

**JBC STAFF FISCAL ANALYSIS
SENATE APPROPRIATIONS COMMITTEE**

CONCERNING AN INCREASE IN THE AMOUNT OF FINANCIAL ASSISTANCE THAT CAN BE PROVIDED FOR PUBLIC SCHOOL CAPITAL CONSTRUCTION UNDER THE "BUILDING EXCELLENT SCHOOLS TODAY ACT", AND, IN CONNECTION THEREWITH, INCREASING THE AMOUNT OF RETAIL MARIJUANA EXCISE TAX REVENUE THAT IS CREDITED TO THE PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE FUND, INCREASING THE MAXIMUM TOTAL AMOUNT OF ANNUAL LEASE PAYMENTS AUTHORIZED FOR LEASE-PURCHASE AGREEMENTS ENTERED INTO UNDER THE ACT, AND MAKING AN APPROPRIATION.

Prime Sponsors: Reps. Young and Wist
Sens. Scott and Zenzinger

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Date Prepared: April 20, 2018

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 04/20/18.

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

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
J.002	Staff-prepared appropriation amendment

Current Appropriations Clause in Bill

The bill includes an appropriation clause that provides \$34.0 million cash funds from the Public School Capital Construction Assistance Fund to the Department of Education for lease purchase payments under the Building Excellent Schools Today (B.E.S.T.) Program for FY 2018-19. The current appropriation clause is based on the reengrossed bill, which increased the statutory limit on B.E.S.T. lease purchase payments from \$100.0 million in FY 2017-18 to \$110.0 million in FY 2018-19. However, the Senate Education Committee Report (4/18/18) eliminates the increase in the lease purchase payment limit and would therefore limit lease purchase payments to no more than \$100.0 million in FY 2018-19. Adding to a FY 2018-19 Long Bill appropriation of \$81.0 million for B.E.S.T. lease purchase payments (increased from \$75.0 million to \$81.0 million in House and Senate amendments to the FY 2018-19 Long Bill), the current appropriation clause would provide a total of \$115.0 million for lease purchase payments in FY 2018-19, which is \$15.0 million above

the statutory cap on lease purchase payments.

Description of Amendments in This Packet

J.002 Based on discussions with the bill sponsors, staff has prepared amendment **J.002** (attached) to change the existing clause to provide the following appropriations for FY 2018-19: (1) \$19.0 million cash funds from the Public School Capital Construction Assistance Fund for B.E.S.T. program lease purchase payments to remain within the \$100.0 million statutory cap on lease purchase payments; and (2) \$15.0 million for B.E.S.T. program cash grants.

Points to Consider*Public School (Permanent) Fund Impact*

Current law credits the first \$40.0 million in marijuana excise taxes to the Public School Capital Construction Assistance Fund to support the Building Excellent Schools Today (B.E.S.T.) Program and deposits all additional marijuana excise taxes into the Public School (Permanent) Fund, which then generates interest to support a variety of educational programs. Beginning in FY 2018-19, this bill credits the greater of \$40.0 million or 90.0 percent of marijuana excise taxes to the Public School Capital Construction Assistance Fund, reducing transfers to the Permanent Fund. For example, the March 2018 Legislative Council Staff Revenue Forecast anticipates a total of \$82.2 million in marijuana excise tax revenues in FY 2018-19. Current law would provide \$40.0 million of that amount for B.E.S.T. and transfer \$42.2 million to the Permanent Fund. This bill would transfer \$74.0 million to the Public School Capital Construction Assistance Fund for B.E.S.T. and would reduce the transfer to the Permanent Fund by \$34.0 million relative to current law.

Revenue Source

With amendment J.002, the bill would increase appropriations for B.E.S.T. lease purchase payments to \$100.0 million in FY 2018-19. As discussed in the Revised Fiscal Note, the program's primary sources of state revenues are School Trust revenues from State Land Board lands and marijuana excise tax revenues. Is the General Assembly confident that sufficient revenues will be available to support the program's increasing debt service commitments in subsequent years? How does the General Assembly intend to fund the debt service commitments if these two revenue sources fall short of requirements?