



OFFICE OF LEGISLATIVE AUDITOR
Fiscal Note

Fiscal Note On: SB 237 SLS 17RS 191
Bill Text Version: ENGROSSED
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Table with metadata: Date: April 26, 2017 11:37 AM; Dept./Agy.: Lafayette Parish School System; Subject: Revenue Bonds; Author: CORTEZ; Analyst: Staci Cefalu

BONDS EG SEE FISC NOTE LF EX Page 1 of 1
Provides relative to revenue bonds of the Lafayette Public School Board. (gov sig)

Purpose of Bill: This measure changes the maximum term of sales tax bonds that the Lafayette Parish School Board is authorized to issue from 25 years to 40 years and provides for other matters related to the form, provisions, and negotiability of bonds.

Table with financial data: EXPENDITURES and REVENUES for years 2017-18 through 2021-22 and 5-YEAR TOTAL. All values are \$0 or SEE BELOW.

EXPENDITURE EXPLANATION

The effect on governmental expenditures as a result of this measure is indeterminable at this time. However, this bill may reduce financing costs if the school board issues bonds under the provisions of this bill.

An official with the Lafayette Parish School System and the System's bond counsel indicated that the change in terms from 25 to 40 years will allow them to finance sales tax revenue bonds with the United States Department of Agriculture (USDA) Rural Development Program at a lower interest rate than the open market.

The officials provided the following sample calculation of estimated interest savings based on similar financing with the USDA in 2016:

Calculation table: Sales Tax Revenue Bonds Funded by USDA for 40 Years = \$26,000,000; Estimated Open Market Interest Cost (at 4.228%) = \$20,543,584; USDA Interest Cost (at 3.25%) = \$15,304,814; Estimated Interest Savings = \$5,238,770

If no bonds are sold there would be no fiscal impact.

REVENUE EXPLANATION

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

Senate Dual Referral Rules
13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Signature of Michael G. Battle
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