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

DIGEST

SB 249 Original

2015 Regular Session

Ward

<u>Present law</u> (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.

<u>Present law</u> (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 startup 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)