

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 836** HLS 24RS 1841

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> April 6, 2024	1:13 PM	<b>Author:</b> MCFARLAND
<b>Dept./Agy.:</b> State Bond Commission		<b>Analyst:</b> Tanesha Morgan
<b>Subject:</b> Non-debt-forming concession and other obligations		

LOCAL FINANCE

OR SEE FISC NOTE SG RV

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Provides that certain non-debt-forming concession agreements and other obligations are not deemed as debt requiring approval of the State Bond Commission

The proposed law amends the definition of "debt" or "evidence of debt" for the purposes of laws requiring State Bond Commission approval of debt that local governments and other political subdivisions seek to incur. The changes include removing the specificity that leases or installment purchase agreements must be for movables to be excluded from the definition of debt, as long as they contain a nonappropriation clause and do not contain an anti-substitution or penalty clause. Additionally, concession agreements or other agreements/obligations based on usage payments and monthly terms, or not required to be categorized as long-term debt by the GASB, are also excluded from the definition of debt. However, if any of these agreements are entered into in conjunction with the issuance of bonds, notes, or certificates that would otherwise require State Bond Commission approval, the commission's approval of the transaction will still be required. The proposed law would apply both prospectively and retroactively.

EXPENDITURES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

REVENUES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

There is no anticipated direct material effect on governmental expenditures as a result of this measure. The bill modifies the definition of "debt" or "evidence of debt" for the purposes of local government finance and the requirement for State Bond Commission approval. However, modifying the definition may potentially reduce the number of applications requiring State Bond Commission approval.

**REVENUE EXPLANATION**

The revenue impact on the Office of State Bond Commission, which relies solely on application and closing fees, is indeterminable. While the proposed legislation may reduce the number of applications requiring approval, thereby decreasing revenue from fees, the extent of this reduction is unknown due to the expanded definition of non-debt agreements.

Also, since the provisions of the bill would apply both prospectively and retroactively, it might impact some existing agreements that were previously considered debt. The retroactive application could potentially affect the revenue streams associated with those agreements, but the direction and magnitude of the impact would depend on the specific circumstances of each agreement.

Senate

Dual Referral Rules

House

13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

**Patrice Thomas**  
**Deputy Fiscal Officer**