

EXTENSIONS OF REMARKS

INTRODUCTION OF THE PUBLIC SCHOOL CONSTRUCTION PARTNERSHIP ACT

HON. E. CLAY SHAW, JR.

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 14, 1999

Mr. SHAW. Mr. Speaker, today I am introducing legislation, entitled the Public School Construction Partnership Act, to help our public schools meet the need for school modernization, new classrooms and the repair of old and aging facilities.

In the 22nd Congressional District of Florida, I represent three of the fifteen largest school districts in the country—the Miami-Dade County Public School District is the nation's fourth largest school district, the Broward County School District is the nation's fifth largest, and the Palm Beach County School District is the fifteenth largest. Broward County is also the third fastest growing school district in the nation. Public school children attend classes in 296 elementary, middle and senior high schools in Miami-Dade County, 178 in Broward County, and 137 in Palm Beach County. Many classes are held in temporary classrooms. Many of the buildings are in need of repairs. The student population in the state of Florida is expected to grow 25 percent faster than the overall population. This makes the need for new school construction critical.

Public schools need new ways to raise revenue to meet the problems caused by growth and overcrowding. The financing needs faced by an urban school district may not be of the same nature or scope as those of a rural district. At the same time we need to reduce construction costs and promote school construction efficiencies to ensure that dollars are spent wisely and effectively. This bill is a meaningful step in those directions. Four different approaches to financing new public school construction and repairing older schools are provided for in this legislation.

First, the bill would allow school districts to make use of public-private partnerships in issuing private activity bonds for the construction or improvement of public educational facilities. Private activity bonds can now be issued to finance 12 types of activities such as airports, docks and wharves, qualified residential rental projects, and qualified hazardous waste facilities. It makes sense to be able to issue them for the construction and rehabilitation of public schools.

In order to qualify for the bonds, a private corporation would be required to participate in a public-private partnership with a public school district. Under the bill, a private corporation could build school facilities and lease them to the school district. At the end of the lease term the facilities would revert back to the school district of no additional consider-

ation. Alternatively, a school district could sell their old facilities to such a corporation, which would then refurbish them, and lease the refurbished facilities back to the school district. The proceeds from the sale could then be used by the district to build new classrooms. This allows the school district to leverage investment in school facilities without having to borrow by issuing tax-exempt bonds.

The bonds would be exempt from the annual state volume caps on private activity bonds, but would be subject to their own annual per-state caps equal to the greater of \$10 per capita or \$5 million. This would raise more than an additional \$120 million for school construction in the state of Florida. The bill leaves to the states the manner in which the per-state amount is to be allocated.

Second, the bill provides for a 4-year safe harbor for exemption from the arbitrage rules. To prevent state and local governments from issuing tax-exempt bonds and using the proceeds to invest in higher yielding investments to earn investment income (thereby earning arbitrage profits), arbitrage restrictions are placed on the use of tax exempt bonds. In the case of tax-exempt bonds use to finance school construction and renovation, the bond proceeds must be spent at certain rates on construction within 24 months of being issued. The bill would extend the 24-month period to 4 years for school bonds as long as the proceeds were spent at certain rates within this period. It is difficult for school districts to comply with the present 24-month period when funding different projects from a single issuance of bonds. The increase in the time period would give school districts greater flexibility in planning construction projects and more money with which to build and repair schools.

Tax exempt bonds issued by small governments are not subject to the arbitrage restrictions as long as no more than \$10 million of bonds are issued in any year. In order to provide relief to small and rural school districts undertaking school construction and rehabilitation activities, the third approach undertaken by the bill is to raise the exemption to \$15 million as long as at least \$10 million of the bonds were used for public school construction.

Fourth, the bill would permit banks to invest in up to \$25 million of tax exempt bonds issued by school districts for public school construction without disallowance of a deduction for interest expense. Currently, banks are allowed to purchase only \$10 million without being subject to disallowance of interest expense. Banks, traditionally, have been an important purchaser of last resort of tax exempt bonds. Increasing the amount of bonds that can be purchased by banks without penalty will allow school districts to sell their bonds to banks, thereby avoiding having to incur the expense of accessing the capital markets.

This legislation offers an innovative approach to help finance the building and reha-

bilitation of our public schools, which activity is so vital to improving our education system. The creation of the public/private partnerships would speed up the construction of new public schools that are urgently needed. The bill gives our school districts the flexibility they need to tailor their financing needs to their individual situations.

This legislation can help our public schools to construct and repair needed facilities to educate our children, and I urge my colleagues to join me in seeking its enactment.

TRIBUTE TO JEANETTE M. MIDDLETON

HON. JOHN SHIMKUS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 14, 1999

Mr. SHIMKUS. Mr. Speaker, I would like to take this time to congratulate Jeanette M. Middleton of Nashville who recently received a \$25,000 Milken Educator Award from founder Michael Milken at the recent Milken Family Foundation National Education Conference in Los Angeles, CA. Jeanette is a teacher at Lebanon Grade School where she implemented numerous innovations in the schools resources and ways of teaching.

Among her accomplishments at Lebanon Elementary School are: starting a science fair; incorporating a recycling program into her science classes; using proceeds from recycling to start a Critters in the Classroom Project; helping write a grant application that resulted in a \$65,000 grant to start a computer lab; developing the school web site; and instructing teachers in classroom applications for technology. I am extremely grateful to Jeanette for going the extra mile to see that our children are educated to live, prosper, and grow in to the 21st century.

TRIBUTE TO BOB AND SHIRLEY SHELTON

HON. SCOTT MCINNIS

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 14, 1999

Mr. MCINNIS. Mr. Speaker, I would like to take this opportunity to recognize two of Colorado's remarkable citizens, Bob and Shirley Shelton of Eagle, CO. In addition to compiling an unparalleled resume of volunteerism, Mr. and Mrs. Shelton have exemplified the notion of public service and civic duty in the community of Eagle.

Mr. and Mrs. Shelton moved to Eagle in 1948 where the couple held various jobs both in the public and private sectors. Bob served seven terms on the Eagle town board and a

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