

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 309

BY EDUCATION COMMITTEE

AN ACT

1 RELATING TO PUBLIC CHARTER SCHOOLS; AMENDING CHAPTER 52, TITLE 33, IDAHO
2 CODE, BY THE ADDITION OF A NEW SECTION 33-5217, IDAHO CODE, TO CREATE
3 THE PUBLIC CHARTER SCHOOL DEBT RESERVE, TO PROVIDE CONDITIONS TO USE THE
4 PUBLIC CHARTER SCHOOL DEBT RESERVE, TO PROVIDE FOR APPROVAL FROM THE
5 IDAHO HOUSING AND FINANCE ASSOCIATION, TO ESTABLISH THE PUBLIC CHARTER
6 SCHOOL DEBT RESERVE FUND, TO PROVIDE FOR CONTINUOUS APPROPRIATION, TO
7 PROVIDE FOR THE DEPOSIT OF CERTAIN MONEYS INTO THE FUND, TO ESTABLISH
8 PROVISIONS CONCERNING A DEFAULT ON AN OUTSTANDING DEBT AND PROVIDING AN
9 EFFECTIVE DATE.
10

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

12 SECTION 1. That Chapter 52, Title 33, Idaho Code, be, and the same is
13 hereby amended by the addition thereto of a NEW SECTION, to be known and des-
14 ignated as Section 33-5217, Idaho Code, and to read as follows:

15 33-5217. PUBLIC CHARTER SCHOOL DEBT RESERVE. (1) There is hereby cre-
16 ated the public charter school debt reserve to assist qualifying charter
17 schools in obtaining favorable financing for facility improvements and con-
18 struction. A public charter school seeking to use the public charter school
19 debt reserve must receive approval from the Idaho housing and finance asso-
20 ciation pursuant to the criteria set forth in this section.

21 (2) A public charter school shall be qualified to use the public charter
22 school debt reserve only upon satisfaction of the following conditions:

23 (a) The public charter school must demonstrate it has obtained one (1)
24 of the following:

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

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

28 (iii) A letter of commitment from a community development finan-
29 cial institution; or

30 (iv) A letter of commitment from a qualified underwriter or an in-
31 vestment firm;

32 (b) The public charter school must provide annual budgets and cash flow
33 statements and must demonstrate satisfaction of each of the following
34 criteria:

35 (i) Projected future budgets, cash flows and operating reserves
36 greater than sixty (60) days of cash on hand to support a debt ser-
37 vice coverage greater than 1.20x;

38 (ii) Cost to operate facility, including debt service, occupancy
39 cost and operating expenses, not to exceed twenty percent (20%) of
40 revenue;

41 (iii) Audited financial statements with unqualified opinions for
42 the prior three (3) years; and

1 (iv) Certification from a school administrator that projected fu-
2 ture budgets and cash flows are based on reasonable assumptions
3 related to level or increasing projected enrollment or waitlist
4 and projected total income, including any matching funds and dona-
5 tions contingent on receipt of a loan under this section; and

6 (c) The public charter school must obtain approval for issuance by the
7 Idaho housing and finance association to act as a conduit issuer.

8 (3) Public charter schools that satisfy the requirements set forth in
9 subsection (2) of this section shall receive approval from the Idaho hous-
10 ing and finance association to rely on the public charter school debt reserve
11 for assistance in obtaining favorable financing for facility improvements
12 and construction, so long as sufficient moneys exist pursuant to subsection
13 (4) of this section. Eligible schools shall receive approval on a first-come
14 basis according to date of completed application, in an amount not to exceed
15 twenty-four (24) months of principal and interest payments.

16 (4) There is hereby established in the state treasury the public char-
17 ter school debt reserve fund that shall consist of moneys made available
18 through appropriations, fees, grants, gifts or any other source to fulfill
19 the purposes of this section. Moneys in the fund are hereby continuously
20 appropriated for the purposes of this section, and shall only be expended for
21 the purposes stated herein. Qualifying schools annually shall pay an amount
22 equal to ten (10) basis points of the principal amount of the debt for which
23 it qualified to use the public charter school debt reserve, which shall be
24 deposited into the public charter school debt reserve fund.

25 (5) Subject to the limitations of subsection (3) of this section, if
26 a qualified public charter school defaults on an outstanding debt for which
27 the Idaho housing and finance association has made the debt reserve avail-
28 able, and there is no other money available to the charter school to make
29 the payment, money shall be withdrawn from the public charter school debt
30 reserve fund to pay the principal, redemption price or interest on the out-
31 standing debt. Upon certification by the Idaho housing and finance associa-
32 tion to the superintendent of public instruction, payment shall be made from
33 the public charter school debt reserve fund toward the outstanding debt.

34 SECTION 2. This act shall be in full force and effect on and after July
35 1, 2016.