

**LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS**

Bill Number: SB 208

50th Legislature, 2nd Session, 2012

Tracking Number: .188148.1

Short Title: School & College Citizen Bond Committees

Sponsor(s): Senator George K. Munoz and Others

Analyst: David Craig

Date: January 31, 2012

Bill Summary:

SB 208 amends the *College District Tax Act* and the *Public School Finance Act* to create citizen bond oversight committees for both college and school districts that have bonded indebtedness or that are considering the issuance of general obligation bonds or other bonds.

Fiscal Impact:

SB 208 does not make an appropriation.

SB 208 create requires citizen bond committees to issue an annual report that must be posted on the college and school district's website, possibly resulting in minimal publishing costs.

Substantive Issues:

According to the Publication Education Department (PED) bill analysis:

- school districts develop marketing tools for proposed bond elections that give a breakdown of proposed projects according to the district facilities master plan. However, the actual question submitted to the voters does not tie the bond issue to marketing tools;
- PED also says that school districts have school boards who are elected officials who should have oversight of these issues; and,
- school districts have "SB-9 and HB-33 funds that are raised through the general obligation bond process that have specific uses beyond those stated in the bill. These funds can be used to pay for maintenance costs which are considered to be operational expenses." The sections of law governing SB-9 and HB-33 can be found respectively in the *Capital Improvements Act* and *Public School Buildings Act*.

Similarly, the *College District Tax Act* provides college districts with the ability to impose a special property tax levy not to exceed \$5.00 per \$1,000 of net taxable value (five mills) for the purpose of "current operations, maintenance and capital improvements of the college district." The *College District Tax Act* also allows college districts to levy a five-mill property tax to pay principal and interest on general obligation bonds levied "for the purpose of erecting and furnishing, constructing, purchasing, remodeling and equipping buildings and utility facilities and making other real property improvements or for purchasing grounds, exclusive of stadiums."

Proposed committee members under SB 208 must be able to trace expenditures by revenue source as college districts are allowed to use the special five mill property tax on current operations as well as capital improvements, but the five mill property tax dedicated to general obligation bonds may be used only on facilities.

Technical Issues:

As indicated in the PED analysis, the *Public School Finance Act* governs public school operation costs and not general obligation bonds. The sponsor may consider placing Section 3 under *General Obligation Bonds of School Districts* instead of the *Public School Finance Act*.

Also, PED says that the *General Obligation Bonds of School Districts* section of law does not allow for the use of general obligation bonds for lease of real or personal property. State-chartered charter schools and locally chartered charter schools can seek lease assistance through the Public School Capital Outlay Council's program, which is funded through supplemental severance tax bonds.

Background:

According to information from PED, six school districts did not have any outstanding bonds as of June 30, 2010. They are:

- Animas Public Schools;
- Clayton Municipal Schools;
- Floyd Municipal Schools;
- Jal Public Schools;
- Maxwell Municipal Schools; and
- Reserve Public Schools.

All other school districts have bonded indebtedness ranging from \$40,000 to \$545.98 million and therefore would be impacted by this bill.

Related Bills:

- *SB 66 *General Obligation Bond Projects*
- *HB 193 *General Obligation Bond Projects*