

LEGISLATIVE FISCAL OFFICE

Fiscal Note



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

Date: June 14, 2007 9:58 AM	Author: ADLEY
Dept./Agy.: Higher Education - LCTCS	Analyst: Mark Antoon
Subject: Technical College -Community College Capital Enhancement	

FUNDS/FUNDING EG -\$14,600,000 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 a portion of the oil and gas severance tax revenues shall be allocated 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. Specifically enumerates projects totaling \$151 million, but also allows up to 15% additional for contingencies.

Effective on June 30, 2007.

EXPENDITURES	2007-08	2008-09	2009-10	2010-11	2011-12	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0
REVENUES	2007-08	2008-09	2009-10	2010-11	2011-12	5 -YEAR TOTAL
State Gen. Fd.	(\$14,600,000)	(\$14,600,000)	(\$14,600,000)	(\$14,600,000)	(\$14,600,000)	(\$73,000,000)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$14,600,000	\$14,600,000	\$14,600,000	\$14,600,000	\$14,600,000	\$73,000,000
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

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 from the state's oil and gas severance revenues which flow into the State General Fund and provide a like amount of increase to the newly created Technical College - Community College Capital Enhancement Fund. According to the State Bond Commission, a 20-year issuance of appropriation dependency debt at 5% interest would cost approximately \$12.7 million annually in debt service. The bill also allows up to a 15% additional contingency add-on because the construction amounts for each project detailed in the bill are estimates rather than firm numbers. This could increase the annual debt service dedication amount to \$14.6 million. The bill establishes a new special fund to receive the dedicated revenue, and mandates appropriation from it for the debt service requirements.

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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