

Charter School Funding Revisions
2025 GENERAL SESSION
STATE OF UTAH
Chief Sponsor: R. Neil Walter

LONG TITLE

General Description:

This bill establishes the Charter School Revolving Fund.

Highlighted Provisions:

This bill:

- eliminates the Charter School Revolving Account;
- establishes the Charter School Revolving Fund;
- specifies the permitted uses of funds in the Charter School Revolving Fund and procedures for making loans;
- requires depositing the assets of, and loan payments for loans made from, the Charter School Revolving Account into the Charter School Revolving Fund; and
- makes technical changes.

Money Appropriated in this Bill:

This bill appropriates \$50,000,000 in operating and capital budgets for fiscal year 2026, all of which is from the various sources as detailed in this bill.

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

53F-9-203 (Effective 07/01/25), as last amended by Laws of Utah 2024, Chapter 507

ENACTS:

53F-9-203.1 (Effective 07/01/25), Utah Code Annotated 1953

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

Section 1. Section **53F-9-203** is amended to read:

53F-9-203 (Effective 07/01/25). Charter School Revolving Account.

(1)(a) The terms defined in Section 53G-5-102 apply to this section.

(b) As used in this section, "account" means the Charter School Revolving Account.

(2)(a) There is created within the Uniform School Fund a restricted account known as

- 32 the "Charter School Revolving Account" to provide assistance to charter schools to:
- 33 (i) meet school building construction and renovation needs; and
- 34 (ii) pay for expenses related to the start up of a new charter school or the expansion
- 35 of an existing charter school.
- 36 (b) The state board, in consultation with the State Charter School Board, shall administer
- 37 the Charter School Revolving Account in accordance with rules adopted by the state
- 38 board.
- 39 (3) The Charter School Revolving Account shall consist of:
- 40 (a) money appropriated to the account by the Legislature;
- 41 (b) money received from the repayment of loans made from the account; and
- 42 (c) interest earned on money in the account.
- 43 (4) The state superintendent shall make loans to charter schools from the account to pay for
- 44 the costs of:
- 45 (a) planning expenses;
- 46 (b) constructing or renovating charter school buildings;
- 47 (c) equipment and supplies; or
- 48 (d) other start-up or expansion expenses.
- 49 (5) Loans to new charter schools or charter schools with urgent facility needs may be given
- 50 priority.
- 51 (6) The state board shall:
- 52 (a) review requests by charter schools for loans under this section; and
- 53 (b) in consultation with the State Charter School Board, approve or reject each request.
- 54 (7) A loan under this section may not be made unless the state board, in consultation with
- 55 the State Charter School Board, approves the loan.
- 56 (8) The term of a loan to a charter school under this section may not exceed five years.
- 57 (9) The state board may not approve loans to charter schools under this section that exceed
- 58 a total of \$2,000,000 in any fiscal year.
- 59 (10)(a) On March 16, 2011, the assets of the Charter School Building Subaccount
- 60 administered by the state board shall be deposited into the Charter School Revolving
- 61 Account.
- 62 (b) Beginning on March 16, 2011, loan payments for loans made from the Charter
- 63 School Building Subaccount shall be deposited into the Charter School Revolving
- 64 Account.
- 65 (11) Beginning on July 1, 2025, the state superintendent may not make new loans under this

66 section.

67 Section 2. Section **53F-9-203.1** is enacted to read:

68 **53F-9-203.1 (Effective 07/01/25). Charter School Revolving Fund.**

69 (1) As used in this section:

70 (a) The terms defined in Section 53G-5-102 apply to this section.

71 (b) "Fund" means the Charter School Revolving Fund.

72 (2)(a) There is created within the Uniform School Fund a restricted account known as
73 the Charter School Revolving Fund to provide assistance to charter schools to:

74 (i) meet school building construction and renovation needs; and

75 (ii) pay for expenses related to the startup of a new charter school or the expansion of
76 an existing charter school.

77 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
78 Utah Charter Finance Authority shall make rules to administer the Charter School
79 Revolving Fund including:

80 (i) establishing the interest rates of loans;

81 (ii) amortization schedules for loans; and

82 (iii) other terms of repayment.

83 (3) The Charter School Revolving Fund shall consist of:

84 (a) money the Legislature appropriates to the account;

85 (b) money received from the repayment of loans made from the account; and

86 (c) interest earned on money in the account.

87 (4) The Utah Charter Finance Authority shall make loans to charter schools from the fund
88 for a loan of:

89 (a) up to \$1,000,000 to a charter school for a school facility addition or expansion; or

90 (b) up to 25% of a requested loan amount to a charter school for the acquisition or
91 construction of a school facility.

92 (5) The Utah Charter Finance Authority shall:

93 (a) review requests by charter schools for loans under this section; and

94 (b) approve or reject each request.

95 (6) The Utah Charter Finance Authority:

96 (a) shall:

97 (i) make a loan that is secured by a promissory note and a deed of trust from the
98 charter school; and

99 (ii) require a recipient charter school to repay the funds if the recipient charter school

- 100 sells or refinances any collateral associated with the loan; and
- 101 **(b) may make a loan that is subordinate to senior debt.**
- 102 **(7) A loan under this section may not be made unless the Utah Charter Finance Authority**
- 103 approves the loan.
- 104 **(8) The Utah Charter Finance Authority shall set the term of a loan to a charter school**
- 105 under this section.
- 106 **(9)(a) On July 1, 2025, the state board shall deposit the assets and unused funds of the**
- 107 Charter School Revolving Account that the state board administers as described in
- 108 Section 53F-9-203 into the Charter School Revolving Fund.
- 109 **(b) Beginning on July 1, 2025, the state board shall deposit loan payments for loans**
- 110 made from the Charter School Revolving Account into the Charter School Revolving
- 111 Fund.

Section 3. **FY 2026 Appropriation.**

The following sums of money are appropriated for the fiscal year beginning July 1, 2025, and ending June 30, 2026. These are additions to amounts previously appropriated for fiscal year 2026.

Subsection 3(a). **Operating and Capital Budgets**

Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures Act, the Legislature appropriates the following sums of money from the funds or accounts indicated for the use and support of the government of the state of Utah.

120	ITEM 1	To State Board of Education - Utah Charter School Finance Authority	
121		From Public Education Economic Stabilization	
122		Restricted Account, One-time	50,000,000
123		Schedule of Programs:	
124		Charter School Revolving Fund	50,000,000

Section 4. **Effective Date.**

This bill takes effect on July 1, 2025.