

LEGISLATIVE FISCAL OFFICE

Fiscal Note

ACT 391

Fiscal Note On: **SB 337** SLS 07RS 784

Bill Text Version: **ENROLLED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:



Date: July 27, 2007 2:45 PM	Author: ADLEY
Dept./Agy.: Higher Education - LCTCS	Analyst: Mark Antoon
Subject: Technical College -Community College Capital Enhancement	

FUNDS/FUNDING EN INCREASE GF EX See Note Page 1 of 1

Provides for the financing of capital improvements and enhancements to certain facilities and properties with the Community and Technical Colleges - System. (6/30/07)

This act allows the Louisiana Community and Technical College System (LCTCS) to enter into a cooperative endeavor agreement with a non-profit corporation to provide funding for capital outlay purposes specifically defined in the bill. Under the proposed arrangement, the LCTCS will contract with FPC to issue bonds for construction. After such construction is complete, the LCTCS will lease the new buildings from the OFC. The funding for these projects is appropriation dependent. The act further provides that no funding shall be appropriated until July 1, 2008.

EXPENDITURES	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>5 -YEAR TOTAL</u>
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>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0
REVENUES	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
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>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

This act contains no provisions for any dedicated revenues for this project. However, should funding for the provisions of this bill come available 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.

Under the provisions of the bill, the technical college system and the community college system would receive the following amounts for capital projects listed below:

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

According to the State Bond Commission, a 20-year issuance of appropriation dependency debt at 5% interest would incur costs of 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 cost to \$14.6 million if the full 15% contingency was used.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

<p><u>Senate</u></p> <p><input checked="" type="checkbox"/> 13.5.1 >= \$500,000 Annual Fiscal Cost</p> <p><input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change</p>	<p><u>Dual Referral Rules</u></p>	<p><u>House</u></p> <p><input checked="" type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost</p> <p><input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease</p>	<p></p> <p>Gregory V. Albrecht Chief Economist</p>
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