

R. Neil Walter proposes the following substitute bill:

Public Education Economic Stabilization Restricted Account Amendments

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: R. Neil Walter

Senate Sponsor:

LONG TITLE

General Description:

This bill requires the appropriation of a certain amount of funds in the Public Education Economic Stabilization Restricted Account to a new trust fund for public education.

Highlighted Provisions:

This bill:

- establishes the Public Education Economic Stabilization Trust Fund (trust fund) that the state treasurer manages;
- provides the duties and authority of the state treasurer regarding the trust fund;
- exempts the trust fund from the Money Management Act;
- requires the appropriation of a certain amount of funds in the Public Education Economic Stabilization Restricted Account to the trust fund before other statutory one-time appropriations;
- corrects the application of a certain minimum appropriation; and
- makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

51-7-2 (Effective 07/01/26) (Partially Repealed 07/01/28), as last amended by Laws of Utah 2025, First Special Session, Chapter 9

53F-9-204 (Effective 07/01/26), as last amended by Laws of Utah 2025, Chapters 413, 433

ENACTS:

29 **53F-9-207 (Effective 07/01/26)**, Utah Code Annotated 1953

30

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

32 Section 1. Section **51-7-2** is amended to read:

33 **51-7-2 (Effective 07/01/26) (Partially Repealed 07/01/28). Exemptions from**
34 **chapter.**

35 (1) Except as provided in Subsection (2), the following funds are exempt from this chapter:

36 (a) funds invested in accordance with the participating employees' designation or
37 direction pursuant to a public employees' deferred compensation plan established and
38 operated in compliance with Section 457 of the Internal Revenue Code of 1986, as
39 amended;

40 (b) funds of the Utah State Retirement Board;

41 (c) funds of the Utah Housing Corporation;

42 (d) endowment funds of higher education institutions, including funds of the Higher
43 Education Student Success Endowment, created in Section 53H-8-402;

44 (e) permanent and other land grant trust funds established pursuant to the Utah Enabling
45 Act and the Utah Constitution;

46 (f) the State Post-Retirement Benefits Trust Fund;

47 (g) the funds of the Utah Educational Savings Plan;

48 (h) funds of the permanent state trust fund created by and operated under Utah
49 Constitution, Article XXII, Section 4;

50 (i) the funds in the Navajo Trust Fund;

51 (j) the funds in the Radioactive Waste Perpetual Care and Maintenance Account;

52 (k) the funds in the Employers' Reinsurance Fund;

53 (l) the funds in the Uninsured Employers' Fund;

54 (m) the Utah State Developmental Center Long-Term Sustainability Fund, created in
55 Section 26B-1-331;

56 (n) the funds in the Risk Management Fund created in Section 63A-4-201;

57 (o) the Utah fund of funds created in Section 63N-6-401;

58 (p) the funds deposited into the Utah Homes Investment Program from the
59 Transportation Infrastructure General Fund Support Subfund created in Section
60 72-2-134;

61 (q) subject to Subsection 67-4-19(2), the portion of the funds in the following accounts
62 invested by the state treasurer in precious metals:

- 63 (i) the State Disaster Recovery Restricted Account, created in Section 53-2a-603;
 64 (ii) the General Fund Budget Reserve Account, created in Section 63J-1-312;
 65 (iii) the Income Tax Fund Budget Reserve Account, created in Section 63J-1-313; and
 66 (iv) the Medicaid Growth Reduction and Budget Stabilization Account, created in
 67 Section 63J-1-315;
- 68 (r) except as provided in Section 11-13-533, the funds of a public agency insurance
 69 mutual as that term is defined in Subsection 31A-1-103(7)(a);
- 70 (s) the State Sovereignty Fund created in Section 51-13-201; ~~and~~
- 71 (t) the funds in the Opioid Litigation Proceeds Fund, created in Section 51-9-801[-] ; and
 72 (u) the Public Education Economic Stabilization Trust Fund, created in Section
 73 53F-9-207.
- 74 (2) Except for the funds of the Utah State Retirement Board and the Utah Educational
 75 Savings Plan, the funds described in Subsection (1) are not exempt from Subsections
 76 51-7-14(2) and (3).
- 77 (3) Notwithstanding Title 52, Chapter 4, Open and Public Meetings Act, a public body that
 78 administers a fund described in Subsection (1) may hold a closed meeting to discuss the
 79 sale or purchase of identifiable securities, investment funds, or investment contracts.
- 80 (4) A paper, electronic, or other depiction or record of information relating to investment
 81 activities of a fund described in Subsection (1) is not subject to Title 63G, Chapter 2,
 82 Government Records Access and Management Act.

83 Section 2. Section **53F-9-204** is amended to read:

84 **53F-9-204 (Effective 07/01/26). Public Education Economic Stabilization**
 85 **Restricted Account.**

- 86 (1) There is created within the Uniform School Fund a restricted account known as the
 87 "Public Education Economic Stabilization Restricted Account."
- 88 (2)(a) Except as provided in Subsection (2)(b), the account shall be funded from the
 89 following revenue sources:
- 90 (i) 15% of the difference between, as determined by the Office of the Legislative
 91 Fiscal Analyst:
- 92 (A) the estimated amount of ongoing Income Tax Fund and Uniform School Fund
 93 revenue available for the Legislature to appropriate for the next fiscal year; and
 94 (B) the amount of ongoing appropriations from the Income Tax Fund and Uniform
 95 School Fund in the current fiscal year; and
- 96 (ii) other appropriations as the Legislature may designate.

- 97 (b) If the appropriation described in Subsection (2)(a) would cause the ongoing
 98 appropriations to the account to exceed 11% of Uniform School Fund appropriations
 99 described in Section 53F-9-201.1 for the same fiscal year, the Legislature shall
 100 appropriate only those funds necessary to ensure that the ongoing appropriations to
 101 the account equal 11% of Uniform School Fund appropriations for that fiscal year.
- 102 (3) Subject to the availability of ongoing appropriations to the account, in accordance with
 103 Utah Constitution, Article X, Section 5, Subsection (4), the ongoing appropriation to the
 104 account shall be used to fund:
- 105 (a) except for a year described in Subsection (3)(b) or (c)[,-] :
- 106 (i) for a fiscal year beginning on or after July 1, 2027, an appropriation of
 107 \$350,000,000 to the Public Education Economic Stabilization Trust Fund
 108 established in Section 53F-9-207; and
- 109 (ii) using remaining funds after the use described in Subsection (3)(a)(i), for the
 110 one-time appropriations to the public education system, including at least
 111 \$65,000,000 to the Catalyst Center Grant Program described in Section
 112 53E-3-507.1;
- 113 (b) the Minimum School Program for a year in which Income Tax Fund revenue and
 114 Uniform School Fund revenue are insufficient to fund:
- 115 (i) ongoing appropriations to the public education system; and
 116 (ii) enrollment growth and inflation estimates, as defined in Section 53F-9-201.1; and
- 117 (c) the minimum basic local amount as defined in Section 53F-2-301 for a year in which
 118 the minimum basic tax rate, as defined in Section 53F-2-301, is insufficient to
 119 generate the amount described in Subsection 53F-2-301(2)(a).
- 120 (4)(a) The account shall earn interest.
- 121 (b) All interest earned on account money shall be deposited in the account.
- 122 (5) On or before December 31, 2023, and every three years thereafter, the Office of the
 123 Legislative Fiscal Analyst shall:
- 124 (a) review the percentages described in Subsections (2)(a)(i) and (2)(b); and
 125 (b) recommend to the Executive Appropriations Committee any changes based on the
 126 review described in Subsection (5)(a).
- 127 (6) In preparing budget bills for a given fiscal year, the Executive Appropriations
 128 Committee shall make the one-time appropriations described in Subsection (3)(a) by
 129 appropriating[~~at least the lesser of 10% of the total amount of the one-time~~
 130 ~~appropriations to~~]:

- 131 (a) at least the lesser of 10% of the total amount of the one-time appropriations or the
 132 cost of providing 32 paid professional hours for teachers in accordance with Section
 133 53F-7-203;
 134 (b) the amount to make the distribution required under Section 53F-2-527;
 135 (c) the cost of the Stipends for Future Educators Grant Program described in Section
 136 53F-5-223; and
 137 (d) the cost of the Rural School Sports Facilities Grant Program described in Section
 138 53F-10-303.

139 (7) No later than October 15 of each year, the state board shall report to the Office of the
 140 Legislative Fiscal Analyst an estimated cost for each of the one-time appropriations
 141 described in Subsection (6).

142 Section 3. Section **53F-9-207** is enacted to read:

143 **53F-9-207 (Effective 07/01/26). Public Education Economic Stabilization Trust**
 144 **Fund.**

145 (1) As used in this section:

- 146 (a) "Income" means the revenues received by the state treasurer from investments of the
 147 trust fund principal.
 148 (b) "Trust fund" means the Public Education Economic Stabilization Trust Fund that this
 149 section creates.

150 (2) This section creates the Public Education Economic Stabilization Trust Fund.

151 (3) The trust fund consists of:

- 152 (a) appropriations from the Public Education Economic Stabilization Restricted Account
 153 described in Subsection 53F-9-204(3);
 154 (b) other appropriations the Legislature makes to the trust fund;
 155 (c) income; and
 156 (d) revenue received from other sources.

157 (4) The Division of Finance shall account for the receipt and expenditures of trust fund
 158 money.

159 (5)(a) The state treasurer shall invest the assets of the trust fund, as a prudent investor
 160 would, with the primary goal of providing for the stability, income, and growth of the
 161 principal.

162 (b) Nothing in this section requires a specific outcome in investing.

163 (c) The state treasurer may deduct any administrative costs incurred in managing trust
 164 fund assets from earnings before distributing the trust fund assets.

- 165 (d)(i) The state treasurer may employ professional asset managers to assist in the
- 166 investment of assets of the trust fund.
- 167 (ii) The treasurer may only provide compensation to asset managers from earnings
- 168 generated by the trust fund's investments.
- 169 (e)(i) The trust fund shall earn interest.
- 170 (ii) The state treasurer shall deposit all interest or other income earned from
- 171 investment of the trust fund back into the trust fund.
- 172 (6) The Legislature may make appropriations related to public education from the trust fund
- 173 or otherwise provide authorized public education uses of money in the trust fund.
- 174 **Section 4. Effective Date.**
- 175 This bill takes effect on July 1, 2026.