

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1129-01
Bill No.: SB 246
Subject: Bonds - General Obligation and Revenue
Type: Original
Date: February 11, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTIONS

Officials from the **Office of the State Treasurer** assume this proposal would have no fiscal impact on their organization, and defer to the Office of Administration as to the effect the proposal might have on the state's bond rating.

Officials from the **Office of the Attorney General**, the **Office of the State Auditor**, the **Office of the Secretary of State**, and the **Department of Economic Development**, assume this proposal would have no fiscal impact on their organizations.

Officials from the **Office of Administration** assume there would be no fiscal impact relating to this legislative authorization increase, but there would be a fiscal impact if any of the currently outstanding authorization is actually issued. There would be one time costs of approximately \$196,289 for each issuance, and approximately \$700,000 in annual debt service cost (principal and interest) for every \$10 million dollars issued.

Officials from the **Office of the Governor** and the **Office of the Lieutenant Governor** did not respond to our request for information.

ASSUMPTIONS (continued)

Officials from the **Department of Natural Resources** (DNR) assume that the proposal would authorize the sale of \$40 million in Water Pollution and Stormwater Control Bonds to be used as noted:

- Provide funding to continue the state's 40% State Construction Grants Program for those economically disadvantaged communities that do not qualify for the SRF loan program.
- Provide funding to continue the rural water and sewer grant program and the storm water grant program.
- Initiate loan programs under the rural water and sewer grant and storm water grant programs.

The proposed legislation would help promote water quality and public health improvements. Bonds are sold on as-needed basis, and bond sales lag authorization by approximately 3 years. Principal and interest payments would be expected to run 25 years from FY 2007. Fiscal Impact would be dependent on interest rates on the bonds at the time of sale.

37(e) money would be approved for \$10 million to be spent as follows:

- \$3 Million for the 40% State Construction Grant Program;
- \$2.5 Million for the Rural Water and Sewer grants; and
- \$4.5 Million for the Clean Water State Revolving Fund (20% match required to receive Federal Funds).

37(g) money would be approved for \$10 Million to be spent as follows:

- \$5 Million for Rural Water grants and loans; and
- \$5 Million for Rural Sewer grants and loans.

ASSUMPTIONS (continued)

37(h) money would be approved for \$20 Million to be spent as follows:

- \$10 Million for storm water grants; and
- \$10 Million for storm water loans.

Oversight assumes that no debt authorized by this proposal would be issued before FY 2009 and has not indicated any fiscal impact for the proposal. Any fiscal impact would be realized after FY 2008.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

The proposal would allow the state to issue bonds for grants and loans pursuant to the Missouri Constitution. In addition to amounts previously authorized, the proposal would authorize the Board of Fund Commissioners to issue bonds for grants and loans pursuant to several sections of Article III of the Missouri Constitution.

DESCRIPTION (continued)

The proposal would authorize:

- (1) \$10 million of bonds for waste water pollution control, drinking water system improvements, and storm water control pursuant to Section 37(e);
- (2) \$10 million of bonds for rural water and sewer projects pursuant to Section 37(g);
and
- (3) \$20 million of bonds for storm water control plans, studies, and projects in first classification counties and the City of St. Louis pursuant to Section 37(h).

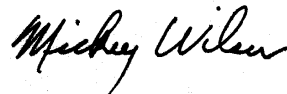
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Attorney General
Office of the State Auditor
Office of the Secretary of State
Office of the State Treasurer
Office of Administration
Department of Economic Development
Department of Natural Resources

NOT RESPONDING

Office of the Governor
Office of the Lieutenant Governor



Mickey Wilson, CPA
Director
February 11, 2005

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