



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 24

PRINTERS NO. 341 PRIME SPONSOR: Lawrence
As Amended by: A00721

FUND	COST / (SAVINGS)	
	FY 2018/19	FY 2019/20
General Fund	See Fiscal Impact	See Fiscal Impact

SUMMARY:

House Bill 24, printer's number 341, as amended by A00721, amends the act of February 9, 1999 (P.L. 1, No. 1), as amended, and 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 to require that, except for funding bonds authorized under section 312, 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, 2021. The effective date is immediately after enactment.

FISCAL IMPACT:

The earlier amortization of principal under the equal annual maturities plan will result in the savings of interest costs paid on future Commonwealth bond issues. Exact savings estimates cannot be determined from the enactment of this legislation 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 \$100,000,000 of bonds sold, assuming equal annual maturities amortization and an interest rate of 4.0%, will be \$5,160,000 over 20 years (total interest cost using equal annual maturities amortization is \$42,000,000 versus \$47,160,000 using level annual debt service).

PREPARED BY: Lisa Taglang
House Appropriations Committee (R)

DATE: May 6, 2019

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