

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 941** HLS 14RS 763

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.: **w/ PROP HSE COMM AMD**

Sub. Bill For.:

Date: April 15, 2014	2:49 PM	Author: LEGER
Dept./Agy.: Education		Analyst: Jodi Mauroner
Subject: School facilities preservation and improvement		

SCHOOLS/FINANCE

OR SEE FISC NOTE LF RV

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Provides for allocations of certain public school funds to building renovation and replacement purposes in certain school districts

The proposed legislation provides for a facilities preservation program for the Recovery School District (RSD). The bill specifies certain local sales and property tax proceeds which shall be used to fund the program. The bill prohibits the Orleans Parish School Board (OPSB) from refinancing any outstanding bonds and provides for the distribution of funds upon retirement of the debt. The bill requires OPSB to transfer funds to the RSD based on student enrollment in RSD schools. The bill requires OPSB and RSD to do the following: 1) establish a facilities office to inspect and monitor facilities, manage building leases, handle emergency repairs, and administer a revolving facility loan fund and repair and replacement accounts; 2) establish a revolving loan fund and make loans to schools under their control. 3) establish policies governing eligible repairs and replacement, emergency repairs, and the administration of loans; 4) submit annual reports on the revolving loan fund activity. Authorizes the facilities office to provide services to charter schools, including emergency and capital repairs or replacements, procurement services and technical assistance and charge fees for such services.

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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						

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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						

EXPENDITURE EXPLANATION

The bill does not impact the amount of MFP funding distributed to the OPSB and the RSD. Instead, the bill would require schools to redirect local revenues previously used for debt service on bonds issued for capital improvements to be used for facilities preservation and improvements. Should the funds not be used for the facilities preservation program, available tax proceeds would be used for general operating expenses of the School Board. The OPSB receives approximately \$13.2 M from a constitutional property millage (4.97 mills) that is used to pay debt service. The millage will expire in 2025 or upon retirement of the debt, unless reauthorized by the voters. The OPSB also receives approximately \$108.1 M from a one half percent (.05) sales and use tax authorized in an election held on 11/4/80. OPSB uses .03 percent of these revenues (approximately \$14.1 M) to pay annual debt service. The outstanding debt totals \$197.6 M and is scheduled to be fully retired in FY 21-22. Annual combined debt service payments are: FY 14-15, \$29.9 M; FY 15-16 through FY 18-19, \$23.9 M and FY 19-20 through FY 21-22, \$21.3M. Beginning in FY 15-16 as outstanding bonds are retired, funds will be redirected to begin funding the facilities preservation program.

There may be an increase in expenditures for the OPSB and the RSD to hire additional staff to implement the provisions of the bill, however, the expenses will be paid from these same sales and property tax revenues. To the extent funds are available, the OPSB and RSD facilities office shall perform the functions specified in the bill.

REVENUE EXPLANATION

There may be an increase in revenues to the OPSB or the RSD due to fees paid by charter schools for facilities services. The amount is indeterminable and will depend upon the number of such agreements and the amount of the fees charged. In the 2013-2014 school year, there were 61 charter schools operating under the RSD and 14 charter schools operating under the OPSB.

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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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