NOTE: As provided in LFC policy, this report is intended only for use by the standing finance committees of the legislature. The Legislative Finance Committee does not assume responsibility for the accuracy of the information in this report when used for other purposes.

The most recent FIR version (in HTML & Adobe PDF formats) is available on the Legislative Website. The Adobe PDF version includes all attachments, whereas the HTML version does not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

## FISCAL IMPACT REPORT

SPONSOR:	HTRC	DATE TYPED:	3/20/03	HB	992/HTRCS
SHORT TITLE	E: Public Peace, Health	& Safety		SB	
			ANALY	ST:	Smith

### **REVENUE**

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected	
FY03	FY04				
	(19,442.0)		Non-Rec	Severance Tax	
				Permanent Fund	
	*	Negative	Recurring	General Fund	

(Parenthesis ( ) Indicate Revenue Decreases)

#### SOURCES OF INFORMATION

LFC Files DFA SUMMARY

# Synopsis of Bill

House Taxation and Revenue Committee Substitute for House Bill 992 provides for an "interception" of up to \$40 million in severance tax revenues that would otherwise be transferred to the severance tax permanent fund (STPF). The bill specifies that the revenue will be used to support a supplemental severance tax "sponge" bond (a form of cash financing) for public school capital outlay.

## FISCAL IMPLICATIONS

- DFA currently anticipates a \$19.4 million transfer to the STPF. This money would be invested in a diversified portfolio of stocks and bonds. Since the STPF distributes 4.7 percent of the 5-year average of its market value to the general fund, this bill would eventually result in a negative general fund impact
- DFA's current plan of finance is attached to this analysis. Anticipated FY03 school capital outlay would increase from \$125 million to roughly \$144 million.

SN/njw: yr