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SENATE BILL NO. 471

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Joint Conference Committee

on June 17, 2022)

(Patron Prior to Substitute—Senator McClellan)

A BILL to amend and reenact §§ 22.1-147, 22.1-148, and 22.1-150 of the Code of Virginia, relating to the Literary Fund; loans.

Be it enacted by the General Assembly of Virginia:

1. That §§ 22.1-147, 22.1-148, and 22.1-150 of the Code of Virginia are amended and reenacted as follows:

§ 22.1-147. Application for and distribution of funds.

A. The Board shall establish an annual open application process for Literary Fund loans that shall occur during the period that the Board deems most suitable. The Board shall prioritize applications on the basis of the composite index of local ability-to-pay.

B. The Board ~~of Education~~ shall provide for an equitable distribution of the funds loaned or provided as loan interest rate subsidy payments from the Literary Fund among the several school divisions. In providing for such equitable distribution, the Board shall impose a maximum limit of not more than ~~$7.5~~ *$25* million on the amount of any loan from the Literary Fund. *The Board shall offer a loan add-on not to exceed $5 million per loan for projects that result in school consolidation and the net reduction of at least one existing school.*

§ 22.1-148. Restrictions upon making loans; retirement of previous loans; waiting lists.

A. No loan from the Literary Fund shall exceed ~~100%~~ *100 percent* of the cost of the building, addition thereto, and site ~~on account of~~ *for* which such loan is made. No loan shall be made from the Literary Fund to aid in the erection of a building or addition ~~to cost~~ *that costs* less than $500. Whenever a loan is made from the Literary Fund for the purpose of enlarging a building, any part of the proceeds of such loan may, in the discretion of the Board, be used to retire any previous loan or loans on such building although not matured at the time of such additional loan. The Board may refuse to make any loan from the Literary Fund to any school board ~~which~~ *that* is in default in the payment of any part of the principal of any previous loan from the Literary Fund or which for the two years next preceding the loan has been more than six months in default in the payment of interest due on any loan from the Literary Fund.

B. Any school division ~~which~~ *that* has an application for a Literary Fund loan for an approved school project pending before the Board ~~of Education~~ shall not be denied or delayed in obtaining such loan solely for the reason that alternative financing had been obtained to begin or complete construction on such project.

C. Notwithstanding the provisions of subsection B, the Board may remove any project that has been inactive for at least five years from any project waiting list that it maintains.

§ 22.1-150. Rate of interest.

The Board ~~of Education is authorized in its discretion to fix the interest rate on all loans made from the Literary Fund at not less than two per centum per annum and not more than six per centum per annum, payable annually~~*, in consultation with the Department of Treasury, shall establish loan interest rates that are benchmarked to a market index on an annual basis, not to exceed two percent per year for the localities with a school division composite index of local ability-to-pay between 0.0 and 0.299. The Board shall utilize a sliding scale based on the local school division's composite index of local ability-to-pay to determine the interest rate on each such loan.* Every loan made under the provisions of this chapter by selling the bonds, notes, or other evidences of debt of school boards for investment of the trust funds of the Virginia Retirement System shall bear interest at a rate not to exceed ~~six per centum~~ *the maximum interest rate* per year *as established by the Board*.

2. That the Board of Education shall make such amendments to its Regulations Governing Literary Loan Applications in Virginia (8VAC20-100) as are necessary to effectuate the provisions of the first enactment of this act.

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SENATE SUBSTITUTE

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