SB10-205

Colorado Legislative Council Staff Fiscal Note

LOCAL
CONDITIONAL FISCAL IMPACT

Drafting Number:	LLS 10-1059	**Date:**	May 4, 2010
Prime Sponsor(s):	Sen. Bacon Rep. Scanlan; Murray	**Bill Status:**	Senate Education
		Fiscal Analyst:	David Porter (303-866-4375)

TITLE: CONCERNING THE AUTHORITY OF A SCHOOL DISTRICT TO SUBMIT TO THE ELIGIBLE ELECTORS OF THE DISTRICT THE QUESTION OF CONTRACTING A BONDED INDEBTEDNESS FOR THE PURPOSE OF PAYING COSTS THAT MAY BE PAID FROM THE GENERAL FUND OF THE SCHOOL DISTRICT.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
State Revenue		
State Expenditures		
FTE Position Change		
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.		
Appropriation Summary for FY 2010-2011: None required.		
School District Impact: See School District Impact section.		

Summary of Legislation

Current law identifies several purposes for which school districts may issue bonds (upon approval in an election). This bill expands the list to permit school districts to issue bonds to pay operating costs, but only if Amendment 61 becomes law in the November 2010 election. The requirement for voter approval would remain.

Background

Currently, the State Treasurer offers school districts an interest-free loan program — Education Tax and Revenue Anticipation Notes (ETRAN) — to provide cash flow to districts awaiting property tax collections. In 2009, the treasurer borrowed $260.0 million to provide loans to approximately 14 districts. Since Amendment 61 prohibits the state from borrowing money, the ETRAN program would cease upon enactment. This bill provides districts with an option to issue bonds to maintain cash flow in the same manner ETRAN currently does.

School District Impact

School districts that issue bonds must pay the interest costs associated with the bond. The cost of this bill is conditional, and depends on the following factors:

- approval of Amendment 61 by the voters in the November 2010 election;
- approval of a bond issuance election;
- market conditions when the bond is issued; and
- the terms of the bond.

Departments Contacted

Education Treasury