SB0189S04 compared with SB0189S02

~~{Omitted text}~~ shows text that was in SB0189S02 but was omitted in SB0189S04
inserted text shows text that was not in SB0189S02 but was inserted into SB0189S04

DISCLAIMER: This document is provided to assist you in your comparison of the two bills. Sometimes this automated comparison will NOT be completely accurate. Therefore, you need to read the actual bills. This automatically generated document could contain inaccuracies caused by: limitations of the compare program; bad input data; or other causes.

School District Funding Amendments

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Emily Buss

House Sponsor:Tracy J. Miller

LONG TITLE

General Description:

This bill {~~creates the High Growth District Revolving Account and High Growth District Loan Program~~} establishes a framework for addressing enrollment growth disparities when school districts reorganize.

Highlighted Provisions:

This bill:

- {**~~defines terms;~~**}
- {**~~creates the High Growth District Revolving Account and High Growth District Loan Program;~~**}
- **authorizes successor districts to create voluntary high growth transition loan arrangements;**
- establishes {~~eligibility~~ } criteria for {~~school districts experiencing significant enrollment~~ } identifying high growthsuccessor districts;
- {**~~provides special provisions for newly created or reorganized school districts;~~**}
- {**~~provides loan repayment and account management; and~~**}

SB0189S02

- **requires high growth transition planning during asset allocation;**
- **directs the State Board of Education to track and report on growth patterns in reorganizations; and**
- authorizes the State Board {~~of Education~~ } to {~~establish an application process by rule~~} develop model policies and guidance.

Money Appropriated in this Bill:

- **{**

  ~~This bill appropriates $15,000,000 in operating and capital budgets for fiscal year 2027, all~~

  ~~of which is from the various sources as detailed in this bill.~~

  }

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

53G-3-302 , as last amended by Laws of Utah 2025, Chapter 33

ENACTS:

~~{53F-10-401 , Utah Code Annotated 1953}~~

~~{53F-10-402 , Utah Code Annotated 1953}~~

~~{53F-10-403 , Utah Code Annotated 1953}~~

~~{53F-10-404 , Utah Code Annotated 1953}~~

~~{53F-10-405 , Utah Code Annotated 1953}~~

53F-10-501 , Utah Code Annotated 1953

53F-10-502 , Utah Code Annotated 1953

53F-10-503 , Utah Code Annotated 1953

53F-10-504 , Utah Code Annotated 1953

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

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

Part 4. High Growth District Grant Program

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

As used in this part:

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

(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.

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

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

(b) averaging the resulting percentages.

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

(5) "High growth district" means a school district that is ranked in the top 10% of all school districts with positive average annual net enrollment increases as calculated by the state board under Section 53F-10-403.

(6) "Net enrollment increase" means:

(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

(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.

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

Section 2. Section **2** is enacted to read:

53F-10-402. High Growth District Loan Program and account created -- Purpose -- Loan authority -- State board duties.

(1) The High Growth District Loan Program is created to provide loans to high growth districts for:

(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

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

(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.

(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.

(3) The account consists of:

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

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

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

(d) interest earned on money in the account.

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

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

(6) The state board shall:

(a) determine which eligible districts qualify as high growth districts in accordance with Section 53F-10-403;

(b) review requests by eligible districts for loans under this part; and

(c) approve or reject each loan request; and

(d) upon request, report to the Public Education Appropriations Subcommittee regarding:

(i) the number of applications received;

(ii) the amount of loans made from the account;

(iii) the status of loan repayments;

(iv) how eligible districts use loan proceeds; and

(v) enrollment growth trends in eligible districts.

(7) A loan under this part may not be made unless the state board approves the loan.

Section 3. Section **3** is enacted to read:

53F-10-403. Eligibility requirements -- High growth district determination.

(1) A school district is an eligible district if:

(a) the school district has a positive average annual net enrollment increase;

(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

(c) the state board determines that the school district is a high growth district under Subsection (2).

(2)

(a) The state board shall make a determination which eligible districts qualify as high growth districts by:

(i) ranking all school districts that meet the requirements described in Subsection (1) using a weighted formula that considers:

(A) the school district's average annual enrollment growth rate; and

(B) the school district's building utilization rate, as determined by the state board by rule; and

(ii) designating as high growth districts the highest-ranked school districts, up to 10% of all school districts identified under Subsection (2)(b)(i).

(b) In making a determination under Subsection (2)(a), the state board shall:

(i) identify all school districts that meet the requirements described in Subsection (1);

(ii) rank the school districts identified under Subsection (2)(b)(i) in descending order using the weighted formula described in Subsection (2)(a)(i);

(iii) calculate the maximum number of high growth districts by multiplying the total number of school districts identified under Subsection (2)(b)(i) by 0.10 and rounding up to the nearest whole number; and

(iv) designate as high growth districts the highest-ranked school districts, up to the number calculated under Subsection (2)(b)(iii).

(3) In calculating net enrollment increases under this section, the state board:

(a) shall use ADM data from the three most recent fiscal years for which data is available; and

(b) may include projected enrollment data for the upcoming fiscal year if:

(i) the school district provides documentation supporting the projection; and

(ii) the state board determines the projection is reasonable based on:

(A) historical enrollment trends;

(B) residential construction permits issued within the school district's boundaries;

(C) population growth data from the Utah Population Committee created in Section 63C-20-103; and

(D) other demographic data the state board considers relevant.

(4) The state board shall recalculate high growth district designations annually.

(5)

(a) For purposes of calculating net enrollment increase under this section, if a school district is created through a split, consolidation, or reorganization of one or more existing school districts:

(i) for the fiscal year in which the new or reorganized school district is created, the state board shall calculate the new or reorganized school district's net enrollment increase by:

(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

(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;

(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:

(A) the calculation described in Subsection (5)(a)(i) for the fiscal year in which the district was created or reorganized;

(B) actual year-over-year ADM changes for each subsequent fiscal year; and

(C) projected enrollment data under Subsection (3)(b) if applicable; and

(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).

(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:

(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:

(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

(B) comparing the adjusted baseline ADM under Subsection (5)(b)(i)(A) to the remaining school district's actual ADM for the fiscal year;

(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:

(A) the calculation described in Subsection (5)(b)(i) for the fiscal year in which the split, consolidation, or reorganization occurred;

(B) actual year-over-year ADM changes for each subsequent fiscal year; and

(C) projected enrollment data under Subsection (3)(b) if applicable; and

(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).

(c) The state board shall make rules in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, to establish:

(i) procedures for implementing the calculations described in Subsections (5)(a) and (5)(b);

(ii) documentation requirements for school districts affected by a split, consolidation, or reorganization;

(iii) methods for allocating historical enrollment growth among successor districts when necessary to implement this subsection; and

(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.

Section 4. Section **4** is enacted to read:

53F-10-404. Loan terms and conditions -- Allowable uses -- Limitations.

(1) Subject to available money in the account, the state board may approve loans to eligible districts in accordance with this section.

(2) The state board shall give priority to loan applications from eligible districts that demonstrate:

(a) qualification as a high growth district under Section 53F-10-403;

(b) urgent facility needs due to enrollment growth; or

(c) limited financial capacity to meet capital needs through other sources.

(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.

(4) The term of a loan to an eligible district under this part may not exceed 10 years.

(5) The state board shall establish interest rates for loans under this part by rule in accordance with Section 53F-10-405, considering:

(a) the cost of funds to the state;

(b) administrative costs of the program; and

(c) the need to maintain the account's sustainability.

(6) An eligible district that receives a loan under this part may use the loan proceeds only for:

(a) acquiring facilities, including:

(i) purchasing land for future school sites;

(ii) purchasing existing buildings for conversion to educational use;

(iii) conducting feasibility studies;

(iv) obtaining appraisals;

(v) paying closing costs; and

(vi) conducting environmental assessments;

(b) constructing, expanding, or renovating facilities to accommodate enrollment growth, including:

(i) constructing new school buildings or additions;

(ii) renovating purchased buildings for educational use; and

(iii) expanding existing facilities;

(c) expanding transportation infrastructure to serve new or expanded school facilities, including:

(i) purchasing school buses;

(ii) constructing or expanding bus barns or maintenance facilities; and

(iii) implementing transportation management systems; or

(d) paying for costs directly related to the activities described in Subsections (6)(a) through (6)(c).

(7) An eligible district may not use loan proceeds received under this part for ongoing operational expenses, including:

(a) salaries or benefits for personnel;

(b) utilities or maintenance costs;

(c) instructional materials or supplies; or

(d) other recurring operational costs.

(8) If property or facilities acquired using loan proceeds are sold or used for a non-educational purpose before the loan is fully repaid:

(a) the proceeds from the sale or repurposing shall be applied to the outstanding loan balance; and

(b) any remaining sale proceeds after satisfying the loan obligation shall be retained by the eligible district.

Section 5. Section **5** is enacted to read:

53F-10-405. Loan agreements -- Application process -- Reporting -- Rulemaking.

(1) Before disbursing loan proceeds, the state board and the eligible district shall execute a loan agreement that includes:

(a) the loan amount;

(b) the interest rate;

(c) the repayment schedule;

(d) the permitted uses of loan proceeds;

(e) reporting requirements; and

(f) remedies for default or misuse of funds.

(2) The state board shall make rules, in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, to establish:

(a) an application process for eligible districts to apply for loans under this part, including:

(i) the application format and required documentation;

(ii) the timeline for submitting applications;

(iii) the criteria the state board uses to evaluate applications;

(iv) a process for eligible districts to demonstrate projected enrollment growth under Subsection 53F-10-403(3)(b);

(v) a process for prioritizing applications if available funds are insufficient to fully fund all eligible applicants; and

(vi) documentation of an eligible district's financial capacity to repay the loan;

(b) the weighted formula for ranking school districts under Subsection 53F-10-403(2)(a), including:

(i) the relative weight given to average annual enrollment growth rate and building utilization rate; and

(ii) the methodology for calculating building utilization rates;

(c) interest rates for loans under this part in accordance with Subsection 53F-10-404(5);

(d) repayment schedules and terms, including:

(i) minimum and maximum repayment periods;

(ii) prepayment options without penalty;

(iii) acceptable methods of payment; and

(iv) consequences of late or missed payments;

(e) reporting requirements for eligible districts that receive loans under this part, including:

(i) how the eligible district uses loan proceeds;

(ii) progress toward completing projects funded by loan proceeds;

(iii) updates on enrollment growth;

(iv) the impact of loan-funded projects on the eligible district's ability to accommodate enrollment growth; and

(v) the status of loan repayment;

(f) procedures for monitoring eligible districts' compliance with the requirements of this part, loan agreements, and rules made under this section; and

(g) procedures for addressing loan defaults or misuse of loan proceeds.

(3) An eligible district shall submit reports required under rules made under Subsection (2)(d):

(a) annually while the eligible district is:

(i) using loan proceeds received under this part; or

(ii) repaying a loan received under this part; and

(b) within one year after the eligible district completes a project funded by loan proceeds.

(4) If an eligible district uses 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:

(a) accelerate the repayment schedule;

(b) require immediate repayment of the outstanding loan balance;

(c) pursue legal remedies to recover outstanding amounts; or

(d) make the eligible district ineligible for future loans under this part for up to five years.

(5) All loan repayments, interest, and other charges collected under this part shall be deposited into the High Growth District Revolving Account.

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

Part 5. High Growth Framework for School District Reorganizations

53F-10-501. General provisions -- Definitions.

(1) "ADM" means average daily membership, as defined in Section 53F-2-102.

(2) "Allocation date" means the same as that term is defined in Section 53G-3-102.

(3) "Creation date" means the same as that term is defined in Section 53G-3-102.

(4) "Divided school district" means the same as that term is defined in Section 53G-3-102.

(5) "High growth successor district" means a successor district that meets the criteria described in Section 53F-10-502.

(6) "New school district" means the same as that term is defined in Section 53G-3-102.

(7) "Reorganization" means the creation of a new school district under Section 53G-3-301.1, 53G-3-301.3, or 53G-3-301.4.

(8) "Reorganized new school district" means the same as that term is defined in Section 53G-3-102.

(9) "Successor district" means a new school district or reorganized new school district.

Section 2. Section **2** is enacted to read:

53F-10-502. High growth successor district criteria -- State Board identification and reporting.

(1) For purposes of this part, a successor district is a high growth successor district if:

(a) the successor district has been in operation for at least two full fiscal years since the allocation date and has had an average annual enrollment increase of at least 3%; or

(b) for a successor district that has been in operation for less than two full fiscal years since the allocation date, the successor district demonstrates projected enrollment growth of at least 5% annually based on:

(i) residential construction permits issued within the successor district's boundaries;

(ii) population growth projections from the Utah Population Committee created in Section 63C-20-103;

(iii) new housing development plans;

(iv) historical enrollment trends from the geographic area; and

(v) other relevant demographic data.

(2) The State Board of Education shall, using existing enrollment data collection processes:

(a) identify which successor districts meet the high growth criteria annually;

(b) calculate each successor district's proportional share of the divided school district based on the methodology established in Section 53G-3-302; and

(c) notify successor districts of their high growth status.

(3) The State Board shall report annually to the Public Education Appropriations Subcommittee regarding:

(a) the number of reorganizations that have occurred;

(b) which successor districts qualify as high growth successor districts;

(c) enrollment growth patterns and trends in successor districts;

(d) facility capacity challenges identified in high growth transition plans submitted under Subsection 53G-3-302(13);

(e) strategies successor districts have used to address high growth, including any voluntary loan arrangements; and

(f) recommendations for supporting equitable transitions during reorganizations.

Section 3. Section **3** is enacted to read:

53F-10-503. Voluntary high growth transition loan arrangements authorized -- Proportional repayment methodology.

(1) Successor districts from the same divided school district may enter into interlocal agreements under Title 11, Chapter 13, Interlocal Cooperation Act, to create voluntary transition loan arrangements to address enrollment growth disparities.

(2) An interlocal agreement under this section may provide for:

(a) pooling of discretionary assets, as that term is defined in Section 53G-3-302, from the divided school district;

(b) loans to high growth successor districts for:

(i) acquiring land and facilities;

(ii) constructing, expanding, or renovating facilities; or

(iii) expanding transportation infrastructure;

(c) enhanced borrowing authority for high growth successor districts up to:

(i) 150% of the high growth district's proportional share of pooled assets; or

(ii) up to 200% of the proportional share with approval of all participating successor districts;

(d) proportional repayment, calculated as:

(i) each loan payment multiplied by the borrowing district's proportional share represents that district's repayment obligation; and

(ii) the remainder of each payment is credited back to the pool or distributed to other successor districts;

(e) loan terms not exceeding twelve years from the allocation date;

(f) acceleration of repayment if the borrowing district issues bonds for school construction; and

(g) loan application periods limited to before the borrowing district has authority to issue bonds.

(3) Successor districts are not required to enter into interlocal agreements under this section.

(4) Participation in an interlocal agreement under this section does not affect:

(a) the transition funding provided under Subsection 53G-3-301(6);

(b) the asset allocation process under Section 53G-3-302;

(c) assistance from municipalities under Subsection 53G-3-301.3(9); or

(d) assistance from interlocal agreement participants under Subsection 53G-3-301.4(11).

Section 4. Section **4** is enacted to read:

53F-10-504. State Board guidance and technical assistance.

(1) The State Board of Education may, using existing staff and resources, develop and make available to school districts:

(a) model interlocal agreement templates for voluntary high growth transition loan arrangements;

(b) guidance on calculating proportional shares;

(c) sample high growth determination methodologies;

(d) best practices for addressing enrollment growth disparities during reorganizations;

(e) examples of proportional repayment structures; and

(f) sample loan agreement provisions, including acceleration clauses.

(2) The State Board may, upon request and using existing resources, provide technical assistance to successor districts developing high growth transition plans under Subsection 53G-3-302(12) or considering voluntary loan arrangements under Section 53F-10-503.

(3) Nothing in this section requires the State Board to develop any specific materials or provide any specific technical assistance.

Section 5. Section **53G-3-302** is amended to read:

53G-3-302. Election of local school board members -- Allocation of assets and liabilities -- Startup costs -- Transfer of title.

(1) As used in this section:

(a) "Associated property" means furniture, equipment, or supplies located in or specifically associated with a physical asset.

(b)

(i) "Discretionary asset or liability" means an asset or liability that is not tied to a specific project, school, student, or employee by law or school district accounting practice.

(ii) "Discretionary asset or liability" does not include a physical asset, associated property, a vehicle, an employee, or bonded indebtedness.

(c)

(i) "Nondiscretionary asset or liability" means an asset or liability that is tied to a specific project, school, student, or employee by law or school district accounting practice.

(ii) "Nondiscretionary asset or liability" does not include a physical asset, associated property, a vehicle, or bonded indebtedness.

(d) "Physical asset" means a building, land, or water right together with revenue derived from the lease or use of the building, land, or water right.

(e)

(i) "Physical liability" means a liability associated with a physical asset, including:

(A) a seismic safety evaluation or mitigation; or

(B) deferred maintenance.

(ii) "Physical liability" does not include a liability associated with any debt, including a general obligation or lease revenue bond.

(2)

(a) If voters approve a proposal to create a new school district under this part:

(i) the legislative body of each county where all or a part of the new school district and the reorganized new school district are located shall hold elections, during the year immediately following the year in which the voters approve the proposal or municipal legislative bodies or interlocal agreement participants create a new school district, to elect members to the local school board of the new school district and to the local school board of the reorganized new school district, as follows:

(A) the filing period for a declaration of candidacy is the same as the filing period for the next regular or municipal general election for the given year;

(B) the primary election is held on the same day as the primary election for the next regular or municipal general election for the given year; and

(C) the general election is held on the same day as the next regular or municipal general election for the given year;

(ii) any new school district and reorganized new school district shall divide the assets and liabilities of the divided school district between the school districts in accordance with Subsection (4) and Section 53G-3-307;

(iii) any new school district and reorganized new school district shall treat the employment of transferred employees from the divided school district in accordance with Sections 53G-3-205 and 53G-3-308;

(iv) an individual residing within the boundaries of a new school district or reorganized new school district at the time the new school district is created may, for six school years following the creation of the new school district, elect to enroll in a secondary school located outside the boundaries of the school district if:

(A) the individual resides within the boundaries of the secondary school on the day before the creation of the new school district; and

(B) the individual would have been eligible to enroll in the secondary school if not for the creation of the new school district;

(C) the new school district shall provide educational services, including, if provided before the creation of the new school district, busing to each individual making an election under Subsection (2)(a)(iv) for each school year for which the individual makes the election; and

(v) within one year following the date on which the new school district begins providing educational services, the superintendent of each affected school district shall meet, together with the state superintendent, to determine if further boundary changes should take place in accordance with Section 53G-3-501.

(b)

(i) The county or municipal legislative bodies that conduct redistricting for the new school district and the reorganized new school district shall, at the meeting where the county or municipal legislative bodies adopt the final redistricting maps, adjust the initial terms of the board members for the new school district and the reorganized new school district, by lot, so that approximately half of the board members on each board will have an initial term of three years with the other members having an initial term of five years.

(ii) Notwithstanding the existence of the new school district local school board and the reorganized new school district local school board under Subsection (2)(a)(i), the divided school district local school board shall continue to function and exercise authority as a local school board until the allocation date to the extent necessary to continue to provide educational services to the entire divided school district.

(iii) An individual may simultaneously serve as or be elected to be a member of the local school board of a divided school district and a member of the local school board of:

(A) a new school district; or

(B) a reorganized new school district.

(iv) On the allocation date, the divided school district and the associated local school board cease to exist.

(c)

(i) On the Tuesday immediately following certification of the election results for the first election for the members of the local school board described in Subsection (2)(a)(i), the newly elected members of the local school board for the new school district or reorganized new school district shall take the oath of office and begin serving.

(ii) If the term of a member of the local school board of the divided school district ends within one year of the allocation date, the member's term shall extend to the allocation date.

(3)

(a) The divided school district local school board shall:

(i) within 60 days after the creation date prepare an initial inventory of the divided school district's:

(A) assets, both tangible and intangible, real and personal; and

(B) liabilities;

(ii) on or before December 1 of the year following the creation date:

(A) prepare an asset inventory, with records, of the divided school district's assets and the location of each associated property, discretionary asset, nondiscretionary asset, and physical asset; and

(B) prepare an inventory of the divided school district's liabilities, with records, that includes a description of any liability, including an estimated cost to resolve the liability, for each associated property, discretionary asset, nondiscretionary asset, physical asset, and unresolved demands, claims, or suits with an estimated cost to resolve each liability;

(iii) mutually agree with the local school board of each relevant district to establish a regular schedule for the divided school district local school board to, between the creation date and the allocation date, prepare regular updates including any change in the information required in the inventory and liability reports described in this Subsection (3)(a); and

(iv) deliver the reports described in this Subsection (3)(a) to:

(A) the Office of the Legislative Auditor General; and

(B) the local school board of each relevant new school district and reorganized new school district.

(b) Following the local school board election date described in Subsection (2)(a), the new school district and reorganized new school district local school boards shall:

(i) in cooperation with the local school board of each new school district and reorganized new school district, determine the allocation of the divided school district's assets and, except for indebtedness under Section 53G-3-307, liabilities of the new school district and reorganized new school district in accordance with Subsection (4);

(ii) prepare a written report detailing the allocation under Subsection (3)(b)(i);

(iii) prepare a written report of the disposition of assets and liabilities upon which the local school boards could not agree; and

(iv) deliver a copy of the written report to the Office of the Legislative Auditor General and the local school board of the divided school district.

(c) The new school district and reorganized new school district local boards shall determine the allocation under Subsection (3)(b) and deliver the report required under Subsection (3)(b) on or before December 15 of the year following the school board election date described in Subsection (2)(a), unless that deadline is extended by mutual agreement of the local school boards of the new school district and reorganized new school district.

(4)

(a) Except as provided under Subsection (4)(c), the new school district and reorganized new school district local school boards shall allocate all assets and liabilities the divided school district owns on the allocation date, both tangible and intangible, real and personal, allocating:

(i) a physical asset, physical liability, and associated property asset to the school district in which the physical asset is located;

(ii) a discretionary asset or liability between the new school district and reorganized new school district in proportion to the student population of the school districts;

(iii) vehicles used for pupil transportation:

(A) according to the transportation needs of schools, as measured by the number and assortment of vehicles used to serve eligible state supported transportation routes serving schools within the new school district and the reorganized new school district; and

(B) in a manner that gives each school district a fleet of vehicles for pupil transportation that is equivalent in terms of age, condition, and variety of carrying capacities; and

(iv) other vehicles:

(A) in proportion to the student population of the school districts; and

(B) in a manner that gives each district a fleet of vehicles that is similar in terms of age, condition, and carrying capacities.

(b) Each new and reorganized new school district retains the buildings, land, and water rights of the divided district within the boundaries of the relevant new or reorganized new school district.

(c) By mutual agreement, the new school district and reorganized new school district local school boards may allocate an asset or liability in a manner different than the allocation method specified in Subsection (4)(a).

(5)

(a)

(i) After the creation date, the local school board of the divided district may issue a lease revenue bond, in accordance with Section 11-14-103:

(A) that records the date, terms, and amount of the lease revenue bond the divided school district provides;

(B) that designates the new and reorganized new school districts that are the joint recipients of the bond proceeds, in proportion to the property tax values within each district, as the local political subdivisions receiving the bond proceeds;

(C) that obligates the new and reorganized new school districts receiving the bond proceeds to proportionally repay the remainder of the bond debt after the allocation date, in proportion to the portion of the bond proceeds each new or reorganized new school district receives;

(D) that prohibits the bond from inclusion in the outstanding bond indebtedness of the divided school district, in accordance with Section 53G-3-307;

(E) to which, if the relevant local school board has been seated, the local school board of the new school district or reorganized new school district consents in writing; and

(F) that provides that the divided school district is responsible for the bond payments until the allocation date and that each new and reorganized new school district receiving the bond proceeds under this section is responsible for a proportional share of the bond payments after the allocation date.

(ii) This Subsection (5)(a) applies retrospectively to a lease revenue bond that a divided school district issued after November 4, 2024.

(b)

(i) After the creation date, the local school board of the divided school district may issue a general obligation bond for the interlocal agreement participants on behalf of the relevant new and reorganized new school district within the divided school district, in accordance with Section 11-14-103.

(ii) The local school board shall ensure that the resolution submitting the question of the issuance of the bond by the divided school district, in accordance with Section 11-14-201:

(A) designates the new and reorganized new school districts that are the joint recipients of the bond proceeds, in proportion to the property tax values within each district, as the local political subdivisions receiving the bond proceeds;

(B) obligates the new and reorganized new school districts receiving the bond proceeds to proportionally repay the remainder of the bond debt after the allocation date, in proportion to the portion of the bond proceeds each new or reorganized new school district receives;

(C) prohibits the bond from inclusion in the outstanding bonded indebtedness of the divided school district, in accordance with Section 53G-3-307;

(D) provides that the divided school district may not issue the bond unless the majority of the qualified voters of the divided school district who vote on the bond proposition approve the issuance of the bond; and

(E) provides that the divided school district is responsible for the bond payments until the allocation date and that each new and reorganized new school district receiving the bond proceeds under this section is responsible for a proportional share of the bond payments after the allocation date.

(iii) This Subsection (5)(b) applies retrospectively to a general obligation bond that a divided school district issued after November 4, 2024.

(c)

(i) If, within the preceding three years, voters within the divided school district rejected a general obligation bond for which a majority of voters within the area now included in a new or reorganized new school district voted in favor of the general obligation bond, the local school board of the divided district shall issue a lease revenue bond in accordance with Subsection (5)(a)(i) for the relevant new or reorganized new school district.

(ii) A lease revenue bond described in Subsection (5)(c)(i) is not subject to the combined total limitation described in Subsection 11-14-103(6)(b)(i) due to the prior approval of voters within the new or reorganized new school district for the general obligation bond.

(d) The local school board of each new and reorganized new school district may access and spend funds made available under Subsections 53G-3-301.3(9) and 53G-3-301.4(11) and under this Subsection (5).

(6)

(a) The divided school district shall transfer title or, if applicable, partial title of property to the new school district and the reorganized new school district in accordance with the allocation of property as stated in the report under Subsection (3)(b)(ii).

(b) The divided school district shall complete each transfer of title or, if applicable, partial title to real property and vehicles on the allocation date, except as that date is changed by the mutual agreement of:

(i) the local school board of the divided school district;

(ii) the local school board of the reorganized new school district; and

(iii) the local school board of the new school district.

(c) The divided school district shall complete the transfer of all property not included in Subsection (6)(b) on the allocation date.

(d) Except as provided in this Subsection (6), a divided school district may not transfer or agree to transfer title to district property beginning on the creation date, without the prior consent of:

(i) before the election of local school boards for the new or reorganized new school district:

(A) the legislative body of the municipality in which the boundaries for the new school district or reorganized new school district are entirely located; or

(B) the legislative bodies of all interlocal agreement participants in which the boundaries of the new school district or reorganized new school district are located; or

(ii) after the election of local school boards for the new or reorganized new school district, the local school board of the school district where the physical property is located.

(e)

(i) A divided district may:

(A) sell property associated with a career and technical education program; and

(B) use proceeds from a sale described in this Subsection (6)(e) to fund the following year's career and technical education program project.

(ii) A divided district shall distribute any proceeds from a sale described in this Subsection (6)(e) two years after the inaugural election of local school board members for the new and reorganized new school districts based on student population.

(7)

(a) On July 1 of the second year following the local school board election date described in Subsection (2)(a), the new school district or the reorganized new school district that receives title to the physical asset of the divided school district main office that existed at the creation date shall become the successor district to the records of the divided school district, unless the local school boards of any relevant new school district and reorganized new school district agree to a chosen successor district.

(b) As described in Subsection 63G-2-206(1)(a), the successor district shall serve as a repository of archives for purposes of historical preservation, administrative maintenance, or destruction of all the divided school district's books, accounts, and records.

(c) For one year after the allocation date, each new school district or reorganized new school district within the divided school district may access the records of the divided school district through an interlocal agreement and without cost.

(8)

(a) Upon the creation date, a divided school district may not, except by mutual agreement of the local school boards of the new and reorganized new school districts:

(i) destroy a school district record;

(ii) enter into any employment agreement without including a statement providing that the contract does not bind any new school district or reorganized new school district;

(iii) pay any severance or bonuses, issue a retirement package, or provide buy-out compensation to any employee unless under a written agreement or policy that was executed before the creation date; or

(iv) increase compensation for any school district employee, other than:

(A) a yearly cost-of-living adjustment; or

(B) any pay structure increases the divided district established before the creation date for longevity, years of experience, or additional education and professional development.

(b) Notwithstanding Subsection 53G-4-402(24), upon the creation of a new school district or a reorganized new school district, a divided school district may not close a school, except with the consent of the relevant local school board of the new school district or relevant reorganized new school district once the members of the local school board take the oath of office.

(c) Any agreement or policy contrary to this Subsection (8) is void, including retrospective operation to any agreement or policy that a divided school district created after November 4, 2024.

(9) The newly elected local school boards of any new school district and any reorganized new school district, by December 15 in the year following the local school board election for the new and reorganized new school districts, shall establish a transition plan with the local school board of the divided school district.

(10) Unless otherwise specified in this section, the following bear all costs and expenses to create a new school district or a reorganized new school district and to comply with this section:

(a) for costs that a new school district incurs, the new school district;

(b) for costs that a reorganized new school district incurs, the reorganized new school district; and

(c) for costs that a divided school district incurs, the divided school district.

(11)

(a) A mutually agreed upon arbiter shall resolve any disagreements between local school boards of the divided school district, any new school district, and any reorganized new school district.

(b) If the local school boards do not agree on an arbiter, the state board shall appoint an arbiter.

(c) The Office of the Legislative Auditor General shall provide information the office receives under this part to local school boards and the arbiter described in this Subsection (11) during the dispute resolution process.

(12)

(a) As part of the asset allocation process under this section, the local school boards of the new school district and reorganized new school district shall develop a high growth transition plan that addresses enrollment growth disparities among successor districts.

(b) The plan shall include:

(i) projected enrollment for each successor district for the first five fiscal years after the allocation date, including documentation supporting the projections;

(ii) identification of any successor districts projected to have average annual enrollment growth of 5% or more;

(iii) assessment of facility capacity in each successor district relative to projected enrollment;

(iv) identification of facility or transportation infrastructure needs in high growth areas; and

(v) potential strategies for addressing high growth needs, which may include voluntary loan arrangements using discretionary assets.

(c) The high growth transition plan shall be:

(i) completed before the allocation date;

(ii) provided to the State Board of Education within 30 days after the allocation date; and

(iii) made available to the public upon request.

(d) Development of the plan does not create any obligation for successor districts to implement any particular strategy identified in the plan.

Section . **FY 2027 Appropriations.**

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

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

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

To State Board of Education - School Building Programs - Public Education Capital Projects

15,000,000

Schedule of Programs:

15,000,000

Section 6. **Effective date.**

Effective Date.

This bill takes effect on May 6, 2026.

3-3-26 10:06 AM