

**LEGISLATIVE FISCAL OFFICE**

**Fiscal Note**



Fiscal Note On: **SB 337** SLS 07RS 784  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> June 11, 2007 7:40 AM	<b>Author:</b> ADLEY
<b>Dept./Agy.:</b> Higher Education - LCTCS	<b>Analyst:</b> Mark Antoon
<b>Subject:</b> Technical College -Community College Capital Enhancement	

FUNDS/FUNDING OR -\$12,700,000 GF RV See Note Page 1 of 1  
 Creates the Technical College - Community College Capital Enhancement Fund in the state treasury. (6/30/07)

Proposed law requires that after the avails of the 2% state sales tax are allocated from the Bond Security and Redemption Fund to pay all the obligations secured by the full faith and credit of the state which are due, the treasurer shall credit an amount sufficient to pay all obligations which become due from from the sale of bonds to fund enumerated projects in the technical college and community college systems. Further, the proposed legislation creates the "Technical College - Community College Capital Enhancement Fund," to which these funds are to be deposited and specifically enumerated for projects totaling \$151 million.

Effective on June 20, 2007.

<b>EXPENDITURES</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>REVENUES</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	(\$12,700,000)	(\$12,700,000)	(\$12,700,000)	(\$12,700,000)	(\$12,700,000)	<b>(\$63,500,000)</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$12,700,000	\$12,700,000	\$12,700,000	\$12,700,000	\$12,700,000	<b>\$63,500,000</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**EXPENDITURE EXPLANATION**

The Board of Regents estimates these improvements and expansions will require an estimated \$2.2 million in additional operating expenses. Expenditures would likely ramp up to this level over the next two to three years as projects are completed.

**REVENUE EXPLANATION**

The bill will reduce revenue available to the State General Fund and provide a like amount of increase to the newly created Technical College - Community College Capital Enhancement Fund. A 20-year issuance of appropriation dependency debt at 5% interest would cost approximately \$12.7 million annually. The bill establishes a new special fund to receive the dedicated revenue, and mandates appropriation from it for the debt service requirements.

Depending on how the bonds are issued, the annual service on such an amount would range from \$12,137,000 to \$12,656,000 for a 20-year issuance according to the State Bond Commission. For example, on a \$151,250,000 issue size at an assumed interest rate of 5% for 20 years the annual debt service requirements on a straight general obligation issue would be \$12,137,000 per year. On an issue with the same parameters that would be classified as Appropriation Dependency with a 50 basis point rating differential the annual debt service costs would be \$12,656,000---(a \$519,000 additional costs per year for 20 years or \$10,380,000 over a 20 year period).

Under the provisions of the bill, the technical college system and the community college system are scheduled to receive the following amounts for capital projects:

Louisiana Technical College	\$70,600,000
Community Colleges	\$70,456,431
System Office	<u>\$10,000,000</u>
Total	\$151,056,431

**Senate** Dual Referral Rules

13.5.1 >= \$500,000 Annual Fiscal Cost

13.5.2 >= \$500,000 Annual Tax or Fee Change

**House**

6.8(F) >= \$500,000 Annual Fiscal Cost

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease

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**Chief Economist**