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FISCAL IMPACT REPORT



SPONSOR: Burpo DATE TYPED: 1-24-02 HB 18

SHORT TITLE: School District Bond Anticipation Notes Act SB _____

ANALYST: Baca

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY02	FY03	FY02	FY03		
	NFI				

(Parenthesis) Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

House Bill 18 creates the “School District Bond Anticipation Notes Act,” (the Act) to provide a mechanism for school districts to obtain short-term financing for capital projects that are needed to meet the educational needs of students and to promote the health, safety, security and general welfare of the students.

The bill carries an emergency clause.

Significant Issues

The Act provides a means for school districts that have passed general obligation bond issues to obtain short-term financing for capital projects in an amount not greater than that approved by the voters prior to selling the authorized general obligation issue. Bond anticipation notes issues pursuant to the provisions of the Act shall mature not later than one year from the date of issue and may not exceed an effective interest rate of 10 percent per year. Additionally, bond anticipation notes issued may not exceed the amount approved by the voters or exceed the amount of unsold general obligation bonds authorized.

By incurring this “temporary debt,” local school districts may proceed with needed capital outlay projects at the earliest possible date to meet the needs of students.

Incurring this “temporary debt” shall not be considered a violation of Article 9, Section 11 of the New Mexico Constitution. The Act allows a local school district to consider issuance of bond anticipation notes as having satisfied the “voter approval” requirement provisions of Article 9, Section 11.

Prior to issuing bond anticipation notes, the local school board shall:

1. adopt a resolution authorizing the issuance of anticipation notes,
2. publish a notice of the adoption of the resolution once in a newspaper of general circulation in the school district, and
3. allow thirty days from the date of the publication for citizens to take action attacking the validity of the proceedings taken by the local school board preliminary to and in the authorization of bond anticipation notes.

After thirty days from the date of publication of the resolution, any action attacking the validity of the proceedings taken by the school board toward the issuance of bond anticipation notes shall be perpetually barred.

FISCAL IMPLICATIONS

None to the general fund. However, issuance of short-term bond anticipation notes may increase costs to local school districts.

TECHNICAL ISSUES

House Bill 18 proposes a statute that appears consistent with the provisions of the New Mexico Constitution. It may be prudent to assure that the Act in no way conflicts with or appears to supersede the Constitution.

LB/njw