

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 1552-08
BILL NO.: TRULY AGREED TO AND FINALLY PASSED SS 2 FOR SCS FOR
HB 401
SUBJECT: GENERAL OBLIGATION AND REVENUE BONDS; TOBACCO
PRODUCTS
TYPE: ORIGINAL
DATE: FEBRUARY 25, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
TOTAL ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006

TOTAL ESTIMATED NET EFFECT ON OTHER STATE FUNDS	\$0	\$0	\$0
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NUMBERS WITHIN PARENTHESES: () INDICATE COSTS OR LOSSES.
 THIS FISCAL NOTE CONTAINS 5 PAGES.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
TOTAL ESTIMATED NET EFFECT ON <u>ALL</u> FEDERAL FUNDS	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
LOCAL GOVERNMENT	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

OFFICIALS FROM THE OFFICE OF THE GOVERNOR, SECRETARY OF STATE, OFFICE OF THE ATTORNEY GENERAL, OFFICE OF THE STATE TREASURER AND THE OFFICE OF ADMINISTRATION, DIVISION OF ACCOUNTING ASSUME THIS LEGISLATION WOULD NOT FISCALLY IMPACT THEIR AGENCY OR THAT ANY POTENTIAL COSTS ARISING FROM THIS PROPOSAL CAN BE ABSORBED WITH EXISTING RESOURCES.

OVERSIGHT ASSUMES THIS PROPOSAL IS ENABLING LEGISLATION AND THERE WOULD BE NO FISCAL IMPACT.

<u>FISCAL IMPACT - STATE GOVERNMENT</u>	FY 2004	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - LOCAL GOVERNMENT</u>	FY 2004	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - SMALL BUSINESS

NO DIRECT FISCAL IMPACT TO SMALL BUSINESSES WOULD BE EXPECTED AS A RESULT OF THIS PROPOSAL.

DESCRIPTION

THIS PROPOSAL MAKES CHANGES TO THE AUTHORIZATION

ALLOWING SECURITIZATION THROUGH THE SALE OF BONDS OF A PORTION OF THE STATE S ANNUAL TOBACCO SETTLEMENT PAYMENTS. UNDER CURRENT LAW, A LIMIT OF \$175 MILLION OF THE BOND PROCEEDS COULD BE USED IN ANY ONE FISCAL YEAR. THIS PROPOSAL REMOVES THE AUTHORITY FOR THE TOBACCO SETTLEMENT FINANCING AUTHORITY AND THE BOARD OF PUBLIC BUILDINGS TO ISSUE BONDS AND NOTES UNDER SECTION 8.500 TO 8.590, RSMO.

THIS PROPOSAL AUTHORIZES THE BOARD OF PUBLIC BUILDINGS TO ISSUE REVENUE BONDS UP TO \$655 MILLION FOR EXPANDED PURPOSES AND \$170 MILLION FOR EDUCATIONAL PURPOSES. THIS PROVISION CAPS FISCAL YEAR 2003 EXPENDITURES OF THE PROCEEDS AT \$150 MILLION. THE BONDS MAY BE EITHER SERIAL OR TERM BONDS, MUST MATURE WITHIN FORTY YEARS, AND THE INTEREST RATE CAN NOT EXCEED FIFTEEN PERCENT PER ANNUM.

THE PROPOSAL MAKES CHANGES TO THE DEFINITIONS IN SECTION 8.370, RSMO. THE BOARD MAY ISSUE BONDS TO PROVIDE FUNDS TO REFINANCE THE PAYMENT OF THE GENERAL REVENUE FUND TEMPORARY NOTES ISSUED BY THE TOBACCO SETTLEMENT FINANCING AUTHORITY. ALSO, THE PRINCIPAL, INTEREST AND ANY NECESSARY RESERVE FUNDS FOR ANY BONDS ISSUED BY THE BOARD COULD BE PAID THROUGH THE APPROPRIATION PROCESS, AS NEEDED.

THE BILL CONTAINS AN EMERGENCY CLAUSE.

THIS LEGISLATION IS NOT FEDERALLY MANDATED, WOULD NOT DUPLICATE ANY OTHER PROGRAM AND WOULD NOT REQUIRE ADDITIONAL CAPITAL IMPROVEMENTS OR RENTAL SPACE.

SOURCES OF INFORMATION

KS:LR:OD (12/02)

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SECRETARY OF STATE
OFFICE OF THE ATTORNEY GENERAL
STATE TREASURER
OFFICE OF ADMINISTRATION
DIVISION OF ACCOUNTING
OFFICE OF THE GOVERNOR



Mickey Wilson, CPA
Director
February 25, 2003