

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 529

BY EDUCATION COMMITTEE

AN ACT

RELATING TO PUBLIC CHARTER SCHOOL FUNDING; AMENDING SECTION 33-5217, IDAHO CODE, TO REVISE PROVISIONS REGARDING THE AUTHORIZATION OF LOANS FROM THE PUBLIC CHARTER SCHOOL REVOLVING LOAN FUND; AND DECLARING AN EMERGENCY.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Section 33-5217, Idaho Code, be, and the same is hereby amended to read as follows:

33-5217. PUBLIC CHARTER SCHOOL REVOLVING LOAN FUND. (1) There is hereby established in the state treasury the public charter school revolving loan fund to assist qualifying charter schools in obtaining financing for facility purchases, improvements, and construction. The fund shall consist of moneys made available through appropriations, fees, grants, gifts, interest earned on idle moneys in the fund, and any other source to fulfill the purposes of this section. Moneys in the fund are hereby continuously appropriated for the purposes of this section and shall be expended only for the purposes stated in this section.

(2) Loan issuer. The Idaho housing and finance association shall issue all loans under this section. A public charter school seeking to use the public charter school revolving loan fund must apply for and receive approval from the Idaho housing and finance association to receive a loan under this section. The Idaho housing and finance association shall establish guidelines and procedures for the application, approval, allocation, and repayment of loans issued under this section, consistent with the criteria in this section.

(3) Public charter school eligibility. A public charter school shall be eligible to use the public charter school revolving loan fund only upon satisfaction of the guidelines and procedures established by the Idaho housing and finance association pursuant to subsection (2) of this section and upon satisfaction of the following conditions, as determined by the Idaho housing and financing association:

(a) The public charter school must demonstrate it has obtained one (1) of the following for the remainder of the financing:

(i) A letter of commitment from a national or state-chartered financial institution;

(ii) A letter of commitment from a nonprofit corporation;

(iii) A letter of commitment from a community development financial institution; or

(iv) A letter of commitment from a qualified underwriter or an investment firm;

(b) The public charter school must provide annual budgets and cash flow statements and must also provide:

1 (i) Projected future budgets throughout the term of the loan,
2 cash flows, and operating reserves to support a debt service cov-
3 erage greater than 1.20x;

4 (ii) Facility operation cost estimates, including debt service,
5 occupancy cost, and other facilities-related expenses, which are
6 not to exceed twenty percent (20%) of revenue; and

7 (iii) Certification from a school administrator that projected
8 future budgets and cash flows are based on reasonable assumptions
9 related to level or increasing projected enrollment or waitlist
10 and projected total income, including any matching funds and dona-
11 tions contingent on receipt of a loan under this section;

12 (c) The public charter school must have a minimum of one million dollars
13 (\$1,000,000) in private or public grant support available for use sup-
14 porting the school budget prior to loan issuance;

15 (d) The public charter school must demonstrate that the letter of
16 commitment it obtained pursuant to paragraph (a) of this subsection
17 includes a commitment from a lender to provide a minimum of twenty per-
18 cent (20%) of project financing subordinate to the loan provided by this
19 section; and

20 (e) At the time of loan issuance, the public charter school must be in
21 the preopening stage or in the first or second year serving students.

22 (4) Loan terms and conditions. The Idaho housing and finance associa-
23 tion shall develop and publish the general terms and conditions of loans is-
24 sued under this section.

25 (5) Maximum loan amount. Public charter schools that satisfy the
26 guidelines and procedures established by the Idaho housing and finance
27 association shall receive approval from the Idaho housing and finance as-
28 sociation to rely on the public charter school revolving loan fund for
29 assistance in obtaining favorable financing for facility improvements
30 and construction, as long as sufficient moneys exist pursuant to subsec-
31 tion (1) of this section. Eligible schools shall receive approval on a
32 first-come, first-served basis, according to the date of the completed
33 application, in an amount not to exceed two million five hundred thousand
34 dollars (\$2,500,000). Upon certification by the Idaho housing and finance
35 association to the state treasurer that a public charter school has received
36 approval from the Idaho housing and finance association, the state treasurer
37 shall authorize funding in the amount of the approved loan to be withdrawn
38 from the public charter school revolving loan fund and distributed to the
39 approved public charter school.

40 (6) Intercept. As a requirement to participate in the public charter
41 school revolving loan fund, a participating public charter school shall pro-
42 vide a directive to the state department of education that all payments to
43 the school pursuant to the state educational support program shall be paid
44 directly to all affected lenders, including the Idaho housing and finance
45 association, according to the loan documents. All remaining funds shall be
46 forwarded to the public charter school. The payment directive required in
47 this subsection may not be revoked or amended.

48 (7) Annual fee. Schools participating in the public charter school
49 revolving loan fund shall pay a onetime fee in an amount equal to one-half
50 percent (0.5%) of the loan amount at the time of issuance, which may be in-

1 cluded in the loan and paid to the Idaho housing and finance association
2 for costs related to the making of the loan. Participating public charter
3 schools shall also annually pay an amount not to exceed thirty (30) basis
4 points of the principal amount of the loan, which may be used to cover costs
5 the Idaho housing and finance association incurred in managing the public
6 charter school revolving loan fund.

7 SECTION 2. An emergency existing therefor, which emergency is hereby
8 declared to exist, this act shall be in full force and effect on and after its
9 passage and approval.