

Amendment to HB 292

1 Amend the title of the bill by replacing it with the following:

2

3 AN ACT establishing a revolving loan fund for school districts.

4

5 Amend the bill by replacing all after the enacting clause with the following:

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7 1 New Subparagraph; The State and Its Government; State Treasurer; Application of Receipts.

8 Amend RSA 6:12, I(b) by inserting after subparagraph (410) the following new subparagraph:

9 (411) Moneys deposited in the school district adequacy revolving loan fund
10 established in RSA 194:63.

11 2 New Subdivision; School District; Funding. Amend RSA 194 by inserting after section 61 the
12 following new subdivision:

13 School District; Funding

14 194:62 Declaration of Intent. The intent of this subdivision is to provide a targeted, temporary
15 fiscal stabilization mechanism through the establishment of a school district adequacy revolving loan
16 fund administered by the state treasury to assist the district with cash flow in anticipation of
17 adequacy payments owed to them by the state pursuant to RSA 198:40-a and paid under the
18 schedule set forth in RSA 198:42.

19 194:63 School District Adequacy Revolving Loan Fund. There is hereby established in the
20 department of treasury a fund to be known as the school district adequacy revolving loan fund,
21 which shall be kept separate and distinct from all other funds. Moneys in the fund shall be
22 nonlapsing and shall be continually appropriated to the treasury, and shall be used to provide loans
23 to school districts.

24 194:64 Outstanding Loan Amount. At no time shall the total outstanding amount of loans made
25 under this subdivision exceed 75 percent of total adequacy funding to be distributed to school
26 districts, pursuant to RSA 198:41, in any given year.

27 194:65 Certification of Disclosure. Notwithstanding any other provision of law to the contrary,
28 the school district adequacy revolving loan fund shall be considered an allowable use of the
29 education trust fund pursuant to RSA 198:39. Moneys may be appropriated from the education trust
30 fund to the school district adequacy revolving loan fund, with such funds then being loaned to school
31 districts. Prior to the school district drawing upon the adequacy revolving loan fund, the governing
32 body of the school district shall authorize such use of the fund by an affirmative vote of a majority of

Amendment to HB 292

- Page 2 -

1 its members present and voting. Additionally, prior to drawing any funds from the revolving loan
2 fund, the school board and superintendent shall file with the department of education a certification
3 disclosing any activity in the preceding 2 fiscal years relative to reimbursement anticipation notes
4 issued pursuant to RSA 198:20-d. The governor is authorized to draw a warrant from the education
5 trust fund to be placed in the school district adequacy revolving loan fund within a fiscal year not to
6 exceed the sum of the following:

7 I. Seventy-five percent of total adequacy funding to be distributed to the applying school
8 district pursuant to RSA 198:41 within the fiscal year of the warrant; and

9 II. Seventy-five percent of the district's total adequacy funding estimated by the department
10 of education to be distributed on September 1 of the following fiscal year pursuant to RSA 198:41, IV
11 and RSA 198:42, I.

12 194:66 Loan Terms and Interest. Loans issued from the school district adequacy revolving loan
13 fund shall bear interest at a rate established by the state treasurer, which shall be based on the
14 state's current cost of borrowing. A quorum of a school district's governing body, the commissioner of
15 the department of education, and the state treasurer shall all agree to the terms of the loan which
16 shall include terms requiring the school district to report monthly deficit, status, cashflows, audits
17 and status of any outstanding audits to the treasury, the department of revenue and the department
18 of education, and timely submit all required reports consistent with RSA 198:4-d to the department
19 of education. When an adequacy payment is due to be distributed pursuant to RSA 198:42:

20 I. The portion of the adequacy payment equivalent to the outstanding principal and interest
21 balance of the revolving loan shall first be credited against such balance; and

22 II. Any remaining adequacy payment shall then be distributed to school districts.

23 III. If the commissioner of the department of education and the state treasurer determine
24 that a school district fail to comply with loan terms pursuant to this section, a school district's ability
25 to receive future loan funds shall be withheld until the school district complies with required loan
26 terms received and accepted by the commissioner of the department of education and the state
27 treasurer.

28 194:67 Loan Conditions.

29 I. Funding under the school district adequacy revolving loan fund shall be available to any
30 school district that makes a request and receives approval from the commissioner of the department
31 of education, the state treasurer, and the joint fiscal committee of the general court.

32 II. Interest rates for funding received under the school district adequacy revolving loan fund
33 shall be determined by the state treasurer, but shall be no lower than the effective federal funds rate
34 (EFFR) published by the Federal Reserve Bank of New York.

35 III. Funds received under the school district adequacy revolving loan fund may be used to
36 fulfill the obligations under a revenue anticipation note or tax anticipation note, but no school

Amendment to HB 292

- Page 3 -

1 district shall receive funds if they would still have an outstanding obligation under a revenue
2 anticipation note or a tax anticipation note.

3 IV. No school district shall apply for loans under the school district adequacy revolving loan
4 fund for more than 3 consecutive academic years.

5 V. No school may submit a new application for funds under the school district adequacy
6 revolving loan fund after June 30, 2030.

7 194:67 Condition for Acceptance.

8 I. School districts shall report monthly deficit, status, cash flows, audits, and the state of
9 any outstanding audits to the legislative budget assistant of the general court, the state treasurer,
10 the commissioner of the department of education, the commissioner of the department of revenue
11 administration, the governor, the president of the senate, and the speaker of the house of
12 representatives.

13 II. A school district that accepts funding under this subdivision shall be referred to the joint
14 fiscal committee of the general court, who shall require that a financial and performance audit of the
15 district be performed by the legislative budget assistant, to be reviewed by the joint fiscal committee,
16 unless the committee unanimously votes that an audit of the school district should not be conducted.

17 III. Any school district participating in this program shall place a question of whether to
18 adopt the provision of RSA 32:5-b on the ballot at its next annual school district meeting, unless the
19 school district has already adopted the provisions of RSA 32:5-b.

20 IV. Any school district within a school administrative unit that is comprised on 2 or more
21 school districts and participates in the school district adequacy revolving loan fund shall place a
22 question of whether to adopt the provisions of RSA 194-C:9-a on its local ballot at its next annual
23 school district meeting, unless the school district has already adopted the provisions of RSA 194 C:9-
24 a.

25 194:68 Default. A school district's failure to fulfill all of the obligations and conditions of this
26 subdivision shall constitute default. Notwithstanding any other provision of law to the contrary, the
27 state treasurer shall orchestrate the return of all outstanding loan proceeds and withhold any other
28 funds or state grants from the school district in default until the default is cured and the school
29 district has repaid the loan in full.

30 3 New Paragraph; Education; Adequate Education; Education Trust Fund; Education Trust
31 Fund Created and Established. Amend RSA 198:39 by inserting after paragraph IV the following
32 new paragraph:

33 V. Notwithstanding any other provision of law to the contrary, funds under this section may
34 be used for the purpose of funding the school district adequacy revolving loan fund established in
35 RSA 194:63.

36 4 Education; Education Freedom Accounts; Definitions. RSA 194-F:1, XIII is repealed and
37 reenacted to read as follows:

Amendment to HB 292

- Page 4 -

1 XIII. "Priority guidelines" means the ordered list:

2 (a) A student currently enrolled in the EFA program;

3 (b) A sibling of a student currently enrolled in the EFA program;

4 (c) A child with disabilities as defined by RSA 186-C:2;

5 (d) A student whose family income is less than or equal to 350 percent of the federal
6 poverty guidelines as updated annually by the United States Department of Health and Human
7 Services under 42 U.S.C. section 9902(2).

8 (e) A student residing in a school district participating in school district adequacy
9 revolving loan fund.

10 5 Department of Education; Directive. The department of education shall amend rule 510.03(b),
11 pursuant to RSA 541-A, to read as follows:

12 "(b) Unprofessional conduct shall include, but not be limited to:

13 (1) Gross financial mismanagement;

14 (2) Misappropriation of public funds; and

15 (3) Failure to account for public funds or to keep adequate records of public funds in
16 the credential holder's care."

17 6 Repeals. The following shall be repealed:

18 I. RSA 6:12, I(b)(411), relative to moneys received by the school district adequacy revolving
19 loan fund.

20 II. RSA 194:62 through RSA 194:67, relative to the school district adequacy revolving loan
21 fund.

22 III. RSA 198:39, V, relative to the use of education trust funds for the school district
23 adequacy revolving loan fund.

24 7 Effective Dates.

25 I. Section 6 of this act shall take effect July 1, 2030.

26 II. The remainder of this act shall take effect upon its passage.

Amendment to HB 292
- Page 5 -

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AMENDED ANALYSIS

This bill establishes a revolving loan fund for school districts.