

Public Funds and Political Activities Amendments

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Trevor Lee

Senate Sponsor:

LONG TITLE**General Description:**

This bill addresses political activities of persons receiving public funds.

Highlighted Provisions:

This bill:

- prohibits an entity from receiving a government contract or a state grant if:

- the entity participates in a political campaign;

- the entity devotes more than an insubstantial part of the entity's activities to attempting to influence legislation; or

- the entity's primary objective can only be attained by legislative action or inaction and the entity advocates for that action or inaction;

- prohibits a current or prospective government contractor or a current or prospective state grant recipient from making a contribution to a political entity or to another person for a political purpose; and

- provides enforcement of the provisions in this bill.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

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

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

ENACTS:

63G-6a-906, Utah Code Annotated 1953

63G-6b-203, Utah Code Annotated 1953

63G-6b-204, Utah Code Annotated 1953

63G-6b-205, Utah Code Annotated 1953

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

Section 1. Section **63G-6a-906** is enacted to read:

63G-6a-906 . Political neutrality requirements.

(1) As used in this section:

(a) "Ballot proposition" means an initiative, a referendum, a proposed constitutional amendment, or any other proposition submitted to the voters.

(b) "Contribution" means:

(i) a payment, distribution, loan, advance, deposit, or gift of money or anything of value; or

(ii) an express or implied promise to make a payment, distribution, loan, advance, deposit, or gift of money or anything of value.

(c) "Ineligible contractor" means an entity:

(i) that directly or indirectly participates or intervenes in any political campaign in support of or in opposition to an individual seeking public office or a ballot proposition, including publishing or distributing a written or printed statement or making an oral statement in support of or in opposition to a candidate for public office or a ballot proposition;

(ii) that devotes more than an insubstantial part of the entity's activities to attempting to influence legislation by propaganda or otherwise, including by:

(A) contacting, or urging the public to contact, members of a legislative body for the purpose of proposing, supporting, or opposing legislation; or

(B) advocating the adoption or rejection of legislation; or

(iii)(A) whose main or primary objective or objectives may be attained only by legislation or a defeat of proposed legislation; and

(B) that advocates or campaigns for the attainment of the main or primary objective or objectives described in Subsection (1)(c)(iii)(A) as distinguished from engaging in nonpartisan analysis, study, or research and making the results thereof available to the public.

(d) "Lobbying" means communicating with a public official for the purpose of influencing a legislative action, executive action, local action, or education action.

(e) "Political entity" means the same as that term is defined in Section 20A-11-101.

(f) "Political purpose" means an act done with the intent or in a way to influence or tend to influence, directly or indirectly, any individual to refrain from voting or to vote for

65 or against an individual seeking public office or a ballot proposition.

66 (2) A procurement unit may not award a contract to an ineligible contractor.

67 (3) A vendor or contractor may not make, directly or indirectly, a contribution to:

68 (a) a political entity; or

69 (b) a person for a political purpose.

70 (4)(a) If a procurement unit determines that a vendor violated a provision of this section,

71 the procurement unit may not award the vendor a contract.

72 (b) If a procurement unit determines that a contractor violated a provision of this section,

73 the procurement unit:

74 (i) may not disburse public funds to the contractor; and

75 (ii) shall terminate the procurement unit's contract with the contractor.

76 (5) In accordance with Section 63G-6a-904, a procurement official may debar a person who

77 violates a provision of this section.

78 (6) This section applies for:

79 (a) a procurement initiated on or after July 1, 2026; or

80 (b) a contract awarded on or after July 1, 2026.

81 (7) Nothing in this section prohibits:

82 (a) an individual from exercising the individual's personal First Amendment rights for a

83 political purpose, including speaking, campaigning, and contributing personal

84 money; or

85 (b) a vendor or contractor from:

86 (i) engaging in a nonpartisan voter education or registration activity that does not

87 favor or oppose any candidate or ballot proposition; or

88 (ii) conducting a nonpartisan candidate forum or debate provided all qualified

89 candidates are given equal opportunity and neutral treatment.

90 Section 2. Section **63G-6b-101** is amended to read:

91 **63G-6b-101 . Definitions.**

92 As use in this chapter:

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

94 (2) "Ballot proposition" means an initiative, a referendum, a proposed constitutional

95 amendment, or any other proposition submitted to the voters.

96 [(2)] (3) "Competitive grant" means a grant that is not a direct award grant.

97 (4) "Contribution" means:

98 (a) a payment, distribution, loan, advance, deposit, or gift of money or anything of

99 value; or

100 (b) an express or implied promise to make a payment, distribution, loan, advance,
101 deposit, or gift of money or anything of value.

102 [(3)] (5) "Direct award grant" means a grant that is funded by money that the Legislature
103 intends the state agency to pass through to one or more recipients without a competitive
104 process.

105 [(4)] (6)(a) "Grant" means a state agency's expenditure of state money, or agreement to
106 expend state money, that is:

107 (i) authorized by law;

108 (ii) made for a particular purpose; and

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

111 (b) "Grant" does not include:

112 (i) a tax credit;

113 (ii) an expenditure of federal money;

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

115 (iv) a loan;

116 (v) a rebate;

117 (vi) an incentive; or

118 (vii) a claim payment.

119 [(5)] (7) "Grant appropriation" means an appropriation the Legislature makes to an
120 administering agency to be used for one or more grants.

121 (8) "Grant agreement" means an agreement made in accordance with Subsection
122 63G-6b-201(5).

123 [(6)] (9) "Grant period" means the time frame during which a grant recipient receives funds
124 from a single grant.

125 (10) "Ineligible grant recipient" means an entity:

126 (a) that directly or indirectly participates or intervenes in any political campaign in
127 support of or in opposition to an individual seeking public office or a ballot
128 proposition, including publishing or distributing a written or printed statement or
129 making an oral statement in support of or in opposition to a candidate for public
130 office or a ballot proposition;

131 (b) that devotes more than an insubstantial part of the entity's activities to attempting to
132 influence legislation by propaganda or otherwise, including by:

- (i) contacting, or urging the public to contact, members of a legislative body for the purpose of proposing, supporting, or opposing legislation; or
- (ii) advocating the adoption or rejection of legislation; or
- (c)(i) whose main or primary objective or objectives may be attained only by legislation or a defeat of proposed legislation; and
- (ii) that advocates or campaigns for the attainment of the main or primary objective or objectives described in Subsection (10)(c)(i) as distinguished from engaging in nonpartisan analysis, study, or research and making the results thereof available to the public.

(11) "Lobbying" means communicating with a public official for the purpose of influencing a legislative action, executive action, local action, or education action.

~~[(7)]~~ (12) "Multi-year grant" means a grant for which the grant period exceeds one year.

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

~~[(a) operates in the state;]~~

~~[(b) is not a government entity; and]~~

~~[(c) is exempt from federal income taxation under Section 501(c)(3), Internal Revenue Code.]~~

(13) "Political entity" means the same as that term is defined in Section 20A-11-101.

(14) "Political purpose" means an act done with the intent or in a way to influence or tend to influence, directly or indirectly, any individual to refrain from voting or to vote for or against an individual seeking public office or a ballot proposition.

~~[(9)]~~ (15) "Procurement item" means the same as that term is defined in Section 63G-6a-103.

~~[(10)]~~ (16)(a) "State agency" means a department, division, or other agency or instrumentality of the state.

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

~~[(11)]~~ (17) "State money" means money that is derived from state fees or state tax revenue.

Section 3. Section **63G-6b-201** is amended to read:

63G-6b-201 . Requirements for all grants.

(1)(a) Beginning July 1, 2026, an administering agency may not award a grant to an ineligible grant recipient.

(b) For a grant awarded on or after July 1, 2026, an administering agency may not disburse grant funds to an ineligible grant recipient.

~~[(4)]~~ (2)(a) An administering agency shall disburse grant funds in accordance with [this-] Subsection (1).

(b) Before an administering agency disburses a grant's grant funds, the administering agency shall ensure that the grant recipient provides a detailed budget demonstrating how the grant recipient will use the grant funds.

(c) An administering agency shall establish a distribution schedule that ensures accountability and responsible oversight of the use of the grant funds.

(d) An administering agency may not:

(i) disburse all grant funds in a single payment, unless the administering agency makes the single payment after the grant recipient satisfies the grant recipient's performance obligations under the grant agreement~~[-described in Subsection (4)]~~; or

(ii) make a grant recipient's final disbursement before the grant recipient delivers the report described in Subsection ~~[(3)]~~ (4).

~~[(2)]~~ (3) For a multi-year grant:

(a) the grant period may not exceed five years; and

(b) in the final quarter of each year of the grant period, excluding the final year, the grant recipient shall deliver to the administering agency a report that details the grant recipient's progress towards fulfilling the grant's purpose, including the annual deliverables and performance metrics described in the grant agreement~~[-made in accordance with Subsection (4)]~~.

~~[(3)]~~ (4) An administering agency may not make the final grant funds disbursement until:

(a) the grant recipient delivers to the administering agency a final report that details the extent to which the grant recipient fulfilled the grant's purpose, including the deliverables and performance metrics described in the grant agreement~~[-made in accordance with Subsection (4)]~~; and

(b) the administering agency determines that the grant recipient satisfactorily produced each deliverable provided in the grant agreement~~[-described in Subsection (4)]~~.

~~[(4)]~~ (5) Except as otherwise provided in the grant appropriation and consistent with the other provisions of this section, an administering agency may not disburse grant funds to a grant recipient before the administering agency and the grant recipient execute an agreement that contains:

(a) the disbursement schedule for the grant funds;

(b) the deliverables, reporting, and performance metrics the grant recipient will produce and use to demonstrate that the grant recipient used the grant funds to fulfill the grant's purpose;

- (c) if the grant is a multi-year grant, annual deliverables and performance metrics the grant recipient will produce and use to demonstrate sufficient progress towards fulfilling the grant's purpose;
- (d) for a grant agreement entered into on or after July 1, 2026, the grant recipient's representation that the grant recipient is not an ineligible grant recipient;
- ~~[(d)]~~ (e) a provision informing the grant recipient that disbursement of grant funds is subject to legislative appropriation; ~~[and]~~
- ~~[(e)]~~ (f) the grant recipient's consent to follow-up audit and clawback of the grant funds if an audit shows that the grant funds were inappropriately used[-] ; and
- (g) for a grant agreement entered into on or after July 1, 2026, the grant recipient's consent to clawback the grant funds if the administering agency determines that the grant recipient is an ineligible grant recipient or violates Subsection 63G-6b-203(1).
- ~~[(5)]~~ (6) In accordance with Utah Constitution, Article VI, Section 33, the legislative auditor general may audit the use of any grant funds.

Section 4. Section **63G-6b-203** is enacted to read:

63G-6b-203 . Prohibition on political contributions.

- (1) Subject to Subsection (2), a grant applicant or grant recipient may not make, directly or indirectly, a contribution to:
- (a) a political entity; or
- (b) a person for a political purpose.
- (2) The prohibition described in Subsection (1) applies for the period that:
- (a) begins on the earlier of the day on which:
- (i) the grant applicant or grant recipient applies for a competitive grant; or
- (ii) the Legislature passes the grant appropriation for the grant recipient's direct award grant; and
- (b) ends on the earlier of the day on which:
- (i) the administering agency notifies the grant applicant that the administering agency will not award the grant to the grant applicant; or
- (ii)(A) the grant recipient completes performance under the grant agreement; or
- (B) if no grant agreement exists, the grant recipient uses all remaining grant funds.
- (3) If the administering agency determines that a grant applicant or grant recipient violated a provision of this section, the administering agency:
- (a) may not award a competitive grant to the grant applicant;
- (b) may not disburse grant funds to the grant recipient; and

(c) shall clawback any previously disbursed grant funds.

(4) This section applies for a grant awarded on or after July 1, 2026.

Section 5. Section **63G-6b-204** is enacted to read:

63G-6b-204 . Clawback reporting.

(1) When an administering agency claws back grant funds from a grant recipient, the administering agency shall submit a written report to the Executive Appropriations Committee.

(2) In a report described in this section, the administering agency shall include:

(a) the grant recipient's name;

(b) a copy of the grant agreement; and

(c) the administering agency's reason for the clawback.

Section 6. Section **63G-6b-205** is enacted to read:

63G-6b-205 . Exclusions.

Nothing in this chapter prohibits:

(1) an individual from exercising the individual's personal First Amendment rights for a political purpose, including speaking, campaigning, and contributing personal money; or

(2) a grant applicant or grant recipient from:

(a) engaging in a nonpartisan voter education or registration activity that does not favor or oppose any candidate or ballot proposition; or

(b) conducting a nonpartisan candidate forum or debate provided all qualified candidates are given equal opportunity and neutral treatment.

Section 7. **Effective Date.**

This bill takes effect on May 6, 2026.