SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. House Bill 785

PRINTER NO. 2218

AMOUNT

See Fiscal Impact

FUND

General Fund

DATE INTRODUCED

March 10, 2017

PRIME SPONSOR

Representative Saylor

DESCRIPTION AND PURPOSE OF BILL

House Bill 785 (as amended) amends the Capital Facilities Debt Enabling Act (Act 1999-1) to reduce the maximum amount of redevelopment assistance capital project obligations that may be outstanding. The current maximum limitation of $3,450,000,000 is reduced by $50,000,000 per year for a period of five years to reduce the cap to $3,200,000,000. The total reduction over the five-year period is $250,000,000.

The bill also provides for the Fiscal Year 2017-2018 Capital Budget and specifies that the principal amount of additional debt that may be incurred during FY 2017-2018 for capital projects may not exceed $1,445,000,000. The maximum amount of debt by project category is as follows:

Public Improvement	$875,000,000
Furniture & Equipment	10,000,000
Transportation Assistance	350,000,000
Redevelopment Assistance	200,000,000
Flood Control	10,000,000
Total	$1,445,000,000

FISCAL IMPACT:

The enactment of this legislation will have no adverse fiscal impact to the General Fund or the Capital Facilities Fund. The provisions of the bill reducing the redevelopment assistance program cap would have the effect, over time, of reducing outstanding indebtedness and future debt service costs.

The FY 2017-2018 capital budget debt limitations are generally approved in legislation separate from the Capital Facilities Debt Enabling Act on an annual basis as part of the annual budgeting process. The proceeds of the debt obligations will be deposited in the Capital Facilities Fund and used to make payments for capital project progress payments and reimbursements throughout the fiscal year.

Annual debt service associated with the issuance of capital budget debt for FY 2017-2018 (assuming full issuance of $1.445 billion) is estimated at $88,606,000. This estimate assumes an interest rate of 4.49% and a term of 30 years.