

SB0189S02 compared with SB0189S01

~~{Omitted text}~~ shows text that was in SB0189S01 but was omitted in SB0189S02

inserted text shows text that was not in SB0189S01 but was inserted into SB0189S02

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1 **School District Funding Amendments**
2026 GENERAL SESSION
STATE OF UTAH
Chief Sponsor: Emily Buss
House Sponsor: Tracy J. Miller

2
3 **LONG TITLE**

4 **General Description:**

5 This bill creates the High Growth District ~~{Grant}~~ Revolving Account and High Growth District
6 Loan Program.

7 **Highlighted Provisions:**

8 This bill:

- 8 ▶ defines terms;
- 9 ▶ creates the High Growth District ~~{Grant}~~ Revolving Account and High Growth District Loan
10 Program;
- 10 ▶ establishes eligibility criteria for school districts experiencing significant enrollment growth;
- 12 ▶ provides special provisions for newly created or reorganized school districts;
- 13 ▶ provides ~~{a distribution formula for grant funds}~~ loan repayment and account management; and
- 14 ▶ authorizes the State Board of Education to establish an application process by rule.

17 **Money Appropriated in this Bill:**

- 18 ▶ This bill appropriates \$15,000,000 in operating and capital budgets for fiscal year 2027, all
19 of which is from the various sources as detailed in this bill.

SB0189S01

SB0189S01 compared with SB0189S02

20 **Other Special Clauses:**

21 None

22 **Utah Code Sections Affected:**

23 ENACTS:

24 **53F-10-401** , Utah Code Annotated 1953

25 **53F-10-402** , Utah Code Annotated 1953

26 **53F-10-403** , Utah Code Annotated 1953

27 **53F-10-404** , Utah Code Annotated 1953

28 **53F-10-405** , Utah Code Annotated 1953

29

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

31 Section 1. Section **1** is enacted to read:

32 **53F-10-401. General provisions -- Definitions.**

4. High Growth District Grant Program

As used in this part:

35 (1) "Account" means the High Growth District Revolving Account created in Section 53F-10-402.

33 (1){(2)} "ADM" means average daily membership, as defined in Section 53F-2-102, excluding a pupil who is fully enrolled in an online education program for at least 180 days.

35 (2){(3)} "Average annual net enrollment increase" means the {sum-of} average percentage increase in a school district's {net enrollment increase} ADM for each {year during} of the three school years immediately preceding the fiscal year for which the school district applies for a {grant divided by three} loan, calculated by:

42 (a) dividing each year's net enrollment increase by the school district's ADM for the preceding fiscal year; and

44 (b) averaging the resulting percentages.

38 (3){(4)} "Eligible district" means a school district that meets the requirements described in Section 53F-10-403.

40 (4){(5)} "High growth district" means a school district {whose average annual net enrollment increase represents at least} that is ranked in the top 10% of {the state's total} all school districts with positive average annual net enrollment {increase} increases as calculated by the state board under Section 53F-10-403.

SB0189S01 compared with SB0189S02

43 (5){(6)} "Net enrollment increase" means:

44 (a) for a fiscal year, the difference, if positive, between a school district's ADM for the fiscal year and
the school district's ADM for the previous fiscal year; or

46 (b) for a projected year, the difference, if positive, between a school district's projected ADM for the
fiscal year and the school district's ADM for the most recent fiscal year for which data is available.

49 (6){(7)} "Program" means the High Growth District {Grant} Loan Program created in Section
53F-10-402.

58 Section 2. Section 2 is enacted to read:

59 **53F-10-402. High Growth District {Grant} Loan Program and account created -- Purpose --**
Loan authority -- State board duties.

54 (1) The High Growth District {Grant} Loan Program is created to provide {funding} loans to high
growth districts for:

56 (a) acquiring land and facilities to accommodate enrollment growth, including purchasing land for
future school sites, purchasing existing buildings, and related construction or renovation; and

59 (b) expanding transportation infrastructure to accommodate enrollment growth, including purchasing
school buses and constructing or expanding transportation facilities.

69 (2)

(a) There is created within the Uniform School Fund a restricted account known as the "High Growth
District Revolving Account" to provide loans to eligible districts under this part.

72 (b) The state board shall administer the High Growth District Revolving Account in accordance with
this part and rules adopted by the state board under Section 53F-10-405.

75 (3) The account consists of:

76 (a) money appropriated to the account by the Legislature;

77 (b) money received from the repayment of loans made from the account;

78 (c) interest and other charges received on loans made from the account; and

79 (d) interest earned on money in the account.

80 (4) The state superintendent shall make loans to eligible districts from the account to pay for the costs
described in Subsection (1).

82 (5) Loans to eligible districts with urgent facility needs or limited financial capacity may be given
priority.

62 (2){(6)} The state board shall:

SB0189S01 compared with SB0189S02

- 63 { (a) { ~~evaluate applications for program grants from eligible districts;~~ } }
- 64 (b){ (a) } determine which eligible districts qualify as high growth districts in accordance with Section
53F-10-403;
- 66 (c){ (b) } { ~~distribute program funds to~~ } review requests by eligible districts { ~~in accordance with Section~~
53F-10-404 } for loans under this part; and
- 67 { (d) { ~~establish an application process, timeline, and reporting requirements by rule in accordance with~~
~~Section 53F-10-405; and~~ } }
- 88 (c) approve or reject each loan request; and
- 69 (e){ (d) } upon request, report to the Public Education Appropriations Subcommittee regarding:
- 70 (i) the number of applications received;
- 71 (ii) the amount of { ~~program funds distributed~~ } loans made from the account;
- 92 (iii) the status of loan repayments;
- 72 (iii){ (iv) } how eligible districts use { ~~program funds~~ } loan proceeds; and
- 73 (iv){ (v) } enrollment growth trends in eligible districts.
- 95 (7) A loan under this part may not be made unless the state board approves the loan.
- 96 Section 3. Section 3 is enacted to read:
- 97 **53F-10-403. Eligibility requirements -- High growth district determination.**
- 76 (1) A school district is an eligible district if:
- 77 (a) the school district has a positive average annual net enrollment increase; { and }
- 100 (b) the school district has an average annual enrollment growth rate of at least 1.0% over the three
school years immediately preceding the fiscal year for which the school district applies for a loan;
and
- 78 (b){ (c) } the state board determines that the school district is a high growth district under Subsection (2).
- 80 (2)
- (a) The state board shall { ~~determine~~ } make a determination which eligible districts qualify as high
growth districts by { ~~calculating each school district's share of the state's total net enrollment~~
increase. } ;
- 107 (i) ranking all school districts that meet the requirements described in Subsection (1) using a
weighted formula that considers:
- 109 (A) the school district's average annual enrollment growth rate; and
- 110 (B) the school district's building utilization rate, as determined by the state board by rule; and

SB0189S01 compared with SB0189S02

- 112 (ii) designating as high growth districts the highest-ranked school districts, up to 10% of all school
113 districts identified under Subsection (2)(b)(i).
- 83 (b) In making a determination under Subsection (2)(a), the state board shall:
- 84 (i) ~~{ calculate the sum of average annual net enrollment increases for }~~ identify all school districts that
114 ~~{ have a positive average annual net enrollment increase, excluding school districts with stable or~~
115 ~~declining enrollment }~~ meet the requirements described in Subsection (1);
- 116 (ii) rank the school districts identified under Subsection (2)(b)(i) in descending order using the weighted
117 formula described in Subsection (2)(a)(i);
- 87 (ii){ (iii) } ~~{ for each school district described in Subsection (2)(b)(i), }~~ calculate the { ratio- } maximum
118 number of { the- } high growth districts by multiplying the total number of school { district's average
119 annual net enrollment increase to the sum calculated } districts identified under Subsection (2)(b)
120 (i) by 0.10 and rounding up to the nearest whole number; and
- 90 (iii){ (iv) } designate as { a- } high growth { district each- } districts the highest-ranked school { district
121 whose ratio } districts, up to the number calculated under Subsection { (2)(b)(ii) is equal to or greater
122 than 0.10 } (2)(b)(iii).
- 92 (3) In calculating net enrollment increases under this section, the state board:
- 93 (a) shall use ADM data from the three most recent fiscal years for which data is available; and
- 95 (b) may include projected enrollment data for the upcoming fiscal year if:
- 96 (i) the school district provides documentation supporting the projection; and
- 97 (ii) the state board determines the projection is reasonable based on:
- 98 (A) historical enrollment trends;
- 99 (B) residential construction permits issued within the school district's boundaries;
- 100 (C) population growth data from the Utah Population Committee created in Section 63C-20-103; and
- 102 (D) other demographic data the state board considers relevant.
- 103 (4) The state board shall recalculate high growth district designations annually.
- 104 (5)
- (a) For purposes of calculating net enrollment increase under this section, if a school district is created
105 through a split, consolidation, or reorganization of one or more existing school districts:
- 107 (i) for the fiscal year in which the new or reorganized school district is created, the state board shall
108 calculate the new or reorganized school district's net enrollment increase by:
- 110

SB0189S01 compared with SB0189S02

- (A) using as the baseline ADM the number of students from the geographic territory served by the new or reorganized school district who were enrolled in the predecessor district or districts for the fiscal year immediately preceding the creation or reorganization; and
- 114 (B) comparing the baseline ADM under Subsection (5)(a)(i)(A) to the new or reorganized school district's actual ADM for the fiscal year;
- 116 (ii) for the two fiscal years immediately following the fiscal year described in Subsection (5)(a)(i), the state board shall calculate the new or reorganized school district's average annual net enrollment increase using:
- 119 (A) the calculation described in Subsection (5)(a)(i) for the fiscal year in which the district was created or reorganized;
- 121 (B) actual year-over-year ADM changes for each subsequent fiscal year; and
- 122 (C) projected enrollment data under Subsection (3)(b) if applicable; and
- 123 (iii) beginning with the third fiscal year after the creation or reorganization, the state board shall calculate the school district's average annual net enrollment increase using the standard methodology described in Subsection (2).
- 126 (b) For purposes of calculating net enrollment increase under this section, if a school district loses territory or students due to a split, consolidation, or reorganization:
- 128 (i) for the fiscal year in which the split, consolidation, or reorganization occurs, the state board shall calculate the remaining school district's net enrollment increase by:
- 131 (A) using as the baseline ADM the remaining school district's ADM for the fiscal year immediately preceding the split, consolidation, or reorganization, adjusted to exclude the ADM of students who were transferred to another district; and
- 134 (B) comparing the adjusted baseline ADM under Subsection (5)(b)(i)(A) to the remaining school district's actual ADM for the fiscal year;
- 136 (ii) for the two fiscal years immediately following the fiscal year described in Subsection (5)(b)(i), the state board shall calculate the remaining school district's average annual net enrollment increase using:
- 139 (A) the calculation described in Subsection (5)(b)(i) for the fiscal year in which the split, consolidation, or reorganization occurred;
- 141 (B) actual year-over-year ADM changes for each subsequent fiscal year; and
- 142 (C) projected enrollment data under Subsection (3)(b) if applicable; and

SB0189S01 compared with SB0189S02

- 143 (iii) beginning with the third fiscal year after the split, consolidation, or reorganization, the state board
shall calculate the school district's average annual net enrollment increase using the standard
methodology described in Subsection (2).
- 147 (c) The state board shall make rules in accordance with Title 63G, Chapter 3, Utah Administrative
Rulemaking Act, to establish:
- 149 (i) procedures for implementing the calculations described in Subsections (5)(a) and (5)(b);
- 151 (ii) documentation requirements for school districts affected by a split, consolidation, or reorganization;
- 153 (iii) methods for allocating historical enrollment growth among successor districts when necessary to
implement this subsection; and
- 155 (iv) methods for determining the baseline ADM for each new or reorganized district's geographic
territory when historical data for the specific territory is not readily available.
- 189 Section 4. Section 4 is enacted to read:
- 190 **53F-10-404. {Grant distribution formula} Loan terms and conditions -- Allowable uses--**
Limitations.
- 160 (1) Subject to available {appropriations} money in the account, the state board {shall annually allocate
program funds} may approve loans to eligible districts in accordance with this section.
- 162 (2) The state board shall {distribute} give priority to {each} loan applications from eligible {district an
amount equal to the product of} districts that demonstrate:
- 195 (a) qualification as a high growth district under Section 53F-10-403;
- 196 (b) urgent facility needs due to enrollment growth; or
- 197 (c) limited financial capacity to meet capital needs through other sources.
- 198 (3) The state board may not approve loans to eligible districts under this part that exceed a total of
\$15,000,000 in any fiscal year.
- 200 (4) The term of a loan to an eligible district under this part may not exceed 10 years.
- 201 (5) The state board shall establish interest rates for loans under this part by rule in accordance with
Section 53F-10-405, considering:
- 164 (a) the {quotient} cost of{:} funds to the state;
- 165 {(i) {the eligible district's average annual net enrollment increase; divided by} }
- 166 {(ii) {the sum of the average annual net enrollment increases for all eligible districts; and} }
- 168 (b) {the total amount appropriated for} administrative costs of the program {for the fiscal year.} ; and
- 205 (c) the need to maintain the account's sustainability.

SB0189S01 compared with SB0189S02

- 169 (3){(6)} An eligible district that receives a {grant} loan under this {section} part may use the {grant
170 funds} loan proceeds only for:
- 171 (a) acquiring facilities, including:
- 172 (i) purchasing land for future school sites;
- 173 (ii) purchasing existing buildings for conversion to educational use;
- 174 (iii) conducting feasibility studies;
- 175 (iv) obtaining appraisals;
- 176 (v) paying closing costs; and
- 177 (vi) conducting environmental assessments;
- 178 (b) constructing, expanding, or renovating facilities to accommodate enrollment growth, including:
- 180 (i) constructing new school buildings or additions;
- 181 (ii) renovating purchased buildings for educational use; and
- 182 (iii) expanding existing facilities;
- 183 (c) expanding transportation infrastructure to serve new or expanded school facilities, including:
- 185 (i) purchasing school buses;
- 186 (ii) constructing or expanding bus barns or maintenance facilities; and
- 187 (iii) implementing transportation management systems; or
- 188 (d) paying for costs directly related to the activities described in Subsections {~~(3)(a)~~} (6)(a) through
{~~(3)(e)~~} (6)(c).
- 190 (4){(7)} An eligible district may not use {grant funds} loan proceeds received under this {section}
part for ongoing operational expenses, including:
- 192 (a) salaries or benefits for personnel;
- 193 (b) utilities or maintenance costs;
- 194 (c) instructional materials or supplies; or
- 195 (d) other recurring operational costs.
- 233 (8) If property or facilities acquired using loan proceeds are sold or used for a non-educational purpose
before the loan is fully repaid:
- 235 (a) the proceeds from the sale or repurposing shall be applied to the outstanding loan balance; and
- 237 (b) any remaining sale proceeds after satisfying the loan obligation shall be retained by the eligible
district.
- 239 Section 5. Section 5 is enacted to read:

SB0189S01 compared with SB0189S02

- 240 53F-10-405. **Loan agreements -- Application process {and administration} -- Reporting --**
Rulemaking.
- 241 (1) Before disbursing loan proceeds, the state board and the eligible district shall execute a loan
agreement that includes:
- 243 (a) the loan amount;
- 244 (b) the interest rate;
- 245 (c) the repayment schedule;
- 246 (d) the permitted uses of loan proceeds;
- 247 (e) reporting requirements; and
- 248 (f) remedies for default or misuse of funds.
- 198 (1){(2)} The state board shall make rules, in accordance with Title 63G, Chapter 3, Utah Administrative
Rulemaking Act, to establish:
- 200 (a) an application process for {school} eligible districts to apply for {program grants} loans under this
part, including:
- 201 (i) the application format and required documentation;
- 202 (ii) the timeline for submitting applications;
- 203 (iii) the criteria the state board uses to evaluate applications;
- 204 (iv) a process for {school} eligible districts to demonstrate projected enrollment growth under
Subsection 53F-10-403(3)(b); {and}
- 206 (v) a process for prioritizing applications if {appropriated} available funds are insufficient to fully fund
all eligible {districts} applicants;and
- 260 (vi) documentation of an eligible district's financial capacity to repay the loan;
- 261 (b) the weighted formula for ranking school districts under Subsection 53F-10-403(2)(a), including:
- 263 (i) the relative weight given to average annual enrollment growth rate and building utilization rate; and
- 265 (ii) the methodology for calculating building utilization rates;
- 266 (c) interest rates for loans under this part in accordance with Subsection 53F-10-404(5);
- 267 (d) repayment schedules and terms, including:
- 268 (i) minimum and maximum repayment periods;
- 269 (ii) prepayment options without penalty;
- 270 (iii) acceptable methods of payment; and
- 271 (iv) consequences of late or missed payments;

SB0189S01 compared with SB0189S02

- 208 (b){(e)} reporting requirements for eligible districts that receive {program grants} loans under this part,
including:
- 209 (i) how the eligible district uses {grant funds} loan proceeds;
- 210 (ii) progress toward completing projects funded by {grant funds} loan proceeds;
- 211 (iii) updates on enrollment growth; {and}
- 212 (iv) the impact of {grant funds-} loan-funded projects on the eligible district's ability to accommodate
enrollment growth; and
- 279 (v) the status of loan repayment;
- 214 (c){(f)} procedures for monitoring eligible districts' compliance with the requirements of this part, loan
agreements, and rules made under this section{-} ; and
- 282 (g) procedures for addressing loan defaults or misuse of loan proceeds.
- 216 (2){(3)} An eligible district shall submit reports required under rules made under Subsection {(1)(b)}
(2)(d):
- 218 (a) annually while the eligible district is {using grant funds received under this part; and} :
- 286 (i) using loan proceeds received under this part; or
- 287 (ii) repaying a loan received under this part; and
- 219 (b) within one year after the eligible district completes a project funded by {grant funds} loan proceeds.
- 220 (3){(4)} If an eligible district uses {grant funds-} loan proceeds in a manner that does not comply with
Section 53F-10-404, or the loan agreement fails to make required loan payments, or fails to comply
with reporting requirements under this section, the state board may:
- 292 (a) accelerate the repayment schedule;
- 222 (a){(b)} require immediate repayment of the {eligible district to return the improperly used funds to the
state board; and} outstanding loan balance;
- 294 (c) pursue legal remedies to recover outstanding amounts; or
- 223 (b){(d)} make the eligible district ineligible for future {grants-} loans under this part for up to {three-}
five years.
- 297 (5) All loan repayments, interest, and other charges collected under this part shall be deposited into the
High Growth District Revolving Account.

Section 6. FY 2027 Appropriations.

300 The following sums of money are appropriated for the fiscal year beginning July 1,
301 2026, and ending June 30, 2027. These are additions to amounts previously appropriated for

SB0189S01 compared with SB0189S02

302 fiscal year 2027.

303 Subsection 6(a). **Operating and Capital Budgets**

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

307 ITEM 1 To State Board of Education - School Building Programs - Public Education
308 Capital Projects

309 From Public Education Economic Stabilization Restricted Account, One-time 15,000,000

311 Schedule of Programs:

312 High Growth District Revolving Account 15,000,000

313 Section 7. **Effective date.**

Effective Date.

This bill takes effect on May 6, 2026.

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