

**JBC STAFF FISCAL ANALYSIS
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING AN INCREASE IN THE MAXIMUM TOTAL AMOUNT OF ANNUAL LEASE PAYMENTS AUTHORIZED FOR LEASE-PURCHASE AGREEMENTS ENTERED INTO UNDER THE "BUILDING EXCELLENT SCHOOLS TODAY ACT", AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Prime Sponsors: Senator Kerr
Reps. Garnett and Wilson

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Date Prepared: May 4, 2016

Fiscal Impact of Bill as Amended to Date

The most recent Legislative Council Staff Revised Fiscal Note (attached) reflects the fiscal impact of the bill as of 02/02/16.

XXX	No Change: Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
	Update: Fiscal impact has changed due to <i>new information or technical issues</i>
	Update: Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared
	Non-Concurrence: JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

The Senate Appropriations Committee Report (04/27/16) added an appropriation clause to the bill appropriating \$5,000,000 cash funds from the Public School Capital Construction Fund to the Department of Education for FY 2016-17.

The House Education Committee Report (05/04/16) includes amendments to the bill, however, Legislative Council Staff and JBC Staff agree that the committee amendments do not change the fiscal impact of the bill.

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
None.	

Current Appropriations Clause in Bill

The bill includes an appropriation clause that appropriates \$5,000,000 cash funds from the Public School Capital Construction Assistance Fund to the Department of Education for FY 2016-17.

Points to Consider*Revenue Source*

Based on current projections of revenues for the Public School Capital Construction Assistance Fund, this bill relies upon marijuana excise tax revenues to support additional long-term lease-purchase payment obligations under the Building Excellent Schools Today (B.E.S.T.) Program. Historically, lease-purchase payments under the B.E.S.T. Program have been largely supported by rent and royalty income collected by the State Land Board from school trust lands. As shown in the Legislative Council Staff Revised Fiscal Note, dated February 2, 2016, the State Land Board anticipates a decline in annual total school trust revenues over the next two years, with deposits to the Public School Capital Construction Fund decreasing from \$92.5 million in FY 2014-15 to \$40.0 million in FY 2016-17 and FY 2017-18 (the minimum annual deposit allowed by current law). As a result, projected school trust revenues would not be sufficient to support the increase in lease-purchase payments authorized by the bill for FY 2016-17 and FY 2017-18. Based on these projections, any additional lease-purchase agreements entered into as authorized by the bill would rely upon marijuana excise taxes for the annual lease-purchase payments.

Related Budget Information

Increasing the amount of funding dedicated to lease purchase payments without increasing the total revenues available to the program will reduce the funding available for cash grants that generally support smaller projects. To the extent that the Department enters into new lease purchase agreements prior to the completion of an updated priority assessment database (anticipated to be completed in FY 2017-18), the program may have less funding available to respond to new projects based on the updated priority assessment information.