

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1241-01
Bill No.: SB 619
Subject: Political Subdivisions: General Obligations
Type: Original
Date: April 3, 2007

Bill Summary: Authorizes certain public entities to enter into agreements to modify payment terms for bonds in certain situations based on changes in the purchase price of commodities.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
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 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on FTE	0	0	0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Office of State Treasurer** assume no fiscal impact to their office.

Officials of the **Missouri Department of Transportation** assume no fiscal impact.

Officials of the **Missouri Department of Conservation** assume no fiscal impact.

Officials of the **Department of Economic Development - Public Service Commission** and **Office of Public Counsel** assume no fiscal impact.

Officials of the **Office of Administration - Accounting Division** assume no fiscal impact.

Officials of the **City of Kansas City** stated the City has over \$600 million in variable rate debt. Officials assume this proposal will give the City useful tools that could have a significant positive fiscal impact in managing the City's interest rate risk. Officials state the actual fiscal impact is indeterminable and unknown.

Oversight assumes the provisions allowed by this proposal are discretionary, and could provide savings to certain public entities if interest rates were to decline. **Oversight** cannot speculate if or when interest rates might decline. **Oversight** will show fiscal impact to state and local governments as \$0.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<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.

FISCAL DESCRIPTION

Under this act, certain public entities and political corporations with an annual operating budget exceeding \$25,000,000 may, in connection with managing costs of fuel and other commodities enter into agreements fixing the prices of those commodities, including hedges, futures and options. Schools shall not enter such agreements for the purchase of natural gas while certain statutory tariffs relating to gas corporations are in effect.

Public entities and political corporations may also enter into interest rate swaps, hedges, caps, floors, and collars in connection with its bonds, notes or other obligations in certain circumstances.

Otherwise unqualified utilities and certain public entities and political corporations may enter into the above agreements if the governing body adopts written policies governing the agreements and creditworthiness of the counter party or other obligated party must be considered in certain circumstances.

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 State Treasurer
Office of Administration - Accounting Division
Department of Transportation
Department of Conservation
Department of Economic Development - Public Service Commission
Office of Public Counsel
City of Kansas City

NOT RESPONDING

Cities of :

Cape Girardeau
Columbia
Excelsior Springs

NOT RESPONDING (continued)

Harrisonville
Independence
Jefferson City
Lees Summit
Maryland Heights
Raytown
Springfield
St. Charles
St. Louis

Counties of :

Boone
Callaway
Cape Girardeau
Cass
Clay
Cole
Franklin
Greene
Jackson
Jefferson
New Madrid
Platte
Pulaski
St. Charles
St. Louis

Fire Protection Districts of :

Boone County
Central County Fire and Rescue
Creve Coeur
Lake St. Louis
St. Charles County

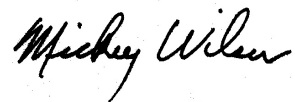
NOT RESPONDING (continued)

School Districts of :

Columbia
Kansas City
Mexico
Parkway
St. Louis

Sewer and Water Districts of :

St. Louis Metropolitan
Little Blue Valley
Boone County
St. Charles County Water #2
Pulaski County



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Director
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