

1 INTERGENERATIONAL POVERTY EDUCATION

2 AMENDMENTS

3 2015 GENERAL SESSION

4 STATE OF UTAH

5 Chief Sponsor: Aaron Osmond

6 House Sponsor: Eric K. Hutchings

7 

---

---

8 LONG TITLE

9 General Description:

10 This bill provides education funding for persons in intergenerational poverty by  
11 enacting the Intergenerational Poverty Education Act, the Income Tax for  
12 Intergenerational Poverty Education Act, and the Intergenerational Poverty Education  
13 Funding Act.

14 Highlighted Provisions:

15 This bill:

- 16 ▶ defines terms;
- 17 ▶ provides a process for issuing an eligibility certificate to a qualified person who is in  
18 intergenerational poverty;
- 19 ▶ provides that an eligibility certificate may be used for qualified educational  
20 expenses;
- 21 ▶ creates the Intergenerational Poverty Restricted Special Revenue Fund;
- 22 ▶ provides for the creation of individual education accounts for each qualified person  
23 who holds an eligibility certificate; and
- 24 ▶ addresses:
  - 25 • issuing eligibility certificates;
  - 26 • depositing money into the Intergenerational Poverty Restricted Special Revenue  
27 Fund;



- 28 • allocating of funds to pay for qualified education expenses;
- 29 • reporting; and
- 30 • rulemaking.

31 **Money Appropriated in this Bill:**

32 None

33 **Other Special Clauses:**

34 This bill provides a special effective date.

35 **Utah Code Sections Affected:**

36 ENACTS:

37 **35A-5-401**, Utah Code Annotated 1953

38 **35A-5-402**, Utah Code Annotated 1953

39 **35A-5-403**, Utah Code Annotated 1953

40 **35A-5-404**, Utah Code Annotated 1953

41 **35A-5-405**, Utah Code Annotated 1953

42 **53A-31-101**, Utah Code Annotated 1953

43 **53A-31-102**, Utah Code Annotated 1953

44 **53A-31-201**, Utah Code Annotated 1953

45 **53A-31-202**, Utah Code Annotated 1953

46 **59-1-1701**, Utah Code Annotated 1953

47 **59-1-1702**, Utah Code Annotated 1953

48 **59-1-1703**, Utah Code Annotated 1953

49 **59-1-1704**, Utah Code Annotated 1953



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

52 Section 1. Section **35A-5-401** is enacted to read:

53 **Part 4. Intergenerational Poverty Education Act**

54 **35A-5-401. Title.**

55 This part is known as the "Intergenerational Poverty Education Act."

56 Section 2. Section **35A-5-402** is enacted to read:

57 **35A-5-402. Definitions.**

58 As used in this part:

59 (1) "Eligibility certificate" means a certificate the department issues to a person under  
60 this part to authorize the person to receive payment for qualified education expenses in  
61 accordance with Title 53A, Chapter 31, Intergenerational Poverty Education Act.

62 (2) "Intergenerational poverty" means the same as that term is defined in Section  
63 35A-9-102.

64 (3) "Qualified education expense" means the same as that term is defined in Section  
65 53A-31-102.

66 Section 3. Section 35A-5-403 is enacted to read:

67 **35A-5-403. Application for eligibility certificate.**

68 (1) (a) A person may apply to the department annually for an eligibility certificate  
69 under this part for a qualified education expense.

70 (b) The applicant shall file an application for an eligibility certificate on or after  
71 October 1 but on or before December 31 of a calendar year to receive an eligibility certificate  
72 for that calendar year.

73 (2) The application shall be on a form created by the department.

74 (3) The application:

75 (a) shall require:

76 (i) the applicant's name;

77 (ii) the applicant's date of birth;

78 (iii) the applicant's Social Security number;

79 (iv) the applicant's current address;

80 (v) a document signed by the applicant that expressly directs and authorizes the State  
81 Tax Commission to disclose the applicant's tax returns and other information that would  
82 otherwise be subject to confidentiality under Section 59-1-403 or 26 U.S.C. Sec. 6103, to the  
83 department; and

84 (vi) a statement signed by the applicant that attests that the applicant is 18 years of age  
85 or older; and

86 (b) may require additional information as determined by the department.

87 (4) The department may require the person to submit documentation to support the  
88 information contained in an application under Subsection (3).

89 (5) The department shall:

- 90 (a) evaluate the application required by Subsection (3) to determine whether the  
91 information contained in the application is accurate and complete; and
- 92 (b) make a finding as to whether the applicant is experiencing intergenerational poverty  
93 by considering the following factors:
- 94 (i) whether the applicant resides in a household having a gross family income that is at  
95 or below 150% of the federal poverty level;
- 96 (ii) whether the applicant received public assistance in the state for not less than 12  
97 months in the previous five years from one or more of the following public assistance  
98 programs:
- 99 (A) the Family Employment Program under Chapter 3, Part 3, Family Employment  
100 Program;
- 101 (B) General Assistance under Chapter 3, Part 4, General Assistance;
- 102 (C) SNAP as defined in Section [35A-1-102](#);
- 103 (D) the Medicaid program as defined in Section [26-18-2](#); or
- 104 (E) the Utah Children's Health Insurance Program created in Section [26-40-103](#); and
- 105 (iii) whether the applicant was receiving public assistance described in Subsection  
106 (5)(b)(ii) as of the date of the application.
- 107 (6) The department shall issue the person an eligibility certificate in accordance with  
108 Section [35A-5-404](#), if the department:
- 109 (a) determines that the information contained in the application is accurate and  
110 complete; and
- 111 (b) finds that the person is experiencing intergenerational poverty in accordance with  
112 Subsection (5)(b).
- 113 (7) If the department denies the issuance of an eligibility certificate under this part, the  
114 department shall, within 60 days after the date of denial:
- 115 (a) notify the person in writing of the denial; and
- 116 (b) allow the person 30 days to submit new or additional information that would  
117 support the issuance of an eligibility certificate.
- 118 Section 4. Section **35A-5-404** is enacted to read:
- 119 **35A-5-404. Eligibility certificate.**
- 120 (1) An eligibility certificate under this part:

121 (a) shall list the name, Social Security number, and current address of the person to  
122 whom the eligibility certificate is issued; and

123 (b) may include other information required by the department.

124 (2) Within 10 business days after issuing an eligibility certificate to an applicant under  
125 this part, the department shall provide a copy of the eligibility certificate to:

126 (a) the State Board of Education; and

127 (b) the State Tax Commission.

128 Section 5. Section 35A-5-405 is enacted to read:

129 **35A-5-405. Reporting.**

130 (1) The department shall provide a report for inclusion in the department's annual  
131 written report required by Section 35A-1-109.

132 (2) The report shall provide:

133 (a) the number of applicants and eligibility certificates issued by calendar year;

134 (b) information made available to the department from the State Tax Commission and  
135 the State Board of Education regarding the revenue and expenditures from the Intergenerational  
136 Poverty Restricted Special Revenue Fund, including the total number of individual education  
137 accounts created under Section 53A-31-201; and

138 (c) an analysis of the program, including recommendations to the governor and the  
139 Legislature.

140 Section 6. Section 53A-31-101 is enacted to read:

141 **CHAPTER 31. INTERGENERATIONAL POVERTY EDUCATION ACT**

142 **Part 1. General Provisions**

143 **53A-31-101. Title.**

144 This chapter is known as the "Intergenerational Poverty Education Act."

145 Section 7. Section 53A-31-102 is enacted to read:

146 **53A-31-102. Definitions.**

147 As used in this chapter:

148 (1) "Eligibility certificate" means the same as that term is defined in Section  
149 35A-5-402.

150 (2) "Individual education account" means an account in the name of an eligibility  
151 certificate holder, who has entered into an account agreement under this chapter and that is

152 funded through contributions from the Education Fund under Section 59-1-1704.

153 (3) "Intergenerational poverty" means the same as that term is defined in Section  
154 35A-9-102.

155 (4) (a) "Qualified education expense" includes:

156 (i) tuition, required fees, and course materials paid to an institution of higher education  
157 for the enrollment or attendance at an institution of higher education listed in Section  
158 53B-2-101;

159 (ii) tuition, required fees, and course materials paid to a school district, school within a  
160 school district, or charter school for enrollment or attendance in a public education course or  
161 program under this title including:

162 (A) a child literacy program described in Section 53A-1-801;

163 (B) the concurrent enrollment program created in Section 53A-15-101;

164 (C) a high quality school readiness program described in Section 53A-1b-105;

165 (D) a reading clinic established in Section 53A-3-402.10 that provides instructional  
166 intervention to enable a student to overcome reading difficulties;

167 (E) a statewide online education program created in Section 53A-15-1203; and

168 (F) remediation programs for secondary students under Section 53A-13-104; and

169 (iii) expenses for course-related books, supplies, and equipment.

170 (b) "Qualified education expense" does not include:

171 (i) room and board;

172 (ii) transportation;

173 (iii) insurance;

174 (iv) medical expenses;

175 (v) student fees unless required as a condition of enrollment or attendance;

176 (vi) an education expense paid from funds withdrawn from an account created in  
177 accordance with Title 53B, Chapter 8a, Utah Educational Savings Plan; or

178 (vii) an amount with respect to which a deduction credit is claimed on a state or federal  
179 income tax return.

180 Section 8. Section 53A-31-201 is enacted to read:

181 **Part 2. Allocation of Intergenerational Poverty Funds**

182 **53A-31-201. Allocation of funds -- Board duties for individual education accounts**

183 -- **Rulemaking.**

184 (1) The State Board of Education shall allocate revenue deposited into the  
185 Intergenerational Poverty Restricted Special Revenue Fund created in Section 59-1-1703 in  
186 accordance with this chapter.

187 (2) The State Board of Education shall:

188 (a) establish an individual education account for a person who has obtained an  
189 eligibility certificate for which the board receives:

190 (i) notice from the Department of Workforce Services under Section 35A-5-404; and

191 (ii) notice of a deposit from the State Tax Commission under Section 59-1-1704;

192 (b) allocate \$1,500 for each eligibility certificate received for an individual education  
193 account under Subsection (2)(a);

194 (c) enter into agreements with each individual education account holder, which shall  
195 allow the account holder to name beneficiaries of the account, which beneficiaries shall include  
196 each child under 18 years of age as required under Section 53A-31-202;

197 (d) keep a record of receipts and expenditures for each individual education account;

198 (e) provide that interest earned on the Intergenerational Poverty Restricted Special  
199 Revenue Fund, less administrative costs allowed under Section 59-1-1703, is allocated  
200 proportionately to each individual education account;

201 (f) provide a process for making payments from an individual education account,  
202 which payments may only be made directly to an institution of higher education listed in  
203 Section 53B-2-101 for a qualified educational expense as requested by an individual education  
204 account holder;

205 (g) ensure the appropriate use of, and accounting for, money in the Intergenerational  
206 Poverty Restricted Special Revenue Fund; and

207 (h) prepare and submit to the governor and the Legislature, by October 1 of each year,  
208 an annual written report of the program, including revenues to and expenditures from the  
209 Intergenerational Poverty Restricted Special Revenue Fund.

210 (3) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
211 board shall make rules for managing each account and ensuring that each individual education  
212 account is only used for a qualified education expense.

213 Section 9. Section 53A-31-202 is enacted to read:

214 **53A-31-202. Fund restrictions.**

215 (1) Unused funds deposited into an individual education account under this chapter  
216 expire 12 months from the date of deposit less administrative costs allowed under Section  
217 59-1-1703 shall lapse into the Education Fund.

218 (2) The State Board of Education shall notify each account holder of the date:

219 (a) new funds are deposited into an individual education account; and

220 (b) unused funds will expire and be withdrawn from the account under Subsection (1).

221 (3) (a) Upon establishing an individual education account, the account holder shall  
222 name each child in the account holder's household as a beneficiary as provided under  
223 Subsection 53A-31-201(2)(c).

224 (b) Except as provided under Subsection (3)(c), not less than 75% of the funds  
225 deposited into an individual education account under this chapter shall be used exclusively for  
226 qualified education expenses of a named beneficiary who is under 18 years of age.

227 (c) The provisions of Subsection (3)(b) do not apply if the individual education account  
228 does not have a named beneficiary who is under 18 years of age attached to the account.

229 Section 10. Section **59-1-1701** is enacted to read:

230 **Part 17. Income Tax for Intergenerational Poverty Education Act**

231 **59-1-1701. Title.**

232 This part is known as the "Income Tax for Intergenerational Poverty Education Act."

233 Section 11. Section **59-1-1702** is enacted to read:

234 **59-1-1702. Definitions.**

235 As used in this part:

236 (1) "Eligibility certificate" means the same as that term is defined in Section  
237 35A-5-402.

238 (2) "Fund" means the Intergenerational Poverty Restricted Special Revenue Fund  
239 created in Section 59-1-1703.

240 Section 12. Section **59-1-1703** is enacted to read:

241 **59-1-1703. Intergenerational Poverty Restricted Special Revenue Fund.**

242 (1) There is created a restricted special revenue fund known as the Intergenerational  
243 Poverty Restricted Special Revenue Fund.

244 (2) The fund shall be funded by transfers the commission makes in accordance with

245 Section 59-1-1704.

246 (3) The fund shall earn interest.

247 (4) Interest described in Subsection (3) shall be deposited into the fund.

248 (5) The State Board of Education shall expend revenues deposited into the fund for  
249 qualified education expenses as provided in Section 35A-5-405 and actual administrative costs  
250 associated with the State Board of Education's administering the fund.

251 Section 13. Section **59-1-1704** is enacted to read:

252 **59-1-1704. Commission transfers into Intergenerational Poverty Restricted**  
253 **Special Revenue Fund.**

254 (1) Subject to Subsection (2) and in accordance with any rules prescribed by the  
255 commission under Subsection (3), the commission shall transfer at least quarterly from the  
256 Education Fund into the fund the product of:

257 (a) \$1,500; and

258 (b) the number of eligibility certificates:

259 (i) listed in a tax return; and

260 (ii) filed during the previous calendar quarter.

261 (2) An individual may only list one eligibility certificate per return for a taxable year.

262 (3) The commission shall provide information regarding each eligibility certificate  
263 filed with a tax return for which \$1,500 was transferred into the fund to the:

264 (a) Department of Workforce Services; and

265 (b) State Board of Education under Section 53A-31-201.

266 (4) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
267 commission may make rules for making a transfer from the Education Fund into the  
268 Intergenerational Poverty Restricted Special Revenue Fund.

269 Section 14. **Effective date.**

270 This bill takes effect on January 1, 2016.

**Legislative Review Note**  
as of 2-24-15 10:34 AM

**Office of Legislative Research and General Counsel**