

106TH CONGRESS
1ST SESSION

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To provide States with loans to enable State entities or local governments within the States to make interest payments on qualified school construction bonds issued by the State entities or local governments, and for other purposes.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 19, 1999

Ms. SNOWE introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

A BILL

To provide States with loans to enable State entities or local governments within the States to make interest payments on qualified school construction bonds issued by the State entities or local governments, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Building, Renovating,
5 Improving, and Constructing Kids’ Schools Act”.

6 **SEC. 2. FINDINGS.**

7 Congress make the following findings:

1 (1) According to a 1999 issue brief prepared by
2 the National Center for Education Statistics, the av-
3 erage public school in America is 42 years old, and
4 school buildings begin rapid deterioration after 40
5 years. In addition, 29 percent of all public schools
6 are in the oldest condition, meaning that the schools
7 were built before 1970 and have either never been
8 renovated or were renovated prior to 1980.

9 (2) According to reports issued by the General
10 Accounting Office (GAO) in 1995 and 1996, it
11 would cost \$112,000,000,000 to bring the Nation's
12 schools into good overall condition, and one-third of
13 all public schools need extensive repair or replace-
14 ment.

15 (3) Many schools do not have the appropriate
16 infrastructure to support computers and other tech-
17 nologies that are necessary to prepare students for
18 the jobs of the 21st century.

19 (4) Without impeding on local control, the Fed-
20 eral Government appropriately can assist State and
21 local governments in addressing school construction,
22 renovation, and repair needs by providing low-inter-
23 est loans for purposes of paying interest on related
24 bonds.

1 **SEC. 3. DEFINITIONS.**

2 In this Act:

3 (1) BOND.—The term “bond” includes any ob-
4 ligation.

5 (2) GOVERNOR.—The term “Governor” in-
6 cludes the chief executive officer of a State.

7 (3) LOCAL EDUCATIONAL AGENCY.—The term
8 “local educational agency” has the meaning given to
9 such term by section 14101 of the Elementary and
10 Secondary Education Act of 1965.

11 (4) PUBLIC SCHOOL FACILITY.—The term pub-
12 lic school facility shall not include—

13 (A) any stadium or other facility primarily
14 used for athletic contests or exhibitions, or
15 other events for which admission is charged to
16 the general public; or

17 (B) any facility which is not owned by a
18 State or local government or any agency or in-
19 strumentality of a State or local government.

20 (5) QUALIFIED SCHOOL CONSTRUCTION
21 BOND.—The term “qualified school construction
22 bond” means any bond issued as part of an issue
23 if—

24 (A) 95 percent or more of the proceeds of
25 such issue are to be used for the construction,
26 rehabilitation, or repair of a public school facil-

1 ity or for the acquisition of land on which such
 2 a facility is to be constructed with part of the
 3 proceeds of such issue;

4 (B) the bond is issued by a State entity or
 5 local government;

6 (C) the issuer designates such bonds for
 7 purposes of this section; and

8 (D) the term of each bond which is part of
 9 such issue does not exceed 15 years.

10 (6) STABILIZATION FUND.—The term “sta-
 11 bilization fund” means the stabilization fund estab-
 12 lished under section 5302 of title 31, United States
 13 Code.

14 (7) STATE.—The term “State” means each of
 15 the several States of the United States, the District
 16 of Columbia, the Commonwealth of Puerto Rico, the
 17 United States Virgin Islands, Guam, American
 18 Samoa, the Commonwealth of the Northern Mariana
 19 Islands, the Republic of the Marshall Islands, the
 20 Federated States of Micronesia, and the Republic of
 21 Palau.

22 **SEC. 4. LOANS FOR SCHOOL CONSTRUCTION BOND INTER-**
 23 **EST PAYMENTS.**

24 (a) LOAN AUTHORITY.—

1 (1) IN GENERAL.—From funds made available
2 to a State under section 5(b) the State shall make
3 loans to State entities or local governments within
4 the State to enable the entities and governments to
5 make annual interest payments on qualified school
6 construction bonds that are issued by the entities
7 and governments not later than December 31, 2002.

8 (2) REQUESTS.—The Governor of each State
9 desiring assistance under this Act shall submit a re-
10 quest to the Secretary of the Treasury at such time
11 and in such manner as the Secretary of the Treas-
12 ury may require.

13 (b) LOAN REPAYMENT.—

14 (1) IN GENERAL.—Subject to paragraph (2), a
15 State entity or local government that receives a loan
16 under this Act shall repay to the stabilization fund
17 the amount of the loan, plus interest, at the average
18 prime lending rate for the year in which the bond
19 is issued, not to exceed 4.5 percent.

20 (2) EXCEPTION.—A State entity or local gov-
21 ernment shall not repay the amount of a loan made
22 under this Act, plus interest, and the interest on a
23 loan made under this Act shall not accrue, prior to
24 January 1, 2005, unless the amount appropriated to
25 carry out part B of the Individuals with Disabilities

1 Education Act (20 U.S.C. 1411 et seq.) for any fis-
2 cal year prior to fiscal year 2006 is sufficient to
3 fully fund such part for the fiscal year at the origi-
4 nally promised level, which promised level would pro-
5 vide to each State 40 percent of the average per-
6 pupil expenditure for providing special education and
7 related services for each child with a disability in the
8 State.

9 (c) FEDERAL RESPONSIBILITIES.—The Secretary of
10 the Treasury and the Secretary of Education—

11 (1) jointly shall be responsible for ensuring that
12 funds provided under this Act are properly distrib-
13 uted;

14 (2) shall ensure that funds provided under this
15 Act only are used to pay the interest on qualified
16 school construction bonds; and

17 (3) shall not have authority to approve or dis-
18 approve school construction plans assisted pursuant
19 to this Act, except to ensure that funds made avail-
20 able under this Act are used only to supplement, and
21 not supplant, the amount of school construction, re-
22 habilitation, and repair in the State that would have
23 occurred in the absence of such funds.

1 **SEC. 5. AMOUNTS AVAILABLE TO EACH STATE.**

2 (a) RESERVATION FOR INDIANS.—From
3 \$20,000,000,000 of the funds in the stabilization fund, the
4 Secretary of the Treasury shall make available
5 \$400,000,000 to Indian tribes for loans to enable the In-
6 dian tribes to make annual interest payments on qualified
7 school construction bonds in accordance with the require-
8 ments of this Act that the Secretary of the Treasury deter-
9 mines appropriate.

10 (b) AMOUNTS AVAILABLE.—

11 (1) IN GENERAL.—From \$20,000,000,000 of
12 the funds in the stabilization fund that are not re-
13 served under subsection (a), the Secretary of the
14 Treasury shall make available to each State submit-
15 ting a request under section 4(a)(2) an amount that
16 bears the same relation to such remainder as the
17 amount the State received under part A of title I of
18 the Elementary and Secondary Education Act of
19 1965 (20 U.S.C. 6311 et seq.) for fiscal year 2000
20 bears to the amount received by all States under
21 such part for such year.

22 (2) DISBURSAL.—The Secretary of the Treas-
23 ury shall disburse the amount made available to a
24 State under paragraph (1), on an annual basis, dur-
25 ing the period beginning on October 1, 2000, and
26 ending September 30, 2017.

1 (c) NOTIFICATION.—The Secretary of the Treasury
2 and the Secretary of Education jointly shall notify each
3 State of the amount of funds the State may borrow under
4 this Act.

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