Leger (HB 1271) **Act No. 543**

New law establishes a school facilities preservation program in school districts in which failing schools were transferred to the jurisdiction of the Recovery School District (RSD) in accordance with a specified provision of existing law.

New law provides for dedication of certain local tax revenues to the purposes of the program; those tax revenues are referred to in this digest as "facility funds" and are the proceeds of:

(1) Sales taxes at a rate equivalent to the rate being used as of July 1, 2014, by the school board to pay school facility debt.

(2) Property taxes dedicated to capital outlay and authorized by voters after July 1, 2014, to support the purposes of new law.

New law prohibits the school board from refinancing or delaying repayment of bonds that are outstanding on July 1, 2014.

New law requires annual payment of a proportionate share of facility funds to the RSD based on the proportion of students in RSD schools to the total number of students in the school district. Provides relative to auditing of these numbers.

New law requires the school board and the RSD to each create a facilities office. Dedicates a portion of facility funds to funding the office. Provides that to the extent such funds are available, each facilities office shall:

(1) Inspect and monitor facilities to ensure that they are being maintained and that each campus is in compliance with maintenance and inspection requirements. Provides remedies available if a school is not properly maintained.

(2) Manage building leases, handle emergency repairs, and administer the revolving facility loan fund and school facility repair and replacement accounts, all as provided for by new law.

New law authorizes a facilities office to provide additional facilities services to charter schools, including emergency and capital repairs or replacements, procurement services, and technical assistance, and to charge fees for such services pursuant to a written agreement with the school.

New law provides for the use of facility funds beyond those dedicated to funding the facilities offices; provides different uses of such funds during the period prior to the retirement of bonds of the school board that are outstanding on July 1, 2014, and the period after retirement of such bonds.

Prior to retirement of such bonds, new law provides that remaining facility funds shall be used by the school board and RSD for emergency repairs and replacements in accordance with policies each adopts for such purpose.

After retirement of such bonds, new law provides for dedication of remaining facility funds to a revolving loan fund and to school facility accounts as provided below.

New law requires the school board and the RSD to establish a revolving loan fund and make loans from the fund to schools to finance capital repairs and replacements. Requires annual deposits to the revolving loan funds for 20 years following the retirement of the bonds outstanding on July 1, 2014. Provides for a per campus amount to be deposited to the revolving loan fund. Per campus amounts differ for schools that were constructed prior to Sept. 1, 2005, and that have not received a renovation exceeding half the value of the facility's replacement cost since that date and all other schools.

New law provides as follows with respect to the revolving loan fund and loans to schools:

(1) Requires the adoption of polices governing eligible repairs and replacements, emergency repairs, approval of loan applications, maintenance of a minimum balance in the loan fund, and priorities for granting loans.

(2) Provides that a school's eligibility for a loan is in part determined by the balance in its school facility account.

(3) Requires that loan applications from a charter school be approved by the charter school's board prior to submission to the school board or the RSD.

(4) Loans shall be interest free except that a loan origination fee not exceeding 5% or $30,000, whichever is less, may be charged.

(5) Schools must repay loans in accordance with the terms of the loan agreement from funds to be deposited to its school facility account.

(6) Prohibits use of loans for operating expenses, maintenance, or insurance costs.

(7) If a school vacates a campus for which a loan is outstanding and another school becomes the tenant in that campus, the new school assumes the debt.

New law requires the operator of each school to establish and maintain a school facility repair and replacement account for each campus. Provides for the remainder of per campus amounts of facility funds to be deposited into such accounts. Provides as follows with respect to such accounts:

(1) Requires that such funds remain segregated and used only for the benefit of the particular campus. Provides that investment and interest earnings shall be credited to the account. Requires audits of such accounts.

(2) Limits the use of such accounts to capital repairs and replacements.

(3) Requires each school to develop a long-term capital plan for each campus.

(4) Provides for approval of nonemergency and emergency expenditures.

(5) Provides relative to loans to the accounts from a charter operator.

(6) Authorizes the school board or the RSD to terminate a school's control and use of the account if the school does not follow applicable legal and policy requirements.

(7) Specifies that funds in an account are the property of the school board or the RSD and that such accounts are campus specific and remain with the campus.

New law prohibits the school board and the RSD from charging rent or any other fee to charter schools for the occupancy, use, or repair of a campus it controls other than as provided for in new law. Authorizes the school board and RSD to require a charter school to pay for maintenance, insurance, utilities, and other costs related to the operation and upkeep of a campus, but specifies that new law does not authorize a school board or the RSD to require a charter school to expend funds on capital repairs or replacements in excess of funds available for such purposes pursuant to new law. Requires the school board and the RSD to annually prepare and issue a public report on the program.

Effective July 1, 2014.

(Adds R.S. 17:100.11)