

2015 Regular Session

SENATE BILL NO. 249

BY SENATOR WARD

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

SCHOOLS. Creates the School Choice Loan Fund. (gov sig)

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AN ACT

To enact Part III of Chapter 43 of Title 17 of the Louisiana Revised Statutes of 1950, to be comprised of R.S. 17:4033, relative to school choice; to create and provide for the School Choice Loan Fund; to provide for qualifications and criteria for eligibility for such loans; to provide for the adoption of rules to govern the issuance, use, and repayment of such loans; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. Part III of Chapter 43 of Title 17 of the Louisiana Revised Statutes of 1950, comprised of R.S. 17:4033, is hereby enacted to read as follows:

**PART III. SCHOOL CHOICE LOAN FUND**

**§4033. School Choice Loan Fund; creation; purpose; eligibility; criteria; rules**

**A.(1) The School Choice Loan Fund, hereafter referred to as the "fund", is hereby created within the state treasury for the purpose of providing a source for funding low-interest loans to assist qualified nonpublic schools participating in the Student Scholarships for Educational Excellence Program and qualified nonpublic schools that enroll students awarded scholarships by a school tuition organization pursuant to R.S. 47:6301 with funding to start a new school or**

1 expand an existing school and for funding program-related administrative and  
2 legal costs.

3 (2) Loans shall only be made to qualified nonpublic schools for which  
4 scholarship recipients comprise at least fifty percent of the school's total student  
5 enrollment.

6 B. All monies appropriated to the fund and any grants, other donations,  
7 or other sources of financial assistance directed to the fund shall be deposited  
8 into the fund. Monies in the fund shall be subject to appropriation by the  
9 legislature and shall be appropriated to the State Board of Elementary and  
10 Secondary Education for allocation by the board as low-interest loans for the  
11 purposes provided in this Section. All unexpended and unencumbered monies  
12 remaining in the fund at the end of each fiscal year shall remain in the fund.  
13 The monies in the fund shall be invested by the state treasurer in accordance  
14 with state law, and interest earned on the investment of these monies shall be  
15 credited to the fund, after compliance with the requirements of Article VII,  
16 Section 9(B) of the Constitution of Louisiana, relative to the Bond Security and  
17 Redemption Fund.

18 C.(1) The State Board of Elementary and Secondary Education shall  
19 administer the use of the monies appropriated from the fund and shall adopt  
20 rules governing a loan application and approval process in accordance with the  
21 Administrative Procedure Act. The adopted rules shall include, at a minimum,  
22 policies regarding credit, collateral, closing, interest rate, terms, repayment, and  
23 the collection process. The rules shall ensure that unless appropriate collateral  
24 has been secured, any loan funds received may only be used to purchase  
25 equipment or other items which shall become the property of the state if the  
26 loan is not fully repaid. The rules shall also provide that loan funding may only  
27 be used for program-related administrative and legal costs and to purchase  
28 tangible items such as equipment, technology, instructional materials, and  
29 facility acquisition, construction, renovation, and repairs. Such equipment,

1           property, or other items shall become the property of the state if the loan is not  
 2           fully repaid. The state board may reject any request for loan funding which  
 3           does not comply with the terms of this Part.

4           (2) Loans shall not exceed one hundred thousand dollars and shall be  
 5           used only to pay for school start-up or expansion expenses as provided in this  
 6           Part and state board rule. No money loaned as provided in this Part may be  
 7           used to pay prior debts of the organization, corporation, or other legal entity  
 8           which owns, operates, or has any other legal authority over the school, any of  
 9           the natural persons principally involved in the administration or operation of  
 10          the nonpublic school, or any former or current business or nonprofit venture  
 11          of any natural persons for any purchase not related to the school, or to pay to  
 12          members of the immediate family of any natural persons, or to make any  
 13          investments.

14          Section 2. This Act shall become effective upon signature by the governor or, if not  
 15          signed by the governor, upon expiration of the time for bills to become law without signature  
 16          by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
 17          vetoed by the governor and subsequently approved by the legislature, this Act shall become  
 18          effective on the day following such approval.

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The original instrument and the following digest, which constitutes no part  
 of the legislative instrument, were prepared by Jeanne C. Johnston.

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DIGEST

SB 249 Original

2015 Regular Session

Ward

Present law (R.S. 17:4011 - 4025) provides for the Student Scholarships for Educational Excellence Program (SSEEP) which provides a voucher to students entering kindergarten or who are attending low-performing schools and who meet specified income requirements to attend a nonpublic school qualified to participate in the program.

Present law (R.S. 47:6301) provides for a rebate for donations a taxpayer makes to a school tuition organization (STO) which provides scholarships to qualified students to attend a qualified school. The amount of the rebate shall be equal to the actual amount of the taxpayer's donation used by an STO to fund a scholarship, exclusive of administrative costs.

Proposed law retains present law.

Proposed law creates the School Choice Loan Fund as follows:

- (1) Creates the School Choice Loan Fund (fund) to provide low-interest loans to assist

- qualified nonpublic schools participating in SSEEP and qualified nonpublic schools that enroll students awarded scholarships by an STO pursuant to present law with funding to start a new school or expand an existing school and for funding program-related administrative and legal costs.
- (2) Specifies that loans shall only be made to qualified nonpublic schools for which scholarship recipients comprise at least 50% of the school's total student enrollment.
  - (3) Requires that all monies appropriated to the fund and any grants, other donations, or other sources of financial assistance directed to the fund be deposited into the fund. Monies in the fund are subject to appropriation by the legislature to the State Board of Elementary and Secondary Education (BESE) for allocation as low-interest loans for the purposes as provided in proposed law. All unexpended and unencumbered monies remain in the fund at the end of each fiscal year. Monies in the fund are to be invested by the state treasurer, and interest earned shall be credited to the fund, after compliance constitutional requirements, relative to the Bond Security and Redemption Fund.
  - (4) Requires BESE to administer the use of the monies appropriated from the fund and adopt rules governing a loan application and approval process in accordance with the Administrative Procedure Act. Specifies that the rules adopted include policies regarding credit, collateral, closing, interest rate, terms, repayment, and the collection process. Requires that the rules shall ensure that, unless appropriate collateral has been secured, loan funds may only be used to purchase equipment or other items which shall become the property of the state if the loan is not fully repaid. Further requires that the rules provide that loan funding may only be used for program-related administrative and legal costs and to purchase tangible items such as equipment, technology, instructional materials, and facility acquisition, construction, renovation, and repairs. Equipment, property, or other items purchased with loan funds shall become the property of the state if the loan is not fully repaid.
  - (5) Authorizes BESE to reject any request for loan funding which does not comply with proposed law.
  - (6) Provides that loans shall not exceed \$100,000 and shall be used only to pay for school start-up or expansion expenses as provided by law and state board rule.
  - (7) Loan funds may not be used to pay prior debts of the organization, corporation or other legal entity which owns, operates, or has any other legal authority over the school, any of the natural persons principally involved in the administration or operation of the nonpublic school, or any former or current business or nonprofit venture of any such natural persons for any purchase not related to the school, or to pay to members of the immediate family of any such natural persons, or to make any investments.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Adds R.S. 17:4033)