

CHARTER SCHOOL FINANCE AMENDMENTS

2021 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Steve Waldrip

Senate Sponsor: _____

LONG TITLE**General Description:**

This bill requires a charter school to contract with a fiduciary before the charter school contracting with an underwriter for bond financing.

Highlighted Provisions:

This bill:

- requires a charter school to contract with a fiduciary before the charter school contracts with an underwriter for bond financing; and
- defines terms.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

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

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) Charter schools are eligible to receive federal funds if they meet all applicable federal requirements and comply with relevant federal regulations.

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

(5) (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) (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) (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.

(8) A charter school may not issue bonds through a conduit issuer domiciled outside of the state of Utah unless the charter school receives written approval from:

(a) the charter school's authorizer or the authorizer's designee; and

(b) the Utah Charter School Finance Authority or the Utah Charter School Finance Authority's designee.

(9) (a) As used in this Subsection (9):

(i) "Bond financing" means lending money for a bond, note, security, or other evidence of indebtedness issued for the purpose of paying all or part of the costs of acquiring, improving, or equipping a charter school's facilities.

(ii) "Qualified municipal advisor" means a financial advisor that:

(A) provides advice to, or on behalf of, a municipal entity or charter school with respect to any municipal financial product or issue;

(B) meets all requirements to be qualified as a municipal advisor with the Municipal Securities Rulemaking Board and the Securities and Exchange Commission;

(C) does not have an inherent conflict of interest on the transaction for which advice is being provided; and

(D) meets any additional qualifications required by the Utah Charter School Finance Authority.

(b) A charter school may not contract for services from an underwriter in connection with bond financing unless the charter school enters a contract for services from a qualified municipal advisor.

(c) The qualified municipal advisor described in Subsection (9)(b) shall assist the charter school to select an underwriter for bond financing.