Bill No.: HB0038 **Effective:** 7/1/2017

LSO No.: 17LSO-0092

Enrolled Act No.: HEA No. 0040

Chapter No.: [Chapter Number_RO]

Prime Sponsor: Joint Education Interim Committee

Catch Title: School finance-interfund borrowing.

Subject: Interfund loans for school districts.

Summary/Major Elements:

- This bill eliminates the six percent (6%) interest charged for funds borrowed from the Common School Account within the Permanent Land Fund to provide cash flow for the School Foundation Program Account.

- Under existing law, a school district is required to repay advance payments made to the district from the school foundation program account to meet cash flow needs. However, the school district is charged 6% interest on repayments made after December 15 of the applicable school year. This bill requires school districts to repay borrowed funds not later than December 15 of the applicable school year and consequently removes the interest provision.