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F I S C A L I M P A C T R E P O R T

SPONSOR: Herrera DATE TYPED: 2/2/02 HB 238

SHORT TITLE: County Revenue Bonds SB

ANALYST: J. Sandoval

REVENUE

Estimated Revenue		**Subsequent Years Impact**	**Recurring or Non-Rec**	**Fund Affected**
FY02	**FY03**			
	$0.1 Indeterminate		Recurring	County Funds

(Parenthesis ( ) Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC files

Responses Received From

Economic Development Department

No Response

Department of Finance and Administration
Taxation and Revenue Department

SUMMARY

House Bill 238 allow counties access to the proceeds from gross receipts revenues once the amount pledged to the payment on bonds is satisfied and thus counties would not have to wait until the end of each fiscal year. The purpose appears to be to allow counties greater access to gross receipts revenue proceeds.

House Bill 238 also repeals Laws 2001, Chapter 172, Section 3.

<u>Significant Issues</u>

Revenue pledged for payment of principal and interest, and other expenses, related to revenue bonds is deposited into a special bond fund. Money remaining in the special bond fund after the annual obligations for the bonds are fully met may be transferred to any other fund of the county.

Eligible uses of the excess revenue is not specified in this bill.

FISCAL IMPLICATIONS

According to the Economic Development Department, this bill will not affect federal appropriations or other local, state and federal matching funds.

OTHER SUBSTANTIVE ISSUES

Laws 2001, Chapter 172, Section 3 adds "county capital outlay gross receipts tax revenue to the list of gross receipts tax revenues that may be used to secure certain revenue bonds. House Bill 238 does not repeal the creation of a county capital outlay gross receipts tax as created in Laws 2001, Chapter 172, Section 2.

POSSIBLE QUESTIONS

1. What is the reason for repealing Laws 2001, Chapter 172, Section 3?
2. Why are counties required to wait until the end of the fiscal year before they are allowed to transfer those funds not needed to meet their annual bond obligations?
3. What is the track record of counties meeting their bond obligations before transferring gross receipts revenue to other funds?
4. Why is this amendment needed?

JFS/njw