

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



Fiscal Note On: **SB 414** SLS 16RS 1092

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> April 14, 2016 5:58 PM	<b>Author:</b> LUNEAU
<b>Dept./Agy.:</b> Treasury/State Bond Commission	<b>Analyst:</b> Deborah Vivien
<b>Subject:</b> Local Bond Sales and Use of Bond Premium	

BONDS OR SEE FISC NOTE LF RV Page 1 of 1  
Provides for the application of a premium, if any, in connection with the issuance of bonds. (gov sig)

Current law directs any local bond premium to be used as payment for principal or interest on the bonds and deposited in the manner of taxes levied and collected for debt service. Current law also prohibits local bonds being sold for less than par value and accrued interest.

Proposed law removes the prohibition on local bonds issued at less than par value and accrued interest and states that local bonds may be sold at any price as long as the State Bond commission approves the sale. Proposed law retains current law on the use of all local bond premiums along with any accrued interest and further allows all local bond premiums to be used directly for any purpose for which the local bonds are being issued (and deposited into the same account as local bond proceeds). Effective upon governor's signature.

<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.	\$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	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>
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Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
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Local Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

There is no anticipated direct material effect on governmental expenditures as a result of this measure. The bill primarily changes procedures and allowances of local bond issuances but is not expected to materially change the number of bond issuances requiring additional operational expenditures. However, expenditures resulting from an additional option in bond premium utilization could alter future debt service requirements.

The bill may change the distribution and timing of available revenue by allowing the application of all premiums directly to projects eligible for local bonds in addition to retaining the option of applying the premiums to debt service, though in this instance local expenditures in early years could be greater than under current law. This premium use provision may be retroactive. To the extent that premiums are generated and are applied to projects instead of debt service, local revenue expenditures, and thus available revenue, may be distributed differently across fiscal years through changes in debt service requirements in the future.

**REVENUE EXPLANATION**

The bill does not generate additional revenue but may change the distribution and timing of available revenue by allowing the application of all premiums directly to projects eligible for local bonds in addition to retaining the option of applying the premiums to debt service.

Senate Dual Referral Rules House

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|---|--|
| <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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