

1 **CHARTER SCHOOL REVOLVING ACCOUNT**

2 2011 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Gregory H. Hughes**

5 Senate Sponsor: Wayne L. Niederhauser

7 **LONG TITLE**

8 **General Description:**

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

10 **Highlighted Provisions:**

11 This bill:

12 ▶ eliminates the Charter School Building Revolving Subaccount within the School
13 Building Revolving Account and creates the Charter School Revolving Account
14 within the Uniform School Fund;

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

17 ▶ provides that the assets of, and loan payments for loans made from, the Charter
18 School Building Revolving Subaccount shall be deposited into the Charter School
19 Revolving Account; and

20 ▶ makes technical amendments.

21 **Money Appropriated in this Bill:**

22 None

23 **Other Special Clauses:**

24 This bill provides an immediate effective date.

25 This bill provides revisor instructions.

26 **Utah Code Sections Affected:**

27 **AMENDS:**

28 **53A-21-401**, as last amended by Laws of Utah 2010, Chapter 162

29 **63J-1-602.3**, as enacted by Laws of Utah 2010, Chapter 265

30 ENACTS:

31 **53A-1a-522**, Utah Code Annotated 1953

32

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

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

35 **53A-1a-522. Charter School Revolving Account.**

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

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

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

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

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

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

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

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

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

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

51 (a) planning expenses;

52 (b) constructing or renovating charter school buildings;

53 (c) equipment and supplies; or

54 (d) other start-up or expansion expenses.

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

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

58 (i) review requests by charter schools for loans under this section; and
59 (ii) make recommendations regarding approval or disapproval of the loan applications
60 to the State Charter School Board and the State Board of Education.

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

63 (ii) Of the members appointed to a committee established under Subsection (6)(a):

64 (A) one member shall be nominated by the governor; and

65 (B) the remaining members shall be selected from a list of nominees submitted by the
66 State Charter School Board.

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

69 (i) the recommended amount of the loan;

70 (ii) the payback schedule; and

71 (iii) the interest rate to be charged.

72 (d) A committee member may not:

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

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

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

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

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

81 (10) (a) On the effective date of this bill, the assets of the Charter School Building
82 Subaccount administered by the State Board of Education shall be deposited into the Charter
83 School Revolving Account.

84 (b) Beginning on the effective date of this bill, loan payments for loans made from the
85 Charter School Building Subaccount shall be deposited into the Charter School Revolving

86 Account.

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

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

89 **53A-21-401. School Building Revolving Account -- Access to the account.**

90 (1) (a) There is created~~[-(a) the "Capital Outlay Loan Program" to provide: (i)]~~ within
91 the Uniform School Fund a restricted account known as the "School Building Revolving
92 Account" to provide short-term help to school districts to meet district needs for school
93 building construction and renovation~~[; and].~~

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

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

100 (2) The State Board of Education may not allocate funds from the School Building
101 Revolving Account that exceed a school district's bonding limit minus its outstanding bonds.

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

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

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

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

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

113 (4) (a) The state superintendent shall establish a committee, including representatives

114 from state and local education entities, to:

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

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

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

120 (i) the recommended amount of the loan;

121 (ii) the payback schedule; and

122 (iii) the interest rate to be charged.

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

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

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

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

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

131 ~~[(c) The state superintendent of public instruction shall make loans to charter schools~~
132 ~~from the Charter School Building Subaccount to pay for the costs of:]~~

133 ~~[(i) planning expenses;]~~

134 ~~[(ii) constructing or renovating charter school buildings;]~~

135 ~~[(iii) equipment and supplies, or]~~

136 ~~[(iv) other start-up or expansion expenses.]~~

137 ~~[(d) Loans to new charter schools or charter schools with urgent facility needs may be~~
138 ~~given priority.]~~

139 ~~[(6) (a) The State Board of Education shall establish a committee to:]~~

140 ~~[(i) review requests by charter schools for loans under this section; and]~~

141 ~~[(ii) make recommendations regarding approval or disapproval of the loan applications]~~

142 to the State Charter School Board and the State Board of Education.]

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

145 [(ii) Of the members appointed to a committee established under Subsection (6)(a):]

146 [(A) one member shall be nominated by the governor; and]

147 [(B) the remaining members shall be selected from a list of nominees submitted by the
148 State Charter School Board.]

149 [(c) If the committee recommends approval of a loan application under Subsection
150 (6)(a)(ii), the committee's recommendation shall include:]

151 [(i) the recommended amount of the loan;]

152 [(ii) the payback schedule; and]

153 [(iii) the interest rate to be charged.]

154 [(d) The committee members may not:]

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

156 [(ii) have a pecuniary interest, directly or indirectly, with a loan applicant or any person
157 or entity that contracts with a loan applicant.]

158 [(7) The State Board of Education, in consultation with the State Charter School
159 Board, shall approve all loans to a charter school under this section.]

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

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

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

165 **63J-1-602.3. List of nonlapsing funds and accounts -- Title 46 through Title 60.**

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

168 (2) The Public Safety Honoring Heroes Restricted Account created in Section
169 53-1-118.

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

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

174 (5) Appropriations to the Motorcycle Rider Education Program, as provided in Section
175 53-3-905.

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

177 (7) Appropriations to the State Board of Education, as provided in Section
178 53A-17a-105.

179 (8) Certain funds appropriated from the Uniform School Fund to the State Board of
180 Education for new teacher bonus and performance-based compensation plans, as provided in
181 Section 53A-17a-148.

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

185 ~~[(10) The School Building Revolving Account created in Section 53A-21-401.]~~

186 [(11)] (9) Money received by the State Office of Rehabilitation for the sale of certain
187 products or services, as provided in Section 53A-24-105.

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

189 [(13)] (10) Certain funds appropriated from the General Fund to the State Board of
190 Regents for teacher preparation programs, as provided in Section 53B-6-104.

191 [(14)] (11) A certain portion of money collected for administrative costs under the
192 School Institutional Trust Lands Management Act, as provided under Section 53C-3-202.

193 [(15)] (12) Certain surcharges on residence and business telecommunications access
194 lines imposed by the Public Service Commission, as provided in Section 54-8b-10.

195 [(16)] (13) Certain fines collected by the Division of Occupational and Professional
196 Licensing for violation of unlawful or unprofessional conduct that are used for education and
197 enforcement purposes, as provided in Section 58-17b-505.

198 [~~(17)~~] (14) The Nurse Education and Enforcement Account created in Section
199 58-31b-103.

200 [~~(18)~~] (15) The Certified Nurse Midwife Education and Enforcement Account created
201 in Section 58-44a-103.

202 [~~(19)~~] (16) Certain fines collected by the Division of Occupational and Professional
203 Licensing for use in education and enforcement of the Security Personnel Licensing Act, as
204 provided in Section 58-63-103.

205 [~~(20)~~] (17) The Professional Geologist Education and Enforcement Account created in
206 Section 58-76-103.

207 [~~(21)~~] (18) Certain money in the Water Resources Conservation and Development
208 Fund, as provided in Section 59-12-103.

209 Section 4. **Effective date.**

210 If approved by two-thirds of all the members elected to each house, this bill takes effect
211 upon approval by the governor, or the day following the constitutional time limit of Utah
212 Constitution Article VII, Section 8, without the governor's signature, or in the case of a veto,
213 the date of veto override.

214 Section 5. **Revisor instructions.**

215 It is the intent of the Legislature, that in preparing the Utah Code database for
216 publication, the Office of Legislative Research and General Counsel shall replace the phrase
217 "the effective date of this bill" in Subsections 53A-1a-522(10)(a) and 53A-1a-522(10)(b) with
218 the bill's actual effective date.