

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 545

BY EDUCATION COMMITTEE

AN ACT

1 RELATING TO PUBLIC CHARTER SCHOOLS; REPEALING SECTION 33-5217, IDAHO CODE,
2 RELATING TO THE PUBLIC CHARTER SCHOOL DEBT RESERVE; AMENDING CHAPTER
3 52, TITLE 33, IDAHO CODE, BY THE ADDITION OF A NEW SECTION 33-5217,
4 IDAHO CODE, TO ESTABLISH PROVISIONS REGARDING THE PUBLIC CHARTER SCHOOL
5 REVOLVING LOAN FUND; AND DECLARING AN EMERGENCY AND PROVIDING AN EFFEC-
6 TIVE DATE.
7

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

9 SECTION 1. That Section [33-5217](#), Idaho Code, be, and the same is hereby
10 repealed.

11 SECTION 2. That Chapter 52, Title 33, Idaho Code, be, and the same is
12 hereby amended by the addition thereto of a NEW SECTION, to be known and des-
13 ignated as Section 33-5217, Idaho Code, and to read as follows:

14 33-5217. PUBLIC CHARTER SCHOOL REVOLVING LOAN FUND. (1) There is
15 hereby established in the state treasury the public charter school revolving
16 loan fund to assist qualifying charter schools in obtaining financing for
17 facility purchases, improvements, and construction. The fund shall con-
18 sist of moneys made available through appropriations, fees, grants, gifts,
19 interest earned on idle moneys in the fund, and any other source to fulfill
20 the purposes of this section. Moneys in the fund are hereby continuously
21 appropriated for the purposes of this section and shall be expended only for
22 the purposes stated in this section.

23 (2) Loan issuer. The Idaho housing and finance association shall issue
24 all loans under this section. A public charter school seeking to use the pub-
25 lic charter school revolving loan fund must apply for and receive approval
26 from the Idaho housing and finance association to receive a loan under this
27 section. The Idaho housing and finance association shall establish guide-
28 lines and procedures for the application, approval, allocation, and repay-
29 ment of loans issued under this section, consistent with the criteria in this
30 section.

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

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

39 (i) A letter of commitment from a national or state-chartered fi-
40 nancial institution;

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

- 1 (iii) A letter of commitment from a community development finan-
2 cial institution; or
3 (iv) A letter of commitment from a qualified underwriter or an in-
4 vestment firm;
- 5 (b) The public charter school must provide annual budgets and cash flow
6 statements and must demonstrate satisfaction of each of the following
7 criteria:
- 8 (i) Projected future budgets throughout the term of the loan,
9 cash flows and operating reserves to support a debt service cover-
10 age greater than 1.20x;
- 11 (ii) Cost to operate facility, including debt service, occupancy
12 cost, and other facilities-related expenses, not to exceed twenty
13 percent (20%) of revenue; and
- 14 (iii) Certification from a school administrator that projected
15 future budgets and cash flows are based on reasonable assumptions
16 related to level or increasing projected enrollment or waitlist
17 and projected total income, including any matching funds and dona-
18 tions contingent on receipt of a loan under this section;
- 19 (c) The public charter school must have a minimum of one million dollars
20 (\$1,000,000) in private or public grant support available for use sup-
21 porting the school budget prior to loan issuance;
- 22 (d) The public charter school must demonstrate that the letter of
23 commitment it obtained pursuant to paragraph (a) of this subsection
24 includes a commitment from a lender to provide a minimum of twenty per-
25 cent (20%) of project financing subordinate to the loan provided by this
26 section; and
- 27 (e) At the time of loan issuance, the public charter school must be in
28 the preopening stage or in the first or second year serving students.
- 29 (4) Loan terms and conditions. The Idaho housing and finance associa-
30 tion will develop and publish the general terms and conditions of loans is-
31 sued under this section.
- 32 (5) Maximum loan amount. Public charter schools that satisfy the
33 guidelines and procedures established by the Idaho housing and finance
34 association shall receive approval from the Idaho housing and finance as-
35 sociation to rely on the public charter school revolving loan fund for
36 assistance in obtaining favorable financing for facility improvements and
37 construction, as long as sufficient moneys exist pursuant to subsection (1)
38 of this section. Eligible schools shall receive approval on a first-come,
39 first-served basis, according to date of completed application, in an amount
40 not to exceed two million five hundred thousand dollars (\$2,500,000).
- 41 (6) Intercept. As a requirement to participate in the public charter
42 school revolving loan fund, a participating public charter school shall pro-
43 vide a directive to the state department of education that all payments to
44 the school pursuant to the state educational support program shall be paid
45 directly to all affected lenders, including the Idaho housing and finance
46 association, according to the loan documents. All remaining funds shall be
47 forwarded to the public charter school. The payment directive required in
48 this subsection may not be revoked or amended.
- 49 (7) Annual fee. Schools participating in this program shall pay a one-
50 time fee in an amount equal to one-half percent (0.5%) of the loan amount at

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

7 SECTION 3. An emergency existing therefor, which emergency is hereby
8 declared to exist, this act shall be in full force and effect on and after
9 July 1, 2022.