

# **WEST VIRGINIA LEGISLATURE**

## **2026 REGULAR SESSION**

**Introduced**

### **House Bill 4952**

**FISCAL  
NOTE**

By Delegate Crouse

[Introduced January 29, 2026; referred to the  
Committee on Education then Finance]

A BILL to amend the Code of West Virginia, 1931, as amended, by adding a new section, designated §18-5G-4a, relating to the establishment of the Charter School Direct Loan Program and the Charter School Credit Enhancement Program within the West Virginia Economic Development Authority to support the growth of public charter schools.

*Be it enacted by the Legislature of West Virginia:*

**ARTICLE                      5G.                      PUBLIC                      CHARTER                      SCHOOLS.**

**§18-5G-4a. Establishment of the West Virginia Charter School Direct Loan Program and the**

**Charter                      School                      Credit                      Enhancement                      Program.**

(a) Definitions

As used in this part:

(1) "Authority" refers to the West Virginia Economic Development Authority or its designee.

(2) "Charter school" means a public charter school created under this chapter.

(3) "Credit enhancement program" means the Charter School Credit Enhancement Program established in Section (h) of this section.

(4) "Debt service reserve fund" means the reserve fund created or established by, or for the benefit of, a qualifying charter school for the purpose of paying principal of and interest on bonds issued under the credit enhancement program as the payments become due and other money of the qualifying charter school is not available to make the payments.

(5) "Debt service reserve fund requirement" means, as of a particular date of computation, and with respect to a particular issue of bonds, the amount required to be on deposit in the debt service reserve fund, which amount: (a) may be a sum certain or as set forth in a formula; and (b) may not be less than the maximum annual debt service requirement for the related bonds.

(6) "Direct loan program" means the Charter School Direct Loan Program established in Section (g) of this part.

(7) "Obligations" mean any notes, debentures, revenue bonds, or other evidences of financial indebtedness, but do not include general obligation bonds.

(8) "Project" means: (a) any building, structure, or property owned, to be acquired, or used by a charter school for any of its educational purposes and the related appurtenances, easements, rights-of-way, improvements, paving, utilities, landscaping, parking facilities, and lands; or (b) any capital equipment owned, to be acquired, or used by a charter school for any of its educational purposes, interests in land, and grounds, together with the personal property necessary, convenient, or appurtenant to them. A Project as used in this part includes any related costs, such as architectural or engineering fees.

(9) "Qualifying charter school" means a charter school that: (a) meets standards adopted by the West Virginia Economic Development Authority for participation in the credit enhancement program or the direct loan program; and (b) is designated by the West Virginia Economic Development Authority as a qualifying charter school for purposes of participation in the credit enhancement program or the direct loan program.

(b) Authority purpose; services

(1) The West Virginia Economic Development Authority shall govern and oversee the Charter School Direct Loan Program and the Charter School Credit Enhancement Program. In overseeing these programs, the mission of the authority is to provide an efficient and cost-effective method of financing initiatives related to charter school startup, operation, and facility acquisition and improvement.

(2) Upon request, staff employed by the West Virginia Professional Charter School Board may provide staff support to the authority.

(c) Additional powers and duties of the authority:

(1) In addition to the powers and duties of the authority identified in §31-15-6, as it relates specifically to the oversight of the Charter School Direct Loan Program and the Charter School Credit Enhancement Program, the authority may:

(A) In accordance with Section (h) of this part, designate a charter school as a qualifying charter school for purposes of participation in the credit enhancement program or the direct loan

45 program; and

46 (B) To the extent practicable, establish geographic preferences in its lending programs to  
47 prioritize school development in rural areas of the state.

48 (2) Except as provided in Sections (g), (h), (i), or (j) of this section, the West Virginia  
49 Economic Development Authority may not exercise power in any manner which would create  
50 general or moral obligations of the state or of any agency, department, or political subdivision of  
51 the state while administering the Charter School Direct Loan Program or the Charter School Credit  
52 Enhancement Program.

53 (3) The authority's area of operation shall include all areas of the state.

54 (d) Limited obligations:

55 Except as provided in Sections (g), (h), (i), or (j) of this section, bonds, notes, and other  
56 obligations issued by the authority pursuant to this part:

57 (1) Do not constitute a debt, moral obligation, or liability of the state, or of any county, city,  
58 town, school district, or any other political subdivision of the state;

59 (2) Do not constitute the loan of credit of the state or of any county, city, town, school  
60 district, or any other political subdivision of the state; and

61 (3) May not be paid from funds other than loan payments or lease revenues received from  
62 a charter school or other funds pledged by a charter school.

63 (e) Establishment of funds:

64 (1) There is hereby created in the State Treasury a special revenue fund designated and  
65 known as the Charter School Direct Loan Program Fund. The fund shall be administered by the  
66 West Virginia Economic Development Authority. All interest and other returns derived from the  
67 deposit and investment of moneys in the Charter School Direct Loan Program Fund shall be  
68 credited to the fund. Any balance, including accrued interest and other returns, remaining in the  
69 fund at the end of each fiscal year shall not revert to the General Revenue Fund but shall remain in  
70 the fund and be expended as provided by this section.

71       (2) There is hereby created in the State Treasury a special revenue fund designated and  
72 known as the Charter School Credit Enhancement Program Fund. The fund shall be administered  
73 by the West Virginia Economic Development Authority. All interest and other returns derived from  
74 the deposit and investment of moneys in the Charter School Credit Enhancement Program Fund  
75 shall be credited to the fund. Any balance, including accrued interest and other returns, remaining  
76 in the fund at the end of each fiscal year shall not revert to the General Revenue Fund but shall  
77 remain in the fund and be expended as provided by this section.

78       (3) There is hereby created in the State Treasury a special revenue fund designated and  
79 known as the Charter School Facilities Expense Fund. The account shall consist of moneys  
80 received pursuant to this section; moneys, if any, transferred from special revenue funds  
81 administered by the authority; or any governmental or private grants and any state general fund  
82 appropriations, if any, for the direct loan program or credit enhancement program. All interest and  
83 other returns derived from the deposit and investment of moneys in the Charter School Facilities  
84 Expense Fund shall be credited to the fund. Any balance, including accrued interest and other  
85 returns, remaining in the fund at the end of each fiscal year shall not revert to the General Revenue  
86 Fund but shall remain in the fund and be expended as provided by this section.

87       (4) All expenses incurred by the authority in developing and administering the direct loan  
88 program or the credit enhancement program shall be payable from the Charter School Facilities  
89 Expense Fund.

90       (5) Expenditures from the Charter School Direct Loan Program Fund and the Charter  
91 School Credit Enhancement Program Fund shall be limited to the purposes set forth in this  
92 article: *Provided*, That an amount not to exceed three percent of the funds may be transferred  
93 annually to the Charter School Finance Authority Fund to cover the annual administrative costs of  
94 the direct loan program and the credit enhancement program.

95       (f) Charter School Direct Loan Program:

96       (1) The West Virginia Economic Development Authority shall administer the Charter

School Direct Loan Program. The purpose of the direct loan program is to meet charter school building construction and renovation needs, and to pay for expenses related to the startup of a new charter school, the expansion of an existing charter school, or other conditions as the authority may deem appropriate.

(2) The authority shall:

(A) Establish standards for a charter school to be designated as a qualifying charter school to participate in the direct loan program;

(B) Establish the interest rate, amortization schedules, and terms of repayment for loans created pursuant to this section. Except as otherwise provided in this section, in determining the rates and terms of a loan granted to a qualifying charter school, the authority should endeavor to provide low interest options and flexible terms;

(C) Review requests by any eligible applicant for loans under this section, and approve or reject each request in writing.

(D) Ensure that the West Virginia Professional Charter School Board is consulted with respect to each request by qualifying charter schools for loans under this section.

(E) Ensure that each loan issued pursuant to this section is secured by a promissory note, or if applicable a deed of trust, from the applicant.

(F) Require a recipient of a loan issued pursuant to this section to repay the funds if the recipient sells or refinances any collateral associated with the loan.

(3) To be eligible for a loan under this subsection, an applicant shall be one of the following:

(A) A qualifying charter school, as determined by the authority;

(B) A limited liability company that participates in a New Markets Tax Credit program transaction structure with an identified qualifying public charter school or schools; or

(C) A nonprofit corporation that develops and finances a facility that will be occupied by a qualifying charter school throughout the term of the loan: *Provided*, That in the event the facility financed under this subsection is not occupied by a qualifying charter school, the loan shall be

123 deemed to be in default.

124 (4) Loans distributed under this section shall not exceed \$2,000,000 per qualifying charter  
125 school. In the event a qualifying charter school operates more than one campus, it may request a  
126 loan pursuant to this section for each campus, subject to the ~~\$2,000,000~~ \$2 million cap per  
127 qualifying charter school.

128 (5) Term of loans. The term of a loan within the context of a New Markets Tax Credit as this  
129 term is defined in the Internal Revenue Code, may extend to seven years; all other loan terms  
130 under this subsection shall not exceed five years.

131 (g) Charter School Credit Enhancement Program:

132 (1) The authority shall administer the Charter School Credit Enhancement Program to  
133 assist a qualifying charter school in obtaining favorable financing by providing a means of  
134 replenishing a qualifying charter school's debt service reserve fund.

135 (2) The authority shall establish standards for a charter school to be designated as a  
136 qualifying charter school pursuant to this part.

137 (3) In establishing the standards for a charter school to be designated as a qualifying  
138 charter school pursuant to this part, the authority shall consider the financial strength of the  
139 qualifying charter school, as demonstrated by:

140 (A) Debt service coverage ratios;

141 (B) Days cash on hand;

142 (C) Other financial metrics as determined by the authority; and

143 (D) Any other criteria the authority determines are relevant.

144 (4) Based on a qualifying charter school's credit rating from at least one nationally  
145 recognized rating agency, the authority shall:

146 (A) For a rating of investment grade:

147 (i) Approve a qualifying charter school for a bond issuance pursuant to this section; and

148 (ii) Assess an annual maintenance fee of 0.10% of outstanding debt;

149 (B) For a rating of BB+ or equivalent rating:

150 (i) Approve a qualifying charter school for a bond issuance pursuant to this section; and

151 (ii) Assess an annual maintenance fee of 0.15% of outstanding debt;

152 (C) For a rating of BB or equivalent rating:

153 (i) Apply the standards described in (g)(2) of this section in determining whether to approve  
154 a qualifying charter school for a bond issuance pursuant to this section; and

155 (ii) If the qualifying charter is approved in accordance with Subsection (3)(iii)(1), assess an  
156 annual maintenance fee of 0.25% of outstanding debt;

157 (D) Adjust any maintenance fee described in this (g)(3) of this section to reflect a change in  
158 the qualifying charter school's credit rating based on a new credit rating from at least one nationally  
159 recognized rating agency.

160 (5) The bonds the authority issues for a qualifying charter school are not an indebtedness  
161 of the state or of the authority but are special obligations payable solely from:

162 (A) The revenues or other funds pledged by the qualifying charter school; and

163 (B) Amounts appropriated by the Legislature pursuant to Subsection ~~(10)~~ (11).

164 (6) If the qualifying charter school is authorized by any entity other than the West Virginia  
165 Professional Charter School Board, the authority shall notify such authorizer that the charter  
166 school is participating in the credit enhancement program if the authority:

167 (A) Designates the charter school as a qualifying charter school; and

168 (B) Issues bonds for the qualifying charter school under the credit enhancement program  
169 described in this section.

170 (7) One or more debt service reserve funds shall be established for a qualifying charter  
171 school with respect to bonds issued pursuant to the credit enhancement program.

172 (8) Except as provided in (g)(11) of this section, money in a debt service reserve fund may  
173 not be withdrawn from the debt service reserve fund if the amount withdrawn would reduce the  
174 level of money in the debt service reserve fund to less than the debt service reserve fund



175 requirement.

176 (9) So long as the applicable bonds issued under the credit enhancement program remain  
177 outstanding, money in a debt service reserve fund may be withdrawn in an amount that would  
178 reduce the level of money in the debt service reserve fund to less than the debt service reserve  
179 fund requirement if the money is withdrawn for the purpose of:

180 (A) Paying the principal of, redemption price of, or interest on a bond when due and if no  
181 other money of the qualifying charter school is available to make the payment, as determined by  
182 the authority; or

183 (B) Paying any redemption premium required to be paid when the bonds are redeemed  
184 prior to maturity if no bonds will remain outstanding upon payment from the funds in the qualifying  
185 charter school's debt service reserve fund.

186 (10) Money in a qualifying charter school's debt service reserve fund that exceeds the debt  
187 service reserve fund requirement may be withdrawn by the qualifying charter school.

188 (11) The authority shall annually, on or before December 1, certify to the governor the  
189 amount, if any, required to restore amounts on deposit in the debt service reserve funds of  
190 qualifying charter schools to the respective debt service reserve fund requirements, which  
191 certification shall include:

192 (A) Detailed calculations supporting the certified amount; and

193 (B) A report on the current status of each qualifying charter school's debt service reserve  
194 fund.

195 (12) The Governor shall request from the Legislature an appropriation of the certified  
196 amount to restore amounts on deposit in the debt service reserve funds of qualifying charter  
197 schools to the respective debt service reserve fund requirements.

198 (13) The Legislature may appropriate money to the authority to restore amounts on deposit  
199 in the debt service reserve funds of qualifying charter schools to the respective debt service  
200 reserve fund requirements.

201 (14) A qualifying charter school that receives money from an appropriation to restore  
202 amounts on deposit in a debt service reserve fund to the debt service reserve fund requirement,  
203 shall repay the state at the time and in the manner as the authority shall require, provided that:

204 (A) The repayment schedule shall not exceed five years from the date of the appropriation;

205 (B) The authority shall establish a minimum annual repayment amount; and

206 (C) The authority shall provide annual reports to the Legislature on the status of all  
207 outstanding repayment obligations.

208 (15) The authority may create and establish other funds for its purposes.

209 (h) Charter School Reserve Account contribution requirements for qualifying charter  
210 schools.

211 (1) When bonds are issued under the credit enhancement program for a qualifying charter  
212 school, the qualifying charter school shall contribute money to the reserve account in the amount  
213 determined as provided in subsection (2).

214 (2) The authority shall determine the up-front and ongoing requirements for contributions  
215 of money to the reserve account for each qualifying charter school.

216 (i) Bond issuance:

217 (1) The state may not alter, impair, or limit the rights of bondholders or persons contracting  
218 with a qualifying charter school until the bonds, including interest and other contractual  
219 obligations, are fully met and discharged. Nothing in this part precludes an alteration, impairment,  
220 or limitation if provision is made by law for the protection of bondholders or persons entering into  
221 contracts with a qualifying charter school.

222 (2) The authority may require a qualifying charter school to vest in the authority the right to  
223 enforce any covenant made to secure bonds issued under the credit enhancement program by  
224 making appropriate provisions in the indenture related to the qualifying charter school's bonds.

225 (3) The authority may require a qualifying charter school to make covenants and  
226 agreements in indentures or in a reimbursement agreement to protect the interests of the state

227 and to secure repayment to the state of any money received by the qualifying charter school from  
228 an appropriation to restore amounts deposited in the qualifying charter school's debt service  
229 reserve fund to the debt service reserve fund requirement.

230 (4) The authority may charge a fee to administer the issuance of bonds for a qualifying  
231 charter school.

232 (j) Limitation on participation in Charter School Credit Enhancement Program.

233 At the establishment of the credit enhancement program, the authority's bond issuance  
234 limitation shall be \$75 million. On or before January 1 of each year, the authority shall determine  
235 the credit enhancement program's bond issuance limitation.

NOTE: The purpose of this bill is to establish the Charter School Direct Loan Program and the Charter School Credit Enhancement Program within the West Virginia Economic Development Authority to support the growth of public charter schools.

Strike-throughs indicate language that would be stricken from a heading or the present law and underscoring indicates new language that would be added.