

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 608** HLS 15RS 1324

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

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

Sub. Bill For.:

Date: May 13, 2015 7:50 AM	Author: JACKSON
Dept./Agy.: Education	Analyst: Jodi Mauroner
Subject: Bonded debt limit	

BONDS EG SEE FISC NOTE LF RV Page 1 of 1
 Authorizes certain school districts to increase, with voter approval, their level of indebtedness

The governing authority of parishwide school districts and special school districts may issue general obligation bonds which exceed 10% but not 35% of the assessed valuation of the taxable property of such subdivision for the purpose of acquiring and/or improving lands for building sites and playgrounds, purchasing, erecting and/or improving school buildings and related facilities and acquiring the necessary equipment and furnishings for such facilities. Proposed law provides that the governing authority of any parish school district in any parish having a population of more than 149,000 but less than 185,000 persons (only one parish according to the latest federal decennial census), with voter approval, may issue general obligation bonds which may exceed 10% but shall not exceed 50% of the assessed valuation of the taxable property of such subdivision. Effective upon governor's signature.

EXPENDITURES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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	2015-16	2016-17	2017-18	2018-19	2019-20	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	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Annual Total						

EXPENDITURE EXPLANATION

To the extent affected parishes (currently only Ouachita parish) avail themselves of the greater bonding authority provided by this bill, these parishes would also incur greater debt service expenses. The extent of those increased expenses can not be determined at this time, and depend on utilization of this expanded bonding authority.

Note: The Minimum Foundation Program (MFP) formula uses debt service taxes in the calculation of the formula. If ad valorem taxes are issued to cover the debt service on these bonds, it could effect the district's state funding from the MFP. It is possible that the school district could receive fewer state dollars as a result of increasing local revenue, but the amount would depend on the amount of additional tax levied and other factors that are included in the MFP in any given year.

REVENUE EXPLANATION

Local funds resources may increase to the extent that parishwide school district and special school districts in any parish affected by this bill issue bonds that exceed the 35% assessed valuation cap that is currently allowed. According to the latest federal decennial census only Ouachita parish has a population that falls within the ranges specified in the proposed legislation. With voter approval and subject to credit market conditions, affected parishes can avail themselves of the substantially greater bonding authority provided by the bill. To the extent this occurs, local resources will be greater than they would otherwise be.

According to the Assessment Roll for Ouachita Parish, the 2014 Total Assessed Property Value for the East District is \$313.1M; 35% equates to a bonding capacity of \$109.6M which would increase to \$156.5M under the 50% maximum in proposed legislation. Currently, the Ouachita Parish School Board has outstanding bonds in the amount of \$101.7M with a remaining debt capacity of \$7.8M; the bill would provide an additional debt limit of \$54.8M.

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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 Rev. Red. to State {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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