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HOUSE BILL NO. 1633

Offered January 16, 2020

A BILL to amend and reenact § 22.1-146.1 of the Code of Virginia, relating to the Board of Education; school modernization loan interest rate subsidy payments; eligibility.

Patron—Edmunds

Referred to Committee on Education

Be it enacted by the General Assembly of Virginia:

1. That § 22.1-146.1 of the Code of Virginia is amended and reenacted as follows:

§ 22.1-146.1. School modernization loan interest rate subsidy payments.

A. The Board of Education shall establish a program to use *Literary Fund proceeds* to subsidize interest payments on certain loans made by the Virginia Public School Authority to local governing bodies and school boards for the design and construction of new school buildings and facilities or the modernization and maintenance of existing school buildings and facilities as follows:

1. For school divisions with a composite index of local ability to pay that is greater than 0.2500 but less than 0.4000 at the time an application to the program is made, the Board may subsidize up to 50 percent of the interest due on such loan; or

2. For school divisions with a composite index of local ability to pay that is 0.2500 or less at the time an application to the program is made in localities determined to have above-average or high fiscal stress by the Commission on Local Government in its most recent Report on Comparative Revenue Capacity, Revenue Effort, and Fiscal Stress of Virginia's Cities and Counties, the Board may shall subsidize up to 100 percent of the interest rate due on such loan.

B. No school division in a locality determined to have below-average or low fiscal stress by the Commission on Local Government in its most recent Report on Comparative Revenue Capacity, Revenue Effort, and Fiscal Stress of Virginia's Cities and Counties is eligible to participate in the interest rate subsidy program established by the Board pursuant to subsection A.

C. The aggregate amount of subsidies provided pursuant to this section shall not exceed the allocation specified in the general appropriation act for each fiscal year.

D. For each loan, the annual subsidy amount shall not include both:

1. Interest or other loan-related costs related to any part of the loan that exceed \$7.5 million in loan value; and

2. Interest on any part of the loan that exceeds the rate that the local governing body or school board would have obtained for such loan under the provisions of §§ 22.1-146 and 22.1-150.

INTRODUCED

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