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Fiscal Note

Drafting Number:	LLS 21-0598	Date:	March 16, 2021
Prime Sponsors:	Sen. Priola Rep. Michaelson Jenet; Baisley	Bill Status:	Senate Education
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Bill Topic:	INCREASE CAP CHARTER SCHOOL MORAL OBLIGATION BONDS
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Summary of Fiscal Impact:	<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill increases the cap on the state charter school moral obligation bond program. The bill potentially increases state expenditures in the future.

Appropriation Summary:	No appropriation is required.
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Fiscal Note Status:	The fiscal note reflects the introduced bill.
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Summary of Legislation

Under current law, if the Colorado Educational and Cultural Facilities Authority (CHAFA) has issued charter school capital construction bonds for a school that fails to restore its required debt service reserve, the General Assembly may appropriate money to restore any or all of the reserve fund up to an aggregate outstanding principal amount not to exceed \$500 million. This bill increases the cap to \$750 million.

Background

Under current law, the treasury oversees the Moral Obligation Program intended to enhance the credit of a qualified charter school by authorizing the treasury to make bond payments in the case of a default. A separate fund is maintained to assist with these voluntary payments by the state, if authorized. The statutory cap on authorized appropriations for the program was increased from \$200 million to \$400 million in 2006, and increased again to \$500 million in 2014. As of December 31, 2019, the outstanding par value of the bonds issued under the moral obligation program was \$405 million.

State Expenditures

Increasing the cap on authorized payments from the moral obligation bond program has no direct expenditure impact on the state budget. Appropriations from the General Assembly for the program are conditional, discretionary and not binding. Should conditions warrant use of the state moral obligation bonds programs, expenditures may exceed the current cap.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State and Local Government Contacts

Education

Joint Budget Committee Staff

Treasury