

CHARTER SCHOOL FUNDING AMENDMENTS

2024 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: R. Neil Walter

Senate Sponsor: Lincoln Fillmore

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 Revolving Account;
- ▶ creates the Charter School Revolving Fund;
- ▶ specifies the permitted uses of funds in the Charter School Revolving Fund and procedures for making loans;
- ▶ provides that the assets of, and loan payments for loans made from, the Charter School Revolving Account shall be deposited into the Charter School Revolving Fund; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

This bill appropriates in fiscal year 2025:

- ▶ to State Board of Education - Utah Charter School Finance Authority as a one-time appropriation:
 - from the Public Education Economic Stabilization Restricted Account, One-time, \$50,000,000
- ▶ to State Board of Education - Charter School Reserve Account as a one-time appropriation:



28 • from the Public Education Economic Stabilization Restricted Account,
29 One-time, \$4,000,000

30 **Other Special Clauses:**

31 This bill provides a special effective date.

32 **Utah Code Sections Affected:**

33 AMENDS:

34 **53F-9-203**, as last amended by Laws of Utah 2020, Chapter 154

35 ENACTS:

36 **53F-9-203.1**, Utah Code Annotated 1953



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

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

40 **53F-9-203. Charter School Revolving Account.**

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

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

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

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

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

48 (b) The state board, in consultation with the State Charter School Board, shall
49 administer the Charter School Revolving Account in accordance with rules adopted by the state
50 board.

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

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

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

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

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

57 (a) planning expenses;

58 (b) constructing or renovating charter school buildings;

- 59 (c) equipment and supplies; or
- 60 (d) other start-up or expansion expenses.
- 61 (5) Loans to new charter schools or charter schools with urgent facility needs may be
- 62 given priority.
- 63 (6) The state board shall:
- 64 (a) except as provided in Subsection (7)(a), review requests by charter schools for
- 65 loans under this section; and
- 66 (b) in consultation with the State Charter School Board, approve or reject each request.
- 67 (7) (a) The state board may establish a committee to:
- 68 (i) review requests under Subsection (6)(a); and
- 69 (ii) make recommendations to the state board and the State Charter School Board
- 70 regarding the approval or rejection of a request.
- 71 (b) (i) A committee established under Subsection (7)(a) shall include individuals who
- 72 have expertise or experience in finance, real estate, or charter school administration.
- 73 (ii) Of the members appointed to a committee established under Subsection (7)(a):
- 74 (A) one member shall be nominated by the governor; and
- 75 (B) the remaining members shall be selected from a list of nominees submitted by the
- 76 State Charter School Board.
- 77 (c) If the committee recommends approval of a loan application under Subsection
- 78 (7)(a)(ii), the committee's recommendation shall include:
- 79 (i) the recommended amount of the loan;
- 80 (ii) the payback schedule; and
- 81 (iii) the interest rate to be charged.
- 82 (d) A committee member may not:
- 83 (i) be a relative, as defined in Section [53G-5-409](#), of a loan applicant; or
- 84 (ii) have a pecuniary interest, directly or indirectly, with a loan applicant or any person
- 85 or entity that contracts with a loan applicant.
- 86 (8) A loan under this section may not be made unless the state board, in consultation
- 87 with the State Charter School Board, approves the loan.
- 88 (9) The term of a loan to a charter school under this section may not exceed five years.
- 89 (10) The state board may not approve loans to charter schools under this section that

90 exceed a total of \$2,000,000 in any fiscal year.

91 (11) (a) On March 16, 2011, the assets of the Charter School Building Subaccount
92 administered by the state board shall be deposited into the Charter School Revolving Account.

93 (b) Beginning on March 16, 2011, loan payments for loans made from the Charter
94 School Building Subaccount shall be deposited into the Charter School Revolving Account.

95 (12) Beginning on July 1, 2024, the state superintendent may not make new loans
96 under this part.

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

98 **53F-9-203.1. Charter School Revolving Fund.**

99 (1) The terms defined in Section [53G-5-102](#) apply to this section.

100 (2) As used in this section, "fund" means the Charter School Revolving Fund.

101 (3) (a) There is created within the Uniform School Fund a restricted account known as
102 the "Charter School Revolving Fund" to provide assistance to charter schools to:

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

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

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

109 (i) establishing the interest rates of loans;

110 (ii) amortization schedules for loans; and

111 (iii) other terms of repayment.

112 (4) The Charter School Revolving Fund shall consist of:

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

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

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

116 (5) The Utah Charter Finance Authority shall make loans to charter schools from the
117 fund for a loan of:

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

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

- 121 (6) The Utah Charter Finance Authority shall:
- 122 (a) review requests by charter schools for loans under this section; and
- 123 (b) approve or reject each request.
- 124 (7) The Utah Charter Finance Authority:
- 125 (a) shall:
- 126 (i) make a loan that is secured by a promissory note and a deed of trust from the charter
- 127 school; and
- 128 (ii) require a recipient charter school to repay the funds if the recipient charter school
- 129 sells or refinances any collateral associated with the loan; and
- 130 (b) may make a loan that is subordinate to senior debt.
- 131 (8) A loan under this section may not be made unless the Utah Charter Finance
- 132 Authority approves the loan.
- 133 (9) The Utah Charter Finance Authority shall set the term of a loan to a charter school
- 134 under this section.
- 135 (10) (a) On July 1, 2024, the assets and unused funds of the Charter School Revolving
- 136 Account administered by the state board as described in Section [53F-9-203](#) shall be deposited
- 137 into the Charter School Revolving Fund.
- 138 (b) Beginning on July 1, 2024, loan payments for loans made from the Charter School
- 139 Revolving Account shall be deposited into the Charter School Revolving Fund.

Section 3. **FY 2025 Appropriation.**

The following sums of money are appropriated for the fiscal year beginning July 1, 2024, and ending June 30, 2025. These are additions to amounts previously appropriated for fiscal year 2025.

Subsection 3(a). **Expendable Funds and Accounts.**

The Legislature has reviewed the following expendable funds. The Legislature authorizes the State Division of Finance to transfer amounts between funds and accounts as indicated. Outlays and expenditures from the funds or accounts to which the money is transferred may be made without further legislative action, in accordance with statutory provisions relating to the funds or accounts.

ITEM 1 To State Board of Education - Utah Charter School Finance Authority

151 From Public Education Economic Stabilization Restricted \$50,000,000
Account, One-time

152 Schedule of Programs:

153 Charter School Revolving Fund \$50,000,000

154 Subsection 3(b). **Restricted Fund and Account Transfers.**

155 The Legislature authorizes the State Division of Finance to transfer the following
156 amounts between the following funds or accounts as indicated. Expenditures and outlays from
157 the funds to which the money is transferred must be authorized by an appropriation.

158 ITEM 2 To Charter School Reserve Account

159 From Public Education Economic Stabilization Restricted \$4,000,000
Account, One-time

160 Schedule of Programs:

161 Charter School Reserve Account \$4,000,000

162 Section 4. **Effective date.**

163 This bill takes effect on July 1, 2024.