

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 517** SLS 14RS 265

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: March 24, 2014 12:43 PM	Author: ALLAIN
Dept./Agy.: Treasury/Secretary of State	Analyst: Deborah Vivien
Subject: Requires voter turnout > 20% to approve local bonds	

LOCAL AGENCIES

OR NO IMPACT GF EX See Note

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Prohibits the state bond commission from approving any tax exempt indebtedness if the proposition to incur such indebtedness was approved in an election in which turnout was less than 20% of registered voters. (gov sig)

Current law requires local Political Subdivisions to attain State Bond Commission approval for General Obligation Bonds issued by local political subdivisions which require an election (Constitutional) and the Notice of Intention (bond proposition) to issue local Revenue Bonds. If 5% of registered voters object to the Notice of Intention for Revenue bonds, a local election must be held regarding the issuance of the Revenue Bonds. Also, the State Bond Commission must approve locally issued bonds requiring an election if the action is specified in the Home Rule Charter.

Proposed law will prohibit the State Bond Commission from approving bond issues for local political subdivisions if a majority but less than 20% of registered voters voting in the local election approve the issuance.

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

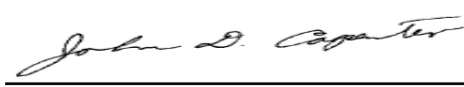
The Secretary of State currently publishes voter turnout on its website. Turnout data is known at the same time votes are certified. No additional costs will be incurred for the State Bond Commission to access this data to determine whether the bonds were approved by voters with a turnout of greater than 20%. However, to the extent that issues must be voted on more than once, additional elections and related expenses may be required.

The State Bond Commission approves General Obligation Bonds and Revenue Bonds or related documents under certain circumstances and always prior to the public vote, if required. After the election, the State Bond Commission may either proceed if the issue passes or stop if the issue fails. This bill will require the State Bond Commission to continue the prior approvals in keeping with current law and meet again to re-approve the issue based on the turnout and results of the election. The State Bond Commission reports the reviewing of about 20 General Obligation Bond proposals each fiscal year over the last 3 years and about 3 Revenue Bond proposals in total over the last 14 years. To the extent that another layer of approval is added to the Bond Commission's duties, expenses could be increased but are expected to be absorbed in the existing budget.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure. To the extent that an additional layer of approval by the State Bond Commission after the election is complete delays the actual bond sale, proceeds may not be available as soon as they would be with the prior approval required under current law.

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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} |


John D. Carpenter
Legislative Fiscal Officer