

1 **State Grant Process Amendments**

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Val L. Peterson

Senate Sponsor:

3 **LONG TITLE**

4 **General Description:**

5 This bill modifies provisions related to state grants.

6 **Highlighted Provisions:**

7 This bill:

8 ▶ for direct award grants, prohibits an administering agency from using grant funds to
9 administer the grant, unless otherwise provided in the grant appropriation's intent

10 language;

11 ▶ modifies certain reporting requirements for competitive grants; and

12 ▶ makes technical and conforming changes.

13 **Money Appropriated in this Bill:**

14 None

15 **Other Special Clauses:**

16 This bill provides a special effective date.

17 **Utah Code Sections Affected:**

18 AMENDS:

19 **63G-6b-101**, as enacted by Laws of Utah 2024, Chapter 300

20 **63G-6b-201**, as enacted by Laws of Utah 2024, Chapter 300

21 **63G-6b-301**, as enacted by Laws of Utah 2024, Chapter 300

22 **63G-6b-401**, as enacted by Laws of Utah 2024, Chapter 300

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

25 Section 1. Section **63G-6b-101** is amended to read:

26 **63G-6b-101 . Definitions.**

27 As use in this chapter:

28 (1) "Administering agency" means a state agency that administers a grant.

29 (2) "Competitive grant" means a grant that is not a direct award grant.

30 (3) "Direct award grant" means a grant that is funded by money that the Legislature intends

31 the state agency to pass through to one or more recipients without a competitive process.

32 (4)(a) "Grant" means a state agency's expenditure of state money, or agreement to
33 expend state money, that is:

34 (i) authorized by law;

35 (ii) made for a particular purpose; and

36 (iii) made without acquiring, or the promise of acquiring, a procurement item in
37 exchange for the expenditure.

38 (b) "Grant" does not include:

39 (i) a tax credit;

40 (ii) an expenditure of federal money;

41 (iii) public assistance, as defined in Section 26B-9-101;

42 (iv) a loan;

43 (v) a rebate;

44 (vi) an incentive; or

45 (vii) a claim payment.

46 (5) "Grant agreement" means an agreement between an administering agency and a grant
47 recipient described in Subsection 63G-6b-201(4).

48 [~~5~~] (6) "Grant appropriation" means an appropriation the Legislature makes to an
49 administering agency to be used for one or more grants.

50 [~~6~~] (7) "Grant period" means the time frame during which a grant recipient receives funds
51 from a single grant.

52 [~~7~~] (8) "Multi-year grant" means a grant for which the grant period exceeds one year.

53 [~~8~~] (9) "Nonprofit entity" means an entity that:

54 (a) operates in the state;

55 (b) is not a government entity; and

56 (c) is exempt from federal income taxation under Section 501(c)(3), Internal Revenue
57 Code.

58 [~~9~~] (10) "Procurement item" means the same as that term is defined in Section 63G-6a-103.

59 [~~10~~] (11)(a) "State agency" means a department, division, or other agency or
60 instrumentality of the state.

61 (b) "State agency" does not include the legislative department.

62 [~~11~~] (12) "State money" means money that is derived from state fees or state tax revenue.

63 Section 2. Section **63G-6b-201** is amended to read:

64 **63G-6b-201 . Requirements for state grants.**

- 65 (1)(a) An administering agency shall disburse grant funds in accordance with this
66 Subsection (1).
- 67 (b) Before an administering agency disburses a grant's grant funds, the administering
68 agency shall ensure that the grant recipient provides a detailed budget demonstrating
69 how the grant recipient will use the grant funds.
- 70 (c) An administering agency shall establish a distribution schedule that ensures
71 accountability and responsible oversight of the use of the grant funds.
- 72 (d) An administering agency may not:
- 73 (i) disburse all grant funds in a single payment, unless the administering agency
74 makes the single payment after the grant recipient satisfies the grant recipient's
75 performance obligations under the ~~[agreement described in Subsection (4)]~~ grant
76 agreement; or
- 77 (ii) make a grant recipient's final disbursement before the grant recipient delivers the
78 report described in Subsection (3).
- 79 (2) For a multi-year grant:
- 80 (a) the grant period may not exceed five years; and
- 81 (b) in the final quarter of each year of the grant period, excluding the final year, the grant
82 recipient shall deliver to the administering agency a report that details the grant
83 recipient's progress towards fulfilling the grant's purpose, including the annual
84 deliverables and performance metrics described in the agreement made in accordance
85 with Subsection (4).
- 86 (3) An administering agency may not make the final grant funds disbursement until:
- 87 (a) the grant recipient delivers to the administering agency a final report that details the
88 extent to which the grant recipient fulfilled the grant's purpose, including the
89 deliverables and performance metrics described in the ~~[agreement made in~~
90 ~~accordance with Subsection (4)]~~ grant agreement; and
- 91 (b) the administering agency determines that the grant recipient satisfactorily produced
92 each deliverable provided in the ~~[agreement described in Subsection (4)]~~ grant
93 agreement.
- 94 (4) Except as otherwise provided in the grant appropriation and consistent with the other
95 provisions of this section, an administering agency may not disburse grant funds to a
96 grant recipient before the administering agency and the grant recipient execute an
97 agreement that contains:
- 98 (a) the disbursement schedule for the grant funds;

- 99 (b) the deliverables, reporting, and performance metrics the grant recipient will produce
 100 and use to demonstrate that the grant recipient used the grant funds to fulfill the
 101 grant's purpose;
- 102 (c) if the grant is a multi-year grant, annual deliverables and performance metrics the
 103 grant recipient will produce and use to demonstrate sufficient progress towards
 104 fulfilling the grant's purpose;
- 105 (d) a provision informing the grant recipient that disbursement of grant funds is subject
 106 to legislative appropriation; and
- 107 (e) the grant recipient's consent to follow-up audit and clawback of the grant funds if an
 108 audit shows that the grant funds were inappropriately used.
- 109 (5) In accordance with Utah Constitution, Article VI, Section 33, the legislative auditor
 110 general may audit the use of any grant funds.

111 Section 3. Section **63G-6b-301** is amended to read:

112 **63G-6b-301 . Direct award grant requirements.**

- 113 (1)(a) A direct award grant is valid only if the direct award grant's grant appropriation
 114 identifies the recipient or class of recipients in the grant appropriation's intent
 115 language.
- 116 (b) For a grant appropriation that is an ongoing appropriation to fund a multi-year grant,
 117 the requirement to identify the recipient or class of recipients applies each fiscal year.
- 118 (2) If the intent language for a direct award grant's grant appropriation provides a
 119 disbursement schedule that is inconsistent with the [~~schedule described in Section~~
 120 63G-6b-202] requirements described in Section 63G-6b-201, for the fiscal year in which
 121 the grant appropriation is made, the schedule in the intent language controls.
- 122 (3) An administering agency may not use any portion of a direct award grant's grant
 123 appropriation to pay costs of administering the grant, unless otherwise provided in the
 124 grant appropriation's intent language.

125 Section 4. Section **63G-6b-401** is amended to read:

126 **63G-6b-401 . Competitive grant requirements.**

- 127 (1)(a) For a competitive grant, the administering agency shall:
- 128 (i) establish a competitive application and selection process; and
 129 (ii) award each competitive grant in accordance with the established process.
- 130 (b) As part of the competitive application process, the administering agency shall require
 131 that each applicant disclose all other state funding the applicant receives.
- 132 (2) Except as otherwise provided in the grant appropriation's intent language, an

133 administering agency may not award a competitive grant to a recipient who has received
134 a direct award grant if:

135 (a) the direct award grant is for substantially the same purpose as the competitive grant;
136 and

137 (b) the direct award grant's grant period and the competitive grant's grant period overlap.

138 (3) [After] If directed in the grant appropriation's intent language, after an administering
139 agency completes a competitive application process for a competitive grant but before
140 the administering agency awards the grant, the administering agency shall report each
141 grant recipient to the legislative fiscal analyst and the Governor's Office of Planning and
142 Budget.

143 Section 5. **Effective Date.**

144 This bill takes effect on July 1, 2025.