

HB0397S01 compared with HB0397

~~text~~ shows text that was in HB0397 but was deleted in HB0397S01.

Inserted text shows text that was not in HB0397 but was inserted into HB0397S01.

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Representative Lynn N. Hemingway proposes the following substitute bill:

TEACHER LOAN PROGRAM

2017 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~~.~~; and
- ▶ creates the Teacher Loan Program Restricted Account.

Money Appropriated in this Bill:

This bill appropriates:

- ▶ to the ~~State Board of~~ Education Fund Restricted - Teacher Loan Program

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Restricted Account, as an ongoing appropriation:

- from the ~~{Uniform School Fund}~~ General Fund, \$1,500,000; and
▶ to the State Board of Education - Teacher Loan Program, as an ongoing appropriation:
 - from the Teacher Loan Program Restricted Account, \$1,500,000.

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

ENACTS:

53A-1a-1101, Utah Code Annotated 1953

53A-1a-1102, Utah Code Annotated 1953

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

Section 1. Section **53A-1a-1101** is enacted to read:

Part 11. Teacher Loan Program

53A-1a-1101. Teacher Loan Program.

(1) There is created the Teacher Loan Program, to be administered by the State Board of Education.

(2) Subject to future budget constraints, the Legislature shall annually appropriate money to the Teacher Loan Program Restricted Account created in Section 53A-1a-1102 to fund the Teacher Loan Program.

~~{2}~~3) The State Board of Education shall:

(a) award ~~{appropriated}~~ loan funds to individual teachers who:

(i) teach full time in a public school within the state;

(ii) have obtained, as defined in Section 53A-6-103, a level 1 license or competency-based license for the first time within the previous five years;

(iii) except as provided in Subsection ~~{4}~~5, have not previously received a program loan; and

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

(b) provide a program loan of \$15,000 to a selected loan recipient, to be used for the

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purchase of the loan recipient's primary residence:

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

(d) forgive:

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

(ii) the remaining amount of the loan principal if the teacher teaches in a public school for 10 consecutive years following receipt of the loan;

(e) require a loan recipient who:

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

(ii) teaches in a public school for more than five consecutive years but less than 10 consecutive years to repay the portion of the loan principal remaining after the forgiveness under Subsection ~~(2)3~~(d), in addition to loan interest payments, over a period not to exceed five years after discontinuing teaching in a public school;

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

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

~~(3)4~~ The consecutive years of teaching requirements of this section are based on the time period a teacher teaches in any public school or combination of public schools in the state during the relevant time period.

~~(4)5~~ The State Board of Education may award one additional loan to a loan recipient who:

(a) sold the primary residence that served as collateral for the program loan within 10 years of receiving the loan;

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

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

~~(5)6~~ In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the State Board of Education shall make rules to:

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(a) establish loan recipient selection criteria, including credit worthiness; and
(b) establish procedures for application, loan funding, and repayment, which shall include procedures to:

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

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

Section 2. Section 53A-1a-1102 is enacted to read:

53A-1a-1102. Teacher Loan Program Restricted Account.

(1) As used in this section "account" means the Teacher Loan Program Restricted Account created in this section.

(2) There is created within the Education Fund a restricted account known as the "Teacher Loan Program Restricted Account."

(3) The account shall be funded from:

(a) appropriations made to the account by the Legislature;

(b) repayment of teacher loans described in Section 53A-1a-1101; and

(c) interest earned on money in the account.

(4) The State Board of Education shall:

(a) administer the account; and

(b) distribute money in the account as loans to teachers, as described in Section 53A-1a-1101.

Section ~~{2}~~3. **Appropriation.**

The following sums of money are appropriated for the fiscal year beginning July 1, 2017, and ending June 30, 2018. These are additions to amounts previously appropriated for fiscal year 2018. 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.

ITEM 1

To State Board of Education

~~{From Uniform School Fund}~~

From Education Fund Restricted -- Teacher Loan

Program

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Restricted Account \$1,500,000

Schedule of Programs:

Teacher Loan Program \$1,500,000

The Legislature intends that the State Board of Education use the \$1,500,000 ongoing appropriation to the State Board of Education described in this section to award a loan to a teacher as part of the program described in Section 53A-1a-1101.

ITEM 2

Restricted Fund and Account Transfers. The Legislature authorizes the State Division of Finance to transfer the following amounts among the following funds or accounts as indicated. Expenditures and outlays from the recipient funds must be authorized elsewhere in an appropriations act.

To Education Fund Restricted -- Teacher Loan Program Restricted Account

From General Fund \$1,500,000

Schedule of Programs:

Education Fund Restricted -- Teacher Loan Program

Restricted Account \$1,500,000

Section ~~3~~4. **Effective date.**

This bill takes effect on July 1, 2017.

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Legislative Review Note

Office of Legislative Research and General Counsel