F I S C A L   I M P A C T   R E P O R T

		ORIGINAL DATE	01/30/14		
SPONSOR	SFC	**LAST UPDATED**	02/17/14	**HB**	
SHORT TITLE	Capital Outlay Reauthorizations			**SB**	163/SFCS
				ANALYST	Kehoe/Snyder

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY14	**FY15**		
NFI	NFI	Nonrecurring	See Fiscal Narrative

(Parenthesis ( ) Indicate Expenditure Decreases)

SOURCES OF INFORMATION
LFC Files

SUMMARY

Synopsis of Bill

The Senate Finance Committee Substitute for Senate Bill 163 reauthorizes 59 projects funded in previous years—16 submitted for executive agencies, 25 for House local projects, and 18 for Senate local projects. The reauthorization of the capital outlay projects range from changing the administering agency or the original purpose of the project, extending the reversion date, or expanding the purpose of the original project. The bill contains an emergency clause.

FISCAL IMPLICATIONS

The reauthorizations contained in this bill are a non-recurring expense to the severance tax bond fund, general fund, and other state funds. Any unexpended balances remaining at the end of the fiscal year as designated in the bill shall revert to the originating funding source three months after the reversion date.

Section 2(C) of the bill provides that the balance of appropriations made from the general fund or other state fund to the Indian Affairs Department or the Aging and Long-Term Services Department for a project located on lands of an Indian nation, tribe, or pueblo shall revert to the tribal infrastructure project fund.

In compliance with the Severance Tax Bonding Act, the State Board of Finance (BOF) is authorized to issue and sell STB in an amount not to exceed the total amounts reauthorized for purposes specified in this bill. The BOF must also comply with the Internal Revenue Code of

1986, as amended. The agencies named in this bill shall certify to the BOF when the money from the proceeds of the severance tax bonds reauthorized in the bill is needed for the purposes specified in the applicable section of the bill. Before an agency certifies for issuance of the bonds, the project must be developed sufficiently so that the agency reasonably expects to:

> 1) Incur within six months after the applicable bonds have been issued a substantial binding obligation to a third party to expend at least five percent of the bond proceeds for the project; and
>
> 2) Spend at least eighty-five percent of the bond proceeds within three years after the applicable bonds have been issued.

For the purpose of the reauthorizations of unexpended balances contained in this bill, "unexpended balance" is defined as the remainder of an appropriation after reserving for unpaid costs and expenses covered by binding written obligations to third parties. If an agency has not certified the readiness for STB proceeds by the end of fiscal year 2016, the reauthorization is void.

SIGNIFICANT ISSUES

The Capital Outlay Bureau (COB) of the State Budget Division of the Department of Finance and Administration (DFA) is responsible for the operation and maintenance of the Capital Project Monitoring System (CPMS). Quarterly reports are generated from CPMS demonstrating the year and amount of an appropriation, expenditures, encumbrances, and balances for all active capital projects including reauthorizations.

LMK/SGS/jl:ds