

**LEGISLATIVE FISCAL OFFICE**

**Fiscal Note**



Fiscal Note On: **SB 433** SLS 16RS 959

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> April 11, 2016 12:16 PM	<b>Author:</b> MORRELL
<b>Dept./Agy.:</b> Treasurer/State Bond Commission	<b>Analyst:</b> Deborah Vivien
<b>Subject:</b> Changes related to Chairman of State Bond Commission	

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 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 directs the SBC to elect a Chairman by majority vote (the State Treasurer remains a member of the SBC) and 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. No timeframe or terms are specified. The bill retains reporting requirements for costs of issuance but removes reporting requirements if actual fees are at least 10% greater than those approved or are incurred more than 45 days after the closing. The fees associated with violations of the eliminated reporting requirements are repealed. Any review of applications by SBC is limited to legality and financial feasibility. For the SBC only, a majority of members present 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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
<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>\$0</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 is 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. 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 is not clear whether State Bond Commission review of requested measures will now extend to all applications whereas only governmental applications are currently reviewed for financial feasibility. To the extent that private sector applications may now require financial feasibility review (currently undertaken and paid by the applicant), additional staff and resources may be needed.

Penalties for payment of fees prior to SBC approval are repealed in this bill. However, those penalties have never been imposed so would result in no change to revenue. The department indicates that reporting requirements that are also being repealed may have provided an incentive to keep costs of issuance down, particularly for smaller local entities, though the information is a matter of public record. Other measures in the bill appear to be procedural.

Note: The fiscal note assumes that the statutes being repealed in Section 3 of the bill are from Title 39 and not Title 47.

**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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