

**LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS**

Bill Number: *SB 341a

50th Legislature, 1st Session, 2011

Tracking Number: .184490.1

Short Title: Timely Payment Provisions Inclusions

Sponsor(s): Senators Cynthia Nava and John M. Sapien

Analyst: Peter B. van Moorsel

Date: February 15, 2011

AS AMENDED

The Senate Education Committee amendment adds an emergency clause.

Original Bill Summary:

SB 341 amends the *Public School Code* as it pertains to general obligation (GO) bonds of school districts to provide that the definition of bonds subject to the timely payments of school district obligations include:

- bond anticipation notes pursuant to the *School District Bond Anticipation Notes Act*; and
- general obligation lease-purchase arrangements pursuant to the *Education Technology Equipment Act*.

Fiscal Impact:

SB 341 does not contain an appropriation.

The fiscal impact report by the Legislative Finance Committee says that the bill has no fiscal impact on the state.

Fiscal Issues:

- The Public School Facilities Authority (PSFA) notes in its analysis of SB 341 that the addition of bond anticipation notes and lease-purchase arrangements to the definition of bonds that are subject to the timely payment of school district obligations would increase the number of instruments for which the state would provide a backing guarantee of repayment of principal and interest (see “Background,” below).
- PSFA also notes that this provision could result in a lower borrowing rate for the school districts that incur these types of debt.
- Likewise, the analysis by the Public Education Department indicates that SB 341 may result in better bond ratings for school districts.

Background:

In 2003, legislation (SB 847) was enacted to guarantee school district GO bonds with funding from the state equalization guarantee distribution in order to contribute toward school districts' maintaining or improving their respective bond ratings, which, in turn, would result in lower interest rates when the bonds are sold.

Related Bills:

SB 331 *Amend Definitions in Ed. Tech Equipment Act*