

State Facilities Modifications

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Walt Brooks

Senate Sponsor:

LONG TITLE

General Description:

This bill addresses state facilities.

Highlighted Provisions:

This bill:

- establishes the Higher Education Appropriations Subcommittee as the subcommittee to hear and prioritize requests for state funding of capital facility projects within the Utah System of Higher Education;

- establishes requirements for the proposal of a technical college or degree-granting institution for a capital facility project funding request;

- requires compliance with the dedicated and non-dedicated project approval process for higher education capital facility projects;

- clarifies the process for requesting capital development appropriations by distinguishing between architectural programming and design-and-construction phases;

- authorizes an agency to request funding for architectural programming without requiring the submission of a feasibility study;

- requires an agency to complete architectural programming before requesting an appropriation for the design and construction of a capital development project:

- increases, from \$100,000 to \$1,500,000, the maximum project cost for which a state entity may directly supervise the design and construction of a state facility;

- requires a state entity that elects to directly supervise the design and construction of a state facility project to enter into a memorandum of understanding with the Division of Facilities Construction and Management (division) that addresses compliance with division standards;

- authorizes the director of the division to assume control of a project described above when division inspection or review determines that the work is deficient or noncompliant with division design, construction, or code inspection standards;

- aligns revocation authority for delegated projects by allowing the director of the division

31 to revoke delegation to address inspection-based deficiencies;

32 ▶ requires that design criteria exceeding the state construction code to be appropriate for the

33 facility's intended use and cost-effective over the facility's expected useful life;

34 ▶ adds required components to a capital development feasibility study by requiring

35 inclusion of a space utilization plan and capital budget estimate approved by the division;

36 ▶ authorizes the Legislature to transfer excess funds from the statewide contingency reserve

37 to the General Fund or the Income Tax Fund;

38 ▶ requires the division to submit an annual request for appropriation to the Legislature for

39 each year covered by the five-year building plan;

40 ▶ authorizes the director of the division to approve certain design modifications for capital

41 development projects of institutions of higher education and to allocate resulting

42 construction cost savings between the institution and the state; and

43 ▶ makes technical and conforming changes.

44 **Money Appropriated in this Bill:**

45 None

46 **Other Special Clauses:**

47 None

48 **Utah Code Sections Affected:**

49 **AMENDS:**

50 **53H-1-402 (Effective 05/06/26) (Partially Repealed 07/01/27)**, as renumbered and
51 amended by Laws of Utah 2025, First Special Session, Chapter 8

52 **53H-9-402 (Effective 05/06/26)**, as renumbered and amended by Laws of Utah 2025,
53 First Special Session, Chapter 8

54 **53H-9-504 (Effective 05/06/26)**, as renumbered and amended by Laws of Utah 2025,
55 First Special Session, Chapter 8

56 **53H-9-604 (Effective 05/06/26)**, as renumbered and amended by Laws of Utah 2025,
57 First Special Session, Chapter 8

58 **63A-5b-402 (Effective 05/06/26)**, as last amended by Laws of Utah 2022, Chapter 421

59 **63A-5b-602 (Effective 05/06/26)**, as enacted by Laws of Utah 2020, Chapter 152

60 **63A-5b-604 (Effective 05/06/26)**, as last amended by Laws of Utah 2025, First Special
61 Session, Chapter 15

62 **63A-5b-609 (Effective 05/06/26)**, as last amended by Laws of Utah 2024, Chapter 368

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

65 Section 1. Section **53H-1-402** is amended to read:

66 **53H-1-402 (Effective 05/06/26) (Partially Repealed 07/01/27). Reports to and**
67 **actions of the Higher Education Appropriations Subcommittee.**

68 (1) In accordance with applicable provisions and Section 68-3-14, the following recurring
69 reports are due to the Higher Education Appropriations Subcommittee:

70 (a) the reports described in Sections 53H-1-502, 53H-1-503, and 53H-1-504;

71 (b) the reports described in Section 53H-1-203 by the board on:

72 (i) system wide responses to changing demographics and workforce; and

73 (ii) the board's activities and performance against the board's goals and metrics;

74 (c) the report described in Section 53H-5-205;

75 (d) the report described in Section 53H-8-202 by the board on recommended
76 appropriations for higher education institutions and the board, including the report
77 described in Section 53H-11-406 by the board on the effects of offering nonresident
78 partial tuition scholarships;

79 (e) the report described in Section 53H-8-306 by the Department of Workforce Services
80 and the Governor's Office of Economic Opportunity on targeted jobs;

81 (f) the reports described in Section 53H-8-303 by the board on performance;

82 (g) the report described in Section 53H-11-402 by the board on the Opportunity
83 Scholarship Program;

84 (h) the report described in Section 53H-13-309 regarding the talent advisory councils;

85 (i) the report described in Section 53H-11-414 by the board on the Utah Promise
86 Program;

87 (j) the report described in Section 53H-6-202 by the board on an institution
88 compensating a student athlete for the use of the student athlete's name, image, or
89 likeness;

90 (k) the report described in Section 53H-1-604 regarding the Higher Education and
91 Corrections Council; and

92 (l) the report described in Section 53E-10-308 by the State Board of Education and
93 board on student participation in the concurrent enrollment program.

94 (2) In accordance with applicable provisions and Section 68-3-14, the following occasional
95 report is due to the Higher Education Appropriations Subcommittee: the board's report
96 regarding each institution's strategic reinvestment plan described in Section 53H-8-210.

97 (3) In accordance with applicable provisions, the Higher Education Appropriations
98 Subcommittee shall complete the following:

99 (a) an appropriation recommendation described in Section 53H-1-504 regarding
100 compliance with Subsections 53H-1-504(5) and (14); and
101 (b) as required by Section 53H-8-304, the review of performance funding described in
102 Section 53H-8-304.

103 (4) The Higher Education Appropriations Subcommittee shall hear and prioritize any
104 requests for capital facilities within the Utah System of Higher Education described in
105 Section 53H-1-102, in accordance with Title 53H, Chapter 9, Part 5, General Capital
106 Developments.

107 [4] (5) In consultation with the board, the Higher Education Appropriations Subcommittee
108 shall study a re-design of:

109 (a) the performance funding model described in Chapter 8, Part 3, Performance Funding,
110 to better ensure:
111 (i) institutional alignment with the statewide system of higher education and the
112 institution's mission within the statewide system; and
113 (ii) investment in meeting localized and statewide workforce demands and securing
114 post-graduation employment outcomes; and
115 (b) enrollment-based funding, including, for technical colleges, funding distribution
116 models that:
117 (i) include equivalent funding value for secondary and adult students; and
118 (ii) reflect the full responsibility of the technical college's statutorily-required
119 services.

120 Section 2. Section **53H-9-402** is amended to read:

121 **53H-9-402 (Effective 05/06/26). Buildings and facilities -- Board approval of**
122 **construction and purchases -- Rules.**

123 (1) The board shall approve all new construction, repair, or purchase of educational and
124 general buildings and facilities financed from any source at all institutions subject to the
125 jurisdiction of the board.
126 (2) An institution may not[-]:
127 (a) submit plans or specifications to the Division of Facilities Construction and
128 Management for the construction or alteration of buildings, structures, or facilities or
129 for the purchases of equipment or fixtures for the structure without the authorization
130 of the board[-]; or
131 (b) request state funding for capital facilities except as provided in Title 53H, Chapter 9,
132 Part 5, General Capital Developments.

133 (3) The board shall make rules establishing the conditions under which facilities may be
134 eligible to request state funds for operations and maintenance.
135 (4) Before approving the purchase of a building, the board shall:
136 (a) determine whether or not the building will be eligible for state funds for operations
137 and maintenance by applying the rules adopted under Subsection (3); and
138 (b) if the annual request for state funding for operations and maintenance will be greater
139 than \$100,000, notify the speaker of the House, the president of the Senate, and the
140 cochairs of the Transportation and Infrastructure Appropriations Subcommittee.

141 Section 3. Section **53H-9-504** is amended to read:

53H-9-504 (Effective 05/06/26). Funding request for capital development project

-- Legislative approval -- Board prioritization, approval, and review.

(1) In accordance with this section, a degree-granting institution is required to receive legislative approval in an appropriations act for a dedicated project or a nondedicated project.

(2) A degree-granting institution shall[-] :

(a) submit to the board a proposal for a funding request for each dedicated project or nondedicated project for which the institution seeks legislative approval[.] ; and

(b) ensure that the proposal described in Subsection (2)(a) includes:

(i) the name of the project;

(ii) a specification of the intent of the project as a dedicated project or a non-dedicated project;

(iii) the projected cost of the project and the sources of funding, including internal funds, requested legislative appropriations, matching funds, or debt;

(iv) a budget for the project, including:

(A) any land cost;

(B) architecture and engineering costs;

(C) any impact fees;

(D) horizontal development costs, including infrastructure and site work;

(E) vertical construction costs;

(F) furniture costs;

(G) any plan to fund future operations, maintenance, and staffing costs;

(H) financing costs; and

(I) construction management, project management, or other administrative costs;

(v) a rendering of the project;

167 (vi) a narrative explaining the use of the facility, including the facility's expected life
168 span;
169 (vii) a facility utilization analysis demonstrating that the existing facilities are
170 inadequate to serve the program or function for which the institution is seeking
171 funding; and
172 (viii) the amount of square feet of the project, including a breakdown of the uses of
173 the space by square footage, including any:
174 (A) classroom space;
175 (B) lab space;
176 (C) office space;
177 (D) meeting room space;
178 (E) entertainment space;
179 (F) residential space;
180 (G) garage or storage space;
181 (H) mechanical space; and
182 (I) common areas, including any atrium, stairway, restroom, or commons.

183 (3) The board shall:

184 (a) review each proposal submitted under Subsection (2) to ensure the proposal:
185 (i) is cost effective and an efficient use of resources;
186 (ii) is consistent with the degree-granting institution's mission and master plan; and
187 (iii) fulfills a critical institutional facility need;
188 (b) based on the results of the board's review under Subsection (3)(a), create:
189 (i) a list of approved dedicated projects; and
190 (ii) a list of approved nondedicated projects, prioritized in accordance with
191 Subsection (5); and
192 (c) submit the lists described in Subsection (3)(b), including the relevant proposals, to:
193 (i) the governor;
194 [(ii) the Transportation and Infrastructure Appropriations Subcommittee;]
195 [(iii) (ii) the Higher Education Appropriations Subcommittee; and
196 (iv) (iii) the Division of Facilities Construction and Management for a:
197 (A) recommendation, for the list described in Subsection (3)(b)(i); or
198 (B) recommendation and prioritization, for the list described in Subsection
199 (3)(b)(ii).
200 (4) A dedicated project:

201 (a) is subject to the recommendation of the Division of Facilities Construction and
202 Management as described in Section 63A-5b-403; and

203 (b) is not subject to the prioritization of the Division of Facilities Construction and
204 Management as described in Section 63A-5b-403.

205 (5)(a) Subject to Subsection (6), the board shall prioritize institution requests for funding
206 for nondedicated projects based on:

207 (i) capital facility need;

208 (ii) utilization of facilities;

209 (iii) maintenance and condition of facilities; and

210 (iv) any other factor determined by the board.

211 (b) The board shall establish how the board will prioritize institution requests for
212 funding for nondedicated projects, including:

213 (i) how the board will measure each factor described in Subsection (5)(a); and

214 (ii) procedures for prioritizing requests.

215 (6)(a) Subject to Subsection (6)(b), and in accordance with Subsection (5), the board
216 may annually prioritize:

217 (i) up to three nondedicated projects if the ongoing appropriation to the fund is less
218 than \$50,000,000;

219 (ii) up to two nondedicated projects if the ongoing appropriation to the fund is at least
220 \$50,000,000 but less than \$100,000,000; or

221 (iii) one nondedicated project if the ongoing appropriation to the fund is at least
222 \$100,000,000.

223 (b) For each calendar year, the dollar amounts described in Subsection (6)(a) shall be
224 adjusted by an amount equal to the percentage difference between:

225 (i) the Consumer Price Index for the 2019 calendar year; and

226 (ii) the Consumer Price Index for the previous calendar year.

227 (7)(a) A degree-granting institution may request operations and maintenance funds for a
228 capital development project approved under this section.

229 (b) A degree-granting institution shall make the request described in Subsection (7)(a) at
230 the same time the degree-granting institution submits the proposal described in
231 Subsection (2).

232 (c) The Legislature shall consider a degree-granting institution's request described in
233 Subsection (7)(a).

234 (8) After a degree-granting institution completes a capital development project described in

235 this section, the board shall review the capital development project, including the costs
236 and design of the capital development project.

237 Section 4. Section **53H-9-604** is amended to read:

238 **53H-9-604 (Effective 05/06/26). Legislative approval -- Capital development**
239 **projects -- Prioritization.**

240 (1) As used in this section:

241 (a) "Consumer Price Index" means the Consumer Price Index for All Urban Consumers
242 as published by the Bureau of Labor Statistics of the United States Department of
243 Labor.

244 (b) "Fund" means the Technical Colleges Capital Projects Fund created in Section
245 53H-9-605.

246 (2) In accordance with this section, a technical college is required to receive legislative
247 approval in an appropriations act for a dedicated project or a nondedicated project.

248 (3) In accordance with Section 53H-9-603, a technical college shall[-] :

249 (a) submit to the board a proposal for a funding request for each dedicated project or
250 nondedicated project for which the technical college seeks legislative approval[-] ; and

251 (b) ensure that the proposal described in Subsection (3)(a) includes:

252 (i) the name of the project;

253 (ii) a specification of the intent of the project as a dedicated project or a
254 non-dedicated project;

255 (iii) the projected cost of the project and the sources of funding, including internal
256 funds, requested legislative appropriations, matching funds, or debt;

257 (iv) a budget for the project, including:

258 (A) any land cost;

259 (B) architecture and engineering costs;

260 (C) any impact fees;

261 (D) horizontal development costs, including infrastructure and site work;

262 (E) vertical construction costs;

263 (F) furniture costs;

264 (G) any plan to fund future operations, maintenance, and staffing costs;

265 (H) financing costs; and

266 (I) construction management, project management, or other administrative costs;

267 (v) a rendering of the project;

268 (vi) a narrative explaining the use of the facility, including the facility's expected life

span;

(vii) a facility utilization analysis demonstrating that the existing facilities are inadequate to serve the program or function for which the institution is seeking funding, and

(viii) the amount of square feet of the project, including a breakdown of the uses of the space by square footage, including any:

(A) classroom space;

(B) lab space;

(C) office space;

(D) meeting room space;

(E) entertainment space;

(F) residential space;

(G) garage or storage

(H) mechanical space; and

(I) common areas, includin

ard shall:

(a) review each

complies with Section 53H-9-603;

(b) based on the results of the board's review under Subsection (4)(a), create;

Consequently, the following section is intended to provide a brief introduction to the basic concepts of SIS.

(ii) $\lim_{n \rightarrow \infty} \sum_{i=1}^n \left| \frac{1}{i} \right| \log \left(\frac{1}{i} \right) = \lim_{n \rightarrow \infty} \sum_{i=1}^n \left| \frac{1}{i} \right| \log \left(\frac{1}{i} \right) = 1$

(ii) a list of approved nondedicated projects, prioritized in accordance with Subsection (6); and

(c) submit the lists described in Subsection (4)(b), including the relevant proposals, to:

(1) the governor;

[III] the Transportation and Infrastructure Appropriations Subcommittee;]

[III] (ii) the Higher Education Appropriations Subcommittee; and

[IV] III) the Division of Facilities Construction and Management for a:

(A) recommendation, for the list described in Subsection (4)(b)(i); or

(B) recommendation and prioritization, for the list described in Subsection (4)(b)(ii).

(5) A dedicated project:

(a) is subject to the recommendation of the Division of Facilities Construction and Management as described in Section 63A-5b-403; and

303 (b) is not subject to the prioritization of the Division of Facilities Construction and
304 Management as described in Section 63A-5b-403.

305 (6)(a) Subject to Subsection (7), the board shall prioritize funding requests for capital
306 development projects described in this section based on:

- 307 (i) growth and capacity;
- 308 (ii) effectiveness and support of critical programs;
- 309 (iii) cost effectiveness;
- 310 (iv) building deficiencies and life safety concerns; and
- 311 (v) alternative funding sources.

312 (b) The board shall establish:

- 313 (i) how the board will measure each factor described in Subsection (6)(a); and
- 314 (ii) procedures for prioritizing funding requests for capital development projects
315 described in this section.

316 (7)(a) Subject to Subsection (7)(b), and in accordance with Subsection (6), the board
317 may annually prioritize:

- 318 (i) up to three nondedicated projects if the ongoing appropriation to the fund is less
319 than \$7,000,000;
- 320 (ii) up to two nondedicated projects if the ongoing appropriation to the fund is at least
321 \$7,000,000 but less than \$14,000,000; or
- 322 (iii) one nondedicated project if the ongoing appropriation to the fund is at least
323 \$14,000,000.

324 (b) For each calendar year, the dollar amounts described in Subsection (7)(a) shall be
325 adjusted by an amount equal to the percentage difference between:

- 326 (i) the Consumer Price Index for the 2019 calendar year; and
- 327 (ii) the Consumer Price Index for the previous calendar year.

328 (8)(a) A technical college may request operations and maintenance funds for a capital
329 development project approved under this section.

330 (b) A technical college shall make the request described in Subsection (8)(a) at the same
331 time the technical college submits the proposal described in Subsection (3).

332 (c) The Legislature shall consider a technical college's request described in Subsection
333 (8)(a).

334 Section 5. Section **63A-5b-402** is amended to read:

335 **63A-5b-402 (Effective 05/06/26). Capital development process -- Approval**
336 **requirements.**

337 (1) Except as provided in Section 63A-5b-404, the division shall, on behalf of all agencies,
338 submit capital development project recommendations and priorities to the Legislature
339 for approval and prioritization.

340 [(2) An agency that requests an appropriation for a capital development project shall submit
341 to the division for transmission to the Legislature a capital development project request
342 and a feasibility study relating to the capital development project.]

343 (2)(a) An agency may request an appropriation for architectural programming for a
344 capital development project by submitting the request to the division for transmission
345 to the Legislature.

346 (b) An agency may, but is not required to, submit a completed feasibility study in
347 connection with a request described in Subsection (2)(a).

348 (c) An agency may request an appropriation for the design and construction of a capital
349 development project by submitting the request and a completed architectural program
350 to the division for transmission to the Legislature.

351 (3) The division may not transmit to the Legislature a request described in Subsection (2)(c)
352 unless the agency has completed architectural programming for the capital development
353 project.

354 [(3)] (4)(a) The division shall, in accordance with Title 63G, Chapter 3, Utah
355 Administrative Rulemaking Act, make rules that establish standards and
356 requirements for a capital development project request and, if submitted, a feasibility
357 study.

358 (b) The rules shall include:

- 359 (i) a deadline by which an agency is required to submit a capital development project
360 request;
- 361 (ii) conditions under which an agency may modify the agency's capital development
362 project request after the agency submits the request, and requirements applicable
363 to a modification; and
- 364 (iii) requirements for the contents of a feasibility study, including:
 - 365 (A) the need for the capital development project;
 - 366 (B) the appropriateness of the scope of the capital development project;
 - 367 (C) any private funding for the capital development project; [and]
 - 368 (D) the economic and community impacts of the capital development project[.];
 - 369 (E) a space utilization plan developed in accordance with rules made by the
 - 370 division under Title 63G, Chapter 3, Utah Administrative Rulemaking Act; and

(F) a capital budget estimate approved by the division.

[44] (5) The division shall verify the completion and accuracy of a feasibility study or architectural program that an agency submits under Subsection (2) prior to submitting capital development project recommendations and priorities under Subsection (1).

Section 6. Section **63A-5b-602** is amended to read:

63A-5b-602 (Effective 05/06/26). Design criteria, standards, and procedures.

- (1) The director shall establish design criteria, standards, and procedures for the planning, design, and construction of a new facility and for improvements to an existing facility, including life-cycle costing, cost-effectiveness studies, and other methods and procedures that address:
 - (a) the need for the facility;
 - (b) the effectiveness of the facility's design;
 - (c) the efficiency of energy use; and
 - (d) the usefulness of the facility over the facility's lifetime.
- (2) Before proceeding with construction, the director and the officials charged with the administration of the affairs of the particular agency shall approve the location, design, plans, and specifications.
- (3) The director shall prepare or have prepared by one or more private persons the designs, plans, and specifications for the projects administered by the division.
- (4) Before construction may begin, the director shall review the design of projects exempted from the division's administration under Section 63A-5b-604 to determine if the design:
 - (a) complies with any restrictions placed on the project by the director; and
 - (b) is appropriate for the purpose and setting of the project.
- (5) Notwithstanding the requirements of Title 63J, Chapter 1, Budgetary Procedures Act, the director may:
 - (a) accelerate the design of a project funded by an appropriation act passed by the Legislature in the Legislature's annual general session;
 - (b) use an unencumbered existing account balance to fund that design work; and
 - (c) reimburse the account balance from the amount funded for the project when the appropriation act funding the project becomes effective.
- (6) If the director establishes design criteria or standards that exceed the minimum requirements of the State Construction Code adopted under Title 15A, State Construction and Fire Codes Act, the director shall ensure that the additional criteria or

405 standards are:

406 (a) appropriate for the intended use and setting of the facility; and

407 (b) cost-effective over the expected useful life of the facility.

408 Section 7. Section **63A-5b-604** is amended to read:

409 **63A-5b-604 (Effective 05/06/26). Construction, alteration, and repair of state**
410 **facilities -- Powers of director -- Exceptions -- Expenditure of appropriations --**
411 **Compliance agency role.**

412 (1)(a) Except as provided in this section and Section 63A-5b-1101, the director shall
413 exercise direct supervision over the design and construction of all new facilities, and
414 all alterations, repairs, and improvements to existing facilities, if the total project
415 construction cost, regardless of the funding source, is greater than [\$100,000]
416 \$1,500,000.

417 (b) [A] Subject to Subsections (1)(c) and (d), a state entity may exercise direct
418 supervision over the design and construction of all new facilities, and over all
419 alterations, repairs, and improvements to existing facilities, if:

420 (i) the total project construction cost, regardless of the funding sources, is [\$100,000]
421 \$1,500,000 or less; and
422 (ii) the state entity assures compliance with the division's forms and contracts and the
423 division's design, construction, alteration, repair, improvement, and code
424 inspection standards.

425 (c) Before exercising direct supervision under Subsection (1)(b), a state entity shall enter
426 into a memorandum of understanding with the division, in a form developed by the
427 division, that addresses:

428 (i) the state entity's compliance with Subsection (1)(b)(ii); and
429 (ii) other matters the division considers necessary and appropriate to facilitate the
430 state entity's supervision of the project.

431 (d) The director may assume direct supervision over the design and construction of a
432 project described in Subsection (1)(b) if the division determines, through inspection
433 or review conducted in accordance with the division's design, construction, or code
434 inspection standards, that the work is deficient, substandard, or noncompliant.

435 (2) The director may enter into a capital improvement partnering agreement with an
436 institution of higher education that permits the institution of higher education to exercise
437 direct supervision for a capital improvement project with oversight from the division.

438 (3)(a) Subject to Subsection (3)(b), the director may delegate control over design,

439 construction, and other aspects of any project to entities of state government on a
440 project-by-project basis.

441 (b) With respect to a delegation of control under Subsection (3)(a), the director may:

442 (i) impose terms and conditions on the delegation that the director considers
443 necessary or advisable to protect the interests of the state; and
444 (ii) revoke the delegation and assume control of the design, construction, or other
445 aspect of a delegated project if the director considers the revocation and
446 assumption of control to be necessary to:
447 (A) address a circumstance described in Subsection (1)(d); or
448 (B) otherwise protect the interests of the state.

449 (4)(a) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
450 the director may delegate control over design, construction, and all other aspects of
451 any project to entities of state government on a categorical basis for projects within a
452 particular dollar range and a particular project type.

453 (b) Rules adopted by the director under Subsection (4)(a) may:

454 (i) impose the terms and conditions on categorical delegation that the director
455 considers necessary or advisable to protect the interests of the state;
456 (ii) provide for the revocation of the delegation on a categorical basis and for the
457 division to assume control of the design, construction, or other aspect of a
458 category of delegated projects or a specific delegated project if the director
459 considers revocation of the delegation and assumption of control to be necessary
460 to protect the interests of the state;
461 (iii) require that a categorical delegation be renewed by the director on an annual
462 basis; and
463 (iv) require the division's oversight of delegated projects.

464 (5)(a) A state entity to which project control is delegated under this section shall:

465 (i) assume fiduciary control over project finances;
466 (ii) assume all responsibility for project budgets and expenditures; and
467 (iii) receive all funds appropriated for the project, including any contingency funds
468 contained in the appropriated project budget.

469 (b) Notwithstanding a delegation of project control under this section, a state entity to
470 which control is delegated is required to comply with the division's codes and
471 guidelines for design and construction.

472 (c) A state entity to which project control is delegated under this section may not access,

473 for the delegated project, the division's statewide contingency reserve and project
474 reserve authorized in Section 63A-5b-609.

475 (d) For a facility that will be owned, operated, maintained, and repaired by an entity that
476 is not an agency and that is located on property that the state owns or leases as a
477 tenant, the director may authorize the facility's owner to administer the design and
478 construction of the project relating to that facility.

479 (6)(a) A project for the construction of a new facility and a project for alterations,
480 repairs, and improvements to an existing facility are not subject to Subsection (1) if
481 the project:

- 482 (i) occurs on property under the jurisdiction of the State Capitol Preservation Board;
- 483 (ii) is within a designated research park at the University of Utah or Utah State
484 University;
- 485 (iii) occurs within the boundaries of This is the Place State Park and is administered
486 by This is the Place Foundation; or
- 487 (iv) is for the creation and installation of art under Title 9, Chapter 6, Part 4, Utah
488 Percent-for-Art Act.

489 (b) Notwithstanding Subsection (6)(a)(iii), the This is the Place Foundation may request
490 the director to administer the design and construction of a project within the
491 boundaries of This is the Place State Park.

492 (7)(a) The role of compliance agency under Title 15A, State Construction and Fire
493 Codes Act, shall be filled by:

- 494 (i) the director, for a project administered by the division;
- 495 (ii) the entity designated by the State Capitol Preservation Board, for a project under
496 Subsection (6)(a)(i);
- 497 (iii) the local government, for a project that is:
 - 498 (A) not subject to the division's administration under Subsection (6)(a)(ii); or
 - 499 (B) administered by This is the Place Foundation under Subsection (6)(a)(iii);
- 500 (iv) the compliance agency designated by the director, for a project under Subsection
501 (2), (3), (4), or (5)(d); and
- 502 (v) for the installation of art under Subsection (6)(a)(iv), the entity that is acting as
503 the compliance officer for the balance of the project for which the art is being
504 installed.

505 (b) A local government acting as the compliance agency under Subsection (7)(a)(iii)
506 may:

507 (i) only review plans and inspect construction to enforce the state construction code
508 or an approved code under Title 15A, State Construction and Fire Codes Act; and
509 (ii) charge a building permit fee of no more than the amount the local government
510 could have charged if the land upon which the improvements are located were not
511 owned by the state.

512 (8)(a) The zoning authority of a local government under Title 10, Chapter 20, Municipal
513 Land Use, Development, and Management Act, or Title 17, Chapter 79, County Land
514 Use, Development, and Management Act, does not apply to the use of property that
515 the state owns or any improvements constructed on property that the state owns,
516 including improvements constructed by an entity other than a state entity.

517 (b) A state entity controlling the use of property that the state owns shall consider any
518 input received from a local government in determining how the property is to be used.
519 Section 8. Section **63A-5b-609** is amended to read:

520 **63A-5b-609 (Effective 05/06/26). Expenditure of appropriated funds supervised
521 by director -- Contingencies -- Disposition of project reserve funds -- Set aside for Utah
522 Percent-for-Art Program.**

523 (1) The director shall:

524 (a)(i) supervise the expenditure of funds in providing plans, engineering
525 specifications, sites, and construction of the buildings for which legislative
526 appropriations are made; and
527 (ii) specifically allocate money appropriated if more than one project is included in
528 any single appropriation without legislative directive;

529 (b)(i) expend the amount necessary from appropriations for planning, engineering,
530 and architectural work; and
531 (ii)(A) allocate amounts from appropriations necessary to cover expenditures
532 previously made from the planning fund under Section 63A-5b-503 in the
533 preparation of plans, engineering, and specifications; and
534 (B) return the amounts described in Subsection (1)(b)(ii)(A) to the planning fund;
535 and

536 (c) hold in a statewide contingency reserve the amount budgeted for contingencies:
537 (i) in appropriations for the construction or remodeling of facilities; and
538 (ii) that are over and above all amounts obligated by contract for planning,
539 engineering, architectural work, sites, and construction contracts.

540 (2)(a) The director shall base the amount budgeted for contingencies on a sliding scale

541 percentage of the construction cost ranging from:

542 (i) 4.5% to 6.5% for new construction; and

543 (ii) 6% to 9.5% for remodeling projects.

544 (b) The director shall hold the statewide contingency funds to cover:

545 (i) costs of change orders; and

546 (ii) unforeseen, necessary costs beyond those specifically budgeted for the project.

547 (c)(i) The Legislature shall annually review the percentage and the amount held in the
548 statewide contingency reserve.

549 (ii) The Legislature may:

550 (A) reappropriate to other building needs, including the cost of administering
551 building projects, any amount from the statewide contingency reserve that is in
552 excess of the reserve required to meet future contingency needs[.] ; or
553 (B) transfer any excess amounts described in Subsection (2)(c)(ii)(A) to the
554 General Fund or the Income Tax Fund, in proportion to the amounts originally
555 appropriated from each fund for the projects to which the excess amount is
556 attributable.

557 (iii) The division shall, for each year of the five-year building plan, submit an annual
558 request for appropriation to the Legislature.

559 (3)(a) The director shall hold in a separate project reserve state appropriated funds
560 accrued through bid savings and project residual.

561 (b) The director shall account for the funds accrued under Subsection (3)(a) in separate
562 accounts as follows:

563 (i) bid savings and project residual from a capital improvement project, as defined in
564 Section 63A-5b-401; and

565 (ii) bid savings and project residual from a capital development project, as defined in
566 Section 63A-5b-401.

567 (c) The director may use project reserve funds in the account described in Subsection
568 (3)(b)(i) for a capital improvement project:

569 (i) approved under Section 63A-5b-405; and
570 (ii) for which funds are not allocated.

571 (d) The director may:

572 (i) authorize the use of project reserve funds in the accounts described in Subsection
573 (3)(b) for the award of contracts in excess of a project's construction budget if the
574 use is required to meet the intent of the project;

575 (ii) transfer money from the account described in Subsection (3)(b)(i) to the account
576 described in Subsection (3)(b)(ii) if a capital development project has exceeded its
577 construction budget; and

578 (iii) use project reserve funds for any emergency capital improvement project,
579 whether or not the emergency capital improvement project is related to a project
580 that has exceeded its construction budget.

581 (e) The director shall report to the Office of the Legislative Fiscal Analyst within 30
582 days:

- 583 (i) an expenditure under Subsection (3)(c); or
- 584 (ii) a transfer under Subsection (3)(d).

585 (f) The Legislature shall annually review the amount held in the project reserve for
586 possible reallocation by the Legislature to other building needs, including the cost of
587 administering building projects.

588 (4) If any part of the appropriation for a building project, other than the part set aside for the
589 Utah Percent-for-Art Program under Title 9, Chapter 6, Part 4, Utah Percent-for-Art Act,
590 remains unencumbered after the award of construction and professional service contracts
591 and establishing a reserve for fixed and moveable equipment, the balance of the
592 appropriation is dedicated to the project reserve and does not revert to the General Fund.

593 (5)(a)(i) One percent of the amount appropriated for the construction of any new state
594 building or facility may be appropriated and set aside for the Utah Percent-for-Art
595 Program administered by the Division of Fine Arts under Title 9, Chapter 6, Part 4,
596 Utah Percent-for-Art Act.

597 (ii) The total amount appropriated and set aside under Subsection (5)(a)(i) may not
598 exceed:

- 599 (A) \$200,000, if the new state building or facility is not located in a county of the
600 first class; and
- 601 (B) \$250,000, if the new state building or facility is located in a county of the first
602 class.

603 (b) The director shall release to the Division of Fine Arts any funds included in an
604 appropriation to the division that are designated by the Legislature for the Utah
605 Percent-for-Art Program.

606 (c) Funds from appropriations for a state building or facility may not be set aside:
607 (i) if any part of the funds is derived from the issuance of bonds; and
608 (ii) to the extent the set aside of funds would jeopardize the federal income tax

exemption otherwise allowed for interest paid on bonds.

(6)(a) After funds are appropriated for a capital development project of an institution of higher education, but before construction begins, the director may approve a modification to the design of the project if:

(i) the modification is requested by the institution of higher education; and

(ii) the modification does not result in a material reduction in the scope or intended use of the project.

(b) If a modification approved under Subsection (6)(a) results in a reduction to the amount appropriated for construction, the director shall allocate the resulting cost savings as follows:

- (i) an amount, as determined by the director, not to exceed 50% of the cost savings, to the institution of higher education for use on a capital improvement project; and
- (ii) the remaining amount to the state, to be deposited into the General Fund or the Income Tax Fund in proportion to the amounts originally appropriated from each fund for the project.

(c) Cost savings allocated under Subsection (6)(b) are not bid savings or project residual under Subsection (3).

Section 9. Effective Date.

This bill takes effect on May 6, 2026.