FISCAL IMPACT REPORT

SPONSOR: Nava

DATE TYPED: 02/28/01

HB

SHORT TITLE: GO Bonds Secured by Corpus of Permanent Funds

SB 606

ANALYST: Eaton

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
	$ 50.0			Non-Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

This bill makes an appropriation from the general fund to the State Investment Council for expenditure in FY02 for the purpose of obtaining a ruling from the IRS as to whether the corpus of the permanent funds can be used to guarantee GO bonds issued and not affect the tax-exempt status of these bonds.

Significant Issues

The IRS ruling, if favorable, may provide for higher ratings on some school districts GO bonds, lowering the costs of financing some school capital projects. Statewide, it is estimated that the program would save school districts $900,000 annual in interest expense.

FISCAL IMPLICATIONS

This is a one-time expenditure of $50.0 thousand from the general fund in FY02. Unexpended or unencumbered balances remaining at the end of FY02 would revert to the general fund.

ADMINISTRATIVE IMPLICATIONS

Minimal.

JBE/ar