



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 83

PRINTERS NO. 2769

PRIME SPONSOR: Lawrence

| FUND | COST / (SAVINGS) | |
|--------------|------------------|-------------------|
| | FY 2017/18 | FY 2018/19 |
| General Fund | \$0 | See Fiscal Impact |

SUMMARY:

House Bill 83, printer's number 2769, amends the act of February 9, 1999 (P.L. 1, No. 1), as amended on October 30, 2017, known as the Capital Facilities Debt Enabling Act, to further provide for issue of bonds and notes, maturity and interest.

ANALYSIS:

The bill amends Section 307(c)(3) of the Capital Facilities Debt Enabling Act by adding a paragraph to require that, except in cases of refunding bond issuance, all debt amortization must be done using an equal annual maturities plan (level principal payments over the life of the bonds).

The act shall apply to bonds issued on or after July 1, 2018. The effective date is immediately after enactment.

FISCAL IMPACT:

The enactment of this legislation will have no immediate impact on Commonwealth funds. While exact savings cannot be determined since debt service costs will be dependent upon the amount, timing and interest rates of future bond sales, an estimate of interest payments that can be avoided based on each \$50,000,000 of bonds sold, assuming equal annual maturities amortization and an interest rate of 4.0%, will be \$2,582,000 over 20 years (total interest cost using equal annual maturities amortization is \$21,000,000 versus \$23,582,000 using level annual debt service).

PREPARED BY: Lisa Taglang
House Appropriations Committee (R)

DATE: December 4, 2017

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.