

**STATE
FISCAL IMPACT**

Drafting Number: LLS 14-0715
Prime Sponsor(s): Sen. Scheffel

Date: February 5, 2014
Bill Status: Senate SVMA
Fiscal Analyst: Josh Abram (303-866-3561)

SHORT TITLE: ENHANCE CHARTER SCHOOL CAPITAL CONSTR FINANCING

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue	\$0	
<i>State Transfers (State Diversions)</i>		
State Education Fund	(\$3.0 million)	
State Charter School Debt Reserve Fund	\$3.0 million	
State Expenditures		
FTE Position Change		
Appropriation Required: None.		

* This summary shows changes from current law under the bill for each fiscal year. Transfers and diversions result in no net change to state revenue. Parentheses indicate a decrease in funds.

Summary of Legislation

Current law allows qualified charter schools to finance capital construction with revenue from bonds issued on their behalf by the Colorado Educational and Cultural Facilities Authority (CECFA). Bonds issued by CECFA on behalf of a qualified charter school help the school to finance capital construction on more favorable terms than would otherwise be available. The state also maintains a "moral obligation" program that provides a source of state moneys that can be used to make bond payments if the qualified charter school fails to do so.

This bill transfers \$3.0 million from the State Education Fund to the State Charter School Debt Reserve Fund (reserve fund), and requires that the balance of the reserve fund be maintained at \$4.0 million.

Under current law, interest income derived from investment of moneys in the reserve fund are credited to the State Education Fund. This bill credits any interest income back to the reserve fund.

Finally, this bill increases from \$400 million to \$500 million the amount of "moral obligation" the state assumes for unpaid charter school bonded debt for capital construction.

State Revenue

State transfers. For FY 2014-15, this bill transfers \$3.0 million from the State Education Fund to the State Charter School Debt Reserve Fund.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Education

Treasury