

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 1175** HLS 14RS 2537

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 14, 2014	1:04 PM	Author: BROADWATER
Dept./Agy.: Treasury/State Bond Commission		Analyst: Deborah Vivien
Subject: Disclosure requirements of bond applicants		

BONDS OR SEE FISC NOTE LF EX Page 1 of 1
Provides with respect to the issuance of bonds, notes, or other indebtedness of certain political subdivisions

Proposed law requires that an applicant for the issuance bonds or other indebtedness must disclose to the State Bond Commission any unsatisfied judgments arising from contractual obligations between the applying entity and any person or entity providing goods, services, or work and recorded after 8/1/14. Notification of the judgment creditor is required. The State Bond Commission must review the disclosure of the specific information which is detailed in the bill. Contractual obligations include contracts between the applicant and independent contractors such as professional services, service contracts, consulting agreements, procurement contracts, etc. Failure to comply with these disclosure requirements will not invalidate the bonds or other debt instruments and will be incontestable for the purchasers or holders.

EXPENDITURES	2014-15	2015-16	2016-17	2017-18	2018-19	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2014-15	2015-16	2016-17	2017-18	2018-19	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The State Bond Commission anticipates minimal costs from updating the application forms and incorporating the information into the analytical process. The costs will be directly correlated to the volume of submissions with outstanding judgments and the review necessary. Any additional costs will be absorbed in the existing budget. Should the costs exceed fees collected by the State Bond Commission, state general fund may be required.

State and local agencies may face additional disclosure requirements when seeking approval for indebtedness. The applicant may have outstanding judgments with numerous vendors which would be required to be reported under this law. However, the bill also states that failure to comply with the disclosure requirements does not invalidate the bonds or allow recourse from bondholders.

REVENUE EXPLANATION

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

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|---|----------------------------|--------------|--|
| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S} |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | | | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

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