

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



Fiscal Note On: **SB 433** SLS 16RS 959  
 Bill Text Version: **REENGROSSED**  
 Opp. Chamb. Action: **w/ HSE COMM AMD**  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> May 3, 2016	2:17 PM	<b>Author:</b> MORRELL
<b>Dept./Agy.:</b> Treasurer/State Bond Commission		
<b>Subject:</b> Changes related to Chairman of State Bond Commission		<b>Analyst:</b> Deborah Vivien

BONDS RE1 SEE FISC NOTE SG RV See Note Page 1 of 1  
 Provides for the activities and responsibilities of the State Bond Commission. (8/1/16)

Current law appoints the State Treasurer as the Chairman of the State Bond Commission (SBC). For reporting requirements, issuers must present a final report on the cost of issuance within 45 days of closing. If the actual cost of issuance is at least 10% greater than the approved cost of issuance, the issuer is required to obtain approval of the SBC prior to payment. In addition, any fees incurred after the final 45 day reporting period must be estimated and presented to the issuer and the SBC along with a final report of actual fees within 45 days of payment. Violation of these reporting requirements results in a mandatory fine of twice the fee received that caused the violation. In order to take up a matter not on the posted agenda of a public body, unanimous approval of members present is required.

Proposed law retains the Treasurer as Chairman unless 2/3 of Commission members (including a majority of members in each house) elects another member of the Commission. The bill prohibits the Chairman from soliciting or accepting funds from any professional or person retained in relation to applications to the SBC from the date the application is filed until one month after approval or disapproval. The bill retains all reporting requirements and any fines related to costs of issuance. For the SBC only, two-thirds of present members with a majority of Commission members in each house may approve consideration of an issue not on the posted agenda.

<b>EXPENDITURES</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>						

<b>REVENUES</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>5 -YEAR TOTAL</b>
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**EXPENDITURE EXPLANATION**

Though the Chairman of State Bond Commission may be elected under this bill, if the Treasurer is not elected, the status of director and staff (9 positions) of the State Bond Commission is ambiguous, in the sense that it is not clear if this staff must be transferred organizationally with the chairmanship, according to the agency. The duties of the Treasurer regarding bond sale procedures and debt payment are retained, along with various statutes that provide the Treasurer with oversight of the SBC director. The Treasurer retains the authorization to halt or proceed with a bond sale so the staffing requirements and agency funding of the SBC under a different Chairman are not clear. The agency estimates relocation expenses at \$150,000, should the SBC require it. Fees collected through SBC and currently utilized in the Treasury budget vary, but are about \$1.7M - \$2.4M annually.

The State Bond Commission budget currently partially funds positions within Treasury that provide support for SBC duties along with those in other areas of the agency (\$750,000) and a Bloomberg subscription (\$15,000) at about \$765,000 annually. These positions may no longer be fully funded if the SBC is transferred. Under a transfer scenario, these functions in the Treasury would require an alternative source of funding if the SBC is no longer within the department.

It seems most likely and practical for the staffing of the SBC to be retained within the Treasury regardless of who the chairman of the Commission may be for certain periods.

**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"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}       | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {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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