

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1007-01
Bill No.: Perfected HB 501
Subject: Bonds—General Obligation & Revenue; Environmental Protection; Water Resources & Water Districts
Type: Original
Date: March 15, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	\$0	(\$1,022,815)	(\$3,597,455)
Total Estimated Net Effect on <u>All</u> State Funds	\$0	(\$1,022,815)	(\$3,597,455)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Office of Administration (OA)** assume this proposal would authorize \$47.5 million in bonds for water pollution control. They indicated that the bond issue date would depend on the use of available bond proceeds from bonds authorized but not yet issued. OA officials assume a multi-year bond sale with \$10 million issued in FY 03, and \$30 million issued in FY 04. Officials assume 25 year maturity, 7% interest rate, and level debt service. OA assumes that the full authorized amounts would not need to be issued immediately. Based on these factors, annual debt service would approximate: \$0 in FY 2002; \$858,105 in FY 2003; and \$3,432,421 in FY 2004. **Oversight** notes that annual debt service will be higher in subsequent years if the remaining authorized amount is issued.

Officials with OA place one-time costs per issue at approximately \$150,000, plus personal services of existing staff. Officials estimate personal service costs at \$38,614 in FY 2003, and \$39,580 in FY 2004. **Oversight** assumes that the one-time personal service costs would be performed by existing staff, with no increased costs to OA for these services.

OA officials also indicate the proposal will require .25 Executive Assistant to initiate general revenue transfers to the appropriate debt service funds, reconcile all paying agent transactions for principal and interest, and monitor all fees due the paying agent. Total costs for this position including fringe benefits, equipment, agent fees, and expense would be \$12,710 in FY 2003 and \$13,034 in FY 2004. Paying agent fees are expected to approximate \$2,000 annually.

Officials of the **Department of Natural Resources** and the **Department of Economic Development–Public Service Commission and Office of Public Counsel** stated this proposal would have no fiscal impact to their department

<u>FISCAL IMPACT - State Government</u>	FY 2002	FY 2003	FY 2004
	(10 Mo.)		
GENERAL REVENUE FUND			
<u>Costs–OA</u>			
Personal Service (.25 FTE)	\$0	(\$8,567)	(\$8,781)
Fringe Benefits	\$0	(\$2,855)	(\$2,927)
Expense & Equipment	\$0	(\$1,288)	(\$1,326)
Paying Agent Fees	\$0	(\$2,000)	(\$2,000)
Issuance Costs	\$0	(\$150,000)	(\$150,000)
Transfer to Principal & Interest Sinking Fund	\$0	(\$858,105)	(\$3,432,421)
 ESTIMATED NET EFFECT TO GENERAL REVENUE FUND	 <u>\$0</u>	 <u>(\$1,022,815)</u>	 <u>(\$3,597,455)</u>

FISCAL IMPACT - Local Government

FY 2002
(10 Mo.)

FY 2003

FY 2004

\$0

\$0

\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This bill authorizes the Board of Fund Commissioners to issue bonds for grants and loans pursuant to several sections of Article III of the Missouri Constitution. The authorizations are for:

- (1) An additional \$17.5 million of bonds for water pollution control, drinking water system improvements, and storm water control pursuant to Section 37(e);
- (2) \$10 million of bonds for rural water and sewer projects pursuant to Section 37(g); and
- (3) \$20 million of bonds for storm water control plans, studies, and projects in first classification counties and the City of St. Louis pursuant to Section 37(h).

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

Office of Administration
Department of Natural Resources
Department of Economic Development
Public Service Commission
Office of Public Counsel



Jeanne Jarrett, CPA
Director

March 15, 2001