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FISCAL IMPACT REPORT



SPONSOR: Lundstrum DATE TYPED: 02/07/02 HB 359

SHORT TITLE: School Revenue Bonds SB _____

ANALYST: Smith

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY02	FY03			
	NFI			

(Parenthesis () Indicate Revenue Decreases)

Duplicates SB 377

SOURCES OF INFORMATION

State Department of Education

SUMMARY

Synopsis of Bill

House Bill 359 amends the School Bond Revenue Act. The bill allows federal funds to be pledged for school revenue bonds even if the federal funds are subject to annual appropriation. It also allows other revenue, including income from future income projects, to be pledged to pay for these bonds.

The bill defines “income projects” as a facility that produces an income to the school district, including: 1) housing for teachers, 2) the land upon which the income project is situated and 3) improvements to the land upon which an income project are situated.

The bill defines “pledgeable revenue” as net income from the income project, net income from future income projects and federal grants. Revenue from the state, property taxes or other bond issues is specifically excluded from this definition.

This bill defines “federal grant” as a payment, grant, subsidy, contribution or other money from the United States or any of its agencies that is not otherwise restricted as to the use and that the federal

government allows to be pledged or used to pay debt service on bonds. Revenue from federal grants may be pledged even if it is subject to annual appropriation.

Prior to issuing these bonds to finance an income project, a local school board must furnish the State Board of Education with the following items: 1) a detailed description of the income project, 2) an explanation of the necessity for the income project, 3) an estimate of the total cost of the project, 4) the projected net income of the project and any other revenues that will be pledged to pay for the project and 5) yearly operating cost estimates for the income project.

OTHER SUBSTANTIVE ISSUES

The Department of Education reports that this bill appears to support the following consensus performance measure for public schools: Percent and number of school facilities that attain a Facility Condition Index equal to or greater than the Public School Capital Outlay Council (PSCOC)-established level (Equitable Access and Opportunity).

SS/ar