

Tiara Auxier proposes the following substitute bill:

School District Project Financing Amendments

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Tiara Auxier

Senate Sponsor:

LONG TITLE

General Description:

This bill amends the requirements for how a school district may finance and build a school building or facility.

Highlighted Provisions:

This bill:

- requires a school district to pursue voter approval of a general obligation bond before issuing a lease revenue bond to finance a school building or infrastructure project;
- prohibits a school district from establishing a public-private partnership to execute a school district project;
- prohibits the local building authority of a school district from executing a project previously rejected by the voters of a school district; and
- makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

11-14-103, as last amended by Laws of Utah 2024, Chapter 474

ENACTS:

11-72-101, Utah Code Annotated 1953

11-72-102, Utah Code Annotated 1953

17D-2-303, Utah Code Annotated 1953

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

29 Section 1. Section **11-14-103** is amended to read:

30 **11-14-103 . Bond issues authorized -- Purposes -- Use of bond proceeds.**

31 (1) Any local political subdivision may, in the manner and subject to the limitations and
32 restrictions contained in this chapter, issue [its] the local political subdivision's
33 negotiable bonds for the purpose of paying all or part of the cost of:

34 (a) acquiring, improving, or extending any one or more improvements, facilities, or
35 property that the local political subdivision is authorized by law to acquire, improve,
36 or extend;

37 (b) acquiring, or acquiring an interest in, any one or more or any combination of the
38 following types of improvements, facilities, or property to be owned by the local
39 political subdivision, either alone or jointly with one or more other local political
40 subdivisions, or for the improvement or extension of any of those wholly or jointly
41 owned improvements, facilities, or properties:

42 (i) public buildings of every nature, including without limitation, offices,
43 courthouses, jails, fire, police and sheriff's stations, detention homes, and any
44 other buildings to accommodate or house lawful activities of a local political
45 subdivision;

46 (ii) waterworks, irrigation systems, water systems, dams, reservoirs, water treatment
47 plants, and any other improvements, facilities, or property used in connection with
48 the acquisition, storage, transportation, and supplying of water for domestic,
49 industrial, irrigation, recreational, and other purposes and preventing pollution of
50 water;

51 (iii) sewer systems, sewage treatment plants, incinerators, and other improvements,
52 facilities, or property used in connection with the collection, treatment, and
53 disposal of sewage, garbage, or other refuse;

54 (iv) drainage and flood control systems, storm sewers, and any other improvements,
55 facilities, or property used in connection with the collection, transportation, or
56 disposal of water;

57 (v) recreational facilities of every kind, including without limitation, athletic and play
58 facilities, playgrounds, athletic fields, gymnasiums, public baths, swimming pools,
59 camps, parks, picnic grounds, fairgrounds, golf courses, zoos, boating facilities,
60 tennis courts, auditoriums, stadiums, arenas, and theaters;

61 (vi) convention centers, sports arenas, auditoriums, theaters, and other facilities for
62 the holding of public assemblies, conventions, and other meetings;

- 63 (vii) roads, bridges, viaducts, tunnels, sidewalks, curbs, gutters, and parking
64 buildings, lots, and facilities;
- 65 (viii) airports, landing fields, landing strips, and air navigation facilities;
- 66 (ix) educational facilities, including without limitation, schools, gymnasiums,
67 auditoriums, theaters, museums, art galleries, libraries, stadiums, arenas, and
68 fairgrounds;
- 69 (x) hospitals, convalescent homes, and homes for the aged or indigent; and
- 70 (xi) electric light works, electric generating systems, and any other improvements,
71 facilities, or property used in connection with the generation and acquisition of
72 electricity for these local political subdivisions and transmission facilities and
73 substations if they do not duplicate transmission facilities and substations of other
74 entities operating in the state prepared to provide the proposed service unless these
75 transmission facilities and substations proposed to be constructed will be more
76 economical to these local political subdivisions;
- 77 (c) new construction, renovation, or improvement to a state highway within the
78 boundaries of the local political subdivision or an environmental study for a state
79 highway within the boundaries of the local political subdivision; or
- 80 (d) except as provided in Subsection (5), the portion of any claim, settlement, or
81 judgment that exceeds \$3,000,000.
- 82 (2) Except as provided in Subsection (1)(c), any improvement, facility, or property under
83 Subsection (1) need not lie within the limits of the local political subdivision.
- 84 (3) A cost under Subsection (1) may include:
- 85 (a) the cost of equipment and furnishings for such improvements, facilities, or property;
- 86 (b) all costs incident to the authorization and issuance of bonds, including engineering,
87 legal, and fiscal advisers' fees;
- 88 (c) costs incident to the issuance of bond anticipation notes, including interest to accrue
89 on bond anticipation notes;
- 90 (d) interest estimated to accrue on the bonds during the period to be covered by the
91 construction of the improvement, facility, or property and for 12 months after that
92 period; and
- 93 (e) other amounts which the governing body finds necessary to establish bond reserve
94 funds and to provide working capital related to the improvement, facility, or property.
- 95 (4)(a) Except as provided in Subsection (4)(b), the proceeds from bonds issued on or
96 after May 14, 2013, may not be used:

- 97 (i) for operation and maintenance expenses for more than one year after the date any
 98 of the proceeds are first used for those expenses; or
 99 (ii) for capitalization of interest more than five years after the bonds are issued.
- 100 (b) The restrictions on the use of bond proceeds under Subsection (4)(a) do not apply to
 101 bonds issued to pay all or part of the costs of a claim, settlement, or judgment under
 102 Subsection (1)(d).
- 103 (5) Beginning on or after July 1, 2021, a local political subdivision may not issue its
 104 negotiable bonds for a purpose described in Subsection (1)(d).
- 105 (6)(a) As used in this Subsection (6):
- 106 (i) "Applicable lease revenue bond" means a lease revenue bond in an amount that
 107 exceeds \$10,000,000.
- 108 (ii) "Combined total" means the total of all lease revenue bonds issued by a local
 109 political subdivision within any consecutive three-year period.
- 110 (b)(i) A local political subdivision may not issue a lease revenue bond if the issuance
 111 of the bond will cause the combined total to exceed \$200,000,000.
- 112 (ii) The amount of a lease revenue bond to pay for the construction, reconstruction, or
 113 remodeling of a correctional facility, as defined in Section 77-17b-102, does not
 114 count toward the combined total.
- 115 (c) A school district may not issue a lease revenue bond to pay for the construction,
 116 reconstruction, or remodeling of a school district building or facility unless, in
 117 accordance with Title 11, Chapter 14, Part 2, Bond Elections, the school district first
 118 gives the voters of the school district an opportunity to approve a general obligation
 119 bond, described in Section 11-14-310, to pay for the construction, reconstruction, or
 120 remodeling of the school district building or facility instead of the lease revenue bond.
- 121 [(e)] (d) Before issuing an applicable lease revenue bond on or after May 1, 2024, a local
 122 political subdivision shall:
- 123 (i) make a statement at a meeting of the local political subdivision, as provided in
 124 Subsection [(6)(d)] (6)(e);
- 125 (ii) as provided in Subsection [(6)(e)] (6)(f), publish notice of the proposed issuance
 126 of a lease revenue bond and of the public hearing under Subsection [(6)(f)] (6)(g);
 127 and
- 128 (iii) hold a public hearing, as provided in Subsection [(6)(f)] (6)(g).
- 129 [(d)] (e)(i) At a regular meeting of the local political subdivision that is held at least
 130 14 days before a public hearing under Subsection [(6)(f)] (6)(f), the governing

131 body of a local political subdivision intending to issue an applicable lease revenue
132 bond shall make a statement indicating:

133 (A) the intent to issue a lease revenue bond; and

134 (B) the purpose and estimated amount of the lease revenue bond.

135 (ii) The local political subdivision's agenda under Section 52-4-202 for a meeting
136 described in Subsection ~~[(6)(d)(i)]~~ (6)(e)(i) shall include a separate item for the
137 statement required under Subsection ~~[(6)(d)(i)]~~ (6)(e)(i).

138 ~~[(e)]~~ (f)(i) A local political subdivision intending to issue an applicable lease revenue
139 bond shall provide notice of the intent to issue a lease revenue bond and of the
140 public hearing required under Subsection ~~[(6)(f)]~~ (6)(g).

141 (ii) The notice required under Subsection ~~[(6)(e)(i)]~~ (6)(f)(i) shall be published:

142 (A) subject to Section 45-1-101, in a newspaper or combination of newspapers of
143 general circulation in the local political subdivision;

144 (B) electronically in accordance with Section 45-1-101; and

145 (C) for the local political subdivision, as a class A notice under Section
146 63G-30-102, for at least 14 days immediately before the public hearing under
147 Subsection ~~[(6)(d)]~~ (6)(e).

148 (iii) If the local political subdivision intending to issue an applicable lease revenue
149 bond is a school district, the notice required by Subsection ~~[(6)(e)(i)]~~ (6)(f)(i) shall
150 include a statement that contains substantially the following language: "This
151 proposed lease revenue bond commits money from future property tax and income
152 tax revenue allocated to the school district. Additionally, a lease revenue bond
153 generally has a higher interest cost than a voter-approved general obligation bond."

154 (iv) The notice described in Subsection ~~[(6)(e)(ii)(A)]~~ (6)(f)(ii)(A):

155 (A) shall be no less than 1/4 page in size, use type no smaller than 18 point, and be
156 surrounded by a 1/4-inch border;

157 (B) shall be run once each week for the two weeks before a local political
158 subdivision conducts a public hearing under Subsection ~~[(6)(f)]~~ (6)(g); and

159 (C) may not be placed in the portion of a newspaper where legal notices and
160 classified advertisements appear.

161 (v) A notice required under Subsection ~~[(6)(e)(i)]~~ (6)(f)(i) shall:

162 (A) contain a clear statement indicating that the local political subdivision intends
163 to issue a lease revenue bond;

164 (B) explain the purpose, proposed amount, and length of term of the lease revenue

165 bond and the annual amount that the local political subdivision will be required
166 to pay in principal and interest on the lease revenue bond;

167 (C) identify the intended lessee of the facility to be constructed using proceeds
168 from the lease revenue bond and the expected annual amount of lease
169 payments that the lessee will pay;

170 (D) provide the date, time, place, and purpose of the public hearing under
171 Subsection [(6)(f)] (6)(g); and

172 (E) provide the date, time, and place of the local political subdivision governing
173 body meeting at which the governing body anticipates taking action on the
174 proposal to issue a lease revenue bond.

175 [(f)] (g)(i) A local political subdivision intending to issue an applicable lease revenue
176 bond shall hold a public hearing on the proposed lease revenue bond.

177 (ii) A public hearing under this Subsection [(6)(f)] (6)(g):

178 (A) shall be held beginning at or after 6:00 p.m.;

179 (B) shall be held separate from any other public hearing; and

180 (C) may be held the same day as another public hearing, including immediately
181 before or after the other public hearing.

182 (iii) At a public hearing under this Subsection [(6)(f)] (6)(g), the governing body of
183 the local political subdivision shall provide a member of the public desiring to be
184 heard an opportunity to present testimony on the proposed issuance of a lease
185 revenue bond:

186 (A) within reasonable time limits; and

187 (B) without unreasonable restriction on the number of individuals allowed to
188 make public comment.

189 Section 2. Section 11-72-101 is enacted to read:

190 **CHAPTER 72. Public-Private Partnerships**

191 **11-72-101 . Definitions.**

192 As used in this chapter, "public-private partnership" means an arrangement or agreement
193 between a political subdivision and one or more private persons to fund and provide for a
194 public need through the development or operation of a public project in which the private
195 person or persons share with the government entity the responsibility or risk of developing,
196 owning, maintaining, financing, or operating the project.

197 Section 3. Section 11-72-102 is enacted to read:

198 **11-72-102 . Public-private partnerships prohibited.**

199 Except as provided in Section 53E-3-507.1, a school district may not establish a
200 public-private partnership to construct, acquire, improve, extend, or finance a school district
201 project.

202 Section 4. Section **17D-2-303** is enacted to read:

203 **17D-2-303 . Voter-rejected project prohibited.**

204 A local building authority may not construct, acquire, improve, extend, or finance a
205 project on behalf of the school district that created the local building authority if the project, a
206 portion of the project, or a substantially similar project, was rejected by the voters of a school
207 district.

208 Section 5. **Effective Date.**

209 This bill takes effect on May 6, 2026.