

**Representative Kenneth W. Sumsion** proposes the following substitute bill:

**TEACHER LOAN PROGRAM**

2007 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Lynn N. Hemingway**

Senate Sponsor: Gene Davis

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**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

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

27 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) except as provided in Subsection (4), have not previously received a program loan;

37 and

38 (iv) demonstrate a desire to pursue a teaching career and purchase a home within the  
39 state;

40 (b) provide a program loan of \$15,000 to a selected loan recipient, to be used for the  
41 purchase of the loan recipient's primary residence;

42 (c) require a loan recipient to make interest payments at least annually on the  
43 outstanding loan balance, at a fixed interest rate equal to the state treasurer's Utah Public  
44 Treasurers Investment Fund interest rate for the January prior to loan issuance, rounded to the  
45 nearest tenth of a percent;

46 (d) forgive:

47 (i) \$5,000 of the loan principal if the teacher teaches in a school district for five  
48 consecutive years following receipt of the loan; and

49 (ii) the remaining amount of the loan principal if the teacher teaches in a school district  
50 for ten consecutive years following receipt of the loan;

51 (e) require a loan recipient who:

52 (i) does not teach in a school district for five consecutive years after receiving the loan  
53 to repay the entire \$15,000 in loan principal, in addition to loan interest payments, over a  
54 period not to exceed five years after discontinuing teaching in a school district; or

55 (ii) teaches in a school district for more than five consecutive years but less than ten  
56 consecutive years to repay the portion of the loan principal remaining after the forgiveness

57 under Subsection (2)(d), in addition to loan interest payments, over a period not to exceed to  
58 five years after discontinuing teaching in a school district;

59 (f) allow a principal prepayment at any time; and

60 (g) allocate repayment, interest, and appropriation funds for new loans.

61 (3) The consecutive years of teaching requirements of this section are based on the  
62 time period a teacher teaches in any school district or combination of school districts in the  
63 state during the relevant time period.

64 (4) The State Board of Education may award one additional loan to a loan recipient  
65 who:

66 (a) sold the primary residence that served as collateral for the program loan within ten  
67 years of receiving the loan;

68 (b) repaid the loan principal and outstanding interest in full upon sale of the home; and

69 (c) continues to meet the other eligibility requirements of this section.

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

72 (a) establish loan recipient selection criteria, including credit worthiness; and

73 (b) establish procedures for application, loan funding, and repayment, which shall  
74 include procedures to:

75 (i) secure the program loan with the primary residence of the loan recipient as  
76 collateral; and

77 (ii) require full repayment of the outstanding loan principal and interest if the primary  
78 residence is sold within 10 years of loan issuance.

79 **Section 2. Appropriation.**

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

83 **Section 3. Effective date.**

84 This bill takes effect on July 1, 2007.

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**H.B. 416 1st Sub. (Buff) - Teacher Loan Program**

**Fiscal Note**

2007 General Session  
State of Utah

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

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**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.

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