

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3198-08
Bill No.: Truly Agreed To and Finally Passed SS for SCS for SB 718
Subject: Boards, Commissions, Committees, Councils; Bonds – General Obligation and Revenue; General Assembly; Securities.
Type: Original
Date: May 24, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration – Administrative Hearing Commission** and the **Department of Natural Resources** each assume this proposal would have no fiscal impact on their respective agencies.

Officials from the **Coordinating Board for Higher Education (CBH)** assume the proposal will not fiscally impact their agency. CBH states that the Missouri Higher Education Loan Authority (MOHELA) has indicated that this legislation, if signed, would not adversely impact MOHELA’s operations.

Officials from the **Department of Economic Development (DED)** state the proposal should have no fiscal or administrative impact on their agency. The proposal modifies the authority of the Development Finance Board to grant loans. No administrative or fiscal impact is projected.

Officials from the **Department of Economic Development - Missouri Housing Development Commission (MHDC)** state the bill prohibits their agency from approving loan requests unless the means of repayment is readily ascertainable and reliable. It also prohibits the MHDC from making loans if the means of repayment is dependent upon state funding that has not been

ASSUMPTION (continued)

granted by the General Assembly. Since the MHDC makes no loans whose repayment is contingent upon state funding nor without a means of repayment that is ascertainable and reliable, this proposal would have no impact on the MHDC.

Officials from the **Office of Administration - Budget and Planning (BAP)** state this proposal should not result in additional costs or savings to their agency. BAP states this proposed legislation increases the authorization of Board of Public Buildings (BPB) bonds by \$120 million. This proposal does not necessarily mean the BPB will issue additional bonds, it only provides the authority if they so desire. There are plans to use an additional \$55 million BPB bond authority to construct a new women's prison in Chillicothe. Debt service for bonds, when issued, is paid primarily from General Revenue.

Officials from the **Office of Administration, Division of Accounting (OA)** assume this proposal would have no fiscal impact on their organization, and state that personnel costs related to a bond issue would be approximately \$36,000, one-time costs related to the bond issue would be approximately \$150,000, and annual debt service would be approximately \$9 million for the additional \$120 million in bonds (using the current interest rate of 5.5%).

Oversight notes that this proposal would only increase the maximum for Board of Public Buildings bonds, which could allow for the issuance of additional bonds in the future. Oversight has not shown a fiscal impact for this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
	<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

This proposal authorizes the Missouri Development Finance Board, the Missouri Health and Education Facilities Authority, the Missouri Higher Education Loan Authority, the Missouri Housing Development Commission, and the Environmental Improvement and Energy Resources Authority to approve a loan request only if the means of repayment is readily ascertainable. With the exception of annual appropriation debt for state-owned property, entities shall not approve such a request if the means of repayment is contingent upon state funding that has not been granted unless the project has been approved by concurrent resolution of the General Assembly or similar legislative directive or approval.

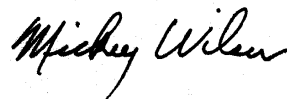
This proposal also includes the jobs now fund in the list of funds from which a loan may be requested from the Development Finance Board.

Currently, the State Board of Public Buildings shall not issue revenue bonds for the acquisition of office buildings in cities for one or more projects in excess of a total par value of \$655 million. This proposal increases the limit to \$775 million.

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

Department of Economic Development
Office of Administration
Department of Natural Resources
Coordinating Board for Higher Education



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Page 5 of 5
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