

John D. Johnson proposes the following substitute bill:

Charter School Authorizer Amendments

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: John D. Johnson

House Sponsor:

LONG TITLE

General Description:

This bill modifies provisions related to charter school authorization and funding

Highlighted Provisions:

This bill:

- modifies provisions for the State Charter School Board;
- creates procedures for charter schools to transfer between authorizers;
- reallocates administrative funding;
- adds fee payment compliance to charter school requirements;
- modifies asset distribution priorities in school closures;
- includes authorizer fees in grounds for termination; and
- makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

53F-2-702, as last amended by Laws of Utah 2019, Chapter 186

53G-5-202, as last amended by Laws of Utah 2024, Chapter 63

53G-5-205, as last amended by Laws of Utah 2024, Chapter 63

53G-5-304, as last amended by Laws of Utah 2024, Chapter 63

53G-5-305, as last amended by Laws of Utah 2024, Chapter 63

53G-5-306, as last amended by Laws of Utah 2024, Chapter 63

53G-5-501, as last amended by Laws of Utah 2024, Chapter 158

53G-5-502, as last amended by Laws of Utah 2024, Chapter 63

53G-5-503, as last amended by Laws of Utah 2024, Chapter 63

53G-5-504, as last amended by Laws of Utah 2024, Chapter 63

ENACTS:

53G-5-206, Utah Code Annotated 1953

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

Section 1. Section 53F-2-702 is amended to read:

53F-2-702 . Funding for charter schools.

(1) Except as described in Section 53F-2-302, a charter school shall receive state funds, as applicable, on the same basis as a school district receives funds.

(2)(a) As described in Section 53F-2-703, the state board shall distribute charter school levy per pupil revenues to charter schools.

(b) As described in Section 53F-2-704, and subject to future budget constraints, the Legislature shall provide an appropriation for charter schools for each charter school student enrolled on October 1 to supplement the allocation of charter school levy per pupil revenues described in Subsection (2)(a).

(3) Beginning in fiscal year 2027, the Legislature shall add to the appropriation described in Subsection (2)(b) an amount equal to the administrative funding provided to the State Charter School Board for fiscal year 2026, to be distributed to charter schools through the per pupil allocation.

~~[(3)]~~ (4) Charter schools are eligible to receive federal funds if they meet all applicable federal requirements and comply with relevant federal regulations.

~~[(4)]~~ (5) The state board shall distribute funds for charter school students directly to the charter school.

~~[(5)]~~ (6)(a) Notwithstanding Subsection (1), a charter school is not eligible to receive state transportation funding.

(b) The state board shall also adopt rules relating to the transportation of students to and from charter schools, taking into account Sections 53F-2-403 and 53G-6-405.

(c) A charter school governing board may provide transportation through an agreement or contract with the local school board, a private provider, or parents.

~~[(6)]~~ (7)(a)(i) In accordance with Section 53F-2-705, the State Charter School Board may allocate grants for start-up costs to charter schools from money appropriated for charter school start-up costs.

(ii) The charter school governing board of a charter school that receives money from

a grant under Section 53F-2-705 shall use the grant for expenses for planning and implementation of the charter school.

(b) The state board shall coordinate the distribution of federal money appropriated to help fund costs for establishing and maintaining charter schools within the state.

~~[(7)]~~ (8)(a) A charter school may receive, hold, manage and use any devise, bequest, grant, endowment, gift, or donation of any property made to the school for any of the purposes of Title 53G, Chapter 5, Charter Schools, or related provisions.

(b) It is unlawful for any person affiliated with a charter school to demand or request any gift, donation, or contribution from a parent, teacher, employee, or other person affiliated with the charter school as a condition for employment or enrollment at the school or continued attendance at the school.

Section 2. Section **53G-5-202** is amended to read:

53G-5-202 . Status and powers of State Charter School Board.

(1) The State Charter School Board may:

(a) enter into contracts;

(b) sue and be sued; and

(c) ~~[(i)]~~ at the discretion of the charter school, provide administrative services to, or perform other school functions for, charter schools authorized by the State Charter School Board~~;~~ and] .

~~[(ii) charge fees for the provision of services or functions.]~~

(2) The State Charter School Board shall:

(a) beginning July 1, 2026, charge fees to a charter school for authorization and oversight services; and

(b) before May 1, 2026, establish policies and procedures for the fee collection and use required in Subsection (2)(a).

~~[(2)]~~ (3) The state board shall:

(a) approve the State Charter School Board's annual budget; and

(b) otherwise grant autonomy to the State Charter School Board to manage the State Charter School Board's budget.

Section 3. Section **53G-5-205** is amended to read:

53G-5-205 . Charter school authorizers -- Power and duties -- Charter application minimum standard.

(1) The following entities are eligible to authorize charter schools:

(a) the State Charter School Board;

- (b) a local school board; or
- (c) an institution of higher education board of trustees, as that term is defined in Section 53G-5-102.

(2) A charter school authorizer shall:

- (a) authorize and promote the establishment of charter schools;
- (b) before an application for charter school authorization is submitted to a charter school authorizer, review and evaluate the proposal to support and strengthen the charter school authorization proposal;
- (c) review and evaluate the performance of charter schools authorized by the authorizer and hold a charter school accountable for the performance measures established in the charter school's charter agreement;
- (d) assist charter schools in understanding and carrying out the charter school's charter obligations; and
- (e) provide technical support to charter schools and persons seeking to establish charter schools by:
- (i) identifying and promoting successful charter school models;
- (ii) facilitating the application and approval process for charter school authorization;
- or
- (iii) directing charter schools and persons seeking to establish charter schools to sources of funding and support.

(3) Beginning on July 1, 2026, an authorizer shall charge fees for authorization and oversight services.

~~[(3)]~~ (4) A charter school authorizer may:

- (a) make recommendations to the Legislature on legislation pertaining to charter schools;
- (b) make recommendations to the state board on charter school rules and charter school funding; or
- (c) provide technical support, as requested, to another charter school authorizer relating to charter schools.

~~[(4)]~~ (5) Within 60 days after the day on which an authorizer approves an application for a new charter school, the state board may direct an authorizer to do the following if the authorizer or charter school applicant failed to follow statutory or state board rule requirements made in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act:

- (a) reconsider the authorizer's approval of an application for a new charter school; and

(b) correct deficiencies in the charter school application or authorizer's application process as described in statute or state board rule, made in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, before approving the new application.

~~[(5)]~~ (6) The state board shall, in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, make rules establishing minimum standards that a charter school authorizer is required to apply when evaluating a charter school application.

~~[(6)]~~ (7) The minimum standards described in Subsection ~~[(5)]~~ (6) shall include:

(a) reasonable consequences for an authorizer that fails to comply with statute or state board rule;

(b) a process for an authorizer to review:

(i) the skill and expertise of a proposed charter school's governing board; and

(ii) the functioning operation of the charter school governing board of an authorized charter school;

(c) a process for an authorizer to review the financial viability of a proposed charter school and of an authorized charter school;

(d) a process to evaluate:

(i) how well an authorizer's authorized charter school complies with the charter school's charter agreement;

(ii) whether an authorizer's authorized charter school maintains reasonable academic and education standards; and

(iii) standards that an authorizer is required to meet to demonstrate the authorizer's capacity to oversee and evaluate the charter schools the authorizer authorizes.

Section 4. Section **53G-5-206** is enacted to read:

53G-5-206 . Charter school authorizer transfers.

(1) A charter school may transfer from one approved authorizer to another approved authorizer.

(2) A charter school seeking to transfer to another approved authorizer:

(a) shall submit a transfer request to the proposed new authorizer;

(b) may maintain confidentiality regarding transfer exploration; and

(c) shall notify the charter school's current authorizer after receiving preliminary approval from the proposed new authorizer.

(3) An authorizer may not:

(a) retaliate against a charter school for exploring or requesting transfer; or

(b) restrict a charter school's operations based on transfer-related activities.

(4) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the state board shall establish rules governing:

(a) authorizer transfer request procedures;

(b) timeline requirements;

(c) transfer approval criteria; and

(d) the authorizer transition processes for an approved transfer.

(5)(a) Upon transfer approval, the transferring charter school may maintain the charter school's current charter agreement terms unless both parties agree to modifications.

(b) The originating authorizer shall ensure continuity of oversight for the transferring charter school during the charter school's transition.

Section 5. Section **53G-5-304** is amended to read:

**53G-5-304 . Charter schools authorized by the State Charter School Board --
Application process -- Prohibited basis of application denial.**

(1)(a) An applicant seeking authorization of a charter school from the State Charter School Board shall provide a copy of the application to the local school board of the school district in which the proposed charter school will be located either before or at the same time as the applicant files the charter school application with the State Charter School Board.

(b) The local school board may review the application and may offer suggestions or recommendations to the applicant or the State Charter School Board before taking action on the application.

(c) The State Charter School Board shall give due consideration to suggestions or recommendations made by the local school board under Subsection (1)(b).

(d) The State Charter School Board shall review and, by majority vote, either approve or deny the application.

(e) A charter school application may not be denied on the basis that the establishment of the charter school will have any or all of the following impacts on a public school, including another charter school:

(i) an enrollment decline;

(ii) a decrease in funding; or

(iii) a modification of programs or services.

(2) The state board shall, in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, make a rule providing a timeline for the opening of a charter school

following the approval of a charter school application by the State Charter School Board.

(3) After approval of a charter school application and in accordance with Section 53G-5-303, the applicant and the State Charter School Board shall set forth the terms and conditions for the operation of the charter school in a written charter agreement.

(4) The State Charter School Board shall, in accordance with state board rules, establish and make public the State Charter School Board's:

(a) application requirements, in accordance with Section 53G-5-302;

(b) application process, including timelines, in accordance with this section; [and]

(c) minimum academic, governance, operational, and financial standards[-] ; and

(d) procedures for collecting and using fees as described in Section 53G-5-205.

Section 6. Section **53G-5-305** is amended to read:

53G-5-305 . Charters authorized by local school boards -- Application process --

Local school board responsibilities.

(1)(a) An applicant identified in Section 53G-5-302 may submit an application to a local school board to establish and operate a charter school within the geographical boundaries of the school district administered by the local school board.

(b)(i) The principal, teachers, or parents of students at an existing public school may submit an application to the local school board to convert the school or a portion of the school to charter status.

(A) If the entire school is applying for charter status, at least two-thirds of the licensed educators employed at the school and at least two-thirds of the parents of students enrolled at the school shall sign a petition approving the application before submission to the charter school authorizer.

(B) If only a portion of the school is applying for charter status, a simple majority of the licensed educators employed at the school and a simple majority of the parents of students enrolled at the school shall sign a petition approving the application before submission to the charter school authorizer.

(ii) The local school board may not approve an application submitted under Subsection (1)(b)(i) unless the local school board determines that:

(A) students opting not to attend the proposed converted school would have access to a comparable public education alternative; and

(B) current teachers who choose not to teach at the converted charter school or who are not retained by the school at the time of conversion would receive a first preference for transfer to open teaching positions for which the teachers

- 233 qualify within the school district, and, if no positions are open, contract
234 provisions or local school board policy regarding reduction in staff would
235 apply.
- 236 (2)(a) An existing public school that converts to charter status under a charter granted by
237 a local school board may:
- 238 (i) continue to receive the same services from the school district that the school
239 received before the charter school's conversion; or
240 (ii) contract out for some or all of the services with other public or private providers.
- 241 (b) Any other charter school authorized by a local school board may contract with the
242 local school board to receive some or all of the services referred to in Subsection
243 (2)(a).
- 244 (c) Except as specified in a charter agreement, local school board assets do not transfer
245 to an existing public school that converts to charter status under a charter granted by
246 a local school board under this section.
- 247 (3)(a) A local school board that receives an application for a charter school under this
248 section shall, within 45 days, either accept or reject the application.
- 249 (b) If the local school board rejects the application, the local school board shall notify
250 the applicant in writing of the reason for the rejection.
- 251 (c) The applicant may submit a revised application for reconsideration by the local
252 school board.
- 253 (d) If the local school board refuses to authorize the applicant, the applicant may seek a
254 charter from another authorizer.
- 255 (4) The state board shall make a rule providing for a timeline for the opening of a charter
256 school following the approval of a charter school application by a local school board.
- 257 (5) After approval of a charter school application and in accordance with Section 53G-5-303,
258 the applicant and the local school board shall set forth the terms and conditions for the
259 operation of the charter school in a written charter agreement.
- 260 (6) A local school board may terminate a charter school the local school board authorizes in
261 accordance with Sections 53G-5-501 and 53G-5-503.
- 262 (7) In addition to the exemptions described in Sections 53G-5-405, 53G-7-202, and
263 53G-5-407, a charter school authorized by a local school board is:
- 264 (a) not required to separately submit a report or information required under this public
265 education code to the state board if the information is included in a report or
266 information that is submitted by the local school board or school district; and

(b) exempt from the requirement under Section 53G-5-404 that a charter school shall be organized and managed under Title 16, Chapter 6a, Utah Revised Nonprofit Corporation Act.

(8) Before a local school board accepts a charter school application, the local school board shall, in accordance with state board rules, establish and make public the local school board's:

(a) application requirements, in accordance with Section 53G-5-302;

(b) application process, including timelines, in accordance with this section; ~~[and]~~

(c) minimum academic, governance, operational, and financial standards~~[-]~~ ; and

(d) procedures for collecting and using fees as described in Section 53G-5-205.

Section 7. Section **53G-5-306** is amended to read:

53G-5-306 . Charter schools authorized by a board of trustees of a higher education institution -- Application process -- Board of trustees responsibilities.

(1) Except as provided in Subsection (6), an applicant identified in Section 53G-5-302 may enter into an agreement with an institution of higher education board of trustees authorizing the applicant to establish and operate a charter school.

(2)(a) An applicant applying for authorization from a board of trustees to establish and operate a charter school shall provide a copy of the application to the local school board of the school district in which the proposed charter school will be located either before or at the same time the applicant files the application with the board of trustees.

(b) The local school board may review the application and offer suggestions or recommendations to the applicant or the board of trustees before acting on the application.

(c) The board of trustees shall give due consideration to suggestions or recommendations made by the local school board under Subsection (2)(b).

(3) The state board shall make a rule providing a timeline for the opening of a charter school following the approval of a charter school application by a board of trustees.

(4) After approval of a charter school application, the applicant and the board of trustees shall set forth the terms and conditions for the operation of the charter school in a written charter agreement.

~~[(5)(a) The school's charter agreement may include a provision that the charter school pay an annual fee for the board of trustees' costs in providing oversight of, and technical support to, the charter school in accordance with Section 53G-5-205.]~~

~~[(b) In the first two years that a charter school is in operation, an annual fee described in Subsection (5)(a) may not exceed the product of 3% of the revenue the charter school receives from the state in the current fiscal year.]~~

~~[(e) Beginning with the third year that a charter school is in operation, an annual fee described in Subsection (5)(a) may not exceed the product of 1% of the revenue a charter school receives from the state in the current fiscal year.]~~

~~[(d) An annual fee described in Subsection (5)(a) shall be:]~~

~~[(i) paid to the board of trustees; and]~~

~~[(ii) expended as directed by the board of trustees.]~~

(5) A board of trustees shall establish procedures for collecting and using fees as described in Section 53G-5-205.

(6)(a) In addition to complying with the requirements of this section, a technical college board of trustees, as defined in Section 53B-2a-108, shall obtain the approval of the Utah Board of Higher Education before entering into an agreement to establish and operate a charter school.

(b) If a technical college board of trustees approves an application to establish and operate a charter school, the technical college board of trustees shall submit the application to the Utah Board of Higher Education.

(c) The Utah Board of Higher Education shall, by majority vote, within 60 days of receipt of an application described in Subsection (6)(b), approve or deny the application.

(d) The Utah Board of Higher Education may deny an application approved by a technical college board of trustees if the proposed charter school does not accomplish a purpose of charter schools as provided in Section 53G-5-104.

(e) A charter school application may not be denied on the basis that the establishment of the charter school will have any or all of the following impacts on a public school, including another charter school:

(i) an enrollment decline;

(ii) a decrease in funding; or

(iii) a modification of programs or services.

(7)(a) Subject to the requirements of this chapter and other related provisions, a technical college board of trustees may establish:

(i) procedures for submitting applications to establish and operate a charter school; or

(ii) criteria for approval of an application to establish and operate a charter school.

(b) The Utah Board of Higher Education may not establish policy governing the procedures or criteria described in Subsection (7)(a).

(8) Before a technical college board of trustees accepts a charter school application, the technical college board of trustees shall, in accordance with state board rules, establish and make public:

(a) application requirements, in accordance with Section 53G-5-302;

(b) the application process, including timelines, in accordance with this section; and

(c) minimum academic, governance, operational, and financial standards.

Section 8. Section **53G-5-501** is amended to read:

53G-5-501 . Noncompliance -- Rulemaking.

(1)(a) If a charter school is found to be materially out of compliance with the requirements of Section 53G-5-404[~~or~~] , the school's charter agreement, or fee payment obligations, the charter school authorizer shall provide written notice of the reason for the charter school's noncompliance and a reasonable time to remedy the deficiency, except as otherwise provided in Subsection 53G-5-503(4), to:

(i) the charter school governing board; and

(ii) if the charter school is a qualifying charter school with outstanding bonds issued in accordance with Part 6, Charter School Credit Enhancement Program, the Utah Charter School Finance Authority.

(b) The notice described in Subsection (1)(a) shall state that the charter school governing board may request an informal review before the charter school's authorizer to present evidence related to the deficiency.

(c) The charter school authorizer shall:

(i) review the evidence within a reasonable time to determine if the charter school has remedied the noncompliance or if the circumstances necessitate additional time for the charter school authorizer to remedy the deficiency; and

(ii) if the charter school authorizer determines that circumstances necessitate additional time to remedy the noncompliance, establish a deadline to remedy the noncompliance.

(2)(a) If the charter school does not remedy the material deficiency within the established timeline, the authorizer may:

(i) subject to the requirements of Subsection (4), take one or more of the following actions:

(A) remove a charter school director or finance officer;

- 369 (B) remove a charter school governing board member;
- 370 (C) appoint an interim director, mentor, or finance officer to work with the charter
- 371 school; or
- 372 (D) appoint a governing board member;
- 373 (ii) subject to the requirements of Section 53G-5-503, terminate the school's charter
- 374 agreement; or
- 375 (iii) transfer operation and control of the charter school to a high performing charter
- 376 school, as defined in Section 53G-5-502, including reconstituting the governing
- 377 board to effectuate the transfer.
- 378 (b) The authorizer may prohibit the charter school governing board from removing an
- 379 appointment made under Subsection (2)(a)(i), for a period of up to one year after the
- 380 date of the appointment.
- 381 (3) The costs of an interim director, mentor, or finance officer appointed under Subsection
- 382 (2)(a) shall be paid from the funds of the charter school for which the interim director,
- 383 mentor, or finance officer is working, unless the authorizer chooses to pay all or some of
- 384 the costs.
- 385 (4) The authorizer shall notify the Utah Charter School Finance Authority before the
- 386 authorizer takes an action described in Subsection (2)(a)(i) if the charter school is a
- 387 qualifying charter school with outstanding bonds issued in accordance with Part 6,
- 388 Charter School Credit Enhancement Program.
- 389 (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 390 state board shall make rules:
- 391 (a) specifying the timeline for remedying deficiencies under Subsection (1); and
- 392 (b) ensuring compliance with the charter school's approved charter agreement.
- 393 (6)(a)(i) An authorizer may petition a court with jurisdiction under Title 78A,
- 394 Judiciary and Judicial Administration, to appoint a receiver.
- 395 (ii) Notwithstanding Title 78B, Chapter 3a, Venue for Civil Actions, the authorizer
- 396 shall bring a petition described in Subsection (6)(a)(i) in the county in which a
- 397 charter school is located or incorporated if the action is brought in the district
- 398 court.
- 399 (b) The court may appoint a receiver if the authorizer establishes that the charter school:
- 400 (i) is subject to closure under Section 53G-5-503; and
- 401 (ii)(A) has disposed, or there is a demonstrated risk that the charter school will
- 402 dispose, of the charter school's assets in violation of Section 53G-5-403; or

- 403 (B) cannot, or there is a demonstrated risk that the charter school will not, make
404 repayment of amounts owed to the federal government or the state.
- 405 (c) The court shall describe the powers and duties of the receiver in the court's
406 appointing order, and may amend the order from time to time.
- 407 (d) Among other duties ordered by the court, the receiver shall:
- 408 (i) ensure the protection of the charter school's assets;
- 409 (ii) preserve money owed to creditors; and
- 410 (iii) if requested by the authorizer, carry out charter school closure procedures
411 described in Section 53G-5-504, and state board rules, as directed by the
412 authorizer.
- 413 (e) If the authorizer does not request, or the court does not appoint, a receiver:
- 414 (i) the authorizer may reconstitute the governing board of a charter school; or
- 415 (ii) if a new governing board cannot be reconstituted, the authorizer shall complete
416 the closure procedures described in Section 53G-5-504, including liquidation and
417 assignment of assets, and payment of liabilities and obligations in accordance with
418 Section 53G-5-504 and state board rule.
- 419 (f) For a qualifying charter school with outstanding bonds issued in accordance with Part
420 6, Charter School Credit Enhancement Program, an authorizer shall obtain the
421 consent of the Utah Charter School Finance Authority before the authorizer takes the
422 following actions:
- 423 (i) petitions a court to appoint a receiver, as described in Subsection (6)(a);
- 424 (ii) reconstitutes the governing board, as described in Subsection (6)(e)(i); or
- 425 (iii) carries out closure procedures, as described in Subsection (6)(e)(ii).

426 Section 9. Section **53G-5-502** is amended to read:

427 **53G-5-502 . Voluntary school improvement and transfer processes.**

- 428 (1) As used in this section:
- 429 (a) "High performing charter school" means a charter school that:
- 430 (i) satisfies all requirements of state law and state board rules;
- 431 (ii) has operated for at least three years meeting the terms of the school's charter
432 agreement; and
- 433 (iii) is in good standing with the charter school's authorizer.
- 434 (b) "Low performing charter school" means a charter school that is designated a low
435 performing school, as that term is defined in Section 53E-5-301.
- 436 (c) "School turnaround plan" means the same as that term is defined in Section

53E-5-301.

- (2)(a) Subject to Subsection (2)(b), a charter school governing board may voluntarily request the charter school's authorizer to place the charter school, including a low performing charter school that has a school turnaround plan, in a school improvement process.
- (b) A charter school governing board shall provide notice and a hearing on the charter school governing board's intent to make a request under Subsection (2)(a) to parents of students enrolled in the charter school.
- (3) An authorizer may grant a charter school governing board's request to be placed in a school improvement process if the charter school governing board has provided notice and a hearing under Subsection (2)(b).
- (4) An authorizer that has entered into a school improvement process with a charter school governing board shall:
- (a) enter into a contract with the charter school governing board on the terms of the school improvement process;
 - (b) notify the state board that the authorizer has entered into a school improvement process with the charter school governing board;
 - (c) make a report to a committee of the state board regarding the school improvement process; and
 - (d) notify the Utah Charter School Finance Authority that the authorizer has entered into a school improvement process with the charter school governing board if the charter school is a qualifying charter school with outstanding bonds issued in accordance with Part 6, Charter School Credit Enhancement Program.
- (5) Upon notification under Subsection (4)(b), and after the report described in Subsection (4)(c), the state board shall notify charter schools and the school district in which the charter school is located that the charter school governing board has entered into a school improvement process with the charter school's authorizer.
- (6) A high performing charter school or the school district in which the charter school is located may apply to the charter school governing board to assume operation and control of the charter school that has been placed in a school improvement process.
- (7) A charter school governing board that has entered into a school improvement process shall review applications submitted under Subsection (6) and submit a proposal to the charter school's authorizer to:
- (a) terminate the school's charter, notwithstanding the requirements of Section

53G-5-503; and

(b) transfer operation and control of the charter school to:

(i) the school district in which the charter school is located;

(ii) the governing board of another charter school;

(iii) a private management company; or

(iv) the governing board of a nonprofit corporation.

(8) A transfer of a charter school under this section shall not affect the school's fee obligations under Section 53G-5-205.

[(8)] (9) A charter school governing board that has not entered into a school improvement process may voluntarily provide a proposal to the authorizer for consideration of transferring operation and control of the charter school to:

(a) the school district in which the charter school is located;

(b) the governing board of another charter school;

(c) a private management company; or

(d) the governing board of a nonprofit corporation.

[(9)] (10) Except as provided in Subsection [(10)] (11) and subject to Subsection [(11)] (12), an authorizer may:

(a) approve a charter school governing board's proposal under Subsection [(7)] (8); or

(b)(i) deny a charter school governing board's proposal under Subsection [(7)] (8); and

(ii)(A) terminate the school's charter agreement in accordance with Section 53G-5-503;

(B) allow the charter school governing board to submit a revised proposal; or

(C) take no action.

[(10)] (11) An authorizer may not take an action under Subsection [(9)] (10) for a qualifying charter school with outstanding bonds issued in accordance with Part 6, Charter School Credit Enhancement Program, without mutual agreement of the Utah Charter School Finance Authority and the authorizer.

[(11)] (12)(a) An authorizer that intends to transfer operation and control of a charter school as described in Subsection [(7)(b)] (8)(b) shall request approval from the state board.

(b)(i) The state board shall consider an authorizer's request under Subsection [(11)(a)] (12)(a) within 30 days of receiving the request.

(ii) If the state board denies an authorizer's request under Subsection [(11)(a)] (12)(a), the authorizer may not transfer operation and control of the charter school as

505 described in Subsection [~~(7)(b)~~] (8)(b).

506 (iii) If the state board does not take action on an authorizer's request under Subsection [~~(11)(a)~~] (12)(a) within 30 days of receiving the request, an authorizer may proceed
507 to transfer operation and control of the charter school as described in Subsection [~~(7)(b)~~] (8)(b).
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510 [~~(12)~~] (13) If operation and control of a low performing charter school that has a school
511 turnaround plan is transferred to a high performing charter school as described in
512 Subsection [~~(7)(b)~~] (8)(b), the low performing charter school shall complete the
513 requirements of the school turnaround plan and any other requirements imposed by the
514 authorizer for school improvement.

515 Section 10. Section **53G-5-503** is amended to read:

516 **53G-5-503 . Termination of a charter agreement.**

517 (1) Subject to the requirements of Subsection (3), a charter school authorizer may terminate
518 a school's charter agreement for any of the following reasons:

519 (a) failure of the charter school to meet the requirements stated in the charter agreement;

520 (b) failure to meet generally accepted standards of fiscal management;

521 (c)(i) designation as a low performing school under Title 53E, Chapter 5, Part 3,
522 School Improvement and Leadership Development; and

523 (ii) failure to improve the school's performance under the conditions described in
524 Title 53E, Chapter 5, Part 3, School Improvement and Leadership Development;

525 (d) violation of requirements under this chapter or another law; [~~or~~]

526 (e) failure to pay required authorizer fees; or

527 [~~(e)~~] (f) other good cause shown.

528 (2)(a) The authorizer shall notify the following of the proposed termination in writing,
529 state the grounds for the termination, and stipulate that the charter school governing
530 board may request an informal hearing before the authorizer:

531 (i) the charter school governing board; and

532 (ii) if the charter school is a qualifying charter school with outstanding bonds issued
533 in accordance with Part 6, Charter School Credit Enhancement Program, the Utah
534 Charter School Finance Authority.

535 (b) Except as provided in Subsection (2)(e), the authorizer shall conduct the hearing in
536 accordance with Title 63G, Chapter 4, Administrative Procedures Act, within 30 days
537 after the day a written request under Subsection (2)(a) is received.

538 (c) If the authorizer, by majority vote, approves a motion to terminate a charter school,

the charter school governing board may appeal the decision to the state board.

(d)(i) The state board shall hear an appeal of a termination made in accordance with Subsection (2)(c).

(ii) The state board's action is final action subject to judicial review.

(e)(i) If the authorizer proposes to terminate the charter agreement of a qualifying charter school with outstanding bonds issued in accordance with Part 6, Charter School Credit Enhancement Program, the authorizer shall conduct a hearing described in Subsection (2)(b) 120 days or more after notifying the following of the proposed termination:

(A) the charter school governing board of the qualifying charter school; and

(B) the Utah Charter School Finance Authority.

(ii) Before the hearing described in Subsection (2)(e)(i), the Utah Charter School Finance Authority shall meet with the authorizer to determine whether the deficiency may be remedied in lieu of termination of the qualifying charter school's charter agreement.

(3) An authorizer may not terminate the charter agreement of a qualifying charter school with outstanding bonds issued in accordance with Part 6, Charter School Credit Enhancement Program, without mutual agreement of the Utah Charter School Finance Authority and the authorizer.

(4)(a) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the state board shall make rules that require a charter school to report any threats to the health, safety, or welfare of the charter school's students to the State Charter School Board in a timely manner.

(b) The rules under Subsection (4)(a) shall also require the charter school report to include what steps the charter school has taken to remedy the threat.

(5) Subject to the requirements of Subsection (3), the authorizer may terminate a charter agreement immediately if good cause has been shown or if the health, safety, or welfare of the students at the charter school is threatened.

(6) If a charter agreement is terminated, the following entities may apply to the charter school's authorizer to assume operation of the school:

(a) the school district where the charter school is located;

(b) the charter school governing board of another charter school;

(c) a private management company; or

(d) the governing board of a nonprofit corporation.

(7)(a) If a charter agreement is terminated, a student who attended the school may apply to and shall be enrolled in another public school under the enrollment provisions in accordance with Chapter 6, Part 3, School District Residency, subject to space availability.

(b) Normal application deadlines shall be disregarded under Subsection (7)(a).

Section 11. Section **53G-5-504** is amended to read:

53G-5-504 . Charter school closure.

(1) As used in this section, "receiving charter school" means a charter school that an authorizer permits under Subsection (12)(a), to accept enrollment applications from students of a closing charter school.

(2) If a charter school is closed for any reason, including the termination of a charter agreement in accordance with Section 53G-5-503 or the conversion of a charter school to a private school, the provisions of this section apply.

(3) A decision to close a charter school is made:

(a) when a charter school authorizer approves a motion to terminate described in Section 53G-5-503;

(b) when the state board takes final action described in Section 53G-5-503; or

(c) when a charter school provides notice to the charter school's authorizer that the charter school is relinquishing the charter school's charter.

(4)(a) No later than 10 days after the day on which a decision to close a charter school is made, the charter school shall:

(i) provide notice to the following, in writing, of the decision:

(A) if the charter school made the decision to close, the charter school's authorizer;

(B) if the state board did not make the decision to close, the state board;

(C) parents of students enrolled at the charter school;

(D) the charter school's creditors;

(E) the charter school's lease holders;

(F) the charter school's bond issuers;

(G) other entities that may have a claim to the charter school's assets;

(H) the school district in which the charter school is located and other charter schools located in that school district; and

(I) any other person that the charter school determines to be appropriate; and

(ii) publish notice of the decision for the school district in which the charter school is located, as a class A notice under Section 63G-30-102, for at least 30 days.

(b) The notice described in Subsection (4)(a) shall include:

(i) the proposed date of the charter school closure;

(ii) the charter school's plans to help students identify and transition into a new school; and

(iii) contact information for the charter school during the transition.

(5) No later than 10 days after the day on which a decision to close a charter school is made, the closing charter school shall:

(a) designate a custodian for the protection of student files and school business records;

(b) designate a base of operation that will be maintained throughout the charter school closing, including:

(i) an office;

(ii) hours of operation;

(iii) operational telephone service with voice messaging stating the hours of operation; and

(iv) a designated individual to respond to questions or requests during the hours of operation;

(c) assure that the charter school will maintain private insurance coverage or risk management coverage for covered claims that arise before closure, throughout the transition to closure and for a period following closure of the charter school as specified by the charter school's authorizer;

(d) assure that the charter school will complete by the set deadlines for all fiscal years in which funds are received or expended by the charter school a financial audit and any other procedure required by state board rule;

(e) inventory all assets of the charter school; and

(f) list all creditors of the charter school and specifically identify secured creditors and assets that are security interests.

(6) The closing charter school's authorizer shall oversee the closing charter school's compliance with Subsection (5).

(7)(a) Unless a different order is determined by a bankruptcy court under 11 U.S.C. Sec. 1001 et seq., a closing charter school shall distribute the assets of the closing charter school in the following order:

(i) return assets donated by a private donor to the private donor if:

(A) the assets were donated for a specific purpose;

(B) the private donor restricted use of the assets to only that specific purpose; and

- 641 (C) the closing charter school has assets that have not been used for the specific
642 purpose;
- 643 (ii) distribute assets to satisfy outstanding payroll obligations for employees of the
644 closing charter school;
- 645 (iii) distribute assets to creditors of the closing charter school; ~~[and]~~
- 646 (iv) distribute assets to satisfy any outstanding authorizer fees; and
- 647 ~~[(iv)]~~ (v) distribute assets to satisfy any outstanding liability or obligation to the state
648 board, state, or federal government.
- 649 (b) A closing charter school shall return any assets remaining, after all liabilities and
650 obligations of the closing charter school are paid or discharged consistent with
651 Subsection (7)(a), to the closing charter school's authorizer.
- 652 (c) Upon receipt of the assets under Subsection (7)(b), the closing charter school's
653 authorizer shall:
- 654 (i) liquidate assets at fair market value; or
- 655 (ii) assign the assets to another public school.
- 656 (d) The closing charter school's authorizer shall oversee liquidation of assets and
657 payment of liabilities and obligations in accordance with this section, Sections
658 53F-9-307 and 53G-5-501, and state board rule.
- 659 (8) The closing charter school shall:
- 660 (a) comply with all state and federal reporting requirements; and
- 661 (b) submit all documentation and complete all state and federal reports required by the
662 closing charter school's authorizer or the state board, including documents to verify
663 the closing charter school's compliance with procedural requirements and satisfaction
664 of all financial issues.
- 665 (9) When the closing charter school's financial affairs are closed out and dissolution is
666 complete, the authorizer shall ensure that a final audit of the charter school is completed.
- 667 (10) The state board shall, in accordance with Title 63G, Chapter 3, Utah Administrative
668 Rulemaking Act, and after considering suggestions from charter school authorizers,
669 make rules that:
- 670 (a) provide additional closure procedures for charter schools; and
- 671 (b) establish a charter school closure process.
- 672 (11)(a) Upon termination of the charter school's charter agreement:
- 673 (i) notwithstanding provisions of Title 16, Chapter 6a, Part 14, Dissolution, the
674 nonprofit corporation under which the charter school is organized and managed

- 675 may be unilaterally dissolved by the authorizer; and
- 676 (ii) the net assets of the charter school shall revert to the authorizer as described in
- 677 Subsection (7).
- 678 (b) The charter school and the authorizer shall mutually agree in writing on the effective
- 679 date and time of the dissolution described in Subsection (11)(a).
- 680 (c) The effective date and time of dissolution described in Subsection (11)(b) may not
- 681 exceed five years after the date of the termination of the charter agreement.
- 682 (12) Notwithstanding the provisions of Chapter 6, Part 5, Charter School Enrollment:
- 683 (a) an authorizer may permit a specified number of students from a closing charter
- 684 school to be enrolled in another charter school, if the receiving charter school:
- 685 (i)(A) is authorized by the same authorizer as the closing charter school; or
- 686 (B) is authorized by a different authorizer and the authorizer of the receiving
- 687 charter school approves the increase in enrollment; and
- 688 (ii) agrees to accept enrollment applications from students of the closing charter
- 689 school;
- 690 (b) a receiving charter school shall give new enrollment preference to applications from
- 691 students of the closing charter school in the first school year in which the closing
- 692 charter school is not operational; and
- 693 (c) a receiving charter school's enrollment capacity is increased by the number of
- 694 students enrolled in the receiving charter school from the closing charter school
- 695 under this Subsection (12).
- 696 (13) A member of the governing board or staff of the receiving charter school that is also a
- 697 member of the governing board of the receiving charter school's authorizer, shall recuse
- 698 oneself from a decision regarding the enrollment of students from a closing charter
- 699 school as described in Subsection (12).

700 Section 12. **Effective Date.**

701 This bill takes effect on July 1, 2025.