



OFFICE OF LEGISLATIVE AUDITOR
Fiscal Note

Fiscal Note On: SB 237 SLS 17RS 191
Bill Text Version: ORIGINAL
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: April 23, 2017 12:41 PM
Dept./Agy.: Lafayette Parish School System
Subject: Revenue Bonds
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BONDS OR SEE FISC NOTE LF EX See Note Page 1 of 1
Provides relative to revenue bonds of the Lafayette Public School Board. (gov sig)

Purpose of Bill: This measure changes the maximum term of sales tax bonds that the Lafayette Parish School Board is authorized to issue from 25 years to 40 years and provides for other matters related to the form, provisions, and negotiability of bonds.

Table with 7 columns: EXPENDITURES, 2017-18, 2018-19, 2019-20, 2020-21, 2021-22, 5 -YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

Table with 7 columns: REVENUES, 2017-18, 2018-19, 2019-20, 2020-21, 2021-22, 5 -YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

EXPENDITURE EXPLANATION

The effect on governmental expenditures as a result of this measure is indeterminable at this time. However, this bill may reduce financing costs if the school board issues bonds under the provisions of this bill.

An official with the Lafayette Parish School System and the System's bond counsel indicated that the change in terms from 25 to 40 years will allow them to finance sales tax revenue bonds with the United States Department of Agriculture (USDA) Rural Development Program at a lower interest rate than the open market.

The officials provided the following sample calculation of estimated interest savings based on similar financing with the USDA in 2016:

Calculation table showing Sales Tax Revenue Bonds Funded by USDA for 40 Years = \$26,000,000, Estimated Open Market Interest Cost (at 4.228%) = \$20,543,584, USDA Interest Cost (at 3.25%) = \$15,304,814, and Estimated Interest Savings = \$5,238,770.

If no bonds are sold there would be no fiscal impact.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate Dual Referral Rules
13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Signature of Michael G. Battle
Michael G. Battle
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