

1 STATE OF OKLAHOMA

2 2nd Session of the 60th Legislature (2026)

3 COMMITTEE SUBSTITUTE

4 FOR

5 HOUSE BILL NO. 3372

6 By: Hall

7 COMMITTEE SUBSTITUTE

8 An Act relating to charter schools; amending 62 O.S.  
9 2021, Section 203, which relates to the apportionment  
10 of monies to the General Revenue Fund; providing  
11 exception to requirement for investment monies to  
12 return to the General Revenue Fund; amending 70 O.S.  
13 2021, Section 3-142, as last amended by Section 2,  
14 Chapter 294, O.S.L. 2025 (70 O.S. Supp. 2025, Section  
15 3-142), which relates to charter school funding;  
16 removing reference to prohibition on issuing bonds;  
17 clarifying repayment obligations for the state in  
18 certain circumstances; stating legislative findings;  
19 creating the Revolving Loan Fund Program for Charter  
20 School Capital Expenditures; describing Revolving  
21 Loan Fund Program management; providing Revolving  
22 Loan Fund Program purpose; allowing a third-party  
23 financial administrator to set interest rates on  
24 loans to charter schools; stating loan recipients;  
restricting loan usage for specific purposes;  
providing loan eligibility; creating the Charter  
School Loan Revolving Fund; providing fund purposes  
and limitations; allowing appropriations; providing  
procedure for approval and payment of funds; allowing  
the promulgation of rules; creating the Charter  
School Bond Credit Enhancement Program; prescribing  
program eligibility; outlining program approval  
process; mandating selection of third-party financial  
administrator; requiring interception of State Aid  
funds to pay bond obligations; providing permitted  
reserve account uses; prohibiting revoking or  
amending of payment directive; limiting payment  
sources; creating the Charter School Bond Credit  
Enhancement Fund; providing fund purposes and  
limitations; allowing appropriations; requiring

1 interest earned to be returned to the fund; mandating  
2 participants pay a one-time fee; outlining procedures  
3 for default; providing procedure for repayment of  
4 certain monies; clarifying certain bonds are special  
5 obligations payable from charter school funds or  
6 state appropriations; providing program monetary cap;  
7 providing for codification; and providing an  
8 effective date.

8 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

9 SECTION 1. AMENDATORY 62 O.S. 2021, Section 203, is  
10 amended to read as follows:

11 Section 203. A. Except as otherwise provided by subsection B  
12 of this section, all monies that may come into the State Treasury,  
13 pursuant to the provisions of Section 201 et seq. of this title,  
14 together with all amounts that may be received by the State  
15 Treasurer as investment income or as interest on average daily bank  
16 balances, including investment income or interest on deposits from  
17 funds deposited to the credit of the Constitutional Reserve Fund  
18 created pursuant to Section 23 of Article X of the Oklahoma  
19 Constitution, shall be apportioned and credited to the General  
20 Revenue Fund for the current year.

21 B. The provisions of subsection A of this section shall not  
22 apply to:

23 1. Interest received on deposits from funds under the control  
24 of the Commissioners of the Land Office;

- 1        2. Funds in the Department of Human Services Federal  
2 Disallowance Fund;
- 3        3. Interest received on deposits from funds under the control  
4 of the Santa Claus Commission;
- 5        4. The Risk Management Revolving Fund;
- 6        5. Investment income and interest received from funds in the  
7 Quartz Mountain Revolving Fund from insurance claims;
- 8        6. The Drinking Water Treatment Revolving Loan Account and the  
9 Drinking Water Treatment Loan Administrative Fund;
- 10       7. The Clean Water State Revolving Fund Loan Account and the  
11 Clean Water State Revolving Fund Loan Administrative Fund;
- 12       8. The State Infrastructure Bank Revolving Fund;
- 13       9. The Nursing Facility Quality of Care Fund;
- 14       10. The Oklahoma Tourism and Recreation Department Revolving  
15 Fund effective July 1, 2003;
- 16       11. The Golf Course Operations Revolving Fund effective July 1,  
17 2003; ~~and~~
- 18       12. Interest received on investments from funds in the County  
19 Bridge and Road Improvement Fund, the Emergency and Transportation  
20 Revolving Fund, the County Road Machinery and Equipment Revolving  
21 Fund, the High Priority State Bridge Revolving Fund as created in  
22 Section 506 of Title 69 of the Oklahoma Statutes, and the County  
23 Improvements for Roads and Bridges Fund as created in Section 507 of  
24 Title 69 of the Oklahoma Statutes; and

1        13. Interest earned on investments pursuant to subsection G of  
2 Section 5 of this act.

3        SECTION 2.        AMENDATORY        70 O.S. 2021, Section 3-142, as  
4 last amended by Section 2, Chapter 294, O.S.L. 2025 (70 O.S. Supp.  
5 2025, Section 3-142), is amended to read as follows:

6        Section 3-142. A. The student membership and attendance of a  
7 charter school shall be considered separate from the student  
8 membership and attendance of the sponsor for the purpose of  
9 calculating enrollment and funding including weighted average daily  
10 membership pursuant to Section 18-201.1 of this title and State Aid  
11 pursuant to Section 18-200.1 of this title. A charter school shall  
12 receive the State Aid allocation, federal funds to which it is  
13 eligible and qualifies for, and any other state-appropriated revenue  
14 generated by its students for the applicable year. Not more than  
15 three percent (3%) of the State Aid allocation may be charged by the  
16 sponsor as a fee for administrative services rendered if the sponsor  
17 is a school district, a comprehensive or regional institution of  
18 higher education, a two-year college, a private institution of  
19 higher learning accredited pursuant to Section 4103 of this title,  
20 or a federally recognized Indian tribe pursuant to Section 3-132 of  
21 this title. The Statewide Charter School Board shall not charge any  
22 charter school or virtual charter school a fee for administrative or  
23 other services. The State Department of Education shall determine  
24 the policy and procedure for making payments to a charter school or

1 virtual charter school. The fee for administrative services as  
2 authorized in this subsection shall only be assessed on the State  
3 Aid allocation amount and shall not be assessed on any other  
4 appropriated amounts. A sponsor of a charter school shall not  
5 charge any additional State Aid allocation or charge the charter  
6 school any additional fee above the amounts allowed by this  
7 subsection unless the additional fees are for additional services  
8 rendered. The charter school sponsor shall provide to the State  
9 Department of Education financial records documenting any state  
10 funds charged by the sponsor for administrative services rendered  
11 for the previous year.

12 B. The fee for administrative services authorized by subsection  
13 A of this section shall be used by the sponsor to provide oversight  
14 and services to the charter schools it sponsors. The State  
15 Department of Education shall develop data codes for the Oklahoma  
16 Cost Accounting System which shall be used to comply with the  
17 administrative services reporting required by this section. A  
18 charter school sponsor shall publish a detailed report on its  
19 website and present the report in a public meeting of the charter  
20 school governing board and the charter school sponsor governing  
21 board. The report shall provide sponsor performance and stewardship  
22 including compliance with all applicable laws, regulations, and  
23 terms of the charter contract and listing expenses related to

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1 oversight and services provided by the sponsor to the charter  
2 schools it sponsors.

3 C. For the purpose of calculating weighted average daily  
4 membership pursuant to Section 18-201.1 of this title and State Aid  
5 pursuant to Section 18-200.1 of this title, the weighted average  
6 daily membership for the first year of operation of a new charter  
7 school site or grade level or full-time statewide virtual charter  
8 school shall be determined initially by multiplying the actual  
9 enrollment of students as of August 1 by 1.333. The charter school  
10 or virtual charter school shall receive revenue equal to that which  
11 would be generated by the estimated weighted average daily  
12 membership calculated pursuant to this subsection. At midyear, the  
13 allocation for the charter school or virtual charter school shall be  
14 adjusted using the first quarter weighted average daily membership  
15 for the charter school or virtual charter school calculated pursuant  
16 to subsection A of this section. For each subsequent school year,  
17 weighted average daily membership shall be calculated as provided  
18 for in Section 18-201.1 of this title, and State Aid shall be  
19 calculated as provided for in Section 18-200.1 of this title.

20 D. Except as explicitly authorized by state law, a charter  
21 school or virtual charter school shall not be eligible to receive  
22 state-dedicated, local, or county revenue; provided, a charter  
23 school or virtual charter school may be eligible to receive any  
24 other aid, grants, or revenues allowed to other schools. A charter

1 school or virtual charter school shall be considered a local  
2 education agency for purposes of funding.

3 E. Any unexpended funds received by a charter school or virtual  
4 charter school may be reserved and used for future purposes. The  
5 governing board of a charter school or virtual charter school shall  
6 not levy taxes ~~or issue bonds~~. If otherwise allowed by law, the  
7 governing board of a charter school or virtual charter school may  
8 enter into private contracts for the purposes of borrowing money  
9 from lenders. If the governing board of the charter school or  
10 virtual charter school borrows money, the charter school or virtual  
11 charter school shall be solely responsible for repaying the debt,  
12 and the state or the sponsor shall not in any way be responsible or  
13 obligated to repay the debt, except as provided in Sections 4 and 5  
14 of this act.

15 F. Any charter school or virtual charter school which chooses  
16 to lease property shall be eligible to receive current government  
17 lease rates.

18 G. Except as otherwise provided in this subsection, each  
19 charter school shall pay to the Charter Schools Incentive and  
20 Closure Reimbursement Fund created in Section 3-144 of this title an  
21 amount equal to Five Dollars (\$5.00) per student based on average  
22 daily membership, as defined by paragraph 2 of Section 18-107 of  
23 this title, during the first nine (9) weeks of the school year.  
24 Each charter school shall complete the payment every school year

1 within thirty (30) days after the first nine (9) weeks of the school  
2 year. If the Charter Schools Incentive and Closure Reimbursement  
3 Fund has a balance of One Million Dollars (\$1,000,000.00) or more on  
4 July 1, no payment shall be required the following school year.

5 H. Upon the effective date of this act, the Statewide Charter  
6 School Board shall transfer all funds remaining in the balance of  
7 the Charter School Closure Reimbursement Revolving Fund to the  
8 Charter Schools Incentive and Closure Reimbursement Fund created  
9 pursuant to Section 3-144 of this title.

10 SECTION 3. NEW LAW A new section of law to be codified  
11 in the Oklahoma Statutes as Section 3-142.1 of Title 70, unless  
12 there is created a duplication in numbering, reads as follows:

13 The Legislature finds that public charter schools should be  
14 eligible for dedicated or competitive funding made available through  
15 the State of Oklahoma to support public school capital expenditures.

16 SECTION 4. NEW LAW A new section of law to be codified  
17 in the Oklahoma Statutes as Section 3-142.2 of Title 70, unless  
18 there is created a duplication in numbering, reads as follows:

19 A. There is hereby established the Revolving Loan Fund Program  
20 for Charter School Capital Expenditures, subject to appropriations  
21 by the Legislature.

22 B. The Revolving Loan Fund Program for Charter School Capital  
23 Expenditures shall be managed by the Statewide Charter School Board.  
24 The Board shall conduct a competitive procurement process to select

1 a qualified third-party financial administrator with demonstrated  
2 expertise in public finance, charter school facilities financing, or  
3 municipal bond underwriting to administer the program. The selected  
4 administrator shall manage underwriting, loan structuring, and risk  
5 assessment functions in accordance with rules promulgated by the  
6 Board.

7 C. The Revolving Loan Fund Program for Charter School Capital  
8 Expenditures shall provide loans and loan guarantees that allow  
9 charter schools to access funding at lower interest rates.

10 D. The third-party financial administrator selected pursuant to  
11 subsection B of this section shall determine the interest rates,  
12 underwriting standards, and loan terms applicable to loans and loan  
13 guarantees issued under this section, subject to oversight and  
14 approval by the Statewide Charter School Board. In establishing  
15 such rates and terms, the administrator shall seek to provide  
16 competitive, market-aligned interest rates and prudent risk  
17 management.

18 E. Eligible recipients of loans or loan guarantees through this  
19 program include:

- 20 1. Nonprofit charter school organizations;
- 21 2. Nonprofit charter school management organizations;
- 22 3. Affiliated entities designed to own property for charter  
23 schools;

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1 4. A nonprofit corporation that develops and finances a  
2 facility that will be occupied by a public charter school throughout  
3 the term of the loan; and

4 5. One or more third-party, nonprofit charter school loan fund  
5 designed to leverage the total loan amounts to eligible recipients.

6 F. Funds distributed pursuant to this section shall be for  
7 purchase, construction, renovation, and maintenance of charter  
8 school capital projects including:

- 9 1. Purchase of land and related costs;
- 10 2. Construction of a new facility and related costs;
- 11 3. Purchase of an existing property and related costs;
- 12 4. Renovation of a property and related costs; and
- 13 5. Capital improvements of an existing property and related  
14 costs.

15 G. 1. To be eligible to benefit from a loan or loan guarantee  
16 under this section, a charter school shall:

- 17 a. operate pursuant to Section 3-137 of Title 70 of the  
18 Oklahoma Statutes,
  - 19 b. provide a full-time, in-person academic program,
  - 20 c. certify that any facility financed in whole or in part  
21 under this section shall be used primarily for full-  
22 time, in-person student instruction, and
  - 23 d. be in good standing with its sponsor.
- 24

1           2. A charter school shall not be eligible to receive a loan or  
2 loan guarantee under this section if, within the three (3) years  
3 immediately preceding the date of application:

- 4           a. the charter school received a grade of "F" on the  
5           Oklahoma School Report Card,
- 6           b. the charter school received a severe adverse finding  
7           on its annual financial audit, or
- 8           c. the charter school was accredited with warning or  
9           probation by the Oklahoma State Department of  
10           Education.

11           H. There is hereby created in the State Treasury a revolving  
12 fund for the Statewide Charter School Board to be designated the  
13 "Charter School Loan Revolving Fund". The fund shall be a  
14 continuing fund, not subject to fiscal year limitations, and shall  
15 consist of all monies received by the Statewide Charter School Board  
16 from state appropriations. All monies accruing to the credit of  
17 said fund are hereby appropriated and may be budgeted and expended  
18 by the Statewide Charter School Board for the purpose of  
19 administering the Revolving Loan Fund Program for Charter School  
20 Capital Expenditures. Expenditures from said fund shall be made  
21 upon warrants issued by the State Treasurer against claims filed as  
22 prescribed by law with the Director of the Office of Management and  
23 Enterprise Services for approval and payment.

1 I. The Statewide Charter School Board may promulgate rules to  
2 implement this section.

3 SECTION 5. NEW LAW A new section of law to be codified  
4 in the Oklahoma Statutes as Section 3-142.3 of Title 70, unless  
5 there is created a duplication in numbering, reads as follows:

6 A. There is hereby established a Charter School Bond Credit  
7 Enhancement Program to assist qualifying charter schools in  
8 obtaining favorable financing on bonds for facility expenditures.

9 B. 1. A public charter school is eligible to participate in  
10 the program if the school receives approval from the Statewide  
11 Charter School Board confirming compliance with statutory  
12 eligibility requirements and receives a creditworthiness  
13 determination from the third-party financial administrator selected  
14 pursuant to subsection C of this section.

15 2. Creditworthiness for purposes of this section shall be  
16 determined by the third-party financial administrator based on  
17 industry-standard underwriting criteria.

18 3. The Statewide Charter School Board shall not be responsible  
19 for conducting financial underwriting or credit analysis but shall  
20 verify statutory eligibility and compliance.

21 C. The Statewide Charter School Board shall conduct a  
22 competitive procurement process to select a qualified third-party  
23 financial administrator to evaluate creditworthiness, advise on bond  
24 structuring, and administer financial components of the Charter

1 School Bond Credit Enhancement Program. The administrator shall  
2 have demonstrated expertise in municipal finance, charter school  
3 facilities financing, or public credit analysis.

4 D. 1. Upon receipt of documentation satisfying the criteria  
5 set forth in subsection B of this section, the Oklahoma Finance  
6 Authority shall notify the public charter school and the State  
7 Treasurer that the school has been approved to participate in the  
8 charter school bond credit enhancement program if:

9 a. the public charter school complies with the  
10 requirements set forth in subsection B of this  
11 section, and

12 b. the public charter school's participation would not  
13 cause a violation of the limitations set forth in  
14 subsection I of this section.

15 2. Additional requirements and security interests may be  
16 imposed by agreement of the school and bondholder or trustee.

17 E. 1. A school participating in the Charter School Bond Credit  
18 Enhancement Program shall agree to have deposited a minimum of  
19 twelve (12) months' payment on principal and interest in a  
20 restricted debt service reserve account established and held by the  
21 bondholder or trustee.

22 2. Except as provided in paragraph 3 of this subsection, money  
23 in a participating public charter school's restricted debt service  
24 reserve account shall not be withdrawn if the amount withdrawn would

1 reduce the level of money in the account to less than twelve (12)  
2 months' payment on principal and interest.

3 3. As long as applicable bonds issued under the facilities  
4 program remain outstanding, money in a restricted debt service  
5 reserve account may be withdrawn in an amount that would reduce the  
6 level to less than twelve (12) months' payment on principal and  
7 interest, if the money is withdrawn for the purpose of:

- 8 a. paying the principal, redemption price, or interest on  
9 a bond when due if the state payments intercepted  
10 pursuant to subsection F of this section, funded  
11 grants, and other revenues pledged by the  
12 participating public charter school for payment of the  
13 bond, are insufficient to make the payment, or
- 14 b. paying any redemption premium required to be paid when  
15 the bonds are redeemed prior to maturity, if no bonds  
16 will remain outstanding.

17 F. 1. As a requirement to participate in the Charter School  
18 Bond Credit Enhancement Program, a participating public charter  
19 school shall provide a directive to the Statewide Charter School  
20 Board authorizing the interception of the school's State Aid  
21 funding, as defined pursuant to Section 18-200.1 of Title 70 of the  
22 Oklahoma Statutes, in an amount sufficient to satisfy the scheduled  
23 principal and interest payment due under the applicable bond  
24 indenture and shall be transmitted directly to the bond trustee on

1 or before the due date specified in the bond indenture. Any  
2 remaining balance of the State Aid funding after satisfaction of the  
3 scheduled debt service payment shall be promptly transmitted to the  
4 participating public charter school.

5 2. The payment directive required in this subsection shall not  
6 be revoked or amended while bonds supported by the Charter School  
7 Bond Credit Enhancement Program remain outstanding.

8 3. The intercept authorized by this subsection shall not apply  
9 to federal funds, competitive grants, restricted program funds, or  
10 any revenues other than State Aid funding.

11 G. There is hereby established in the State Treasury the  
12 Charter School Bond Credit Enhancement Fund, which shall consist of  
13 monies made available through appropriations, fees, grants, gifts,  
14 or any other source to fulfill the purposes of this section. Monies  
15 in the fund are hereby continuously appropriated for the purposes of  
16 this section and shall only be expended for the purposes stated  
17 herein. Any interest earned on the investment of idle money in the  
18 Charter School Bond Credit Enhancement Fund shall be returned to the  
19 Charter School Bond Credit Enhancement Fund. Schools participating  
20 in the Charter School Bond Credit Enhancement Program shall pay a  
21 one-time fee in an amount equal to one-half percent (0.5%) of par at  
22 the time of issuance and an annual fee in an amount equal to  
23 seventy-five thousandths percent (0.075%) on the outstanding  
24

1 balance, which shall be deposited in the Charter School Bond Credit  
2 Enhancement Fund.

3 H. 1. If a public charter school participating in the Charter  
4 School Bond Credit Enhancement Program has defaulted on its  
5 obligation to pay, a draw on its restricted debt service reserve  
6 account shall be made, and the following shall occur:

7 a. the bond trustee shall exercise its remedies under the  
8 bond indenture and loan agreement,

9 b. within ten (10) days following the withdrawal from the  
10 restricted debt service account, the bondholder or  
11 trustee shall notify the issuing Oklahoma Finance  
12 Authority, the State Treasurer, and the State  
13 Comptroller of the shortfall in the school's  
14 restricted debt service reserve account,

15 c. within fifteen (15) days of the notice provided  
16 pursuant to subparagraph b of paragraph 1 of this  
17 subsection, the State Comptroller shall transfer, from  
18 the Charter School Bond Credit Enhancement Fund, to  
19 the school's restricted debt service reserve account,  
20 an amount equal to one (1) month's principal and  
21 interest on the bonds based on the principal and  
22 interest payments for which the draw on the restricted  
23 debt service reserve account occurred. Monies  
24 transferred to the school's restricted debt service

1 reserve account pursuant to this paragraph shall be  
2 continuously appropriated for such purposes; provided,  
3 however, that no such transfer shall be made if the  
4 charter school's sponsor has issued written notice of  
5 intent to revoke or of nonrenewal regarding the  
6 charter contract pursuant to the Oklahoma Charter  
7 Schools Act, except to the extent necessary to satisfy  
8 debt service obligations accrued prior to such action,  
9 and

10 d. by December 1 of each year, the State Treasurer shall  
11 submit to the Governor a letter certifying the amount,  
12 if any, required to restore amounts on deposit in the  
13 restricted debt service reserve accounts of  
14 participating public charter schools and the Charter  
15 School Bond Credit Enhancement Fund. The Governor  
16 shall send to the Legislature a statement of the  
17 expenditure of monies from the Charter School Bond  
18 Credit Enhancement Fund and report the amount needed  
19 to restore funds in the restricted debt service  
20 reserve accounts to the amount required in paragraph 2  
21 of subsection E of this section. The Legislature may  
22 appropriate money to restore amounts on deposit in the  
23 restricted debt service reserve account of a  
24 defaulting public charter school to the amounts

1 required in paragraph 2 of subsection E of this  
2 section or to redeem all outstanding bonds issued for  
3 a defaulting public charter school, the source of  
4 which may be the Charter School Bond Credit  
5 Enhancement Fund or any other available funds. The  
6 Legislature may also appropriate money to restore  
7 amounts withdrawn from the Charter School Bond Credit  
8 Enhancement Fund.

9 2. If money has been withdrawn from the Charter School Bond  
10 Credit Enhancement Fund pursuant to paragraph 1 of this subsection,  
11 the school shall repay the fund from the school's allocation of  
12 facilities funds, at a time agreed to by the Statewide Charter  
13 School Board over a period of years until the amount so withdrawn  
14 has been repaid to the Charter School Bond Credit Enhancement Fund,  
15 as long as the repayment does not cause an event of default on a  
16 facility lease or loan.

17 I. 1. Bonds issued for the benefit of public charter schools  
18 using the Charter School Bond Credit Enhancement Fund shall not be  
19 indebtedness of the state, but are special obligations payable  
20 solely from:

- 21 a. revenues or other funds pledged by the qualifying  
22 public charter school, and
- 23 b. amounts appropriated by the Legislature pursuant to  
24 subsection H of this section.

1           2. Bonds issued under the public charter school facilities  
2 program shall not be subordinate to any other obligations used to  
3 finance the same project.

4           3. The aggregate outstanding principal amount of bonds issued  
5 under the public charter school facilities program shall not exceed  
6 Two Hundred Fifty Million Dollars (\$250,000,000.00).

7           SECTION 6. This act shall become effective November 1, 2026.

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9           60-2-17010           JM           03/05/26

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