

Fiscal Estimate Narratives

DOA 5/25/2011

LRB Number 11-0777/1	Introduction Number AB-0117	Estimate Type Original
Description An addition to the 2009-11 Authorized State Building Program and granting bonding authority.		

Assumptions Used in Arriving at Fiscal Estimate

Assembly Bill (AB)117 creates an addition to the 2009-11 Authorized State Building Program and authorizes new general obligation bonding. Specifically, AB 117 adds \$200,000,000 to all agency general program revenue project funding for energy conservation projects. The Building Commission determines the specific projects.

It is noted that the 2009-11 State Building Program currently contains \$50,000,000 in program revenue supported borrowing for energy conservation projects.

DOA's Capital Finance Office provided an estimate of the debt service based on the following assumptions: That the \$200,000,000 is issued over a period of four years; that 50% of the bonds are amortized over 10 years and 50% of the bonds are amortized over 20 years and the interest rate is 5%. The estimated debt service is \$292,364,749 over 24 years. Debt service and other costs of the energy conservation projects could be offset by potential savings that would be realized as a result of lower energy costs. Until the projects are identified it is difficult to quantify the potential offset.

Long-Range Fiscal Implications

See above.