

1 **School Nutrition Amendments**

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Luz Escamilla

House Sponsor:

2 **LONG TITLE**3 **General Description:**

4 This bill amends funding and eligibility regarding the school lunch program.

5 **Highlighted Provisions:**

6 This bill:

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- 8 ▶ requires the State Board of Education to use a certain percentage of revenue from the
9 liquor tax to support the school meal program;
- 10 ▶ expands the definition of an eligible student under the school meal program; and
- 11 ▶ makes technical and conforming changes.

12 **Money Appropriated in this Bill:**

13 None

14 **Other Special Clauses:**

15 This bill provides a special effective date.

16 **Utah Code Sections Affected:**17 **AMENDS:**18 **32B-2-304**, as last amended by Laws of Utah 2024, Chapter 9419 **53F-2-423**, as enacted by Laws of Utah 2025, Chapter 203

20 *Be it enacted by the Legislature of the state of Utah:*21 Section 1. Section **32B-2-304** is amended to read:22 **32B-2-304 . Liquor price -- Remittance of markup -- School lunch program.**

23 (1) For purposes of this section:

24 (a)(i) "Landed case cost" means the sum of:

25 (A) the cost of the product;
26 (B) inbound shipping costs the department incurs; and
27 (C) case handling costs the department incurs.28 (ii) "Landed case cost" does not include the outbound shipping cost from a
29 warehouse of the department to a state store.

(b) "Proof gallon" means the same as that term is defined in 26 U.S.C. Sec. 5002.

(2) Except as provided in Subsections (3) and (4):

- (a) spirituous liquor sold by the department within the state shall be marked up in an amount not less than 88.5% above the landed case cost to the department;
- (b) wine sold by the department within the state shall be marked up in an amount not less than 88.5% above the landed case cost to the department;
- (c) heavy beer sold by the department within the state shall be marked up in an amount not less than 66.5% above the landed case cost to the department; and
- (d) a flavored malt beverage sold by the department within the state shall be marked up in an amount not less than 88.5% above the landed case cost to the department.

(3)(a) Liquor sold by the department to a military installation in Utah shall be marked up in an amount not less than 17% above the landed case cost to the department.

(b) Except for spirituous liquor sold by the department to a military installation in Utah, spirituous liquor that is sold by the department within the state shall be marked up 49% above the landed case cost to the department if:

- (i) the spirituous liquor is manufactured by a manufacturer producing less than 30,000 proof gallons of spirituous liquor in a calendar year; and
- (ii) the manufacturer applies to the department for a reduced markup.

(c) Except for wine sold by the department to a military installation in Utah, wine that is sold by the department within the state shall be marked up 49% above the landed case cost to the department if:

- (i)(A) except as provided in Subsection (3)(c)(i)(B), the wine is manufactured by a manufacturer producing less than 20,000 gallons of wine in a calendar year; or
- (B) for hard cider, the hard cider is manufactured by a manufacturer producing less than 620,000 gallons of hard cider in a calendar year; and
- (ii) the manufacturer applies to the department for a reduced markup.

(d) Except for heavy beer sold by the department to a military installation in Utah, heavy beer that is sold by the department within the state shall be marked up 32% above the landed case cost to the department if:

- (i) a small brewer manufactures the heavy beer; and
- (ii) the small brewer applies to the department for a reduced markup.

(e) The department shall:

- (i) for purposes of Subsections (3)(b) and (c), calculate the production amount of a manufacturer:

65 (A) by, if the manufacturer is part of a controlled group of manufacturers,
66 including the combined volume totals of spirituous liquor, wine, or cider, as
67 applicable, for all manufacturers that constitute the controlled group of
68 manufacturers; and

69 (B) without considering the manufacturer's production of any other type of
70 alcoholic product; and

71 (ii) verify that a manufacturer meets a production amount described in Subsection
72 (3)(b) or (c) and the production amount of a small brewer under a federal or other
73 verifiable production report.

74 (f) A manufacturer seeking to obtain a reduced markup under Subsection (3)(b), (c), or
75 (d), shall provide to the department any documentation or information the department
76 determines necessary to determine if the manufacturer is part of a controlled group of
77 manufacturers.

78 (g) The department may, at any time, revoke a reduced markup granted to a
79 manufacturer under Subsection (3)(b), (c), or (d), if the department determines the
80 manufacturer no longer qualifies for the reduced markup.

81 (4) Wine the department purchases on behalf of a subscriber through the wine subscription
82 program established in Section 32B-2-702 shall be marked up not less than 88.5% above
83 the cost of the subscription for the interval in which the wine is purchased.

84 (5)(a) The department shall deposit 10% of the total gross revenue from sales of liquor
85 with the state treasurer to be credited to the Uniform School Fund and used to support
86 the school meals program ~~[administered by the State Board of Education]~~ the State
87 Board of Education administers under Section 53E-3-510.

88 (b) The State Board of Education shall use at least 20% of the funds credited to the
89 Uniform School Fund under Subsection (5)(a) to pay the cost of lunch for an eligible
90 student, as that term is defined in Subsection 53F-2-423(1)(b):

91 (i) that does not qualify for reduce-priced meals under the National School Lunch
92 Program; and

93 (ii) whose family income is at or below 200% of the federal poverty level.

94 (6)(a) Each month, the department shall collect from each package agency located at a
95 manufacturing facility owned or operated by a person licensed under Chapter 11,
96 Manufacturing and Related Licenses Act, 12.295% of the package agency's reported
97 monthly revenue and deposit the money as follows:

98 (i) 1.695% of the reported monthly revenue into the Alcoholic Beverage Control Act

99 Enforcement Fund;

100 (ii) 10% of the reported monthly revenue into the Uniform School Fund and used to
101 support the school meals program administered by the State Board of Education
102 under Section 53E-3-510; and

103 (iii) 0.60% of the reported monthly revenue into the Underage Drinking Prevention
104 Media and Education Campaign Restricted Account.

105 (b) The department may collect a fee established in accordance with Section 63J-1-504
106 from a package agency described in this subsection to cover the costs of regulation.

107 (7) This section does not prohibit the department from selling discontinued items at a
108 discount.

109 (8) The Legislature shall annually appropriate to support substance use disorder treatment
110 services, an amount equal to the revenue generated from a 0.5% markup above the
111 landed case cost to the department on spirituous liquor.

112 Section 2. Section **53F-2-423** is amended to read:

113 **53F-2-423 . School meal program.**

114 (1) As used in this section:

115 (a) "Education model health and wellness policy on nutrition" means state board policy
116 emphasizing that an LEA promote efficient meal scheduling, provide adequate time
117 for eating, and implement practices that help reduce food waste.

118 (b) "Eligible student" means a student enrolled in kindergarten through grade 12[-] :
119 (i) who qualifies for reduced-price meals based on household size and income levels
120 under the National School Lunch Program; or
121 (ii) whose family income is at or below 200% of the federal poverty level.

122 (c) "National School Lunch Program" means the same as that term is defined in 7 C.F.R.
123 Sec. 210.2.

124 (d) "Share table program" means a system in a school where a student may return
125 unopened, uneaten food or beverages to a designated location for redistribution to
126 other students.

127 (2) An LEA participating in the National School Lunch Program shall provide lunch to an
128 eligible student on a school day at no charge.

129 (3) The state board:

130 (a) shall:
131 (i) subject to legislative appropriations, reimburse an LEA for each reimbursable
132 lunch provided under this section in an amount equal to the difference between the

federal reimbursement rates for a meal and a reduced-price meal, as determined annually by the United States Department of Agriculture;

- (ii) establish a reimbursement system where the board provides a monthly reimbursement to an LEA that provides a meal under Subsection (2); and
- (iii) accept private donations and grants for the purpose of funding the school meal program described in this section; and

may provide guidance and support to a school implementing the food waste prevention strategies described in Subsection (6).

(4) An LEA may not:

- (a) publicly identify or stigmatize a student unable to pay for a meal; or
- (b) require a student to perform chores to pay for a meal unless the requirement applies equally to all students regardless of whether the student pays for the meal.

(5) An LEA shall direct communications regarding a student's meal debt only to the student's parent.

(6) An LEA participating in the National School Lunch Program shall consider, where feasible, reducing food waste by:

- (a) following the education model health and wellness policy on nutrition; and
- (b) establishing a share table program.

(7)(a) Notwithstanding Subsection (3)(a)(i), if appropriations are insufficient to fully reimburse each LEA for the cost of a reimbursable lunch described in this section, the state board shall distribute the available funds in the fourth quarter of the fiscal year to each LEA on a pro rata basis, not exceeding the available funds.

(b) An LEA may ask the parent of an eligible student to cover the remaining cost of a subsidized lunch under this section.

Section 3. Effective Date.

This bill takes effect on July 1, 2026.