

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; 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

---

---

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

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

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

- (1) Any local political subdivision may, in the manner and subject to the limitations and restrictions contained in this chapter, issue [its] the local political subdivision's

- 30 negotiable bonds for the purpose of paying all or part of the cost of:
- 31 (a) acquiring, improving, or extending any one or more improvements, facilities, or  
32 property that the local political subdivision is authorized by law to acquire, improve,  
33 or extend;
- 34 (b) acquiring, or acquiring an interest in, any one or more or any combination of the  
35 following types of improvements, facilities, or property to be owned by the local  
36 political subdivision, either alone or jointly with one or more other local political  
37 subdivisions, or for the improvement or extension of any of those wholly or jointly  
38 owned improvements, facilities, or properties:
- 39 (i) public buildings of every nature, including without limitation, offices,  
40 courthouses, jails, fire, police and sheriff's stations, detention homes, and any  
41 other buildings to accommodate or house lawful activities of a local political  
42 subdivision;
- 43 (ii) waterworks, irrigation systems, water systems, dams, reservoirs, water treatment  
44 plants, and any other improvements, facilities, or property used in connection with  
45 the acquisition, storage, transportation, and supplying of water for domestic,  
46 industrial, irrigation, recreational, and other purposes and preventing pollution of  
47 water;
- 48 (iii) sewer systems, sewage treatment plants, incinerators, and other improvements,  
49 facilities, or property used in connection with the collection, treatment, and  
50 disposal of sewage, garbage, or other refuse;
- 51 (iv) drainage and flood control systems, storm sewers, and any other improvements,  
52 facilities, or property used in connection with the collection, transportation, or  
53 disposal of water;
- 54 (v) recreational facilities of every kind, including without limitation, athletic and play  
55 facilities, playgrounds, athletic fields, gymnasiums, public baths, swimming pools,  
56 camps, parks, picnic grounds, fairgrounds, golf courses, zoos, boating facilities,  
57 tennis courts, auditoriums, stadiums, arenas, and theaters;
- 58 (vi) convention centers, sports arenas, auditoriums, theaters, and other facilities for  
59 the holding of public assemblies, conventions, and other meetings;
- 60 (vii) roads, bridges, viaducts, tunnels, sidewalks, curbs, gutters, and parking  
61 buildings, lots, and facilities;
- 62 (viii) airports, landing fields, landing strips, and air navigation facilities;
- 63 (ix) educational facilities, including without limitation, schools, gymnasiums,

- 64 auditoriums, theaters, museums, art galleries, libraries, stadiums, arenas, and  
65 fairgrounds;
- 66 (x) hospitals, convalescent homes, and homes for the aged or indigent; and  
67 (xi) electric light works, electric generating systems, and any other improvements,  
68 facilities, or property used in connection with the generation and acquisition of  
69 electricity for these local political subdivisions and transmission facilities and  
70 substations if they do not duplicate transmission facilities and substations of other  
71 entities operating in the state prepared to provide the proposed service unless these  
72 transmission facilities and substations proposed to be constructed will be more  
73 economical to these local political subdivisions;
- 74 (c) new construction, renovation, or improvement to a state highway within the  
75 boundaries of the local political subdivision or an environmental study for a state  
76 highway within the boundaries of the local political subdivision; or
- 77 (d) except as provided in Subsection (5), the portion of any claim, settlement, or  
78 judgment that exceeds \$3,000,000.
- 79 (2) Except as provided in Subsection (1)(c), any improvement, facility, or property under  
80 Subsection (1) need not lie within the limits of the local political subdivision.
- 81 (3) A cost under Subsection (1) may include:
- 82 (a) the cost of equipment and furnishings for such improvements, facilities, or property;  
83 (b) all costs incident to the authorization and issuance of bonds, including engineering,  
84 legal, and fiscal advisers' fees;
- 85 (c) costs incident to the issuance of bond anticipation notes, including interest to accrue  
86 on bond anticipation notes;
- 87 (d) interest estimated to accrue on the bonds during the period to be covered by the  
88 construction of the improvement, facility, or property and for 12 months after that  
89 period; and
- 90 (e) other amounts which the governing body finds necessary to establish bond reserve  
91 funds and to provide working capital related to the improvement, facility, or property.
- 92 (4)(a) Except as provided in Subsection (4)(b), the proceeds from bonds issued on or  
93 after May 14, 2013, may not be used:
- 94 (i) for operation and maintenance expenses for more than one year after the date any  
95 of the proceeds are first used for those expenses; or
- 96 (ii) for capitalization of interest more than five years after the bonds are issued.
- 97 (b) The restrictions on the use of bond proceeds under Subsection (4)(a) do not apply to

98 bonds issued to pay all or part of the costs of a claim, settlement, or judgment under  
99 Subsection (1)(d).

100 (5) Beginning on or after July 1, 2021, a local political subdivision may not issue its  
101 negotiable bonds for a purpose described in Subsection (1)(d).

102 (6)(a) As used in this Subsection (6):

103 (i) "Applicable lease revenue bond" means a lease revenue bond in an amount that  
104 exceeds \$10,000,000.

105 (ii) "Combined total" means the total of all lease revenue bonds issued by a local  
106 political subdivision within any consecutive three-year period.

107 (b)(i) A local political subdivision may not issue a lease revenue bond if the issuance  
108 of the bond will cause the combined total to exceed \$200,000,000.

109 (ii) The amount of a lease revenue bond to pay for the construction, reconstruction, or  
110 remodeling of a correctional facility, as defined in Section 77-17b-102, does not  
111 count toward the combined total.

112 (c) A school district may not issue a lease revenue bond to pay for the construction,  
113 reconstruction, or remodeling of a school district building or facility unless, in  
114 accordance with Title 11, Chapter 14, Part 2, Bond Elections, the school district first  
115 gives the voters of the school district an opportunity to approve a general obligation  
116 bond, described in Section 11-14-310, to pay for the construction, reconstruction, or  
117 remodeling of the school district building or facility instead of the lease revenue bond.

118 [(e)] (d) Before issuing an applicable lease revenue bond on or after May 1, 2024, a local  
119 political subdivision shall:

120 (i) make a statement at a meeting of the local political subdivision, as provided in  
121 Subsection [(6)(d)] (6)(e);

122 (ii) as provided in Subsection [(6)(e)] (6)(f), publish notice of the proposed issuance  
123 of a lease revenue bond and of the public hearing under Subsection [(6)(f)] (6)(g);  
124 and

125 (iii) hold a public hearing, as provided in Subsection [(6)(f)] (6)(g).

126 [(d)] (e)(i) At a regular meeting of the local political subdivision that is held at least  
127 14 days before a public hearing under Subsection [(6)(f)] (6)(f), the governing  
128 body of a local political subdivision intending to issue an applicable lease revenue  
129 bond shall make a statement indicating:

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

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

- 132 (ii) The local political subdivision's agenda under Section 52-4-202 for a meeting  
133 described in Subsection ~~[(6)(d)(i)]~~ (6)(e)(i) shall include a separate item for the  
134 statement required under Subsection ~~[(6)(d)(i)]~~ (6)(e)(i).
- 135 ~~[(e)]~~ (f)(i) A local political subdivision intending to issue an applicable lease revenue  
136 bond shall provide notice of the intent to issue a lease revenue bond and of the  
137 public hearing required under Subsection ~~[(6)(f)]~~ (6)(g).
- 138 (ii) The notice required under Subsection ~~[(6)(e)(i)]~~ (6)(f)(i) shall be published:  
139 (A) subject to Section 45-1-101, in a newspaper or combination of newspapers of  
140 general circulation in the local political subdivision;  
141 (B) electronically in accordance with Section 45-1-101; and  
142 (C) for the local political subdivision, as a class A notice under Section  
143 63G-30-102, for at least 14 days immediately before the public hearing under  
144 Subsection ~~[(6)(d)]~~ (6)(e).
- 145 (iii) If the local political subdivision intending to issue an applicable lease revenue  
146 bond is a school district, the notice required by Subsection ~~[(6)(e)(i)]~~ (6)(f)(i) shall  
147 include a statement that contains substantially the following language: "This  
148 proposed lease revenue bond commits money from future property tax and income  
149 tax revenue allocated to the school district. Additionally, a lease revenue bond  
150 generally has a higher interest cost than a voter-approved general obligation bond."
- 151 (iv) The notice described in Subsection ~~[(6)(e)(ii)(A)]~~ (6)(f)(ii)(A):  
152 (A) shall be no less than 1/4 page in size, use type no smaller than 18 point, and be  
153 surrounded by a 1/4-inch border;  
154 (B) shall be run once each week for the two weeks before a local political  
155 subdivision conducts a public hearing under Subsection ~~[(6)(f)]~~ (6)(g); and  
156 (C) may not be placed in the portion of a newspaper where legal notices and  
157 classified advertisements appear.
- 158 (v) A notice required under Subsection ~~[(6)(e)(i)]~~ (6)(f)(i) shall:  
159 (A) contain a clear statement indicating that the local political subdivision intends  
160 to issue a lease revenue bond;  
161 (B) explain the purpose, proposed amount, and length of term of the lease revenue  
162 bond and the annual amount that the local political subdivision will be required  
163 to pay in principal and interest on the lease revenue bond;  
164 (C) identify the intended lessee of the facility to be constructed using proceeds  
165 from the lease revenue bond and the expected annual amount of lease

- 166 payments that the lessee will pay;
- 167 (D) provide the date, time, place, and purpose of the public hearing under
- 168 Subsection [~~(6)(f)~~] (6)(g); and
- 169 (E) provide the date, time, and place of the local political subdivision governing
- 170 body meeting at which the governing body anticipates taking action on the
- 171 proposal to issue a lease revenue bond.
- 172 [~~(f)~~] (g)(i) A local political subdivision intending to issue an applicable lease revenue
- 173 bond shall hold a public hearing on the proposed lease revenue bond.
- 174 (ii) A public hearing under this Subsection [~~(6)(f)~~] (6)(g):
- 175 (A) shall be held beginning at or after 6:00 p.m.;
- 176 (B) shall be held separate from any other public hearing; and
- 177 (C) may be held the same day as another public hearing, including immediately
- 178 before or after the other public hearing.
- 179 (iii) At a public hearing under this Subsection [~~(6)(f)~~] (6)(g), the governing body of
- 180 the local political subdivision shall provide a member of the public desiring to be
- 181 heard an opportunity to present testimony on the proposed issuance of a lease
- 182 revenue bond:
- 183 (A) within reasonable time limits; and
- 184 (B) without unreasonable restriction on the number of individuals allowed to
- 185 make public comment.

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

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

188 **11-72-101 . Definitions.**

189 As used in this chapter, "public-private partnership" means an arrangement or agreement

190 between a political subdivision and one or more private persons to fund and provide for a

191 public need through the development or operation of a public project in which the private

192 person or persons share with the government entity the responsibility or risk of developing,

193 owning, maintaining, financing, or operating the project.

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

195 **11-72-102 . Public-private partnerships prohibited.**

196 Except as provided in Section 53E-3-507.1, a school district may not establish a

197 public-private partnership to construct, acquire, improve, extend, or finance a school district

198 project.

199 Section 4. **Effective Date.**

200     This bill takes effect on May 6, 2026.