

**School Nutrition Amendments**

2026 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Luz Escamilla**

House Sponsor:

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**LONG TITLE****General Description:**

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

**Highlighted Provisions:**

This bill:

- requires the State Board of Education to use a certain percentage of revenue from the liquor tax to support the school meal program;
- expands the definition of an eligible student under the school meal program; 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:

**32B-2-304**, as last amended by Laws of Utah 2024, Chapter 94

**53F-2-423**, as enacted by Laws of Utah 2025, Chapter 203

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

Section 1. Section **32B-2-304** is amended to read:

**32B-2-304 . Liquor price -- Remittance of markup -- School lunch program.**

(1) For purposes of this section:

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

- (A) the cost of the product;
- (B) inbound shipping costs the department incurs; and
- (C) case handling costs the department incurs.

(ii) "Landed case cost" does not include the outbound shipping cost from a 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:

- (A) by, if the manufacturer is part of a controlled group of manufacturers, including the combined volume totals of spirituous liquor, wine, or cider, as applicable, for all manufacturers that constitute the controlled group of manufacturers; and
- (B) without considering the manufacturer's production of any other type of alcoholic product; and
- (ii) verify that a manufacturer meets a production amount described in Subsection (3)(b) or (c) and the production amount of a small brewer under a federal or other verifiable production report.
- (f) A manufacturer seeking to obtain a reduced markup under Subsection (3)(b), (c), or (d), shall provide to the department any documentation or information the department determines necessary to determine if the manufacturer is part of a controlled group of manufacturers.
- (g) The department may, at any time, revoke a reduced markup granted to a manufacturer under Subsection (3)(b), (c), or (d), if the department determines the manufacturer no longer qualifies for the reduced markup.
- (4) Wine the department purchases on behalf of a subscriber through the wine subscription program established in Section 32B-2-702 shall be marked up not less than 88.5% above the cost of the subscription for the interval in which the wine is purchased.
- (5)(a) The department shall deposit 10% of the total gross revenue from sales of liquor with the state treasurer to be credited to the Uniform School Fund and used to support the school meals program ~~[administered by the State Board of Education]~~ the State Board of Education administers under Section 53E-3-510.
- (b) The State Board of Education shall use at least 20% of the funds credited to the Uniform School Fund under Subsection (5)(a) to pay the cost of lunch for an eligible student, as that term is defined in Subsection 53F-2-423(1)(b):
- (i) that does not qualify for reduce-priced meals under the National School Lunch Program; and
- (ii) whose family income is at or below 200% of the federal poverty level.
- (6)(a) Each month, the department shall collect from each package agency located at a manufacturing facility owned or operated by a person licensed under Chapter 11, Manufacturing and Related Licenses Act, 12.295% of the package agency's reported monthly revenue and deposit the money as follows:
- (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

- 133 federal reimbursement rates for a meal and a reduced-price meal, as determined  
134 annually by the United States Department of Agriculture;
- 135 (ii) establish a reimbursement system where the board provides a monthly  
136 reimbursement to an LEA that provides a meal under Subsection (2); and
- 137 (iii) accept private donations and grants for the purpose of funding the school meal  
138 program described in this section; and
- 139 (b) may provide guidance and support to a school implementing the food waste  
140 prevention strategies described in Subsection (6).
- 141 (4) An LEA may not:
- 142 (a) publicly identify or stigmatize a student unable to pay for a meal; or
- 143 (b) require a student to perform chores to pay for a meal unless the requirement applies  
144 equally to all students regardless of whether the student pays for the meal.
- 145 (5) An LEA shall direct communications regarding a student's meal debt only to the  
146 student's parent.
- 147 (6) An LEA participating in the National School Lunch Program shall consider, where  
148 feasible, reducing food waste by:
- 149 (a) following the education model health and wellness policy on nutrition; and
- 150 (b) establishing a share table program.
- 151 (7)(a) Notwithstanding Subsection (3)(a)(i), if appropriations are insufficient to fully  
152 reimburse each LEA for the cost of a reimbursable lunch described in this section, the  
153 state board shall distribute the available funds in the fourth quarter of the fiscal year  
154 to each LEA on a pro rata basis, not exceeding the available funds.
- 155 (b) An LEA may ask the parent of an eligible student to cover the remaining cost of a  
156 subsidized lunch under this section.

157 **Section 3. Effective Date.**

158 This bill takes effect on July 1, 2026.