

BILL SUMMARY
1st Session of the 60th Legislature

Bill No.:	HB 3372
Version:	FULLPCS1
Request Number:	16824
Author:	Rep. Hall
Date:	3/4/2025
Impact:	No Immediate Impact

Research Analysis

The proposed committee substitute for HB 3372 creates two financial programs to help charter schools obtain funding for new buildings and building improvements.

The Revolving Loan Fund Program for Charter School Capital Expenditures will be funded through legislative appropriations and overseen by the Statewide Charter School Board (SWCSB). The Board must select a third-party financial administrator with certain qualifications to administer the program, which seeks to provide loans or loan guarantees for charter schools to borrow money at lower interest rates. The third-party administrator will determine the rates and terms of the loans.

To be eligible to participate, a charter school must:

- Operate a full-time, in-person academic program;
- Certify that any building financed through the program will primarily be used for in-person instruction; and
- Be in good standing with its sponsor.

The measure also creates the Charter School Bond Credit Enhancement Program to assist qualifying charter schools in obtaining favorable financing on bonds for facility expenditures. A charter school must first obtain approval from the SWCSB, and must be deemed creditworthy by a third-party financial administrator selected by the Statewide Charter School Board.

A participating charter school must deposit a minimum of 12 months payment into a debt service account held by the bondholder or trustee. A school can't withdraw money from the account if doing so would reduce the amount to less than the amount for 12 months' payments, except in two instances: when the charter school can't make the payment with other funds, or they are paying an early redemption premium. Further, participating charter schools must allow the SWCSB to intercept their state funding to make the bond payment to the trustee, with the remaining amount forwarded to the school.

The measure creates a Charter School Bond Credit Enhancement Fund to contain legislative appropriations. Participating charter schools are also required to pay fees into the Fund.

If the charter school defaults, money is taken from its debt service account. Further:

- The bond trustee will exercise its remedies;
- The trustee will notify the Oklahoma Finance Authority, the State Treasurer; and the State Comptroller within 10 days;

- The State Comptroller will transfer money (enough for one month's interest) from the Bond Credit Enhancement Fund to the school's debt service account;
- The legislature may restore amounts withdrawn from the Bond Credit Enhancement Fund;
- The Legislature may also restore the school's debt service account to an amount equal to 12 months' payment, or redeem all outstanding bonds; and
- The charter school will eventually have to pay back the Bond Credit Enhancement Fund from its facilities funds at a time agreed to by the SWCSB.

Lastly, the measure caps the total principal amount of all bonds issued under this charter school facilities program at \$250 million at any time.

Prepared By: Emily Byrne

Fiscal Analysis

The measure as currently written is not anticipated to result in an immediate negative fiscal impact on the state budget or appropriations.

Prepared By: Cole Stout, House Fiscal Staff

Other Considerations

None.