

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5188-02  
Bill No.: SB 619  
Subject: Boards, Commissions, Committees and Councils; Bonds - General Obligation and Revenue; Capital Improvements; Roads and Highways; Transportation; Department of Transportation  
Type: Original  
Date: February 21, 2018

Bill Summary: This proposal allows the Highways and Transportation Commission to issue bonds to finance transportation infrastructure.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
State Road Fund	\$0	\$58,980,000	(\$5,700,000)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$58,980,000</b>	<b>(\$5,700,000)</b>

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

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>St. Charles County</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Transportation (MoDOT)** assume this proposal will have no fiscal impact on their organization. The proposal does not specifically state what the repayment source or fund would be. MoDOT states there is not enough information to calculate an estimate of issuance costs or other costs at this time.

Officials from the **Office of Administration - Budget and Planning (B&P)** assume there will be no fiscal impact from this proposal. B&P defers to MoDOT for a fiscal impact estimate (issuance costs and possible repayment costs) and which fund will pay the indebtedness.

Officials from the **Department of Revenue** assume the proposal will have no fiscal impact on their organization.

Officials from **St. Charles County** did not respond to Oversight's request for fiscal impact.

**Oversight** assumes that up to \$65 million in the form of bonds or other evidence of indebtedness will be deposited into the State Road Fund for the purpose of locating, relocating, establishing, acquiring, reimbursing for, constructing, improving and maintaining state highways in St. Charles County.

**Oversight** will assume a bond sale of \$65,000,000 in FY 2020, with terms of 15 years (bill says between 10 years and 20 years) at a rate of 3.5% (according to OA, the last bond sale (September 2017) was at a rate of 2.38% while a bond sale by the Missouri Development Finance Board for the Fulton State Hospital in 2016 was for interest rates between 4% and 5%). Therefore, the debt service for these parameters is approximately \$5.7 million per year. Oversight will assume the debt service will be from the State Road Fund.

In response to HJR 61 (issuance of \$63 million in bonds for Veterans' Homes), the Office of Administration assumed additional cost of \$250,000 for bond issuance fees as well as \$70,000 for rating agency fees. Oversight will assume MoDOT would incur these costs as well.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
<b>STATE ROAD FUND</b>			
<u>Revenue</u> - MoDOT - issuance of bonds or other indebtedness	\$0	\$65,000,000	\$0
<u>Costs</u> - MoDOT - Bond Issuance Fees	\$0	(\$250,000)	\$0
<u>Costs</u> - MoDOT - Rating Agency Fees	\$0	(\$70,000)	\$0
<u>Costs</u> - MoDOT - Debt service - assuming term of 15 years and a rate of approximately 3.5%	<u>\$0</u>	<u>(\$5,700,000)</u>	<u>(\$5,700,000)</u>
<b>ESTIMATED NET EFFECT ON THE STATE ROAD FUND</b>	<b><u>\$0</u></b>	<b><u>\$58,980,000</u></b>	<b><u>(\$5,700,000)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<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

This act allows the Highways and Transportation Commission to issue up to \$65 million in bonds for the engineering and construction of transportation infrastructure projects in St. Charles County that meet certain criteria.

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

L.R. No. 5188-02  
Bill No. SB 619  
Page 5 of 5  
February 21, 2018

SOURCES OF INFORMATION

Department of Transportation  
Office of Administration - Budget and Planning  
Department of Revenue

Ross Strobe

A handwritten signature in black ink, appearing to read "Ross Strobe".

Acting Director  
February 21, 2018