

CHARTER SCHOOL REVOLVING ACCOUNT

2011 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Gregory H. Hughes

Senate Sponsor: Wayne L. Niederhauser

LONG TITLE

General Description:

This bill reorganizes provisions relating to a revolving loan account for charter schools.

Highlighted Provisions:

This bill:

- ▶ eliminates the Charter School Building Revolving Subaccount within the School Building Revolving Account and creates the Charter School Revolving Account within the Uniform School Fund;

- ▶ specifies the permitted uses of funds in the Charter School Revolving Account and procedures for making loans from the account; and

- ▶ makes technical amendments.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

53A-21-401, as last amended by Laws of Utah 2010, Chapter 162

63J-1-602.3, as enacted by Laws of Utah 2010, Chapter 265

ENACTS:

53A-1a-522, Utah Code Annotated 1953



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

Section 1. Section **53A-1a-522** is enacted to read:

53A-1a-522. Charter School Revolving Account.

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

(2) (a) There is created within the Uniform School Fund the Charter School Revolving Account to provide assistance to charter schools to:

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

(ii) pay for expenses related to the start up of a new charter school or the expansion of an existing charter school.

(b) The State Board of Education, in consultation with the State Charter School Board, shall administer the Charter School Revolving Account in accordance with rules adopted by the State Board of Education.

(3) The Charter School Revolving Account shall consist of:

(a) money appropriated to the account by the Legislature;

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

(c) interest earned on money in the account.

(4) The state superintendent of public instruction shall make loans to charter schools from the account to pay for the costs of:

(a) planning expenses;

(b) constructing or renovating charter school buildings;

(c) equipment and supplies; or

(d) other start-up or expansion expenses.

(5) Loans to new charter schools or charter schools with urgent facility needs may be given priority.

(6) (a) The State Board of Education shall establish a committee to:

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

(ii) make recommendations regarding approval or disapproval of the loan applications to the State Charter School Board and the State Board of Education.

(b) (i) A committee established under Subsection (6)(a) shall include individuals who have expertise or experience in finance, real estate, or charter school administration.

59 (ii) Of the members appointed to a committee established under Subsection (6)(a):
 60 (A) one member shall be nominated by the governor; and
 61 (B) the remaining members shall be selected from a list of nominees submitted by the
 62 State Charter School Board.

63 (c) If the committee recommends approval of a loan application under Subsection
 64 (6)(a)(ii), the committee's recommendation shall include:

65 (i) the recommended amount of the loan;

66 (ii) the payback schedule; and

67 (iii) the interest rate to be charged.

68 (d) A committee member may not:

69 (i) be a relative, as defined in Section 53A-1a-518, of a loan applicant; or

70 (ii) have a pecuniary interest, directly or indirectly, with a loan applicant or any person
 71 or entity that contracts with a loan applicant.

72 (7) A loan under this section may not be made unless the State Board of Education, in
 73 consultation with the State Charter School Board, approves the loan.

74 (8) The term of a loan to a charter school under this section may not exceed five years.

75 (9) The State Board of Education may not approve loans to charter schools under this
 76 section that exceed a total of \$2,000,000 in any year.

77 Section 2. Section **53A-21-401** is amended to read:

78 **Part 4. School Building Revolving Account**

79 **53A-21-401. School Building Revolving Account -- Access to the account.**

80 (1) (a) ~~There is created [:(a) the "Capital Outlay Loan Program" to provide: (i)]~~ within
 81 the Uniform School Fund the School Building Revolving Account to provide short-term help
 82 to school districts to meet district needs for school building construction and renovation~~[: and].~~

83 ~~[(ii) assistance to charter schools to meet school building construction and renovation~~
 84 ~~needs; and]~~

85 (b) ~~[a nonlapsing "School Building Revolving Account" administered within the~~
 86 ~~Uniform School Fund by the]~~ The state superintendent of public instruction shall administer
 87 the School Building Revolving Account in accordance with rules adopted by the State Board of
 88 Education.

89 (2) The State Board of Education may not allocate funds from the School Building

90 Revolving Account that exceed a school district’s bonding limit minus its outstanding bonds.

91 (3) In order to receive money from the [~~account~~] School Building Revolving Account,
92 a school district shall:

93 (a) levy a combined capital levy rate of at least .0024;

94 (b) contract with the state superintendent of public instruction to repay the money, with
95 interest at a rate established by the state superintendent, within five years of receipt, using
96 future state capital outlay allocations, local revenues, or both;

97 (c) levy sufficient ad valorem taxes under Section 11-14-310 to guarantee annual loan
98 repayments, unless the state superintendent of public instruction alters the payment schedule to
99 improve a hardship situation; and

100 (d) meet any other condition established by the State Board of Education pertinent to
101 the loan.

102 (4) (a) The state superintendent shall establish a committee, including representatives
103 from state and local education entities, to:

104 (i) review requests by school districts for loans under this section; and

105 (ii) make recommendations regarding approval or disapproval of the loan applications
106 to the state superintendent.

107 (b) If the committee recommends approval of a loan application under Subsection
108 (4)(a)(ii), the committee’s recommendation shall include:

109 (i) the recommended amount of the loan;

110 (ii) the payback schedule; and

111 (iii) the interest rate to be charged.

112 [~~(5) (a) There is established within the School Building Revolving Account the Charter~~
113 ~~School Building Subaccount administered by the State Board of Education, in consultation~~
114 ~~with the State Charter School Board, in accordance with rules adopted by the State Board of~~
115 ~~Education.~~]

116 [~~(b) The Charter School Building Subaccount shall consist of:]~~

117 [~~(i) money appropriated to the subaccount by the Legislature;~~]

118 [~~(ii) money received from the repayment of loans made from the subaccount; and]~~

119 [~~(iii) interest earned on money in the subaccount.]~~

120 [~~(c) The state superintendent of public instruction shall make loans to charter schools~~

121 from the Charter School Building Subaccount to pay for the costs of:]
122 ~~[(i) planning expenses;]~~
123 ~~[(ii) constructing or renovating charter school buildings;]~~
124 ~~[(iii) equipment and supplies; or]~~
125 ~~[(iv) other start-up or expansion expenses.]~~
126 ~~[(d) Loans to new charter schools or charter schools with urgent facility needs may be~~
127 ~~given priority.]~~
128 ~~[(6) (a) The State Board of Education shall establish a committee to:]~~
129 ~~[(i) review requests by charter schools for loans under this section; and]~~
130 ~~[(ii) make recommendations regarding approval or disapproval of the loan applications~~
131 ~~to the State Charter School Board and the State Board of Education.]~~
132 ~~[(b) (i) A committee established under Subsection (6)(a) shall include individuals who~~
133 ~~have expertise or experience in finance, real estate, or charter school administration.]~~
134 ~~[(ii) Of the members appointed to a committee established under Subsection (6)(a):]~~
135 ~~[(A) one member shall be nominated by the governor; and]~~
136 ~~[(B) the remaining members shall be selected from a list of nominees submitted by the~~
137 ~~State Charter School Board.]~~
138 ~~[(c) If the committee recommends approval of a loan application under Subsection~~
139 ~~(6)(a)(ii), the committee's recommendation shall include:]~~
140 ~~[(i) the recommended amount of the loan;]~~
141 ~~[(ii) the payback schedule; and]~~
142 ~~[(iii) the interest rate to be charged.]~~
143 ~~[(d) The committee members may not:]~~
144 ~~[(i) be a relative, as defined in Section 53A-1a-518, of a loan applicant; or]~~
145 ~~[(ii) have a pecuniary interest, directly or indirectly, with a loan applicant or any person~~
146 ~~or entity that contracts with a loan applicant.]~~
147 ~~[(7) The State Board of Education, in consultation with the State Charter School~~
148 ~~Board, shall approve all loans to a charter school under this section.]~~
149 ~~[(8) The term of a loan to a charter school under this section may not exceed five~~
150 ~~years.]~~
151 ~~[(9) The State Board of Education may not approve loans to charter schools under this~~

152 section that exceed a total of \$2,000,000 in any year.]

153 Section 3. Section **63J-1-602.3** is amended to read:

154 **63J-1-602.3. List of nonlapsing funds and accounts -- Title 46 through Title 60.**

155 (1) Certain funds associated with the Law Enforcement Operations Account, as
156 provided in Section 51-9-411.

157 (2) The Public Safety Honoring Heroes Restricted Account created in Section
158 53-1-118.

159 (3) Funding for the Search and Rescue Financial Assistance Program, as provided in
160 Section 53-2-107.

161 (4) Appropriations made to the Department of Public Safety from the Department of
162 Public Safety Restricted Account, as provided in Section 53-3-106.

163 (5) Appropriations to the Motorcycle Rider Education Program, as provided in Section
164 53-3-905.

165 (6) The DNA Specimen Restricted Account created in Section 53-10-407.

166 (7) The Charter School Building Account created in Section 53A-1a-522.

167 [~~(7)~~] (8) Appropriations to the State Board of Education, as provided in Section
168 53A-17a-105.

169 [~~(8)~~] (9) Certain funds appropriated from the Uniform School Fund to the State Board
170 of Education for new teacher bonus and performance-based compensation plans, as provided in
171 Section 53A-17a-148.

172 [~~(9)~~] ~~Certain funds appropriated from the Uniform School Fund to the State Board of~~
173 ~~Education for implementation of proposals to improve mathematics achievement test scores, as~~
174 ~~provided in Section 53A-17a-152.]~~

175 (10) The School Building Revolving Account created in Section 53A-21-401.

176 (11) Money received by the State Office of Rehabilitation for the sale of certain
177 products or services, as provided in Section 53A-24-105.

178 [~~(12)~~] ~~The State Board of Regents, as provided in Section 53B-6-104.]~~

179 [~~(13)~~] (12) Certain funds appropriated from the General Fund to the State Board of
180 Regents for teacher preparation programs, as provided in Section 53B-6-104.

181 [~~(14)~~] (13) A certain portion of money collected for administrative costs under the
182 School Institutional Trust Lands Management Act, as provided under Section 53C-3-202.

183 [~~(15)~~] (14) Certain surcharges on residence and business telecommunications access
184 lines imposed by the Public Service Commission, as provided in Section 54-8b-10.

185 [~~(16)~~] (15) Certain fines collected by the Division of Occupational and Professional
186 Licensing for violation of unlawful or unprofessional conduct that are used for education and
187 enforcement purposes, as provided in Section 58-17b-505.

188 [~~(17)~~] (16) The Nurse Education and Enforcement Account created in Section
189 58-31b-103.

190 [~~(18)~~] (17) The Certified Nurse Midwife Education and Enforcement Account created
191 in Section 58-44a-103.

192 [~~(19)~~] (18) Certain fines collected by the Division of Occupational and Professional
193 Licensing for use in education and enforcement of the Security Personnel Licensing Act, as
194 provided in Section 58-63-103.

195 [~~(20)~~] (19) The Professional Geologist Education and Enforcement Account created in
196 Section 58-76-103.

197 [~~(21)~~] (20) Certain money in the Water Resources Conservation and Development
198 Fund, as provided in Section 59-12-103.

Legislative Review Note
as of 1-13-11 10:18 AM

Office of Legislative Research and General Counsel

FISCAL NOTE

H.B. 83

SHORT TITLE: **Charter School Revolving Account**

SPONSOR: **Hughes, G.**

2011 GENERAL SESSION, STATE OF UTAH

STATE GOVERNMENT (UCA 36-12-13(2)(b))

Enactment of this bill likely will not materially impact the state budget.

LOCAL GOVERNMENTS (UCA 36-12-13(2)(c))

Enactment of this bill likely will not result in direct, measurable costs and/or benefits for local governments.

DIRECT EXPENDITURES BY UTAH RESIDENTS AND BUSINESSES (UCA 36-12-13(2)(d))

Enactment of this bill likely will not result in direct, measurable expenditures by Utah residents or businesses.