

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2326-01  
Bill No.: SCR 30  
Subject: Bonds—General Obligation & Revenue; Entertainment, Sports, & Amusement;  
General Assembly  
Type: Original  
Date: April 18, 2001

---

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	(\$2,942,328)	(\$2,944,710)	(\$2,945,034)
<b>Total Estimated Net Effect on <u>All</u> State Funds*</b>	<b>(\$2,942,328)</b>	<b>(\$2,944,710)</b>	<b>(\$2,945,034)</b>

**\*Does not include one-time costs of \$150,000 per issue. Date and frequency of issues is unknown at this time.**

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 4 pages.

---

## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials with the **Office of Administration (OA)** assume the proposal will authorize the issuance of \$35 million in revenue bonds. Fiscal impact has been based on the assumptions that the full amount would be issued immediately, that the bonds would be repaid with level debt service over 20 years, and that the bonds would pay a 7% rate of interest. Using these assumptions, OA estimates annual debt service at \$3,304,000.

**Oversight** notes that a 7% rate of interest is likely higher than the current market would require. Oversight estimates that bonds of this maturity would currently require a yield of approximately 5.50%; at this rate, level debt service would approximate \$2,930,000 annually. **The required yield could vary depending on the actual market conditions at the time of issuance.**

Officials with **OA** place one-time costs per issue at approximately \$150,000, plus personal services of existing staff. Officials estimate personal service costs at \$37,673 in FY 2002.

**Oversight** assumes that the one-time personal service costs would be performed by existing staff, with no increased costs to OA for these services.

OA officials also indicate the proposal will require .25 Executive Assistant to initiate general revenue transfers to the appropriate debt service funds, reconcile all paying agent transactions for principal and interest, and monitor all fees due the paying agent. Total costs for this position including salary, fringe benefits, and equipment & expense would be \$10,328 in FY 2002; \$12,710 in FY 2003; and \$13,034 in FY 2004. Paying agent fees are expected to approximate \$2,000 annually.

Officials with the **Office of the State Treasurer**, the **Office of the Secretary of State**, the **Missouri Health & Educational Facilities Authority**, and the **University of Missouri** assume the proposal will have no fiscal impact on their organizations.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
<b>GENERAL REVENUE</b>			
<u>Costs—OA</u>			
Debt Service	(\$2,930,000)	(\$2,930,000)	(\$2,930,000)
Paying Agent Fees	(\$2,000)	(\$2,000)	(\$2,000)
Personal Service (0.25 FTE)	(\$6,965)	(\$8,567)	(\$8,781)
Fringe Benefits	(\$2,321)	(\$2,855)	(\$2,927)
Expense & Equipment	(\$1,042)	(\$1,288)	(\$1,326)
<b>ESTIMATED NET EFFECT TO GENERAL REVENUE*</b>	<b><u>(\$2,942,328)</u></b>	<b><u>(\$2,944,710)</u></b>	<b><u>(\$2,945,034)</u></b>

**\*Does not include one-time costs of \$150,000 per issue. Date and frequency of issues is unknown at this time.**

<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This resolution authorizes the issuance of revenue bonds by the Office of Administration for the partial funding of construction of a sports arena for the University of Missouri–Columbia. The bonds are to be secured by a pledge of future appropriations. The state's share of the cost is limited to \$35 million, with the bonds payable over a term not to exceed 20 years. The total estimated project cost is \$75 million, with the balance paid through contributions and other funds to be provided by the University.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration  
Division of Accounting  
Office of the State Treasurer  
Office of the Secretary of State  
Missouri Health & Education Facilities Authority  
University of Missouri

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive script.

Jeanne Jarrett, CPA  
Director

April 18, 2001