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TEACHER LOAN PROGRAM

2007 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Lynn N. Hemingway

Senate Sponsor: _____

LONG TITLE

General Description:

This bill creates a loan program for teachers.

Highlighted Provisions:

This bill:

- ▶ creates a loan program for teachers;
- ▶ establishes program funding requirements; and
- ▶ requires the State Board of Education to adopt administrative rules to implement the program.

Monies Appropriated in this Bill:

This bill appropriates:

- ▶ as an ongoing appropriation subject to future budget constraints, \$1,500,000 from the Uniform School Fund for fiscal year 2007-08 to the State Board of Education.

Other Special Clauses:

This bill takes effect on July 1, 2007.

Utah Code Sections Affected:

ENACTS:

53A-1a-801, Utah Code Annotated 1953

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

Section 1. Section **53A-1a-801** is enacted to read:



28 **Part 8. Teacher Loan Program**29 **53A-1a-801. Teacher Loan Program.**30 (1) There is created the Teacher Loan Program, to be administered by the State Board
31 of Education.32 (2) The Board of Education shall:33 (a) award appropriated loan funds to individual teachers who:34 (i) teach full time in a school district within the state;35 (ii) have obtained a teaching license for the first time within the prior five years;36 (iii) have not previously received a program loan; and37 (iv) demonstrate a desire to pursue a teaching career and purchase a home within the
38 state;39 (b) provide a program loan of \$15,000 to a selected loan recipient, to be used for the
40 purchase of the loan recipient's primary residence;41 (c) require a loan recipient to make interest payments at least annually on the
42 outstanding loan balance, at an interest rate of 3% per year;43 (d) forgive:44 (i) \$5,000 of the loan principal if the teacher teaches in a school district for five
45 consecutive years following receipt of the loan; and46 (ii) the remaining amount of the loan principal if the teacher teaches in a school district
47 for ten consecutive years following receipt of the loan;48 (e) require a loan recipient who:49 (i) does not teach in a school district for five consecutive years after receiving the loan
50 to repay the entire \$15,000 in loan principal, in addition to loan interest payments, over a
51 period not to exceed five years after discontinuing teaching in a school district; or52 (ii) teaches in a school district for more than five consecutive years but less than ten
53 consecutive years to repay the portion of the loan principal remaining after the forgiveness
54 under Subsection (2)(d), in addition to loan interest payments, over a period not to exceed to
55 five years after discontinuing teaching in a school district;56 (f) allow a principal prepayment at any time; and57 (g) allocate repayment, interest, and appropriation funds for new loans.58 (3) The consecutive years of teaching requirements of this section are based on the

59 time period a teacher teaches in any school district or combination of school districts in the
60 state during the relevant time period.

61 (4) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the
62 Board of Education shall make rules to:

63 (a) establish loan recipient selection criteria; and

64 (b) establish procedures for application, loan funding, and repayment.

65 **Section 2. Appropriation.**

66 As an ongoing appropriation subject to future budget constraints, there is appropriated
67 from the Uniform School Fund for fiscal year 2007-08, \$1,500,000 to the State Board of
68 Education to fund the Teacher Loan Program established in Section 53A-1a-801.

69 **Section 3. Effective date.**

70 This bill takes effect on July 1, 2007.

Legislative Review Note
as of 2-1-07 11:23 AM

Office of Legislative Research and General Counsel

H.B. 416 - Teacher Loan Program

Fiscal Note

2007 General Session

State of Utah

State Impact

Enactment of this bill will appropriate \$1,500,000 in on-going Uniform School Fund revenues beginning in FY 2008 to the State Board of Education to implement and administer the Teacher Loan Program created in this bill. It is assumed that any administrative costs are included in this appropriation.

	<u>FY 2007</u> <u>Approp.</u>	<u>FY 2008</u> <u>Approp.</u>	<u>FY 2009</u> <u>Approp.</u>	<u>FY 2007</u> <u>Revenue</u>	<u>FY 2008</u> <u>Revenue</u>	<u>FY 2009</u> <u>Revenue</u>
Uniform School Fund	\$0	\$1,500,000	\$1,500,000	\$0	\$0	\$0
Total	\$0	\$1,500,000	\$1,500,000	\$0	\$0	\$0

Individual, Business and/or Local Impact

Enactment of this bill likely will not result in direct, measurable costs and/or benefits for business and local districts. Individuals may benefit with the assistance of purchasing of a home.
