,000 annually to a rural community or business~~  
 100 ~~entity; and]~~  
 101 [~~(iii)~~] (ii) may not award more than 20% of the total amount of grant funds made  
 102 available each year to associations of governments.
- 103 (e) An association of governments may not receive a grant from the program unless the  
 104 association of governments demonstrates to the office that each county belonging to  
 105 the association of governments has approved the request for grant funds.
- 106 (5) (a) In addition to the awarding of grants under Subsection (4), the office may use  
 107 program funds to award loans to rural communities or rural health care special  
 108 districts to provide financing for qualified projects.
- 109 (b) (i) A rural community or rural health care special district may not receive a loan  
 110 from the program for a qualified project unless:  
 111 (A) the rural community or rural health care special district demonstrates to the  
 112 office that the rural community or rural health care special district has  
 113 exhausted all other means of securing funding from the state for the qualified  
 114 project; and  
 115 (B) the rural community or rural health care special district enters into a loan  
 116 contract with the office.
- 117 (ii) A loan contract under Subsection (5)(b)(i)(B):  
 118 (A) shall be secured by legally issued bonds, notes, or other evidence of  
 119 indebtedness validly issued under state law, including pledging all or any  
 120 portion of a revenue source controlled by the rural community or rural health  
 121 care special district to the repayment of the loan; and  
 122 (B) may provide that a portion of the proceeds of the loan may be applied to fund  
 123 a reserve fund to secure the repayment of the loan.
- 124 (c) A loan under this Subsection (5) shall bear interest [~~at a rate:~~] as set by the office in  
 125 consultation with the state treasurer.  
 126 [~~(i) not less than bond market interest rates available to the state; and]~~  
 127 [~~(ii) not more than .5% above bond market interest rates available to the state.]~~
- 128 (d) Before a rural community or rural health care special district may receive a loan from  
 129 the office, the rural community or rural health care special district shall:

- 130 (i) publish the rural community's or rural health care special district's intention to  
131 obtain the loan at least once in accordance with the publication and notice  
132 requirements described in Section 11-14-316; and
- 133 (ii) adopt an ordinance or resolution authorizing the loan.
- 134 (e) (i) If a rural community or rural health care district that receives a loan from the  
135 office fails to comply with the terms of the loan contract, the office may seek any  
136 legal or equitable remedy to obtain compliance or payment of damages.
- 137 (ii) If a rural community or rural health care district fails to make loan payments  
138 when due, the state shall, at the request of the office, withhold an amount of  
139 money due to the rural community or rural health care district and deposit the  
140 withheld money into the fund to pay the amount due under the contract.
- 141 (iii) The office may elect when to take any action or request the withholding of  
142 money under this Subsection (5)(e).
- 143 (f) All loan contracts, bonds, notes, or other evidence of indebtedness securing any loans  
144 shall be collected and accounted for in accordance with Section 63B-1b-202.
- 145 (6) (a) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,  
146 and in collaboration with the advisory committee, the office shall make rules to  
147 administer the program.
- 148 (b) The rules under Subsection (6)(a) shall establish:
- 149 (i) eligibility criteria for a rural community or business entity to receive a grant or  
150 loan under the program;
- 151 (ii) application requirements;
- 152 (iii) funding match requirements for a rural community to receive a grant under  
153 Subsection (4)(b);
- 154 (iv) a process for prioritizing grant and loan applications; and
- 155 (v) reporting requirements.
- 156 (7) The office shall include the following information in the annual written report described  
157 in Section 63N-1a-306:
- 158 (a) the total amount of grants and loans the office awarded to rural communities, rural  
159 health care special districts, and business entities under the program;
- 160 (b) a description of the projects for which the office awarded a grant or loan under the  
161 program;
- 162 (c) the total amount of outstanding debt service that is being repaid by a grant or loan  
163 awarded under the program;

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

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

168 Section 3. **Effective date.**

169 This bill takes effect on May 1, 2024.