

**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: Nava DATE TYPED: 3/15/03 HB \_\_\_\_\_

SHORT TITLE: Public School Debt Guarantee, CA SJR 9

ANALYST: Neel

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	NFI	See Narrative		

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files

Responses Received From

### SUMMARY

#### Synopsis of Bill

Senate Joint Resolution 9 proposes amending Article 12 of the state constitution to guarantee debt issued by public school districts with the corpus of the Permanent School Fund (PSF). SJR 9 requires school districts' debt be necessary and used for capital outlay. Additionally, SJR 9 requires that the guarantee by the PSF not endanger the corpus of the fund.

SJR 9 also requires the consent of the US congress and will be presented to voters at the next general election.

#### Significant Issues

According to SIC, provisions in SJR 9 would not adversely impact the PSF.

### FISCAL IMPLICATIONS

According to SIC, there will be no significant impact to its operations. However, by using the

**Senate Joint Memorial 9 -- Page 2**

PSF as a guarantee school districts will be able to receive advantageous interest rates. According to SIC, higher triple AAA bond ratings for school districts would allow lower interest rates, saving the state approximately \$10.0 million over a ten year period or \$7.0 million in present value.

SN/njw