

FISCAL NOTE

Bill #: HB0023

Title: Generally revise local government debt limits and certain bonding provisions

Primary

Sponsor: Ron Erickson

Status: As introduced-Revised

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

	<u>FY2002 Difference</u>	<u>FY2003 Difference</u>
Net Impact on General Fund Balance:	0	0

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
X		Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached		X	Family Impact Form Attached

Fiscal Analysis

ASSUMPTIONS:

1. Taxable Value for all counties in FYE 2001 is \$1,679,739,875 which provided for a debt limitation state wide of \$386,340,171 for county government (23% of taxable).
2. Taxable Value for all municipalities in FYE 2001 is \$608,942,588 which provided for a debt limitation for all municipalities for both bonded indebtedness, and water and sewer systems of \$505,422,348 (83% of taxable – 28% for bonded indebtedness and 55% for water/sewer systems)
3. Assessed value for Counties was \$44,658,405,403, and for municipalities was \$15,348,707,539 in FYE 2001.

FISCAL IMPACT:

The bill will provide for an increase in debt limitations for counties in the approximate amount of \$238,878,000 based on the FYE 2001 assessed values. Municipality debt limitations would increase by approximately \$85,600,000 based on the FYE 2001 assessed values. (\$61,262,000 for bonded indebtedness and \$24,338,000 for water/sewer systems)

(continued)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Revenues would increase because additional debt incurred as a result of the increased debt limitations. There would be a need to fund the increased debt repayments through increased voter approved tax levies. Related debt payments would also increase because of increased debt service requirements

LONG-RANGE IMPACTS:

Since most general obligation debt extends to a 20 year maturity, increased debt capacity would also be extended because of the incurrence of additional debt by local government as allowed by the increased debt capacity.

TECHNICAL NOTES:

1. Section 7-7-4423, MCA, exempts revenue bonds from the definition of debt for the purpose of determining any constitutional or statutory limitation for municipalities.
2. Section 7-7-4104, MCA provides for the incurrence by a municipality of certain general obligations. The obligations incurred under this provision do not constitute indebtedness for the purpose of statutory debt limitations.