

1 **ALTERNATIVE EDUCATION SCHOLARSHIP COMBINATION**
2 2024 GENERAL SESSION
3 STATE OF UTAH
4 **Chief Sponsor: Lincoln Fillmore**
5 House Sponsor: Candice B. Pierucci

6
7 **LONG TITLE**

8 **General Description:**

9 This bill combines the Carson Smith Scholarship and Special Needs Opportunity
10 Scholarship Programs.

11 **Highlighted Provisions:**

12 This bill:

- 13 ▶ renames the Special Needs Opportunity Scholarship program;
- 14 ▶ allows for home school students and preschool aged students to receive a scholarship;
- 15 ▶ adds expenses with a qualifying provider to allowable scholarship expenses;
- 16 ▶ provides regulatory autonomy for a qualifying school, qualifying provider, and home
17 school student;
- 18 ▶ allows scholarships to be used for services from eligible service providers and
19 establishes an approval process;
- 20 ▶ directs the reallocation of unused funds in the Carson Smith Scholarship Program;
- 21 ▶ phases out new applications for the Carson Smith Scholarship Program after the
22 2023-2024 school year; and
- 23 ▶ makes technical changes.

24 **Money Appropriated in this Bill:**

25 None

26 **Other Special Clauses:**

27 This bill provides a special effective date.

28 **Utah Code Sections Affected:**

29 AMENDS:

30 **53E-1-202.1**, as enacted by Laws of Utah 2020, Fourth Special Session, Chapter 3

31 **53E-7-401**, as last amended by Laws of Utah 2023, Chapter 190

28 **53E-7-402**, as last amended by Laws of Utah 2023, Chapter 190 and last amended by
 29 Coordination Clause, Laws of Utah 2023, Chapter 190
 30 **53E-7-403**, as enacted by Laws of Utah 2020, Fourth Special Session, Chapter 3
 31 **53E-7-404**, as last amended by Laws of Utah 2022, Chapter 262
 32 **53E-7-405**, as last amended by Laws of Utah 2023, Chapters 190, 353
 33 **53E-7-406**, as enacted by Laws of Utah 2020, Fourth Special Session, Chapter 3
 34 **53E-7-407**, as last amended by Laws of Utah 2022, Chapter 262
 35 **53E-7-408**, as last amended by Laws of Utah 2023, Chapter 353
 36 **53F-4-302**, as last amended by Laws of Utah 2019, Chapter 186
 37 **53F-4-304**, as last amended by Laws of Utah 2020, Chapter 408
 38 **53F-6-401**, as enacted by Laws of Utah 2023, Chapter 1
 39 **59-7-109.1**, as enacted by Laws of Utah 2020, Fourth Special Session, Chapter 3
 40 **59-7-625**, as last amended by Laws of Utah 2022, Chapter 262
 41 **59-10-1041**, as last amended by Laws of Utah 2022, Chapter 262
 42 **67-3-1**, as last amended by Laws of Utah 2023, Chapters 16, 330, 353, and 480

43 ENACTS:

44 **53E-7-408.5**, Utah Code Annotated 1953

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

47 Section 1. Section **53E-1-202.1** is amended to read:

48 **53E-1-202.1 . Report to the Public Education Appropriations Subcommittee on**
 49 **the Carson Smith Opportunity Scholarship Program.**

50 (1) Beginning in 2021, the State Board of Education shall, in accordance with Section
 51 68-3-14, annually submit the report described in Section 53E-7-404 to the Public
 52 Education Appropriations Subcommittee.

53 (2) This section supersedes any conflicting provisions of Utah law.

54 Section 2. Section **53E-7-401** is amended to read:

55 **53E-7-401 . Definitions.**

56 As used in this part:

57 (1) "The Carson Smith Opportunity Scholarship Program" or "program" means the program
 58 established in Section 53E-7-402.

59 (2) "Eligible student" means:

60 (a) a student who:

61 (i) is :

- 62 (A) eligible to participate in public school, in kindergarten, or grades 1 through 12;
- 63 (B) enrolled in a qualifying school as defined in Subsection (11);
- 64 (C) a home-based scholarship student as defined in Subsection (6); or
- 65 (D) at least three years old before September 2 of the year the scholarship is
- 66 awarded;
- 67 (ii) is a resident of the state;
- 68 (iii) has a qualified disability identified under 20 U.S.C. Sec. 140(3) as determined by:
- 69 (A) having an IEP within the previous three years; or
- 70 (B) a multidisciplinary team evaluation described in Subsection (7); and
- 71 ~~[(A) has an IEP; or]~~
- 72 ~~[(B) is determined by a multidisciplinary evaluation team to be eligible for~~
- 73 ~~services under 20 U.S.C. Sec. 1401(3); and]~~
- 74 (iv) during the school year for which the student is applying for the scholarship, is
- 75 not:
- 76 (A) a student who receives a scholarship under the Carson Smith Scholarship
- 77 Program created in Section 53F-4-302; or
- 78 (B) enrolled as a public school student; or
- 79 (b) a student who:
- 80 (i) meets the requirement of Subsections ~~[(1)(a)(i) and (ii)]~~ (2)(a)(i) and (ii); and
- 81 (ii) is a sibling of and resides in the same household as a student described in
- 82 Subsection ~~[(1)(a)]~~ (2)(a) if:
- 83 (A) the student described in Subsection ~~[(1)(a)]~~ (2)(a) is a scholarship student and
- 84 has verified enrollment or intent to enroll at a qualifying school or participate
- 85 in services provided by a qualifying provider; and
- 86 (B) the sibling is applying for a scholarship to attend the same qualifying school
- 87 or participate in the same services provided by a qualifying provider.
- 88 ~~[(2)]~~ (3) (a) "Employee" means an individual working in a position in which the
- 89 individual's salary, wages, pay, or compensation, including as a contractor, is paid
- 90 from:
- 91 (i) program donations to a scholarship granting organization; or
- 92 (ii) scholarship money allocated to a qualifying school or qualifying provider by a
- 93 scholarship granting organization under Section 53E-7-405.
- 94 (b) "Employee" does not include an individual who volunteers at the scholarship
- 95 granting organization ~~[or]~~ , qualifying school, or qualifying provider.

96 [(3)] (4) "Family income" means the annual income of the parent, parents, legal guardian, or
97 legal guardians with whom a scholarship student lives.

98 [(4)] (5) "Federal poverty level" means the poverty level as defined by the most recently
99 revised poverty income guidelines published by the United States Department of Health
100 and Human Services in the Federal Register.

101 [(5)] (6) "Home-based scholarship student" means a student who:

102 (a) is eligible to participate in public school, in kindergarten or grades 1 through 12;

103 (b) is excused from enrollment in an LEA in accordance with Section 53G-6-204 to
104 attend a home school; and

105 (c) receives a benefit from a scholarship under the program.

106 (7) "Multidisciplinary evaluation team" means two or more individuals:

107 (a) who are qualified in two or more separate disciplines or professions; and

108 (b) who evaluate a child.

109 [(6)] (8) "Officer" means:

110 (a) a member of the board of a scholarship granting organization [øŕ] , qualifying school,
111 or qualifying provider; or

112 (b) the chief administrative officer of a scholarship granting organization [øŕ] , qualifying
113 school, or qualifying provider.

114 [(7)] (9) "Program donation" means a donation to the program under Section 53E-7-405.

115 [(8)] (10) "Qualifying provider" means:

116 (a) an entity that:

117 (i) is not a public school and is autonomous and not an agent of the state, in
118 accordance with Section 53E-7-406; and

119 (ii) meets the requirement described in Section 53E-7-403; and

120 (b) is an eligible service provider approved by the scholarship granting organization in
121 accordance with Section 53E-7-408.5.

122 (11) "Qualifying school" means a private school that:

123 (a) provides kindergarten, elementary, or secondary education;

124 (b) is approved by the state board under Section 53E-7-408; and

125 (c) meets the requirements described in Section 53E-7-403.

126 [(9)] (12) "Relative" means a father, mother, husband, wife, son, daughter, sister, brother,
127 uncle, aunt, nephew, niece, first cousin, mother-in-law, father-in-law, brother-in-law,
128 sister-in-law, son-in-law, or daughter-in-law.

129 [(10)] (13) "Scholarship" means a grant awarded to an eligible student:

- 130 (a) by a scholarship granting organization out of program donations; and
131 (b) for the purpose of paying for a scholarship expense.
- 132 ~~[(H)]~~ (14) "Scholarship expense" means an expense that a parent or eligible student incurs
133 in the education of the eligible student for goods or a service that a qualifying school or
134 qualifying provider provides or facilitates, including:
- 135 (a) published tuition and fees of a qualifying school or qualifying provider;
136 (b) fees and instructional materials at a technical college;
137 (c) tutoring services;
138 (d) fees for after-school or summer education programs;
139 (e) textbooks, curricula, or other instructional materials, including any supplemental
140 materials or associated online instruction that a curriculum, qualifying provider, or a
141 qualifying school recommends;
142 (f) educational software and applications;
143 (g) supplies or other equipment related to an eligible student's educational needs;
144 (h) computer hardware or other technological devices that are intended primarily for an
145 eligible student's educational needs;
146 (i) fees for the following examinations, or for a preparation course for the following
147 examinations, that the scholarship granting organization approves:
148 (i) a national norm-referenced or standardized assessment described in Section
149 53F-6-410, an advanced placement examination, or another similar assessment;
150 (ii) a state-recognized industry certification examination; and
151 (iii) an examination related to college or university admission;
152 (j) educational services for students with disabilities from a licensed or accredited
153 practitioner or provider, including occupational, behavioral, physical, audiology, or
154 speech-language therapies;
155 (k) contracted services that the scholarship granting organization approves and that an
156 LEA provides, including individual classes, after-school tutoring services,
157 transportation, or fees or costs associated with participation in extracurricular
158 activities;
159 (l) ride fees or fares for a fee-for-service transportation provider to transport the eligible
160 student to and from a qualifying school or qualifying provider, not to exceed \$750 in
161 a given school year;
162 (m) expenses related to extracurricular activities, field trips, educational supplements,
163 and other educational experiences; or

164 (n) the scholarship granting organization approves in accordance with Subsection
165 53E-7-405(3).

166 ~~[(12)]~~ (15) "Scholarship granting organization" means an organization that is:

167 (a) qualified as tax exempt under Section 501(c)(3), Internal Revenue Code; and

168 (b) recognized through an agreement with the state board as a scholarship granting
169 organization, as described in Section 53E-7-404.

170 ~~[(13)]~~ (16) "Scholarship student" means an eligible student, including a home-based
171 scholarship student, who receives a scholarship under this part.

172 ~~[(14) "Special Needs Opportunity Scholarship Program" or "program" means the program~~
173 ~~established in Section 53E-7-402.]~~

174 ~~[(15)]~~ (17) "Value of the weighted pupil unit" means the amount established each year in the
175 enacted public education budget that is multiplied by the number of weighted pupil units
176 to yield the funding level for the basic state-supported school program.

177 Section 3. Section **53E-7-402** is amended to read:

178 **53E-7-402 . Carson Smith Opportunity Scholarship Program.**

179 (1) There is established the ~~[Special Needs]~~ Carson Smith Opportunity Scholarship Program
180 under which a parent may apply to a scholarship granting organization on behalf of the
181 parent's student for a scholarship to help cover the cost of a scholarship expense.

182 (2) (a) A scholarship granting organization shall award, in accordance with this part,
183 scholarships to eligible students.

184 (b) In awarding scholarships, a scholarship granting organization shall give priority to an
185 eligible student described in Subsection 53E-7-401(1)(a) by:

186 (i) establishing an August 10 deadline for an eligible student described in Subsection
187 53E-7-401(1)(b) to apply for a scholarship; and

188 (ii) awarding a scholarship to an eligible student described in Subsection ~~[53E-7-401~~
189 ~~(1)(b)]~~ 53E-7-401(2)(b) only if funds exist after awarding scholarships to all
190 eligible students described in Subsection ~~[53E-7-401(1)(a)]~~ 53E-7-401(2)(a) who
191 have applied and qualify.

192 (c) Subject to available funds, a scholarship awarded to an eligible student described in
193 Subsection~~[-53E-7-401(1)(b)-]~~ 53E-7-401(2)(b) shall be for a similar term as a
194 scholarship awarded to the eligible student's sibling.

195 (3) A scholarship granting organization shall determine a full-year scholarship award to pay
196 for the cost of one or more scholarship expenses in an amount not more than:

197 (a) for an eligible student described in Subsection ~~[53E-7-401(1)(a)]~~ 53E-7-401(2)(a)

- 198 who is:
- 199 (i) in kindergarten through grade 12 and whose family income is:
- 200 (A) at or below 185% of the federal poverty level, the value of the weighted pupil
- 201 unit multiplied by 2.5; ~~[or]~~
- 202 (B) except as provided in Subsection (3)(a)(i)(C), above 185% of the federal
- 203 poverty level, the value of the weighted pupil unit multiplied by two; or
- 204 (C) above 185% of the federal poverty level and the eligible student would have
- 205 received an average of 180 minutes per day or more of special education
- 206 services in a public school before transferring to a private school, the value of
- 207 the weighted pupil unit multiplied by 2.5; or
- 208 ~~[(b)]~~ (ii) in preschool, the value of the weighted pupil unit; or
- 209 (b) for an eligible student described in Subsection ~~[53E-7-401(1)(b)]~~ 53E-7-401(2)(b),
- 210 half the value of the weighted pupil unit.
- 211 (4) Eligibility for a scholarship as determined by a multidisciplinary evaluation team under
- 212 this program does not establish eligibility for an IEP under the Individuals with
- 213 Disabilities Education Act, Subchapter II, 20 U.S.C. Secs. 1400 to 1419, and is not
- 214 binding on any LEA that is required to provide an IEP under the Individuals with
- 215 Disabilities Education Act.
- 216 (5) The scholarship granting organizations shall prepare and disseminate information on the
- 217 program to a parent applying for a scholarship on behalf of a student.
- 218 Section 4. Section **53E-7-403** is amended to read:
- 219 **53E-7-403 . Qualifying school and qualifying provider requirements.**
- 220 (1) A qualifying school or qualifying provider shall:
- 221 (a) notify a scholarship granting organization of the qualifying school's or qualifying
- 222 provider's intention to participate in the program;
- 223 (b) submit evidence to the scholarship granting organization that the qualifying school
- 224 has been approved by the state board under Section 53E-7-408; and
- 225 (c) submit a signed affidavit to the scholarship granting organization that the qualifying
- 226 school or qualifying provider will comply with the requirements of this part.
- 227 (2) A qualifying school or qualifying provider shall comply with 42 U.S.C. Sec. 1981, and
- 228 meet state and local health and safety laws and codes.
- 229 (3) Before the beginning of the school year immediately following a school year in which a
- 230 qualifying school or qualifying provider receives scholarship money equal to or more
- 231 than ~~[\$100,000]~~ \$500,000, the qualifying school or qualifying provider shall file with a

- 232 scholarship granting organization that allocates scholarship money to the qualifying
233 school:
- 234 (a) a surety bond payable to the scholarship granting organization in an amount equal to
235 the aggregate amount of scholarship money expected to be received during the school
236 year; or
- 237 (b) financial information that demonstrates the financial viability of the qualifying school
238 or qualifying provider, as required by the scholarship granting organization.
- 239 (4) If a scholarship granting organization determines that a qualifying school or qualifying
240 provider has violated a provision of this part, the scholarship granting organization may
241 interrupt disbursement of or withhold scholarship money from the qualifying school or
242 qualifying provider.
- 243 (5) (a) If the state board determines that a qualifying school no longer meets the
244 eligibility requirements described in Section 53E-7-408, the state board may
245 withdraw the state board's approval of the school.
- 246 (b) A private school that does not have the state board's approval under Section
247 53E-7-408 may not accept scholarship money under this part.
- 248 (6) A qualifying school shall, when administering an annual assessment required under
249 Section 53E-7-408, ensure that the qualifying school uses a norm-referenced assessment.
- 250 (7) If a scholarship granting organization determines that a qualifying provider no longer
251 meets the requirements described in Section 53E-7-208.5, the scholarship granting
252 organization may interrupt disbursement of or withhold scholarship money for the
253 qualifying provider.
- 254 Section 5. Section **53E-7-404** is amended to read:
- 255 **53E-7-404 . State board duties.**
- 256 (1) The state board shall:
- 257 (a) publish on the state board's website:
- 258 (i) information about the program; and
- 259 (ii) information about each scholarship granting organization;
- 260 (b) conduct a financial review or audit of a scholarship granting organization, if the state
261 board receives evidence of fraudulent practice by the scholarship granting
262 organization;
- 263 (c) conduct a criminal background check on each scholarship granting organization
264 employee and scholarship granting organization officer;
- 265 (d) establish uniform financial accounting standards for scholarship granting

- 266 organizations;
- 267 ~~[(e) annually calculate the amount of the program donations cap described in Section~~
- 268 ~~53E-7-407; and]~~
- 269 ~~[(f)] (e)~~ in accordance with Section 53E-1-202.1, annually submit a report on the
- 270 program to the Public Education Appropriations Subcommittee that includes:
- 271 ~~[(i) for the 2020-21, 2021-22, 2022-23, and 2023-24 school years, the amount of~~
- 272 ~~tuition and fees a qualifying school charges;]~~
- 273 ~~[(ii)] (i)~~ administrative costs of the program;
- 274 ~~[(iii)] (ii)~~ the number of scholarship students that are eligible students described in
- 275 Subsection ~~[53E-7-401(1)(a)]~~ 53E-7-401(2)(a) and the number of scholarship
- 276 students that are eligible students described in Subsection ~~[53E-7-401(1)(b)]~~
- 277 53E-7-401(2)(b) from each school district;
- 278 ~~[(iv)] (iii)~~ standards used by the scholarship granting organization to determine
- 279 whether a student is an eligible student; and
- 280 ~~[(v)] (iv)~~ savings to the state and LEAs as a result of scholarship students exiting the
- 281 public school system.
- 282 (2) (a) In accordance with Subsection (3) and Title 63G, Chapter 6a, Utah Procurement
- 283 Code, the state board shall issue a request for proposals and enter into at least one
- 284 agreement with an organization that is qualified as tax exempt under Section
- 285 501(c)(3), Internal Revenue Code, to be recognized by the state board as a
- 286 scholarship granting organization.
- 287 (b) An organization that responds to a request for proposals described in Subsection
- 288 (2)(a) shall submit the following information in the organization's response:
- 289 (i) a copy of the organization's incorporation documents;
- 290 (ii) a copy of the organization's Internal Revenue Service determination letter
- 291 qualifying the organization as being tax exempt under Section 501(c)(3), Internal
- 292 Revenue Code;
- 293 (iii) a description of the methodology the organization will use to verify that a student
- 294 is an eligible student under this part; and
- 295 (iv) a description of the organization's proposed scholarship application process.
- 296 (3) (a) The state board shall enter into an agreement described in Subsection (2)(a) with
- 297 one scholarship granting organization on or before January 1, 2021.
- 298 (b) The state board may enter into an agreement described in Subsection (2)(a) with
- 299 additional scholarship granting organizations after January 1, 2023, if the state board

300 makes rules regarding how multiple scholarship granting organizations may issue tax
301 credit certificates in accordance with Section 53E-7-407.

302 (c) (i) No later than 10 days after the day on which the state board enters into an
303 agreement with a scholarship granting organization, the state board shall forward
304 the name and contact information of the scholarship granting organization to the
305 State Tax Commission.

306 (ii) If, under Subsection (4)(c)(i), the state board bars a scholarship granting
307 organization from further participation in the program, the state board shall, no
308 later than 10 days after the day on which the state board bars the scholarship
309 granting organization, forward the name and contact information of the barred
310 scholarship granting organization to the State Tax Commission.

311 (4) (a) If the state board determines that a scholarship granting organization has violated
312 a provision of this part or state board rule, the state board shall send written notice to
313 the scholarship granting organization explaining the violation and the remedial action
314 required to correct the violation.

315 (b) A scholarship granting organization that receives a notice described in Subsection
316 (4)(a) shall, no later than 60 days after the day on which the scholarship granting
317 organization receives the notice, correct the violation and report the correction to the
318 state board.

319 (c) (i) If a scholarship granting organization that receives a notice described in
320 Subsection (4)(a) fails to correct a violation in the time period described in
321 Subsection (4)(b), the state board may bar the scholarship granting organization
322 from further participation in the program.

323 (ii) A scholarship granting organization may appeal a decision made by the state
324 board under Subsection (4)(c)(i) in accordance with Title 63G, Chapter 4,
325 Administrative Procedures Act.

326 (d) A scholarship granting organization may not accept program donations while the
327 scholarship granting organization:

328 (i) is barred from participating in the program under Subsection (4)(c)(i); or

329 (ii) has an appeal pending under Subsection (4)(c)(ii).

330 (e) A scholarship granting organization that has an appeal pending under Subsection
331 (4)(c)(ii) may continue to administer scholarships from previously donated program
332 donations during the pending appeal.

333 (5) The state board shall provide for a process for a scholarship granting organization to

- 334 report information as required under Section 53E-7-405.
- 335 (6) The state board shall make rules in accordance with Title 63G, Chapter 3, Utah
 336 Administrative Rulemaking Act, to administer the program, including rules for:
- 337 (a) the administration of scholarships to a qualifying school or qualifying provider
 338 receiving scholarship money from a scholarship granting organization that is barred
 339 from participating in the program under Subsection (4)(c)(i);
- 340 (b) when an eligible student does not continue in enrollment at a qualifying school or
 341 participation in services provided by a qualifying provider:
- 342 (i) requiring the scholarship granting organization to:
- 343 (A) notify the state board; and
- 344 (B) obtain reimbursement of scholarship money from the qualifying school in
 345 which the eligible student is no longer enrolled or qualifying provider in which
 346 the eligible student is no longer participating; and
- 347 (ii) requiring the qualifying school or qualifying provider in which the eligible
 348 student is no longer enrolled to reimburse scholarship money to the scholarship
 349 granting organization;
- 350 (c) audit and report requirements as described in Section 53E-7-405; and
- 351 (d) requiring the scholarship granting organization, in accordance with the Family
 352 Educational Rights and Privacy Act, 20 U.S.C. Sec. 1232g, to submit to the state
 353 board:
- 354 [(i) for the 2020-21, 2021-22, 2022-23, and 2023-24 school years, the amount of
 355 tuition and fees a qualifying school charges;]
- 356 [(ii) (i) the number of scholarship students that are eligible students described in
 357 Subsection [53E-7-401(1)(a)] 53E-7-401(2)(a) and the number of scholarship
 358 students that are eligible students described in Subsection [53E-7-401(1)(b)]
 359 53E-7-401(2)(b) from each school district;
- 360 [(iii) (ii) standards used to determine whether a student is an eligible student; and
 361 [(iv) (iii) any other information requested by the Public Education Appropriations
 362 Subcommittee for the state board to include in the annual report described in
 363 Section 53E-1-202.1.
- 364 Section 6. Section **53E-7-405** is amended to read:
- 365 **53E-7-405 . Program donations -- Scholarship granting organization**
 366 **requirements -- Legislative appropriations.**
- 367 (1) A person that makes a donation to a scholarship granting organization to help fund

- 368 scholarships through the program may be eligible to receive a nonrefundable tax credit
369 as described in Sections 59-7-625 and 59-10-1041.
- 370 (2) In accordance with Section 53E-7-404, an organization may enter into an agreement
371 with the state board to be a scholarship granting organization.
- 372 (3) A scholarship granting organization shall:
- 373 (a) accept program donations and allow a person that makes a program donation to
374 designate a qualifying school or qualifying provider to which the donation shall be
375 directed for scholarships;
- 376 (b) adopt an application process in accordance with Subsection (5);
- 377 (c) review scholarship applications and determine scholarship awards;
- 378 (d) allocate scholarship money to a scholarship student's parent or, on the parent's
379 behalf, to a qualifying school or qualifying provider in which the scholarship student
380 is enrolled or participates;
- 381 (e) adopt a process, with state board approval, that allows a parent to use a scholarship to
382 pay for a nontuition scholarship expense for the scholarship student;
- 383 (f) ensure that during the state fiscal year:
- 384 (i) at least 92% of the scholarship granting organization's revenue from program
385 donations ~~[is]~~ and other funding sources are spent on scholarships;
- 386 (ii) up to 5% of the scholarship granting organization's revenue from program
387 donations ~~[is]~~ and other funding sources are spent on administration of the
388 program;
- 389 (iii) up to 3% of the scholarship granting organization's revenue from program
390 donations ~~[is]~~ and other funding sources are spent on marketing and fundraising
391 costs; and
- 392 (iv) all revenue from [~~program donations~~]-interest or investments is spent on
393 scholarships;
- 394 (g) carry forward no more than 60% of the scholarship granting organization's [~~program~~
395 ~~donations~~] funds, less funds for a scholarship that has been awarded, and funds
396 expended for administration and marketing, from the state fiscal year in which the
397 scholarship granting organization received the [~~program donations~~] funds to the
398 following state fiscal year;
- 399 (h) at the end of a state fiscal year, remit to the state treasurer donation amounts greater
400 than the amount described in Subsection (3)(g);
- 401 (i) prohibit a scholarship granting organization employee or officer from handling,

- 402 managing, or processing program donations or other funds, if, based on a criminal
403 background check conducted by the state board in accordance with Section 53E-7-404,
404 the state board identifies the employee or officer as posing a risk to the appropriate
405 use of program donations or other funds;
- 406 (j) ensure that a scholarship can be transferred during the school year to a different
407 qualifying school or qualifying provider that accepts the scholarship student;
- 408 (k) report to the state board on or before [~~October~~] November 1 of each year the
409 following information, prepared by a certified public accountant:
- 410 (i) the name and address of the scholarship granting organization;
- 411 (ii) the total number and total dollar amount of program donations and other funding
412 sources that the scholarship granting organization received during the previous
413 calendar year;
- 414 (iii) (A) the total number and total dollar amount of scholarships the scholarship
415 granting organization awarded during the previous state fiscal year to eligible
416 students described in Subsection [~~53E-7-401(1)(a)~~] 53E-7-401(2)(a); and
417 (B) the total number and total dollar amount of scholarships the scholarship
418 granting organization awarded during the previous state fiscal year to eligible
419 students described in Subsection [~~53E-7-401(1)(b)~~] 53E-7-401(2)(b); and
- 420 (iv) the percentage of first-time scholarship recipients who were enrolled in a public
421 school during the previous school year or who entered kindergarten or a higher
422 grade for the first time in Utah;
- 423 (l) issue tax credit certificates as described in Section 53E-7-407; and
- 424 (m) (i) require a parent to notify a scholarship granting organization if the parent's
425 scholarship recipient:
- 426 [~~(i)~~] (A) receives scholarship money for tuition expenses; and
427 [~~(ii)~~] (B) does not have continuing enrollment and attendance at a qualifying school[-] ;
428 or
- 429 (ii) has transitioned to be a home-based student.
- 430 (4) The state treasurer shall deposit the money described in Subsection (3)(h) into the
431 Income Tax Fund.
- 432 (5) (a) An application for a scholarship shall contain an acknowledgment by the
433 applicant's parent that the qualifying school or qualifying provider selected by the
434 parent for the applicant to attend or participate in using a scholarship is capable of
435 providing the level of disability services required for the student.

- 436 (b) A scholarship application form shall contain the following statement:
437 "I acknowledge that:
- 438 (1) A private school may not provide the same level of disability services that are provided in a
439 public school;
- 440 (2) I will assume full financial responsibility for the education of my scholarship recipient if I
441 accept this scholarship;
- 442 (3) Acceptance of this scholarship has the same effect as a parental refusal to consent to
443 services as described in 24 C.F.R. Sec. 300.300, issued under the Individuals with Disabilities
444 Education Act, 20 U.S.C. Sec. 1400 et seq.; and
- 445 (4) My child may return to a public school at any time."
- 446 (c) Upon acceptance of a scholarship, the parent assumes full financial responsibility for
447 the education of the scholarship recipient.
- 448 (d) Acceptance of a scholarship has the same effect as a parental refusal to consent to
449 services as described in 24 C.F.R. Sec. 300.300, issued under the Individuals with
450 Disabilities Education Act, 20 U.S.C. Sec. 1400 et seq.
- 451 (e) The creation of the program or granting of a scholarship does not:
- 452 (i) imply that a public school did not provide a free and appropriate public education
453 for a student; or
- 454 (ii) constitute a waiver or admission by the state.
- 455 (6) A scholarship granting organization shall demonstrate the scholarship granting
456 organization's financial accountability by annually submitting to the state board a
457 financial information report that:
- 458 (a) complies with the uniform financial accounting standards described in Section
459 53E-7-404; and
- 460 (b) is prepared by a certified public accountant.
- 461 (7) (a) If a scholarship granting organization allocates \$500,000 or more in scholarships
462 annually through the program, the scholarship granting organization shall:
- 463 (i) contract for an annual audit, conducted by a certified public accountant who is
464 independent from:
- 465 (A) the scholarship granting organization; and
- 466 (B) the scholarship granting organization's accounts and records pertaining to
467 program donations and other funding sources; and
- 468 (ii) in accordance with Subsection (7)(b), report the results of the audit to the state
469 board for review.

- 470 (b) For the report described in Subsection (7)(a)(ii), the scholarship granting
471 organization shall:
- 472 (i) include the scholarship granting organization's financial statements in a format
473 that meets generally accepted accounting standards; and
474 (ii) submit the report to the state board no later than [~~120 days after the last day of the~~
475 ~~state fiscal year~~] November 1.
- 476 (c) The certified public accountant shall conduct an audit described in Subsection
477 (7)(a)(i) in accordance with generally accepted auditing standards and rules made by
478 the state board.
- 479 (d) (i) The state board shall review a report submitted under this section and may
480 request that the scholarship granting organization revise or supplement the report
481 if the report is not in compliance with the provisions of this Subsection (7) or rules
482 adopted by the state board.
- 483 (ii) A scholarship granting organization shall provide a revised report or supplement
484 to the report no later than 45 days after the day on which the state board makes a
485 request described in Subsection (7)(d)(i).
- 486 (8) (a) A scholarship granting organization may not allocate scholarship money to a
487 qualifying school or qualifying provider if:
- 488 (i) the scholarship granting organization determines that the qualifying school or
489 qualifying provider intentionally or substantially misrepresented information on
490 overpayment;
- 491 (ii) the qualifying school or qualifying provider fails to refund an overpayment in a
492 timely manner; or
- 493 (iii) the qualifying school or qualifying provider routinely fails to provide scholarship
494 recipients with promised educational goods or services.
- 495 (b) A scholarship granting organization shall notify a scholarship recipient if the
496 scholarship granting organization stops allocation of the recipient's scholarship
497 money to a qualifying school or qualifying provider under Subsection (8)(a).
- 498 (9) If a scholarship recipient transfers to another qualifying school or qualifying provider
499 during the school year, the scholarship granting organization may prorate scholarship
500 money between the qualifying schools or qualifying providers according to the time the
501 scholarship recipient spends at each school or each provider.
- 502 (10) A scholarship granting organization may not:
- 503 (a) award a scholarship to a relative of the scholarship granting organization's officer [~~or~~

504 employee]; or
 505 (b) allocate scholarship money to a qualifying school or qualifying provider at which the
 506 scholarship recipient has a relative who is an officer or an [employee] administrator of
 507 the qualifying school or qualifying provider.

508 (11) The Legislature may appropriate funds to the board to be distributed in an equal
 509 amount to each scholarship granting organization for the same purposes program
 510 donations are used.

511 Section 7. Section **53E-7-406** is amended to read:

512 **53E-7-406 . Qualifying school or qualifying provider regulatory autonomy --**
 513 **Home school autonomy -- Student records -- Scholarship student status.**

514 (1) Nothing in this part:

515 (a) except as expressly described in this part, grants additional authority to any state
 516 agency or LEA to regulate or control:

517 (i) a qualifying school, qualifying provider, or home school; or

518 (ii) students receiving education from a qualifying school, qualifying provider, or
 519 home school;

520 (b) applies to or otherwise affects the freedom of choice of an out-of-program home
 521 school student, including the curriculum, resources, developmental planning, or any
 522 other aspect of the out-of-program home school student's education; or

523 (c) expands the regulatory authority of the state, a state office holder, or an LEA to
 524 impose any additional regulation of a qualifying school or qualifying provider
 525 beyond any regulation necessary to administer this part.

526 (2) A qualifying school or qualifying provider:

527 (a) has a right to maximum freedom from unlawful governmental control in providing
 528 for the educational needs of a scholarship student who attends or engages with the
 529 qualifying school or qualifying provider; and

530 (b) is not an agent of the state by virtue of the provider's acceptance of payment from a
 531 scholarship account in accordance with this part.

532 (3) Except as provided in Section 53E-7-403 regarding qualifying schools or qualifying
 533 providers, Section 53E-7-408 regarding eligible schools, or Section 53E-7-408.5
 534 regarding eligible service providers, a scholarship granting organization may not require
 535 a qualifying provider to alter the qualifying provider's creed, practices, admissions
 536 policies, hiring practices, or curricula in order to accept scholarship funds.

537 (4) An LEA or a school in an LEA in which a scholarship student was previously enrolled

538 shall provide to the scholarship student's parent a copy of all school records relating to
539 the student that the LEA possesses within 30 days after the day on which the LEA or
540 school receives the parent's request for the student's records, subject to:

541 (a) Title 53E, Chapter 9, Student Privacy and Data Protection; and

542 (b) Family Educational Rights and Privacy Act, 20 U.S.C. Sec. 1232g.

543 (5) By virtue of a scholarship student's involvement in the program and unless otherwise
544 expressly provided in statute, a scholarship student is not:

545 (a) enrolled in the public education system; or

546 (b) otherwise subject to statute, administrative rules, or other state regulations as if the
547 student was enrolled in the public education system.

548 [(1) Nothing in this part:]

549 [(a) grants additional authority to any state agency or LEA to regulate private schools
550 except as expressly described in this part; or]

551 [(b) expands the regulatory authority of the state, a state office holder, or a local school
552 district to impose any additional regulation of a qualifying school beyond those
553 necessary to enforce the requirements of the program.]

554 [(2) A qualifying school shall be given the maximum freedom to provide for the
555 educational needs of a scholarship recipient who attends the qualifying school without
556 unlawful governmental control.]

557 [(3) Except as provided in Section 53E-7-403, a qualifying school may not be required to
558 alter the qualifying school's creed, practices, admission policy, or curriculum in order to
559 accept scholarship money.]

560 [(4) A local education agency or school in a local education agency in which a scholarship
561 recipient was previously enrolled shall provide to a qualifying school in which the
562 scholarship recipient is currently enrolled a copy of all requested school records relating
563 to the scholarship recipient, subject to:]

564 [(a) Title 53E, Chapter 9, Student Privacy and Data Protection; and]

565 [(b) Family Educational Rights and Privacy Act, 20 U.S.C. Sec. 1232g.]

566 Section 8. Section **53E-7-407** is amended to read:

567 **53E-7-407 . Tax credit certificates issued by a scholarship granting organization.**

568 (1) In accordance with this section [and subject to Subsection (3)], a scholarship granting
569 organization shall provide a tax credit certificate, on a form provided by the State Tax
570 Commission, to a person that makes a donation as described in Section 53E-7-405.

571 (2) (a) The scholarship granting organization shall provide the information from a

572 completed tax credit certificate to the State Tax Commission electronically and in a
573 manner prescribed by the State Tax Commission.

574 (b) A scholarship granting organization shall issue a tax credit certificate within 30 days
575 after the day on which a person makes a donation to the program.

576 ~~[(3) (a) A scholarship granting organization may not issue a tax credit certificate for a~~
577 ~~calendar year if issuing the tax credit certificate will cause the total amount of the tax~~
578 ~~credit certificates issued for the calendar year to exceed the program donations cap~~
579 ~~amount described in Subsection (4).]~~

580 ~~[(b)]~~ (3) (a) Before accepting a donation to the program from a person, the scholarship
581 granting organization shall provide the person with notice:

- 582 (i) that the donation may not be eligible for a tax credit;
- 583 (ii) of the process described in Subsection ~~[(3)(e)]~~ (3)(b); and
- 584 (iii) of the total amount of tax credit certificates that the scholarship granting
585 organization has issued for the calendar year.

586 ~~[(e)]~~ (b) During a calendar year, a scholarship granting organization shall:

- 587 (i) issue tax credit certificates in the order that the scholarship granting organization
588 received a corresponding donation; and
- 589 (ii) track the total amount of program donations received during the year as
590 corresponding tax credit certificates are issued.

591 ~~[(d)]~~ (c) If a scholarship granting organization accepts a donation that, when added to the
592 current total amount of program donations received that year, will exceed the
593 program donations cap described in Subsection (4), the scholarship granting
594 organization shall issue a tax credit certificate in the amount that is the difference
595 between the program donations cap and the total amount of program donations
596 received before the donation was received.

597 (4) (a) The program donations cap for the 2021 calendar year is \$5,940,000.

598 (b) For a calendar year after 2021, the state board shall calculate the program donations
599 cap as follows:

- 600 (i) if the total program donations for the previous calendar year exceed 90% of the
601 cap amount for that calendar year, the cap for the current calendar year is the cap
602 amount for the previous calendar year increased by 10% plus a percentage equal
603 to the percentage of growth in the participation of the program from the previous
604 calendar year; or
- 605 (ii) if the total program donations for the previous calendar year did not exceed 90%

606 of the cap amount for that calendar year, the cap for the current calendar year is
607 the same as the cap amount for the previous calendar year.

608 (5) A person that receives a tax credit certificate in accordance with this section shall retain
609 the certificate for the same time period a person is required to keep books and records
610 under Section 59-1-1406.

611 Section 9. Section **53E-7-408** is amended to read:

612 **53E-7-408 . Eligible private schools.**

613 (1) To be eligible to enroll a scholarship student, a private school shall:

614 (a) have a physical location in Utah where the scholarship students attend classes and
615 have direct contact with the school's teachers;

616 (b) (i) contract with an independent licensed certified public accountant to conduct an
617 Agreed Upon Procedures engagement as adopted by the state board, or obtain an
618 audit and report from a licensed independent certified public accountant that
619 conforms with the following requirements:

620 (A) the audit shall be performed in accordance with generally accepted auditing
621 standards;

622 (B) the financial statements shall be presented in accordance with generally
623 accepted accounting principles; and

624 (C) the audited financial statements shall be as of a period within the last 12
625 months; and

626 (ii) submit the audit report or report of the agreed upon procedure to the state board
627 when the private school applies to accept scholarship students;

628 (c) comply with the antidiscrimination provisions of 42 U.S.C. 2000d;

629 (d) meet state and local health and safety laws and codes;

630 (e) provide a written disclosure to the parent of each prospective student, before the
631 student is enrolled, of:

632 (i) the special education services that will be provided to the student, including the
633 cost of those services;

634 (ii) tuition costs;

635 (iii) additional fees a parent will be required to pay during the school year; and

636 (iv) the skill or grade level of the curriculum in which the prospective student will
637 participate;

638 (f) (i) administer an annual assessment of each scholarship student's academic
639 progress; and

- 640 (ii) report the results of the assessment described in Subsection (1)(f)(i) to the
641 scholarship student's parent;
- 642 (g) employ or contract with teachers who:
- 643 (i) hold baccalaureate or higher degrees;
- 644 (ii) have at least three years of teaching experience in public or private schools; or
- 645 (iii) have the necessary skills, knowledge, or expertise that qualifies the teacher to
646 provide instruction:
- 647 (A) in the subject or subjects taught; and
- 648 (B) to the special needs students taught;
- 649 (h) maintain documentation demonstrating that teachers at the private school meet the
650 qualifications described in Subsection (1)(g);
- 651 (i) require the following individuals to submit to a nationwide, fingerprint-based
652 criminal background check and ongoing monitoring, in accordance with Section
653 53G-11-402, as a condition for employment or appointment, as authorized by the
654 Adam Walsh Child Protection and Safety Act of 2006, Pub. L. No. 109-248:
- 655 (i) an employee who does not hold a current Utah educator license issued by the state
656 board under Chapter 6, Education Professional Licensure;
- 657 (ii) a contract employee; and
- 658 (iii) a volunteer who is given significant unsupervised access to a student in
659 connection with the volunteer's assignment; and
- 660 (j) provide to the parent of a scholarship student the relevant credentials of the teachers
661 who will be teaching the scholarship student.
- 662 (2) A private school is not eligible to enroll scholarship students if:
- 663 (a) the private school requires a student to sign a contract waiving the student's rights to
664 transfer to another qualifying school during the school year;
- 665 (b) the audit report submitted under Subsection (1)(b) contains a going concern
666 explanatory paragraph;
- 667 (c) the report of the agreed upon procedures submitted under Subsection (1)(b) shows
668 that the private school does not have adequate working capital to maintain operations
669 for the first full year, as determined under Subsection (1)(b); or
- 670 (d) the private school charges a scholarship student more in tuition or fees than another
671 student based solely upon the scholarship student being a scholarship recipient under
672 this part.
- 673 [~~(3) A home school is not eligible to enroll scholarship students.~~]

- 674 ~~[(4)]~~ (3) Residential treatment facilities licensed by the state are not eligible to enroll
675 scholarship students.
- 676 ~~[(5)]~~ (4) A private school intending to enroll scholarship students shall submit an application
677 to the state board.
- 678 ~~[(6)]~~ (5) The state board shall:
- 679 (a) approve a private school's application to enroll scholarship students, if the private
680 school meets the eligibility requirements of this section; and
- 681 (b) publish on the state board's website, a list of private schools approved under this
682 section.
- 683 ~~[(7)]~~ (6) A private school approved under this section that changes ownership shall:
- 684 (a) submit a new application to the state board; and
- 685 (b) demonstrate that the private school continues to meet the eligibility requirements of
686 this section.
- 687 Section 10. Section **53E-7-408.5** is enacted to read:
- 688 **53E-7-408.5 . Eligible service provider.**
- 689 (1) To be an eligible service provider, a private program or service:
- 690 (a) shall provide to the scholarship granting organization:
- 691 (i) a federal employer identification number;
- 692 (ii) the provider's address and contact information;
- 693 (iii) a description of each program or service the provider proposes to offer directly to
694 a scholarship student; and
- 695 (iv) subject to Subsection (2), any other information as required by the scholarship
696 granting organization;
- 697 (b) shall comply with the antidiscrimination provisions of 42 U.S.C. Sec. 2000d; and
- 698 (c) may not act as a consultant, clearing house, or intermediary that connects a
699 scholarship student with or otherwise facilitates the student's engagement with a
700 program or service that another entity provides.
- 701 (2) The scholarship granting organization shall adopt policies that maximize the number of
702 eligible service providers, including accepting new providers throughout the school year,
703 while ensuring education programs or services provided through the program meet
704 student needs and otherwise comply with this part.
- 705 (3) A private program or service intending to receive scholarship funds shall:
- 706 (a) submit an application to the scholarship granting organization; and
- 707 (b) agree to not refund, rebate, or share scholarship funds with scholarship students or

708 scholarship students' parents in any manner except remittances or refunds to a
709 scholarship account in accordance with this part and procedures that the program
710 manager establishes.

711 (4) The scholarship granting organization shall:

712 (a) if the private program or service meets the eligibility requirements of this section,
713 recognize the private program or service as an eligible service provider and approve a
714 private program or service's application to receive scholarship funds on behalf of a
715 scholarship student; and

716 (b) make available to the public a list of eligible service providers approved under this
717 section.

718 (5) A private program or service approved under this section that changes ownership shall:

719 (a) cease operation as an eligible service provider until:

720 (i) the program or service submits a new application to the scholarship granting
721 organization; and

722 (ii) the scholarship granting organization approves the new application; and

723 (b) demonstrate that the private program or service continues to meet the eligibility
724 requirements of this section.

725 Section 11. Section **53F-4-302** is amended to read:

726 **53F-4-302 . Scholarship program created -- Qualifications.**

727 (1) The Carson Smith Scholarship Program is created to award scholarships to students
728 with disabilities to attend a private school.

729 (2) To qualify for a scholarship:

730 (a) the student's custodial parent shall reside within Utah;

731 (b) the student shall have one or more of the following disabilities:

732 (i) an intellectual disability;

733 (ii) deafness or being hard of hearing;

734 (iii) a speech or language impairment;

735 (iv) a visual impairment;

736 (v) a serious emotional disturbance;

737 (vi) an orthopedic impairment;

738 (vii) autism;

739 (viii) traumatic brain injury;

740 (ix) other health impairment;

741 (x) specific learning disabilities;

- 742 (xi) deafblindness; or
- 743 (xii) a developmental delay, provided the student is at least three years [~~of age,~~
744 pursuant] old, as described to Subsection (2)(c), and is younger than eight years [~~of~~
745 age] old;
- 746 (c) the student shall be at least three years [~~of age~~] old before September 2 of the year in
747 which admission to a private school is sought and under 19 years [~~of age~~] old on the
748 last day of the school year as determined by the private school, or, if the individual
749 has not graduated from high school, will be under 22 years [~~of age~~] old on the last day
750 of the school year as determined by the private school; and
- 751 (d) except as provided in Subsection (3), the student shall:
- 752 (i) be enrolled in a Utah public school in the school year prior to the school year the
753 student will be enrolled in a private school;
- 754 (ii) have an IEP; and
- 755 (iii) have obtained acceptance for admission to an eligible private school.
- 756 (3) The requirements of Subsection (2)(d) do not apply in the following circumstances:
- 757 (a) the student is enrolled or has obtained acceptance for admission to an eligible private
758 school that has previously served students with disabilities; and
- 759 (b) an assessment team is able to readily determine with reasonable certainty:
- 760 (i) that the student has a disability listed in Subsection (2)(b) and would qualify for
761 special education services, if enrolled in a public school; and
- 762 (ii) for the purpose of establishing the scholarship amount, the appropriate level of
763 special education services which should be provided to the student.
- 764 (4) (a) [~~Fø~~] Except as provided in Subsection (11)(b), to receive a full-year scholarship
765 under this part, a parent of a student shall submit to the LEA where the student is
766 enrolled an application on or before the August 15 immediately preceding the first
767 day of the school year for which the student would receive the scholarship.
- 768 (b) [~~The~~] Except as provided in Subsection (11)(b), the state board may waive the
769 full-year scholarship deadline described in Subsection (4)(a).
- 770 (c) An application for a scholarship shall contain an acknowledgment by the parent that
771 the selected school is qualified and capable of providing the level of special
772 education services required for the student.
- 773 (5) (a) The scholarship application form shall contain the following statement:
774 "I acknowledge that:
- 775 (1) A private school may not provide the same level of special education services that are

- 776 provided in a public school;
- 777 (2) I will assume full financial responsibility for the education of my scholarship student if I
- 778 accept this scholarship;
- 779 (3) Acceptance of this scholarship has the same effect as a parental refusal to consent to
- 780 services pursuant to Section 614(a)(1) of the Individuals with Disabilities Education Act, 20
- 781 U.S.C. Sec. 1400 et seq.; and
- 782 (4) My child may return to a public school at any time."
- 783 (b) Upon acceptance of the scholarship, the parent assumes full financial responsibility
- 784 for the education of the scholarship student.
- 785 (c) Acceptance of a scholarship has the same effect as a parental refusal to consent to
- 786 services pursuant to Section 614(a)(1) of the Individuals with Disabilities Education
- 787 Act, 20 U.S.C. Sec. 1400 et seq.
- 788 (d) The creation of the scholarship program or granting of a scholarship does not:
- 789 (i) imply that a public school did not provide a free and appropriate public education
- 790 for a student; or
- 791 (ii) constitute a waiver or admission by the state.
- 792 (6) (a) Except as provided in Subsection (6)(b), a scholarship shall remain in force for
- 793 the lesser of:
- 794 (i) three years; or
- 795 (ii) until the student is determined ineligible for special education services.
- 796 (b) If a student is determined ineligible for special education services as described in
- 797 Subsection (6)(a)(ii) before the end of a school year, the student may remain enrolled
- 798 at the private school and qualifies for the scholarship until the end of the school year.
- 799 (c) A scholarship [~~shall~~] may be extended for an additional three years, if:
- 800 (i) the student is evaluated by an assessment team; and
- 801 (ii) the assessment team determines that the student would qualify for special
- 802 education services, if enrolled in a public school.
- 803 (d) The assessment team shall determine the appropriate level of special education
- 804 services which should be provided to the student for the purpose of setting the
- 805 scholarship amount.
- 806 (e) A scholarship [~~shall~~] may be extended for successive three-year periods as provided
- 807 in Subsections (6)(a) and (c):
- 808 (i) until the student graduates from high school; or
- 809 (ii) if the student does not graduate from high school, until the student is [age-]22

- 810 years old.
- 811 (7) A student's parent, at any time, may remove the student from a private school and place
812 the student in another eligible private school and retain the scholarship.
- 813 (8) A scholarship student:
- 814 (a) may participate in the Statewide Online Education Program described in Part 5,
815 Statewide Online Education Program; and
- 816 (b) may not participate in a dual enrollment program pursuant to Section 53G-6-702.
- 817 (9) The parents of a scholarship student have the authority to choose the private school that
818 will best serve the interests and educational needs of that student, which may be a
819 sectarian or nonsectarian school, and to direct the scholarship resources available for
820 that student solely as a result of their genuine and independent private choices.
- 821 ~~[(10) (a) An LEA shall notify in writing the parents of students enrolled in the LEA who
822 have an IEP of the availability of a scholarship to attend a private school through the
823 Carson Smith Scholarship Program.]~~
- 824 ~~[(b) The notice described under Subsection (10)(a) shall:]~~
- 825 ~~[(i) be provided no later than 30 days after the student initially qualifies for an IEP;]~~
- 826 ~~[(ii) be provided annually no later than February 1 to all students who have an IEP; and]~~
- 827 ~~[(iii) include the address of the Internet website maintained by the state board that provides
828 prospective applicants with detailed program information and application forms for the
829 Carson Smith Scholarship Program.]~~
- 830 ~~[(c) An LEA or school within an LEA that has an enrolled student who has an IEP shall
831 post the address of the Internet website maintained by the state board that provides
832 prospective applicants with detailed program information and application forms for the
833 Carson Smith Scholarship Program on the LEA's or school's website, if the LEA or
834 school has one.]~~
- 835 (10) The state board shall notify the parents of a scholarship student in writing of:
- 836 (a) the termination of new applicants in the existing scholarship program; and
- 837 (b) the ability of a current scholarship student to remain in the scholarship program as
838 described in Subsection (6)(c) and (e).
- 839 (11) After the 2023-2024 school year, an LEA or the state board may not:
- 840 (a) accept a new application; or
- 841 (b) provide a waiver of a full-year application.
- 842 Section 12. Section **53F-4-304** is amended to read:
- 843 **53F-4-304 . Scholarship payments.**

- 844 (1) (a) The state board shall award scholarships subject to the availability of money
845 appropriated by the Legislature for that purpose.
- 846 (b) The Legislature shall annually appropriate money to the state board from the General
847 Fund to make scholarship payments.
- 848 (c) The Legislature shall annually increase the amount of money appropriated under
849 Subsection (1)(b) by an amount equal to the product of:
- 850 (i) the average scholarship amount awarded as of December 1 in the previous year;
851 and
- 852 (ii) the product of:
- 853 (A) the number of students in preschool through grade 12 in public schools
854 statewide who have an IEP on December 1 of the previous year; and
- 855 (B) 0.0007.
- 856 (d) If the number of scholarship students as of December 1 in any school year equals or
857 exceeds 7% of the number of students in preschool through grade 12 in public
858 schools statewide who have an IEP as of December 1 in the same school year, the
859 Public Education Appropriations Subcommittee shall study the requirement to
860 increase appropriations for scholarship payments as provided in this section.
- 861 (e) (i) If money is not available to pay for all scholarships requested, the state board
862 shall allocate scholarships on a random basis except that the state board shall give
863 preference to students who received scholarships in the previous school year.
- 864 (ii) If money is insufficient in a school year to pay for all the continuing scholarships,
865 the state board may not award new scholarships during that school year and the
866 state board shall prorate money available for scholarships among the eligible
867 students who received scholarships in the previous year.
- 868 (f) Beginning with the 2025 fiscal year, the state board shall:
- 869 (i) calculate a maximum award cap that may not exceed the cost of the program
870 including scholarship payments from the previous fiscal year; and
- 871 (ii) transfer any funds in excess of the amount described in Subsection (1)(f)(i) to the
872 Carson Smith Opportunity Scholarship Program established in Section 53E-7-402.
- 873 (2) Except as provided in Subsection (4), the state board shall award full-year scholarships
874 in the following amounts:
- 875 (a) for a student who received an average of 180 minutes per day or more of special
876 education services in a public school before transferring to a private school, an
877 amount not to exceed the lesser of:

- 878 (i) the value of the weighted pupil unit multiplied by 2.5; or
879 (ii) the private school tuition and fees; and
880 (b) for a student who received an average of less than 180 minutes per day of special
881 education services in a public school before transferring to a private school, an
882 amount not to exceed the lesser of:
883 (i) the value of the weighted pupil unit multiplied by 1.5; or
884 (ii) the private school tuition and fees.
- 885 (3) The scholarship amount for a student enrolled in a half-day kindergarten or part-day
886 preschool program shall be the amount specified in Subsection (2)(a) or (b) multiplied
887 by .55.
- 888 (4) If a student leaves a private school before the end of a fiscal quarter:
889 (a) the private school is only entitled to the amount of scholarship equivalent to the
890 number of days that the student attended the private school; and
891 (b) the private school shall remit a prorated amount of the scholarship to the state board
892 in accordance with the procedures described in rules adopted by the state board in
893 accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act.
- 894 (5) For the amount of funds remitted under Subsection (4)(b), the state board shall:
895 (a) make the amount available to the student to enroll immediately in another qualifying
896 private school; or
897 (b) refund the amount back to the Carson Smith Scholarship Program account [~~to be~~
898 ~~available to support the costs of another scholarship~~].
- 899 (6) (a) The state board shall make an additional allocation on a random basis before June
900 30 each year only:
901 (i) if there are sufficient remaining funds in the program; and
902 (ii) for scholarships for students enrolled in a full-day preschool program.
903 (b) If the state board awards a scholarship under Subsection (6)(a), the scholarship
904 amount or supplement may not exceed the lesser of:
905 (i) the value of the weighted pupil unit multiplied by 1.0; or
906 (ii) the private school tuition and fees.
- 907 (c) The state board shall, when preparing annual growth projection numbers for the
908 Legislature, include the annual number of applications for additional allocations
909 described in Subsection (6)(a).
- 910 (7) (a) The scholarship amount for a student who receives a waiver under Subsection
911 53F-4-302(3) shall be based upon the assessment team's determination of the

- 912 appropriate level of special education services to be provided to the student.
- 913 (b) (i) If the student requires an average of 180 minutes per day or more of special
 914 education services, a full-year scholarship shall be equal to the amount specified
 915 in Subsection (2)(a).
- 916 (ii) If the student requires less than an average of 180 minutes per day of special
 917 education services, a full-year scholarship shall be equal to the amount specified
 918 in Subsection (2)(b).
- 919 (iii) If the student is enrolled in a half-day kindergarten or part-day preschool
 920 program, a full-year scholarship is equal to the amount specified in Subsection (3).
- 921 (8) (a) Except as provided in Subsection (8)(b), upon review and receipt of
 922 documentation that verifies a student's admission to, or continuing enrollment and
 923 attendance at, a private school, the state board shall make scholarship payments
 924 quarterly in four equal amounts in each school year in which a scholarship is in force.
- 925 (b) In accordance with state board rule, made in accordance with Title 63G, Chapter 3,
 926 Utah Administrative Rulemaking Act, the state board may make a scholarship
 927 payment before the first quarterly payment of the school year, if a private school
 928 requires partial payment of tuition before the start of the school year to reserve space
 929 for a student admitted to the school.
- 930 (9) A parent of a scholarship student shall notify the state board if the student does not have
 931 continuing enrollment and attendance at an eligible private school.
- 932 (10) Before scholarship payments are made, the state board shall cross-check enrollment
 933 lists of scholarship students, LEAs, and youth in custody to ensure that scholarship
 934 payments are not erroneously made.

935 Section 13. Section **53F-6-401** is amended to read:

936 **53F-6-401 . Definitions.**

937 As used in this part:

- 938 (1) "Eligible student" means a student:
- 939 (a) who is eligible to participate in public school, in kindergarten, or grades 1 through 12;
- 940 (b) who is a resident of the state;
- 941 (c) who, during the school year for which the student is applying for a scholarship
 942 account:
- 943 (i) does not receive a scholarship under:
- 944 (A) the Carson Smith Scholarship Program established in Section 53F-4-302; or
- 945 (B) the [~~Special Needs~~] Carson Smith Opportunity Scholarship Program

- 946 established in Section 53E-7-402; and
- 947 (ii) except for a student who is enrolled part-time in accordance with Section
- 948 53G-6-702, is not enrolled in an LEA upon receiving the scholarship;
- 949 (d) whose eligibility is not suspended or disqualified under Section 53F-6-401; and
- 950 (e) who completes, to maintain eligibility, the portfolio requirement described in
- 951 Subsection 53F-6-402(3)(d).
- 952 (2) "Federal poverty level" means the United States poverty level as defined by the most
- 953 recently revised poverty income guidelines published by the United States Department
- 954 of Health and Human Services in the Federal Register.
- 955 (3) (a) "Home-based scholarship student" means a student who:
- 956 (i) is eligible to participate in public school, in kindergarten or grades 1 through 12;
- 957 (ii) is excused from enrollment in an LEA in accordance with Section 53G-6-204 to
- 958 attend a home school; and
- 959 (iii) receives a benefit of scholarship funds.
- 960 (b) "Home-based scholarship student" does not mean a home school student who does
- 961 not receive a scholarship under the program.
- 962 (4) "Program manager" means an organization that:
- 963 (a) is qualified as tax exempt under Section 501(c)(3), Internal Revenue Code;
- 964 (b) is not affiliated with any international organization;
- 965 (c) does not harvest data for the purpose of reproducing or distributing the data to other
- 966 entities;
- 967 (d) has no involvement in guiding or directing any curriculum or curriculum standards;
- 968 (e) does not manage or otherwise administer a scholarship under:
- 969 (i) the Carson Smith Scholarship Program established in Section 53F-4-302; or
- 970 (ii) the [Special Needs] Carson Smith Opportunity Scholarship Program established in
- 971 Section 53E-7-402; and
- 972 (f) an agreement with the state board recognizes as a program manager, in accordance
- 973 with this part.
- 974 (5) (a) "Program manager employee" means an individual working for the program
- 975 manager in a position in which the individual's salary, wages, pay, or compensation,
- 976 including as a contractor, is paid from scholarship funds.
- 977 (b) "Program manager employee" does not include:
- 978 (i) an individual who volunteers for the program manager or for a qualifying provider;
- 979 (ii) an individual who works for a qualifying provider; or

- 980 (iii) a qualifying provider.
- 981 (6) "Program manager officer" means:
- 982 (a) a member of the board of a program manager; or
- 983 (b) the chief administrative officer of a program manager.
- 984 (7) "Qualifying provider" means one of the following entities that is not a public school and
- 985 is autonomous and not an agent of the state, in accordance with Section 53F-6-406:
- 986 (a) an eligible school that the program manager approves in accordance with Section
- 987 53F-6-408; or
- 988 (b) an eligible service provider that the program manager approves in accordance with
- 989 Section 53F-6-409.
- 990 (8) "Relative" means a father, mother, husband, wife, son, daughter, sister, brother, uncle,
- 991 aunt, nephew, niece, first cousin, mother-in-law, father-in-law, brother-in-law,
- 992 sister-in-law, son-in-law, or daughter-in-law.
- 993 (9) "Scholarship account" means the account to which a program manager allocates funds
- 994 for the payment of approved scholarship expenses in accordance with this part.
- 995 (10) "Scholarship expense" means an expense described in Section 53F-6-402 that a parent
- 996 or scholarship student incurs in the education of the scholarship student for a service or
- 997 goods that a qualifying provider provides, including:
- 998 (a) tuition and fees of a qualifying provider;
- 999 (b) fees and instructional materials at a technical college;
- 1000 (c) tutoring services;
- 1001 (d) fees for after-school or summer education programs;
- 1002 (e) textbooks, curricula, or other instructional materials, including any supplemental
- 1003 materials or associated online instruction that a curriculum or a qualifying provider
- 1004 recommends;
- 1005 (f) educational software and applications;
- 1006 (g) supplies or other equipment related to a scholarship student's educational needs;
- 1007 (h) computer hardware or other technological devices that are intended primarily for a
- 1008 scholarship student's educational needs;
- 1009 (i) fees for the following examinations, or for a preparation course for the following
- 1010 examinations, that the program manager approves:
- 1011 (i) a national norm-referenced or standardized assessment described in Section
- 1012 53F-6-410, an advanced placement examination, or another similar assessment;
- 1013 (ii) a state-recognized industry certification examination; and

- 1014 (iii) an examination related to college or university admission;
- 1015 (j) educational services for students with disabilities from a licensed or accredited
1016 practitioner or provider, including occupational, behavioral, physical, audiology, or
1017 speech-language therapies;
- 1018 (k) contracted services that the program manager approves and that an LEA provides,
1019 including individual classes, after-school tutoring services, transportation, or fees or
1020 costs associated with participation in extracurricular activities;
- 1021 (l) ride fees or fares for a fee-for-service transportation provider to transport the
1022 scholarship student to and from a qualifying provider, not to exceed \$750 in a given
1023 school year;
- 1024 (m) expenses related to extracurricular activities, field trips, educational supplements,
1025 and other educational experiences; or
- 1026 (n) any other expense for a good or service that:
- 1027 (i) a parent or scholarship student incurs in the education of the scholarship student;
1028 and
- 1029 (ii) the program manager approves, in accordance with Subsection (4)(d).
- 1030 (11) "Scholarship funds" means:
- 1031 (a) funds that the Legislature appropriates for the program; and
- 1032 (b) interest that scholarship funds accrue.
- 1033 (12) (a) "Scholarship student" means an eligible student, including a home-based
1034 scholarship student, for whom the program manager establishes and maintains a
1035 scholarship account in accordance with this part.
- 1036 (b) "Scholarship student" does not include a home school student who does not receive a
1037 scholarship award under the program.
- 1038 (13) "Utah Fits All Scholarship Program" or "program" means the scholarship program
1039 established in Section 53F-6-402.
- 1040 Section 14. Section **59-7-109.1** is amended to read:
- 1041 **59-7-109.1 . Charitable contributions to the Carson Smith Opportunity**
1042 **Scholarship Program.**
- 1043 (1) Notwithstanding anything to the contrary in Section 59-7-109, a taxpayer may not
1044 subtract a charitable contribution that meets the requirements of Section 59-7-109 to the
1045 extent that the taxpayer claims a tax credit under Section 59-7-625 for the same
1046 charitable contribution.
- 1047 (2) This section supersedes any conflicting provisions of Utah law.

1048 Section 15. Section **59-7-625** is amended to read:

1049 **59-7-625 . Nonrefundable tax credit for a donation to the Carson Smith**
 1050 **Opportunity Scholarship Program.**

1051 (1) A taxpayer that makes a donation to the [~~Special Needs~~] Carson Smith Opportunity
 1052 Scholarship Program established in Section 53E-7-402 may claim a nonrefundable tax
 1053 credit equal to 100% of the amount stated on a tax credit certificate issued in accordance
 1054 with Section 53E-7-407.

1055 (2) If the amount of a tax credit listed on the tax credit certificate exceeds a taxpayer's
 1056 liability under this chapter for a taxable year, the taxpayer:
 1057 (a) may carry forward the amount of the tax credit exceeding the liability for a period
 1058 that does not exceed the next three taxable years; and
 1059 (b) may carry back the amount of the tax credit that exceeds the taxpayer's tax liability to
 1060 the previous taxable year.

1061 Section 16. Section **59-10-1041** is amended to read:

1062 **59-10-1041 . Nonrefundable tax credit for a donation to the Carson Smith**
 1063 **Opportunity Scholarship Program.**

1064 (1) Except as provided in Subsection (3), a claimant, estate, or trust that makes a donation
 1065 to the [~~Special Needs~~] Carson Smith Opportunity Scholarship Program established in
 1066 Section 53E-7-402 may claim a nonrefundable tax credit equal to 100% of the amount
 1067 stated on a tax credit certificate issued in accordance with Section 53E-7-407.

1068 (2) If the amount of a tax credit listed on the tax credit certificate exceeds a claimant's,
 1069 estate's, or trust's tax liability under this chapter for a taxable year, the claimant, estate,
 1070 or trust:

1071 (a) may carry forward the amount of the tax credit exceeding the liability for a period
 1072 that does not exceed the next three taxable years; and
 1073 (b) may carry back the amount of the tax credit that exceeds the claimant's, estate's, or
 1074 trust's tax liability to the previous taxable year.

1075 (3) A claimant, estate, or trust may not claim a credit described in Subsection (1) to the
 1076 extent the claimant, estate, or trust claims a donation described in Subsection (1) as an
 1077 itemized deduction on the claimant's, estate's, or trust's federal individual income tax
 1078 return for that taxable year.

1079 Section 17. Section **67-3-1** is amended to read:

1080 **67-3-1 . Functions and duties.**

1081 (1) (a) The state auditor is the auditor of public accounts and is independent of any

- 1082 executive or administrative officers of the state.
- 1083 (b) The state auditor is not limited in the selection of personnel or in the determination
1084 of the reasonable and necessary expenses of the state auditor's office.
- 1085 (2) The state auditor shall examine and certify annually in respect to each fiscal year,
1086 financial statements showing:
- 1087 (a) the condition of the state's finances;
- 1088 (b) the revenues received or accrued;
- 1089 (c) expenditures paid or accrued;
- 1090 (d) the amount of unexpended or unencumbered balances of the appropriations to the
1091 agencies, departments, divisions, commissions, and institutions; and
- 1092 (e) the cash balances of the funds in the custody of the state treasurer.
- 1093 (3) (a) The state auditor shall:
- 1094 (i) audit each permanent fund, each special fund, the General Fund, and the accounts
1095 of any department of state government or any independent agency or public
1096 corporation as the law requires, as the auditor determines is necessary, or upon
1097 request of the governor or the Legislature;
- 1098 (ii) perform the audits in accordance with generally accepted auditing standards and
1099 other auditing procedures as promulgated by recognized authoritative bodies; and
- 1100 (iii) as the auditor determines is necessary, conduct the audits to determine:
- 1101 (A) honesty and integrity in fiscal affairs;
- 1102 (B) accuracy and reliability of financial statements;
- 1103 (C) effectiveness and adequacy of financial controls; and
- 1104 (D) compliance with the law.
- 1105 (b) If any state entity receives federal funding, the state auditor shall ensure that the
1106 audit is performed in accordance with federal audit requirements.
- 1107 (c) (i) The costs of the federal compliance portion of the audit may be paid from an
1108 appropriation to the state auditor from the General Fund.
- 1109 (ii) If an appropriation is not provided, or if the federal government does not
1110 specifically provide for payment of audit costs, the costs of the federal compliance
1111 portions of the audit shall be allocated on the basis of the percentage that each
1112 state entity's federal funding bears to the total federal funds received by the state.
- 1113 (iii) The allocation shall be adjusted to reflect any reduced audit time required to
1114 audit funds passed through the state to local governments and to reflect any
1115 reduction in audit time obtained through the use of internal auditors working

- 1116 under the direction of the state auditor.
- 1117 (4) (a) Except as provided in Subsection (4)(b), the state auditor shall, in addition to
1118 financial audits, and as the auditor determines is necessary, conduct performance and
1119 special purpose audits, examinations, and reviews of any entity that receives public
1120 funds, including a determination of any or all of the following:
- 1121 (i) the honesty and integrity of all the entity's fiscal affairs;
 - 1122 (ii) whether the entity's administrators have faithfully complied with legislative intent;
 - 1123 (iii) whether the entity's operations have been conducted in an efficient, effective, and
1124 cost-efficient manner;
 - 1125 (iv) whether the entity's programs have been effective in accomplishing the intended
1126 objectives; and
 - 1127 (v) whether the entity's management, control, and information systems are adequate,
1128 effective, and secure.
- 1129 (b) The auditor may not conduct performance and special purpose audits, examinations,
1130 and reviews of any entity that receives public funds if the entity:
- 1131 (i) has an elected auditor; and
 - 1132 (ii) has, within the entity's last budget year, had the entity's financial statements or
1133 performance formally reviewed by another outside auditor.
- 1134 (5) The state auditor:
- 1135 (a) shall administer any oath or affirmation necessary to the performance of the duties of
1136 the auditor's office; and
 - 1137 (b) may:
 - 1138 (i) subpoena witnesses and documents, whether electronic or otherwise; and
 - 1139 (ii) examine into any matter that the auditor considers necessary.
- 1140 (6) The state auditor may require all persons who have had the disposition or management
1141 of any property of this state or its political subdivisions to submit statements regarding
1142 the property at the time and in the form that the auditor requires.
- 1143 (7) The state auditor shall:
- 1144 (a) except where otherwise provided by law, institute suits in Salt Lake County in
1145 relation to the assessment, collection, and payment of revenues against:
 - 1146 (i) persons who by any means have become entrusted with public money or property
1147 and have failed to pay over or deliver the money or property; and
 - 1148 (ii) all debtors of the state;
 - 1149 (b) collect and pay into the state treasury all fees received by the state auditor;

- 1150 (c) perform the duties of a member of all boards of which the state auditor is a member
1151 by the constitution or laws of the state, and any other duties that are prescribed by the
1152 constitution and by law;
- 1153 (d) stop the payment of the salary of any state official or state employee who:
1154 (i) refuses to settle accounts or provide required statements about the custody and
1155 disposition of public funds or other state property;
- 1156 (ii) refuses, neglects, or ignores the instruction of the state auditor or any controlling
1157 board or department head with respect to the manner of keeping prescribed
1158 accounts or funds; or
- 1159 (iii) fails to correct any delinquencies, improper procedures, and errors brought to the
1160 official's or employee's attention;
- 1161 (e) establish accounting systems, methods, and forms for public accounts in all taxing or
1162 fee-assessing units of the state in the interest of uniformity, efficiency, and economy;
- 1163 (f) superintend the contractual auditing of all state accounts;
- 1164 (g) subject to Subsection (8)(a), withhold state allocated funds or the disbursement of
1165 property taxes from a state or local taxing or fee-assessing unit, if necessary, to
1166 ensure that officials and employees in those taxing units comply with state laws and
1167 procedures in the budgeting, expenditures, and financial reporting of public funds;
- 1168 (h) subject to Subsection (9), withhold the disbursement of tax money from any county,
1169 if necessary, to ensure that officials and employees in the county comply with
1170 Section 59-2-303.1; and
- 1171 (i) withhold state allocated funds or the disbursement of property taxes from a local
1172 government entity or a limited purpose entity, as those terms are defined in Section
1173 67-1a-15 if the state auditor finds the withholding necessary to ensure that the entity
1174 registers and maintains the entity's registration with the lieutenant governor, in
1175 accordance with Section 67-1a-15.
- 1176 (8) (a) Except as otherwise provided by law, the state auditor may not withhold funds
1177 under Subsection (7)(g) until a state or local taxing or fee-assessing unit has received
1178 formal written notice of noncompliance from the auditor and has been given 60 days
1179 to make the specified corrections.
- 1180 (b) If, after receiving notice under Subsection (8)(a), a state or independent local
1181 fee-assessing unit that exclusively assesses fees has not made corrections to comply
1182 with state laws and procedures in the budgeting, expenditures, and financial reporting
1183 of public funds, the state auditor:

- 1184 (i) shall provide a recommended timeline for corrective actions;
- 1185 (ii) may prohibit the state or local fee-assessing unit from accessing money held by
- 1186 the state; and
- 1187 (iii) may prohibit a state or local fee-assessing unit from accessing money held in an
- 1188 account of a financial institution by filing an action in district court requesting an
- 1189 order of the court to prohibit a financial institution from providing the
- 1190 fee-assessing unit access to an account.
- 1191 (c) The state auditor shall remove a limitation on accessing funds under Subsection
- 1192 (8)(b) upon compliance with state laws and procedures in the budgeting,
- 1193 expenditures, and financial reporting of public funds.
- 1194 (d) If a local taxing or fee-assessing unit has not adopted a budget in compliance with
- 1195 state law, the state auditor:
- 1196 (i) shall provide notice to the taxing or fee-assessing unit of the unit's failure to
- 1197 comply;
- 1198 (ii) may prohibit the taxing or fee-assessing unit from accessing money held by the
- 1199 state; and
- 1200 (iii) may prohibit a taxing or fee-assessing unit from accessing money held in an
- 1201 account of a financial institution by:
- 1202 (A) contacting the taxing or fee-assessing unit's financial institution and
- 1203 requesting that the institution prohibit access to the account; or
- 1204 (B) filing an action in district court requesting an order of the court to prohibit a
- 1205 financial institution from providing the taxing or fee-assessing unit access to an
- 1206 account.
- 1207 (e) If the local taxing or fee-assessing unit adopts a budget in compliance with state law,
- 1208 the state auditor shall eliminate a limitation on accessing funds described in
- 1209 Subsection (8)(d).
- 1210 (9) The state auditor may not withhold funds under Subsection (7)(h) until a county has
- 1211 received formal written notice of noncompliance from the auditor and has been given 60
- 1212 days to make the specified corrections.
- 1213 (10) (a) The state auditor may not withhold funds under Subsection (7)(i) until the state
- 1214 auditor receives a notice of non-registration, as that term is defined in Section
- 1215 67-1a-15.
- 1216 (b) If the state auditor receives a notice of non-registration, the state auditor may
- 1217 prohibit the local government entity or limited purpose entity, as those terms are

- 1218 defined in Section 67-1a-15, from accessing:
- 1219 (i) money held by the state; and
- 1220 (ii) money held in an account of a financial institution by:
- 1221 (A) contacting the entity's financial institution and requesting that the institution
- 1222 prohibit access to the account; or
- 1223 (B) filing an action in district court requesting an order of the court to prohibit a
- 1224 financial institution from providing the entity access to an account.
- 1225 (c) The state auditor shall remove the prohibition on accessing funds described in
- 1226 Subsection (10)(b) if the state auditor received a notice of registration, as that term is
- 1227 defined in Section 67-1a-15, from the lieutenant governor.
- 1228 (11) Notwithstanding Subsection (7)(g), (7)(h), (7)(i), (8)(b), (8)(d), or (10)(b), the state
- 1229 auditor:
- 1230 (a) shall authorize a disbursement by a local government entity or limited purpose entity,
- 1231 as those terms are defined in Section 67-1a-15, or a state or local taxing or
- 1232 fee-assessing unit if the disbursement is necessary to:
- 1233 (i) avoid a major disruption in the operations of the local government entity, limited
- 1234 purpose entity, or state or local taxing or fee-assessing unit; or
- 1235 (ii) meet debt service obligations; and
- 1236 (b) may authorize a disbursement by a local government entity, limited purpose entity,
- 1237 or state or local taxing or fee-assessing unit as the state auditor determines is
- 1238 appropriate.
- 1239 (12) (a) The state auditor may seek relief under the Utah Rules of Civil Procedure to
- 1240 take temporary custody of public funds if an action is necessary to protect public
- 1241 funds from being improperly diverted from their intended public purpose.
- 1242 (b) If the state auditor seeks relief under Subsection (12)(a):
- 1243 (i) the state auditor is not required to exhaust the procedures in Subsection (7) or (8);
- 1244 and
- 1245 (ii) the state treasurer may hold the public funds in accordance with Section 67-4-1 if
- 1246 a court orders the public funds to be protected from improper diversion from their
- 1247 public purpose.
- 1248 (13) The state auditor shall:
- 1249 (a) establish audit guidelines and procedures for audits of local mental health and
- 1250 substance abuse authorities and their contract providers, conducted pursuant to Title
- 1251 17, Chapter 43, Part 2, Local Substance Abuse Authorities, Title 17, Chapter 43, Part

- 1252 3, Local Mental Health Authorities, Title 26B, Chapter 5, Health Care - Substance
1253 Use and Mental Health, and Title 51, Chapter 2a, Accounting Reports from Political
1254 Subdivisions, Interlocal Organizations, and Other Local Entities Act; and
- 1255 (b) ensure that those guidelines and procedures provide assurances to the state that:
- 1256 (i) state and federal funds appropriated to local mental health authorities are used for
1257 mental health purposes;
- 1258 (ii) a private provider under an annual or otherwise ongoing contract to provide
1259 comprehensive mental health programs or services for a local mental health
1260 authority is in compliance with state and local contract requirements and state and
1261 federal law;
- 1262 (iii) state and federal funds appropriated to local substance abuse authorities are used
1263 for substance abuse programs and services; and
- 1264 (iv) a private provider under an annual or otherwise ongoing contract to provide
1265 comprehensive substance abuse programs or services for a local substance abuse
1266 authority is in compliance with state and local contract requirements, and state and
1267 federal law.
- 1268 (14) (a) The state auditor may, in accordance with the auditor's responsibilities for
1269 political subdivisions of the state as provided in Title 51, Chapter 2a, Accounting
1270 Reports from Political Subdivisions, Interlocal Organizations, and Other Local
1271 Entities Act, initiate audits or investigations of any political subdivision that are
1272 necessary to determine honesty and integrity in fiscal affairs, accuracy and reliability
1273 of financial statements, effectiveness, and adequacy of financial controls and
1274 compliance with the law.
- 1275 (b) If the state auditor receives notice under Subsection 11-41-104(7) from the
1276 Governor's Office of Economic Opportunity on or after July 1, 2024, the state auditor
1277 may initiate an audit or investigation of the public entity subject to the notice to
1278 determine compliance with Section 11-41-103.
- 1279 (15) (a) The state auditor may not audit work that the state auditor performed before
1280 becoming state auditor.
- 1281 (b) If the state auditor has previously been a responsible official in state government
1282 whose work has not yet been audited, the Legislature shall:
- 1283 (i) designate how that work shall be audited; and
- 1284 (ii) provide additional funding for those audits, if necessary.
- 1285 (16) The state auditor shall:

- 1286 (a) with the assistance, advice, and recommendations of an advisory committee
1287 appointed by the state auditor from among special district boards of trustees, officers,
1288 and employees and special service district boards, officers, and employees:
1289 (i) prepare a Uniform Accounting Manual for Special Districts that:
1290 (A) prescribes a uniform system of accounting and uniform budgeting and
1291 reporting procedures for special districts under Title 17B, Limited Purpose
1292 Local Government Entities - Special Districts, and special service districts
1293 under Title 17D, Chapter 1, Special Service District Act;
1294 (B) conforms with generally accepted accounting principles; and
1295 (C) prescribes reasonable exceptions and modifications for smaller districts to the
1296 uniform system of accounting, budgeting, and reporting;
1297 (ii) maintain the manual under this Subsection (16)(a) so that the manual continues to
1298 reflect generally accepted accounting principles;
1299 (iii) conduct a continuing review and modification of procedures in order to improve
1300 them;
1301 (iv) prepare and supply each district with suitable budget and reporting forms; and
1302 (v) (A) prepare instructional materials, conduct training programs, and render
1303 other services considered necessary to assist special districts and special
1304 service districts in implementing the uniform accounting, budgeting, and
1305 reporting procedures; and
1306 (B) ensure that any training described in Subsection (16)(a)(v)(A) complies with
1307 Title 63G, Chapter 22, State Training and Certification Requirements; and
1308 (b) continually analyze and evaluate the accounting, budgeting, and reporting practices
1309 and experiences of specific special districts and special service districts selected by
1310 the state auditor and make the information available to all districts.
- 1311 (17) (a) The following records in the custody or control of the state auditor are protected
1312 records under Title 63G, Chapter 2, Government Records Access and Management
1313 Act:
1314 (i) records that would disclose information relating to allegations of personal
1315 misconduct, gross mismanagement, or illegal activity of a past or present
1316 governmental employee if the information or allegation cannot be corroborated by
1317 the state auditor through other documents or evidence, and the records relating to
1318 the allegation are not relied upon by the state auditor in preparing a final audit
1319 report;

- 1320 (ii) records and audit workpapers to the extent the workpapers would disclose the
1321 identity of an individual who during the course of an audit, communicated the
1322 existence of any waste of public funds, property, or manpower, or a violation or
1323 suspected violation of a law, rule, or regulation adopted under the laws of this
1324 state, a political subdivision of the state, or any recognized entity of the United
1325 States, if the information was disclosed on the condition that the identity of the
1326 individual be protected;
- 1327 (iii) before an audit is completed and the final audit report is released, records or
1328 drafts circulated to an individual who is not an employee or head of a
1329 governmental entity for the individual's response or information;
- 1330 (iv) records that would disclose an outline or part of any audit survey plans or audit
1331 program; and
- 1332 (v) requests for audits, if disclosure would risk circumvention of an audit.
- 1333 (b) The provisions of Subsections (17)(a)(i), (ii), and (iii) do not prohibit the disclosure
1334 of records or information that relate to a violation of the law by a governmental entity
1335 or employee to a government prosecutor or peace officer.
- 1336 (c) The provisions of this Subsection (17) do not limit the authority otherwise given to
1337 the state auditor to classify a document as public, private, controlled, or protected
1338 under Title 63G, Chapter 2, Government Records Access and Management Act.
- 1339 (d) (i) As used in this Subsection (17)(d), "record dispute" means a dispute between
1340 the state auditor and the subject of an audit performed by the state auditor as to
1341 whether the state auditor may release a record, as defined in Section 63G-2-103,
1342 to the public that the state auditor gained access to in the course of the state
1343 auditor's audit but which the subject of the audit claims is not subject to disclosure
1344 under Title 63G, Chapter 2, Government Records Access and Management Act.
- 1345 (ii) The state auditor may submit a record dispute to the State Records Committee,
1346 created in Section 63G-2-501, for a determination of whether the state auditor
1347 may, in conjunction with the state auditor's release of an audit report, release to
1348 the public the record that is the subject of the record dispute.
- 1349 (iii) The state auditor or the subject of the audit may seek judicial review of a State
1350 Records Committee determination under Subsection (17)(d)(ii), as provided in
1351 Section 63G-2-404.
- 1352 (18) If the state auditor conducts an audit of an entity that the state auditor has previously
1353 audited and finds that the entity has not implemented a recommendation made by the

- 1354 state auditor in a previous audit, the state auditor shall notify the Legislative
1355 Management Committee through the Legislative Management Committee's audit
1356 subcommittee that the entity has not implemented that recommendation.
- 1357 (19) The state auditor shall, with the advice and consent of the Senate, appoint the state
1358 privacy officer described in Section 67-3-13.
- 1359 (20) Except as provided in Subsection (21), the state auditor shall report, or ensure that
1360 another government entity reports, on the financial, operational, and performance
1361 metrics for the state system of higher education and the state system of public education,
1362 including metrics in relation to students, programs, and schools within those systems.
- 1363 (21) (a) Notwithstanding Subsection (20), the state auditor shall conduct regular audits
1364 of:
- 1365 (i) the scholarship granting organization for the [~~Special Needs~~] Carson Smith
1366 Opportunity Scholarship Program, created in Section 53E-7-402;
 - 1367 (ii) the State Board of Education for the Carson Smith Scholarship Program, created
1368 in Section 53F-4-302; and
 - 1369 (iii) the scholarship program manager for the Utah Fits All Scholarship Program,
1370 created in Section 53F-6-402.
- 1371 (b) Nothing in this subsection limits or impairs the authority of the State Board of
1372 Education to administer the programs described in Subsection (21)(a).
- 1373 (22) The state auditor shall, based on the information posted by the Office of Legislative
1374 Research and General Counsel under Subsection 36-12-12.1(2), for each policy, track
1375 and post the following information on the state auditor's website:
- 1376 (a) the information posted under Subsections 36-12-12.1(2)(a) through (e);
 - 1377 (b) an indication regarding whether the policy is timely adopted, adopted late, or not
1378 adopted;
 - 1379 (c) an indication regarding whether the policy complies with the requirements
1380 established by law for the policy; and
 - 1381 (d) a link to the policy.
- 1382 (23) (a) A legislator may request that the state auditor conduct an inquiry to determine
1383 whether a government entity, government official, or government employee has
1384 complied with a legal obligation directly imposed, by statute, on the government
1385 entity, government official, or government employee.
- 1386 (b) The state auditor may, upon receiving a request under Subsection (23)(a), conduct
1387 the inquiry requested.

1388 (c) If the state auditor conducts the inquiry described in Subsection (23)(b), the state
1389 auditor shall post the results of the inquiry on the state auditor's website.

1390 (d) The state auditor may limit the inquiry described in this Subsection (23) to a simple
1391 determination, without conducting an audit, regarding whether the obligation was
1392 fulfilled.

1393 Section 18. **Effective date.**

1394 (1) Except as provided in Subsection (2), this bill takes effect on July 1, 2024.

1395 (2) The actions affecting Sections 59-7-625 and 59-10-1041 have retrospective operation
1396 for taxable year beginning on or after January 1, 2024.