

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 249** SLS 15RS 264

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 29, 2015	10:18 AM	Author: WARD
Dept./Agy.: Education		Analyst: Jodi Mauroner
Subject: Voucher school loan fund		

SCHOOLS

RE SEE FISC NOTE SD EX

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Creates the School Choice Loan Fund. (gov sig)

Proposed legislation creates the School Choice Loan Fund for the purpose of providing low-interest loans to schools with funding to start a new school or expand an existing school. Requires BESE with the assistance of the Office of Financial Institutions to adopt rules governing the application and approval process which shall ensure loan funds may only be used for administrative and legal costs and to purchase tangible items such as equipment, technology, materials and facility acquisition, construction, renovation or repairs, which shall become the property of the state if the loan is not fully repaid. Loans shall not exceed \$100,000 and shall only be used to pay for start-up or expansion costs. The rules shall provide that BESE be given superior lien status above any other lien, that all loans have a maximum loan-to-value ratio of 80% and that applicants must provide all financial documentation to prove financial soundness. The source of funding for the School Choice Loan Fund is any money appropriated, grants or other donations. Effective upon governor's signature.

EXPENDITURES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

REVENUES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

EXPENDITURE EXPLANATION

There will likely be an impact to state general fund expenditures if the source of the appropriation is from the state general fund or from monies that would otherwise be deposited to the state general fund. There will be an increase in statutorily dedicated expenditures from the School Choice Loan Fund to the extent there are deposits into the fund and legislative appropriations out of the fund. Expenditures will be limited by the number of applicants, the \$100,000 maximum loan amount and the delineated uses of loan funding. Furthermore, the requirement that BESE promulgate rules establishing policies regarding credit, collateral, closing, interest rate, terms, repayment and collection processes will also determine the availability and expenditure of funds. Further, the rules shall provide that loan funding appropriated by the legislature be prioritized to fund applications from public schools and public school districts while funding from non-public sources be prioritized to fund applications from non-public schools.

REVENUE EXPLANATION

The School Choice Loan Fund will generate revenue from interest rates established by BESE as authorized by the bill. The amount will depend upon the rates, terms and repayment process promulgated by BESE. The Fund will also recognize investment returns. The amount of such returns will depend upon the amount appropriated to the fund and the investment practices of the Treasurer.

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| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {H & S} |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | | | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

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