



NORTH CAROLINA GENERAL ASSEMBLY

Session 2019

Legislative Fiscal Note

Short Title: Education Bond Act of 2019.
Bill Number: House Bill 241 (First Edition)
Sponsor(s): Representatives Moore, Johnson, Elmore, and Horn

SUMMARY TABLE

FISCAL IMPACT OF H.B. 241, V.1 (\$ in millions)					
	<u>FY 2019-20</u>	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>
State Impact					
State Capital and Infrastructure Fund Revenues	-	-	-	-	-
Less Expenditures	-	-	63.5	125.4	185.5
State Capital and Infrastructure Fund Impact	-	-	(63.5)	(125.4)	(185.5)
NET STATE IMPACT	-	-	(\$63.5)	(\$125.4)	(\$185.5)

FISCAL IMPACT SUMMARY

EDUCATION BOND ACT OF 2019 authorizes the State Treasurer, subject to a vote of the qualified voters of the State, to issue one billion nine hundred million dollars (\$1,900,000,000) in general obligation bonds for the purpose of providing funds for capital outlay projects and repairs and renovations to public school facilities, community college facilities, and the UNC system.

BILL ANALYSIS: HB 241 would establish a bond referendum for consideration by the voters of the State in 2020 on whether to issue \$1.9 billion in general obligation bonds for the purpose of providing funds for grants to counties for public school capital outlay projects, community college enterprise resource planning information technology and community college capital outlay projects, and UNC constituent institution capital outlay projects.

Local School Administrative Units - \$1.5 billion

\$1.5 billion in funds would be distributed among local school administrative units (LEAs) based on the following 4 categories: Average daily membership (ADM), Low-wealth county, ADM growth, and Adjustment factor. The Bill also specifies matching requirements for grants to counties for LEAs.

UNC Constituent Institutions - \$200,000,000

The Bill specifies matching requirements and allocation factors for UNC institutions.

Community Colleges - \$200,000,000

The Bill specifies matching requirements from local funds and priority factors for the Community Colleges System Office.

Other

The Bill also specifies the process for issuing the bonds, handling the proceeds, reporting to the General Assembly, and obtaining voter approval.

Estimated Debt Service

The table below assumes \$591 million per issuance in FY 2020-21 through FY 2022-23, and \$127 million issuance in FY 2023-24. The first debt issuance is assumed to occur in June 2021. The analysis assume a level principal structure, 20 years maturity, and 5.75% interest rate.

Fiscal Year	Annual Debt Service Payment
FY 2019-20	\$0
FY 2020-21	\$0
FY 2021-22	\$63,500,000
FY 2022-23	\$125,400,000
FY 2023-24	\$185,500,000
FY 2024-25	\$194,000,000
FY 2025-26	\$188,600,000
FY 2026-27	\$183,100,000
FY 2027-28	\$177,700,000
FY 2028-29	\$172,200,000
FY 2029-30	\$166,700,000
FY 2030-31	\$161,300,000
FY 2031-32	\$155,800,000
FY 2032-33	\$150,400,000
FY 2033-34	\$144,900,000
FY 2034-35	\$139,400,000
FY 2035-36	\$134,000,000
FY 2036-37	\$128,500,000
FY 2037-38	\$123,000,000
FY 2038-39	\$117,600,000
FY 2039-40	\$112,100,000
FY 2040-41	\$106,700,000
FY 2041-42	\$71,600,000
FY 2042-43	\$38,300,000
FY 2043-44	\$6,700,000



TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

Department of State Treasurer

LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS

This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

CONTACT INFORMATION

Questions on this analysis should be directed to the Fiscal Research Division at (919) 733-4910.

ESTIMATE PREPARED BY

Travis Allen and David Vanderweide

ESTIMATE APPROVED BY

Mark Trogdon, Director of Fiscal Research
Fiscal Research Division
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