



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2017 Biennium

Bill # SB0032

Title: Revise state bond sale laws

Primary Sponsor: Sesso, Jon C

Status: As Introduced

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: The State of Montana can sell bonds and collect premiums on those state bond sales. Currently, the premiums can only be used for payment of debt service. In addition to debt service, SB 32 would allow the premiums to be used for other items, such as cost of issuance and project costs. This bill has no fiscal impact to the state.

FISCAL ANALYSIS

Assumptions:

- The bill allows bond premiums to be deposited in a state special revenue account to pay the cost of issuance, debt service or project costs. The state issues the following types of bonds for local government infrastructure projects and public and private water development loans:
 - coal severance tax bonds;
 - general obligation bonds for the private water development loans;
 - general obligation bonds for the water pollution control state revolving fund; and
 - general obligation bonds for the drinking water state revolving fund.
- The state issues the bonds and the Department of Natural Resources and Conservation (DNRC) lends the money to the borrowers. The borrowers pay back the loans to DNRC.

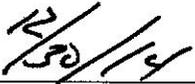
3. DNRC uses the loan repayments to pay back the state bonds.
4. Premiums earned under this bill could now pay for the costs associated with debt service, issuance, and project expenses and would not be limited to debt service.

Sponsor's Initials

Date



Budget Director's Initials



Date