



**OFFICE OF LEGISLATIVE AUDITOR
Fiscal Note**

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

Date: April 28, 2017 12:48 PM	Author: CORTEZ
Dept./Agy.: Lafayette Parish School System	Analyst: Staci Cefalu
Subject: Revenue Bonds	

BONDS RE SEE FISC NOTE LF EX 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.

EXPENDITURES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						

REVENUES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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 amount of bonds sold would determine the potential interest savings.

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

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
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}

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