

HOUSE BILL NO. 732

INTRODUCED BY V. SMALL-EASTMAN

A BILL FOR AN ACT ENTITLED: "AN ACT CREATING THE MONTANA QUALITY EDUCATOR HOUSING INCENTIVE LOAN PROGRAM ADMINISTERED BY THE DEPARTMENT OF COMMERCE IN CONSULTATION WITH THE OFFICE OF PUBLIC INSTRUCTION TO PROVIDE HOUSING INCENTIVES FOR ATTRACTING QUALITY EDUCATORS TO TEACH IN A GEOGRAPHIC AREA OF THE STATE WITH A CRITICAL SHORTAGE OF TEACHERS; PROVIDING DEFINITIONS AND ELIGIBILITY CRITERIA FOR PARTICIPATION IN THE PROGRAM; PROVIDING PENALTIES FOR FAILURE TO COMPLY WITH LOAN COMMITMENTS; CREATING A SPECIAL REVENUE ACCOUNT; PROVIDING AN APPROPRIATION; AND PROVIDING ~~AN IMMEDIATE~~ EFFECTIVE ~~DATE~~ DATES AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1. Short title -- purpose.** (1) [Sections 1 through 5] shall be cited as the "Montana Quality Educator Housing Incentive Loan Program".

(2) The purposes of the housing loan are to:

(a) develop or facilitate the development of affordable housing for quality educators in high-priority school districts; and

(b) provide housing incentives to encourage quality educators to move to high-priority school districts.

NEW SECTION. **Section 2. Definitions.** As used in [sections 1 through 5], the following definitions apply:

(1) "Department" means the department of commerce established in 2-15-1801.

(2) "Eligible home" means the primary residence of a quality educator that is located within 10 miles of a high-priority school district THAT IS A RURAL SCHOOL DISTRICT ASSIGNED A DISTANT OR REMOTE LOCALE CODE FOR A RURAL AREA BY THE NATIONAL CENTER FOR EDUCATION STATISTICS.

(3) "High-priority school district" means a school district that:

(a) is located in a geographic region ~~regions~~ REGION of the state that has had difficulty recruiting and retaining quality educators for any K-12 grade;

(b) has specific certification or endorsement areas that are impacted by critical quality education shortages in grades K-12 AS DETERMINED IN RULES ADOPTED BY THE BOARD OF PUBLIC EDUCATION; and

(c) has 50% or more of the students in the district ~~performing below proficient on any benchmark examinations~~ ELIGIBLE FOR FREE AND REDUCED-PRICE MEALS.

(4) (a) "Quality educator" means ~~a full-time equivalent educator, as reported to the superintendent of public instruction for accreditation purposes in the previous school year, who:~~

~~—— (i) holds a valid certificate under the provisions of 20-4-106 and who is currently employed as a classroom teacher by an entity listed in subsection (4)(b) of this section in a position that requires an educator license in accordance with the rules adopted by the board of public education; and~~

~~—— (ii) has 5~~ A PERSON WHO QUALIFIES FOR THE QUALITY EDUCATOR PAYMENT PROVIDED FOR IN 20-9-327 AND WHO HAS 2 years or more of experience teaching in the subject area that the high-priority school district is seeking.

(b) ~~For purposes of subsection (4)(a), "entity" means:~~

~~—— (i) a school district;~~

~~—— (ii) an education cooperative;~~

~~—— (iii) the Montana school for the deaf and blind, as described in 20-8-101; and~~

~~—— (iv) a state youth correctional facility, as defined in 41-5-103.~~

(5) "School district" means a public school district, as provided in 20-6-101 and 20-6-701.

NEW SECTION. Section 3. Eligibility for participation -- failure to comply with commitment. (1)

Participation in the Montana quality educator housing incentive loan program is available to any quality educator IN HIGH-PRIORITY SCHOOL DISTRICTS.

(2) A loan application must be developed by the office of public instruction in consultation with the department. ~~An applicant for a loan shall also submit to the office of public instruction three letters of recommendations from the school district at which the quality educator has taught in the past that verifies the quality educator's effectiveness as a classroom teacher.~~

~~(3) The letters of recommendation must be provided by three of the following:~~

~~—— (a) the quality educator's current immediate supervisor;~~

~~—— (b) the current principal at the quality educator's school;~~

~~—— (c) an assistant principal who supervises and evaluates the quality educator;~~

~~—— (d) the superintendent of the school district where the quality educator teaches; or~~

~~_____ (e) any other school official in the high-priority school district where the quality educator currently teaches with knowledge of the quality educator's performance, including anyone with access to the quality educator's personnel file, the quality educator's evaluations, or student test scores of students whom the quality educator taught.~~

~~(4)~~(3) The office of public instruction shall forward to the department the application of each applicant who meets the eligibility requirements.

~~(5)~~(4) A quality educator who receives a loan under the housing loan program is required to purchase a house and reside in a county in which the school district for which the quality educator is providing service, or any portion of the school district, is located.

~~(6)~~(5) A quality educator who does not provide 5 years of service after receiving a loan is liable to the department for one-fifth of the amount of the loan for each year that the quality educator does not teach, plus interest accruing at the current Stafford loan rate at the time that the quality educator discontinues service. If a claim for repayment under this subsection is placed in the hands of an attorney for collection, the obligor is liable for an additional amount equal to reasonable attorney fees.

NEW SECTION. Section 4. Administration of Montana quality educator housing incentive loan program -- failure to comply with loan requirements -- report -- rulemaking authority -- deposits. (1) In consultation with the office of public instruction, the department shall develop, implement, and administer a housing loan program under [sections 1 through 5] to provide special home loan financing to quality educators who choose to teach in high-priority school districts.

(2) The department may contract with one or more public or private entities to provide assistance in implementing and administering the housing loan program.

(3) To the extent allowed by the available loan programs or funding, the following financing options must be included in the housing loan program:

~~(a) a conventional mortgage available for the purchase of an eligible home, at an interest rate not to exceed 6% for a 30-year loan;~~

~~(b)~~(A) a second mortgage, not to exceed 20% of the total cost of an eligible home and at an interest rate not to exceed 4%; and

~~(c)~~(B) a forgivable loan equal to not more than 10% of the total cost of an eligible home, which is intended as assistance with the downpayment. The quality educator must receive one-fifth credit on the forgivable loan

1 for each year that the quality educator teaches in the high-priority school district. The forgivable loan must be
2 interest-free if the quality educator fulfills the obligation with the high-priority school district.

3 (4) A quality educator who chooses to teach in a high-priority school district has the option of using all
4 or part of the financing options available under this section.

5 (5) A quality educator who chooses to teach in a high-priority school district may exercise the right to the
6 financing options available under this section for a maximum of 5 years after choosing to teach in a high-priority
7 school district, OR A QUALITY EDUCATOR WHO WORKS IN A HIGH-PRIORITY SCHOOL DISTRICT ON JULY 1, 2007, MAY
8 EXERCISE THE RIGHT TO THE FINANCING OPTIONS UNTIL JULY 1, 2012.

9 (6) If the quality educator stops teaching in the high-priority school district for any reason within 5 years
10 after exercising an option for a ~~conventional mortgage or second mortgage~~ under this section, then the remaining
11 balance on the ~~conventional mortgage or second mortgage~~ becomes due and payable within 3 months of the
12 termination of the quality educator's service to the high-priority school district.

13 (7) If the quality educator stops teaching in the high-priority school district for any reason within 5 years
14 after exercising an option for a forgivable loan under this section, then the remaining balance on the forgivable
15 loan becomes due and payable within 3 months of the termination of the quality educator's service to the
16 high-priority school district.

17 (8) The department may develop a supplemental loan program that converts the forgivable loan into a
18 conventional loan for quality educators who do not fulfill their obligation.

19 (9) (a) The department AND THE SUPERINTENDENT OF PUBLIC INSTRUCTION shall provide a report to the
20 education and local government interim committee as to whether the housing loan program as provided in this
21 section has been and is being provided to quality educators or whether the housing loan program has been
22 modified because of the available loan programs or funding during any calendar year.

23 (b) The report must include:

24 (i) data on the terms of each loan provided under this section; and

25 (ii) any other data that is necessary for the committee to assess the effectiveness of the housing loan
26 program.

27 (c) The report must clearly indicate which loans provided under this section meet the requirements of this
28 section and which loans have been modified because of the available loan programs or funding.

29 (10) All funds received by the department as repayment of loans by housing loan program participants
30 must be deposited in the Montana quality educator housing incentive special revenue account established in

1 [section 5].

2 (11) The department may adopt rules to implement this section, including application and collection
3 procedures.

4
5 **NEW SECTION. Section 5. Montana quality educator housing incentive special revenue account.**

6 (1) There is a Montana quality educator housing incentive account in the state special revenue fund established
7 pursuant to 17-2-102 to the credit of the department.

8 (2) All funds received by the department in legislative appropriations or as repayment of loans by housing
9 loan program participants must be deposited in the account and used for housing incentive loans.

10
11 **NEW SECTION. SECTION 6. APPROPRIATION. THERE IS APPROPRIATED \$5,000 FROM THE GENERAL FUND**
12 **FOR THE 2009 BIENNIUM TO THE DEPARTMENT OF COMMERCE FOR DEPOSIT IN THE ACCOUNT IN [SECTION 5] FOR THE**
13 **PURPOSES OF [SECTIONS 1 THROUGH 5].**

14
15 **NEW SECTION. Section 7. Codification instruction.** [Sections 1 through 5] are intended to be codified
16 as an integral part of Title 20, chapter 9, and the provisions of Title 20, chapter 9, apply to [sections 1 through 5].

17
18 **COORDINATION SECTION. SECTION 8. COORDINATION INSTRUCTION. IF SENATE BILL NO. 152 AND [THIS**
19 **ACT] ARE BOTH PASSED AND APPROVED, THEN [SECTION 3 OF THIS ACT] MUST READ AS FOLLOWS:**

20 **"NEW SECTION. Section 3. Eligibility for participation -- failure to comply with commitment. (1)**
21 Except as provided in subsection (6), participation in the Montana quality educator housing incentive loan
22 program is available to any quality educator in high-priority school districts.

23 (2) A loan application must be developed by the office of public instruction in consultation with the
24 department.

25 (3) The office of public instruction shall forward to the department the application of each applicant who
26 meets the eligibility requirements.

27 (4) A quality educator who receives a loan under the program is required to purchase a house and reside
28 in a county in which the school district for which the quality educator is providing service, or any portion of the
29 school district, is located.

30 (5) A quality educator who does not provide 5 years of service after receiving a loan is liable to the

1 department for one-fifth of the amount of the loan for each year that the quality educator does not teach, plus
2 interest accruing at the current Stafford loan rate at the time that the quality educator discontinues service. If a
3 claim for repayment under this subsection is placed in the hands of an attorney for collection, the obligor is liable
4 for an additional amount equal to reasonable attorney fees.

5 (6) A quality educator may participate in the quality educator housing incentive loan program provided
6 for in [sections 1 through 5] or in the quality educator loan forgiveness program provided for in [sections 1 through
7 6 of Senate Bill No. 152], but may not participate in both."

8
9 NEW SECTION. Section 9. Effective date DATES -- applicability. [This (1) EXCEPT AS PROVIDED IN
10 SUBSECTION (2), [THIS act] is effective on passage and approval and applies to loans made on or after July 1, 2007.

11 (2) [SECTION 6] IS EFFECTIVE JULY 1, 2007.

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