
The original instrument was prepared by Jeanne Johnston. The following digest, which does not constitute a part of the legislative instrument, was prepared by Nancy Vicknair.

SB 249 Reengrossed

DIGEST
2015 Regular Session

Ward

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 schools with funding to start a new school or expand an existing school.
- (2) 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/with constitutional requirements, relative to the Bond Security and Redemption Fund.
- (3) Requires BESE to administer the use of the monies appropriated from the fund and adopt rules governing a loan application and approval process, with guidance from OFI, 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. The rules must include the following provisions that:
 - (a) Ensure that, unless appropriate collateral has been secured, loan funds may be used only to purchase equipment or other items which shall become the property of the state if the loan is not fully repaid.
 - (b) Require that BESE be given superior lien status above any other lien or privilege held against the collateral, or shall provide collateral with no other lien or privilege held against it, and shall provide that all loans shall have a maximum loan-to-value ratio of 80%.
 - (c) Require that a loan applicant provide all financial documentation required by BESE to prove the financial soundness of the applicant, including cash flow projections, current and future projected liabilities, and financial statements.
 - (d) Require that loan funding appropriated by the legislature be prioritized to fund applications from public schools or public school districts, while funding from nonpublic sources be prioritized to fund applications from nonpublic schools.

- (e) Require that loan funding be used only 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.
 - (f) Require that any equipment, property, or other items purchased with loan funds become the property of the state if the loan is not fully repaid.
- (4) Authorizes BESE to reject any request for loan funding which does not comply with proposed law.
 - (5) 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 proposed law and state board rule.
 - (6) 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 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)

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Education to the original bill

1. Removes all references to nonpublic schools.
2. Adds requirement that BESE seek guidance from OFI when adopting rules that govern the loan application and approval process.
3. Adds requirement that BESE be given superior lien status against the collateral.
4. Adds requirement that loans have a minimum loan-to-value ratio of 80%.
5. Adds requirement that the loan applicant provide all financial documentation to BESE to prove financial soundness.

Senate Floor Amendments to engrossed bill

1. Adds requirement that loan funding appropriated by the legislature be prioritized to fund applications from public schools or public school districts, while funding from

nonpublic sources be prioritized to fund applications from nonpublic schools.